DJIBOUTI

Population[1] million	Poverty[2] millions living on less than $4.20/day
1.1	0.5
Life expectancy at birth[3] years	**School enrollment[4]** primary (% gross)
66.0	64.4
GDP[5] current US$, billion	**GDP per capita[6]** current US$
4.6	4248.8

Sources: WDI, MFMod, and official data. 1/ 2025. 2/ 2017 (2021 PPPs). 3/ 2023. 4/ 2017. 5/ 2025. 6/ 2025.

Economic activity remained resilient in 2025, but pressures intensified from global trade uncertainty, maritime risks, and domestic constraints. GDP growth eased to 6.5 percent from 7.0 percent in 2024, supported by construction, telecommunications, tourism, and Ethiopia-corridor demand. Inflation stayed near zero, supporting household consumption. High public debt constrains fiscal space, and poverty reduction hinges on jobs and climate resilience.

Key conditions and challenges

On February 16, 2026, Djibouti adopted its third national development plan (ADEEG 2025–30), with the objective of shifting its current development model, concentrated in trade and logistics, toward a more diversified economy. The current economic model remains service-led, with port services, transit trade, and related transport activities, driving growth, fiscal revenues, and foreign exchange.

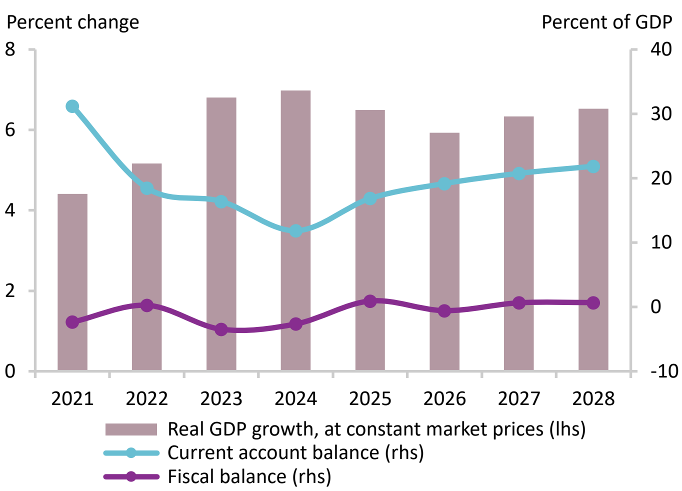
On the other hand, this is also a source of external vulnerability. Uncertainty over global trade policies, heightened security risks in the Red Sea, and oil price shocks, stemming from the conflict in the Middle East will weigh on shipping demand and carrier routing decisions. Djibouti is better positioned to absorb a pure oil-price shock than a combined shock affecting both energy costs and port activity, given its reliance on transshipment. The Ethiopia corridor remains the main stabilizer, although it is also a source of dependency. Given the heavy concentration of household consumption on food, particularly among poorer households, price increases stemming from the conflict could translate into high losses in purchasing power for those in most need.

Domestic bottlenecks still stifle diversification. High electricity costs and limited competition keep firms' expenses elevated. Some key challenges Djibouti faces include limited human capital, water scarcity, and climate vulnerability. Debt service continues to place pressure on the budget, limiting space for social spending and climate adaptation.

Recent developments

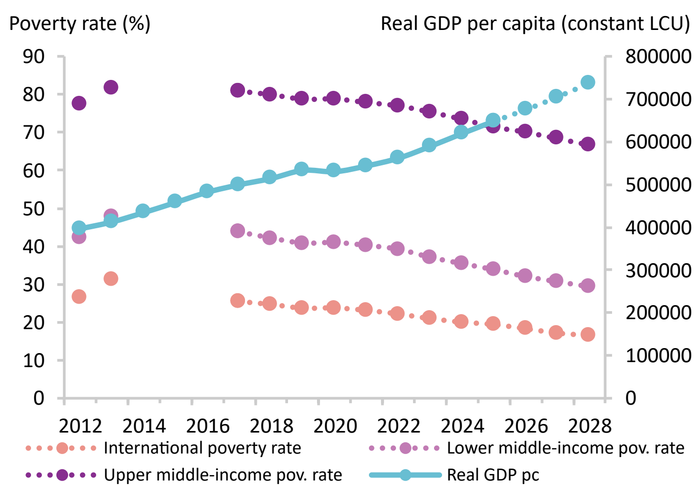
Economic activity is estimated to have grown by 6.5 percent in 2025, an upward revision of 0.5 percentage point from the fall forecast, while easing from 7.0 percent in 2024, as logistics momentum softened. Total container throughput fell 10.5 percent, y-o-y, in 2025H1 and a further 17.5 percent in 2025H2, reflecting a sharp pullback in global-facing activity. Beyond the port gates, signals were mixed. Cement sales rose about 35 percent in the first three quarters of 2025, consistent with an active construction and infrastructure pipeline. Electricity production contracted 3.4 percent, while telecommunications (7.5 percent) and tourism (17 percent) expanded. While softer port-related activity weighed on household earnings, especially in logistics-related services, private consumption increased by 5.5 percent as inflation fell from

FIGURE 1 / Real GDP growth, fiscal and current account balances



Sources: Government of Djibouti and World Bank.

FIGURE 2 / Actual and projected poverty rates and real GDP per capita



Source: World Bank. Notes: See footnotