

Djibouti: Technical Assistance Report-External Sector Statistics



DJIBOUTI

TECHNICAL ASSISTANCE REPORT—EXTERNAL SECTOR STATISTICS

January 2021

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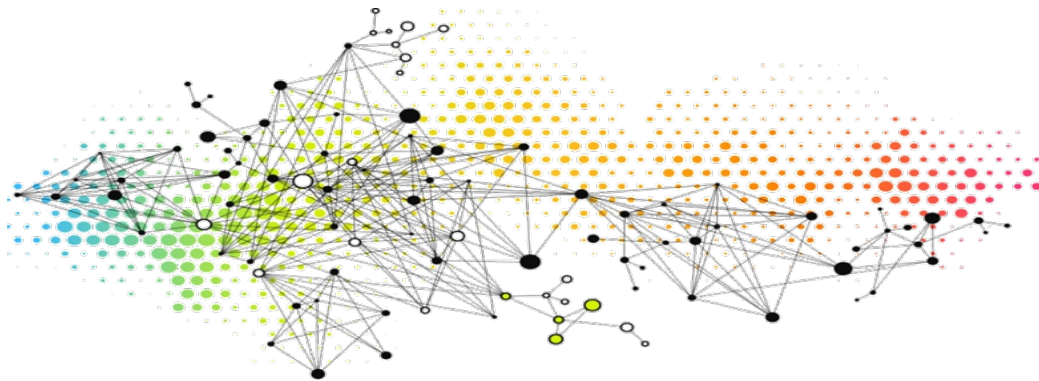
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REPORT ON THE EXTERNAL SECTOR STATISTICS MISSION JANUARY 26–30, 2020

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Glossary

ADR	Djibouti Roads Agency
AID	Djibouti International Airport
ANPI	National Investment Promotion Agency
BEAC	Bank of Central African States
BCD	Central Bank of Djibouti
<i>BPM6</i>	<i>Balance of Payments and International Investment Position Manual, sixth edition</i>
DMP	Doraleh Multipurpose Port
DPFZA	Djibouti Ports and Free Zones Authority
ESS	External Sector Statistics
GHIH	Great Horn Investment Holding
IIP	International Investment Position
INSD	Djibouti National Statistics Institute
ONTD	Djibouti National Tourism Office
PDSA	Port of Djibouti, S.A.
SGTD	Doraleh Container Terminal Management Company

SUMMARY OF MISSION OUTCOMES AND PRIORITY RECOMMENDATIONS

1. **An external sector statistics (ESS) mission visited Djibouti from January 26–30, 2020.**

This was the fourth mission under the JSA/AFR project to improve ESS in 17 Francophone African countries. The mission found that significant data on direct investment (DI) have not been incorporated in either the balance of payments or international investment position (IIP) statistics since 2017.

2. The mission noted improved cooperation between the Central Bank of Djibouti (BCD) and source data producers. The mission held two meetings with the Djibouti Ports and Free Zones Authority (DPFZA), the Port of Djibouti, S.A. (PDSA), the Doraleh Multipurpose Port (DMP), and the Doraleh Container Terminal Management Company (SGTD). PDSA and DMP provided financial statements for 2017–2018 following these meetings. The mission visited the National Investment Promotion Agency (ANPI), which provided data on direct investment from 2014–2019. In addition, the Djibouti National Statistics Institute (INSD) transmitted the financial statements for the ports mentioned above as well as those for the Horizon Port, which is wholly owned by nonresidents.

3. The mission and balance of payments compilers used information extracted from the financial statements of the port entities to update the balance of payments statistics. The DPFZA, which consolidates data for all the ports in which nonresidents have a stake, sent more comprehensive information on direct investment in the ports of Djibouti to the BCD following the mission.

4. Data on planned investments, received from the ANPI, should not be used in the balance of payments. These data, which relate to investment forecasts rather than to realized investments, had previously been used in compiling the balance of payments.

5. The mission assisted the Balance of Payments Unit in incorporating new data from the Freight Forwarders' Union in the balance of payments. These data are classified within other transport and are related to cargo handling and other business services (purchases of software).

6. The mission also assisted with the reclassification of data. Data on rent were previously classified as reinvested earnings under other primary income. Transport data, included in "other transport" in their entirety, should be broken down into the three main modes of transport (air, sea, and land).

7. The mission discussed a US\$15 million project to improve Djibouti's statistics with the chief economist of the World Bank. This project is expected to be approved shortly. The BCD will benefit from these resources and plans to acquire an IT system like the one installed at the Bank of Central African States (BEAC) to automate the production of ESS.

8. To support progress in the above work areas, the mission recommended a detailed one-year action plan with the following priority recommendations carrying particular weight to make headway in improving the ESS.

Table 1. Djibouti: Priority Recommendations

Target completion date	Priority Recommendation	Responsible Institutions
June 2020	<i>Incorporate port data received from the Djibouti Ports and Free Zones Authority into foreign direct investment in the balance of payments (BOP) and international investment position (IIP).</i>	BCD
July 2020	<i>Transmit the revised BOP and IIP data to the IMF Statistics Department.</i>	BCD
June 2020	<i>Obtain a registry of DI enterprises from the National Agency for Investment Promotion (ANPI).</i>	BCD/ANPI

9. Further information on the priority recommendations and the related actions/milestones can be found in the action plan under *Detailed Technical Assessment and Recommendations*.

DETAILED TECHNICAL ASSESSMENT AND RECOMMENDATIONS

Priority	Action/Milestone	Target Completion Date
Outcome: Data are compiled and disseminated using the concepts and definitions of the latest manual/guide.		
H (Priority recommendation)	Incorporate port data received from the DPFZA on DI in the balance of payments and IIP.	June 2020
H (Priority recommendation)	Submit revised BOP and IIP data to the IMF Statistics Department.	July 2020
H (Priority recommendation)	Obtain a registry of DI enterprises from the ANPI.	June 2020
M	Obtain data on travel from the National Tourism Office to improve travel data.	June 2020
H (Priority recommendation of the previous mission)	The INSD, the BCD, and Customs should hold working meetings to validate statistics on imports and exports.	June 2019 (There is close collaboration between the INSD and the BCD.)
H	Adopt the new <i>BPM6</i> balance of payments survey forms for the 2017 survey.	December 2019 (Implemented)
H	The BCD and the DPFZA should collaborate to collect data on purchases of goods by nonresident carriers.	Ongoing
H	Systematically use the BIS statistics, the TOFE, and the MFS as supplementary data sources for the balance of payments survey.	June 2018 (Implemented)
H	The INSD should record declarations when goods enter Djibouti and should compile the items required for the balance of payments.	Ongoing
L	Prepare a report analyzing the balance of payments during the third quarter of the following year, and have it validated by the ESS Harmonization Committee.	Ongoing
H	Estimate commercial credits and advances based on data on foreign trade and bank transfers.	June 2020
H (Priority recommendation)	The revised balance of payments and IIP should be transmitted to the Middle East and Central Asia Department, once the flows derived from the monetary statistics have been incorporated.	June 2019 (Implemented)

Priority	Action/Milestone	Target Completion Date
Outcome: Data are compiled and disseminated using the classification of the latest manual/guide		
Outcome: Staff capacity has been increased through training, especially on developing source data, compilation methods, and dissemination.		
H	Recruit survey staff for a short period of time to conduct the balance of payments survey.	Should be done annually at the beginning of the survey.
H	Train the respondents to the balance of payments survey on the basic balance of payments concepts in <i>BPM6</i> , such as residence.	December 2019 (Implemented)

A. Direct Investment

10. Direct investments in port activities in Djibouti, although substantial, are not included in the balance of payments. Direct investment in Djibouti is therefore underestimated. The BCD did not have data on such investment prior to this mission as data on DI were obtained using surveys that excluded port enterprises. DI in ports and free zones is governed by two entities: the Djibouti Ports and Free Zones Authority (DPFZA) and Great Horn Investment Holding (GHIH). The DPFZA is the regulatory entity, while GHIH invests in all port enterprises.

11. DI in Djibouti has increased since 2017 (see Annex I). There is a total of 21 port enterprises in Djibouti, and as of December 31, 2017, GHIH held a majority share in all enterprises, with the exception of International Djibouti Industrial Parks Operation (see Annex II). The DPFZA provided the mission with information on the distribution of capital between GHIH, the Djibouti government's investment arm and direct investor in all ports in Djibouti, and nonresident direct investors. The DPFZA also reported all financial statements for the years 2017 and 2018 to the Central Bank of Djibouti (BCD). The mission was not able to review this information as it was provided to the BCD after its stay in the country. However, it should to significantly impact the financial and primary income accounts in the balance of payments statistics and international investment position (IIP).

Recommendation

- Include the data received from the DPFZA in the balance of payments statistics and IIP.

12. A marked improvement in cooperation between the BCD and the DPFZA made it possible to obtain information on DI. As well, the National Institute of Statistics of Djibouti provided the BCD with financial statements for four port entities, namely, SGTD, the Port of Djibouti, Horizon Djibouti Terminals Limited, and Doraleh Multipurpose Port (DMP). The mission

assisted the balance of payments statisticians in incorporating the data on direct investment in these enterprises in the balance of payments. These data relate to dividends and share capital obtained from the financial statements provided by the INSD for 2017 and 2018.

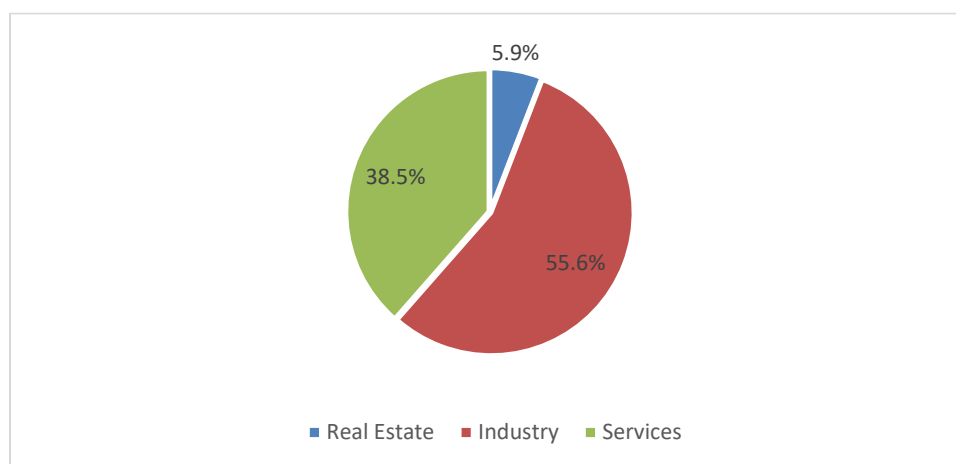
13. The mission noted that the data on planned direct investment provided by the ANPI were included in the balance of payments. These data should be excluded as they do not correspond to realized investments. Following a meeting, the ANPI provided statistics on realized investments by major sector of the economy and by source for 2014 through 2019 (see Annex III). The Balance of Payments Unit should also obtain a registry of direct investment enterprises from the ANPI as this will enable it to improve the balance of payments survey.

Recommendation

- Obtain a register of direct investment enterprises from the ANPI to better target the enterprises to be contacted for the balance of payments survey.

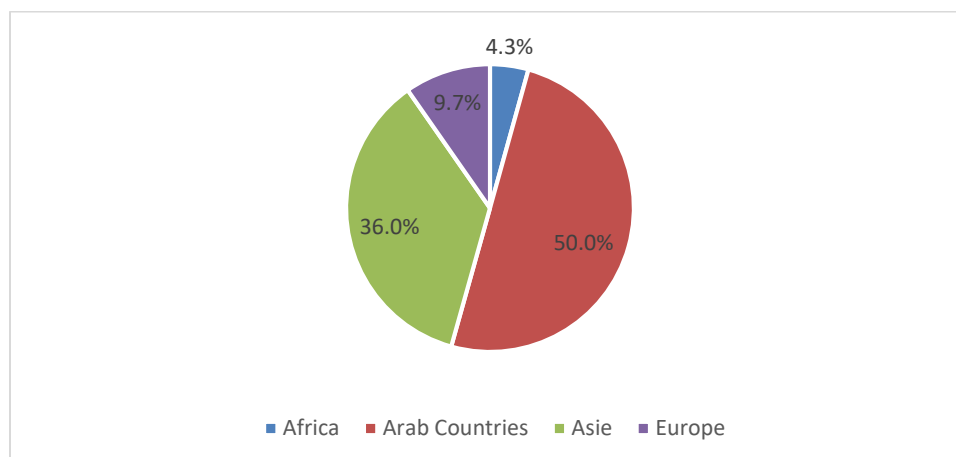
14. The data show that direct investment in Djibouti, excluding direct investment in port entities, is concentrated in real estate, industry, and services. Following a meeting between the mission and the ANPI, the ANPI provided data on realized investments. These statistics show that FDI is distributed as follows: 56 percent in the industry sector, 37 percent in the services sector, 6 percent in the construction sector, and 1 percent in the transport sector (Figure 1). It should be noted that the ANPI data excluded port data.

Figure 1. Realized Direct Investment by Sector, 2014–2019



15. The geographic distribution of the ANPI data confirms the wide disparity in DI in Djibouti. Close to 50 percent of DI flows come from the Gulf countries (UAE), at around USD 38 million. Asia (India, China) is in second place at USD 27 million or 36 percent, and Europe (France, Italy) is in third place with 9.7 percent (see Figure 2).

Figure 2. Direct Investment by Source, 2014–2019



B. Services

16. The new data on travel for 2019 received from the two main hotels were crosschecked with data on travel from the Djibouti Tourism Office (ONTD). The BCD received responses to the questionnaire that it sent to the two main hotels in Djibouti, the Kempinski and the Sheraton. However, the Balance of Payments Unit had to contact the ONTD, which had recently conducted a survey of tourism in Djibouti and which compiles more complete statistics on tourism, in order to crosscheck the information received from the hotels.

17. The mission also broke down the data on transport previously included in other transport into the three main modes of transport. However, the total volume of sea, air, and road traffic should be obtained to estimate the value of traffic for each of these modes of transport. Currently, only the volume of sea transport has been provided in the BCD 2018 Annual Report. The BCD should contact Djibouti International Airport (AID) and the Djibouti Roads Agency (ADR) to obtain this information.

Recommendations

- Obtain data on travel from the National Tourism Office.
- Obtain the volume of freight on exports and imports from AID and the ADR to estimate the transport item for each mode of transport.

18. The mission assisted the compilers in incorporating the new data received from the Société Générale des transitaires de Djibouti (freight forwarders) in the balance of payments. These data relate to handling, insurance, and repair services by foreign enterprises, postal and courier services received, telecommunications and computing services, and management consulting services.

C. Resources

19. The Balance of Payments Unit has three senior officials assigned to the compilation of the balance of payments. In principle, this staffing level should be sufficient for the preparation of the balance of payments. However, the head of this unit has other responsibilities, including the monetary statistics. The mission proposed that the BCD provide support to this unit, particularly during the period when the balance of payments survey is administered, by recruiting temporary officials.

20. The training of officials from this unit in ESS remains a priority as they are all recent recruits. The main challenge is linguistic, as the staff cannot participate in training offered in English or Arabic, and they have not benefited from all of the training offered in the context of the JSA/AFR project to improve the ESS in 17 Francophone African countries.

D. Officials Met During the Mission

Name	Institution
M. Ahmed Osman	Central Bank of Djibouti
Abdirahman Robleh	Central Bank of Djibouti
Farah Ahmed Guedi	Central Bank of Djibouti
Moustapha Omar	Central Bank of Djibouti
Awad Moussa Hersi	National Investment Promotion Agency
Mandek Osman Bogoreh	Djibouti Ports and Free Zones Authority
Mohamed Aden Cheikh	Djibouti Ports and Free Zones Authority
Aden M. Douksieh	Djibouti Ports and Free Zones Authority
Samia Daher Abdi	Doraleh Multipurpose Port
Ahmed Youssouf Omar	Doraleh Container Terminal Management Company
Mamadou Ndione	World Bank Group

Annex I. Realized and Planned Investment Projects in Djibouti

Project	Investment (USD)	Operations Starting Date
Djibouti Port Community System	5 Million	Jul-18
Doraleh Multipurpose Port	530 Million	May-17
Port of Tadjourah	91 Million	Jun-17
Port of Ghoubet	64 Million	Jun-17
Air Djibouti	66 Million	Jul-15
Red Sea Bunkering	100,000 (Startup capital)	Jul-15
DIFTZ (Pilot phase of 2,4KM2)	350 Million	Jul-18
Total	USD 1,1061 Billion	
Project	Investment (USD)	To be Operational on
Djibouti Shipping Co	200 Million	First half 2019
Djibouti International Container Terminal	654 Million	Second half 2020
Transformation of the Historical Port	3.5 Billion	Project to start second half 2019
Djibouti Damerjog Industries Dev	6 Billion (Including the FDIs)	First half 2019
Haj Hassan Gouled Aptidon Airport	385 Million	Second half 2021
Haj Ahmed Dini Ahmed Airport	100 Million	First half 2020
N1 Toll Road	150 Million	First half 2019
Total	10,989 Billion	

Source: Djibouti Ports and Free Zones Authority

Annex II. GHIH Holdings as of 12-31-2017

Direct Investment Enterprise	Great Horn Holding %	Direct Investors
Port de Djibouti	76.5%	China Merchant: 23.5%
Autonomous Port of Tajourah	100%	
Autonomous Port of Ghoubet	100%	
Djibouti International Container Terminal	60%	CEMACGM: 15% (France) Oman: 20% Free: 5%
Djibouti Ship Repair	100%	
Al Haj Hassan Gouled Aptidon International Airport	100%	
Djibouti Dry Port		Dubai: to be confirmed
International Djibouti Industrial Parks Operation	40%	China: 60%
Khor Ambado	60%	China: 40%
Djibouti Damerjog Industrial Development	100%	
Damerjog Oil Terminal	35%	Sahara Group (Nigeria): 65%
Damerjog Oil Jetty	100%	
Red Sea Bunkering	60%	Italian: 40%
Djibouti Shipping Company	100%	
United Development Company	100%	
Air Djibouti	GHIH 70% Djibouti International Airport: 30%	
Great Horn Development Company (no longer exists)		
Great Horn Training Center	100%	
Port Secure		
Djibouti Port Community System	100%	
Natura Energy Investment Company	20%	AFC Fincorn: 51% Nigeria: 29%

Annex III. Direct Investment, 2015–2020

Project	Investments		Operations Starting Date
Air Djibouti	66 Million	30% NR	Jul-15
Red Sea Bunkering	100.000 (Start-up capital)	40% NR	Jul-15
Total 2015	66.1 Million		
Doraleh Multipurpose Port	530 Million	23.5	May-17
Port of Tadjourah	91 Million		Jun-17
Port of Ghoubet	64 Million		Jun-17
Total 2017	685 Million		
Djibouti Port Community System	5 Million		Jul-18
DIFTZ	350 Million		Jul-18
Total 2018	355 Million		

Project	Investments		Operations Starting Date
Djibouti Shipping Co	200 Million		First half 2019
Djibouti Damerjog Industries Dev	6 Billion (Including the FDIs)		First half 2019
N1 Toll Road	150 Million		First half 2019
Transformation of the Historical Port	3.5 Billion		Second half 2019
Haj Ahmed Dini Ahmed Airport	100 Million		First half 2020
Djibouti International Container Terminal	654 Million	15% French, 20% Omani, 5% free	Second half 2020

Annex IV. FDI by Sector and Source, 2014–2019

Table 1. FDI by Sector, 2014–2019

Sector	2014	2015	2016	2017	2018	2019	TOTAL
Real Estate (Construction)	0	0	3,124,162	607,953	0	859,438	4,591,553
Industry	280,963	143,331	6,244,109	260,463	36,063,330	611,506	43,603,702
Services	7,589	15,824,384	2,325,296	2,512,509	5,631,559	2,986,744	29,288,081
Transport	311,557	289,800	203,177	-	120,809	-	925,343
TOTAL	600,109	16,257,515	11,896,744	3,380,925	41,815,698	4,457,688	78,408,679

Table 2. DI by Source, 2014–2019

Source	2014	2015	2016	2017	2018	2019	TOTAL
Africa	288,552	-	447,801	2,184,012	249,385	92,516	3,262,266
Arab Countries	-	270,088	9,204,070	-	25,377,707	2,987,089	37,838,954
Asia	-	13,618,973	607,953	1,196,913	11,102,025	669,128	27,194,992
Europe	-	2,078,654	203,176	-	4,951,137	97,449	7,330,416
Joint Venture	311,557	289,800	1,433,744	-	135,444	611,506	2,782,051
TOTAL	600,109	16,257,515	11,896,744	3,380,925	41,815,698	4,457,688	78,408,679

Source: ANPI-2020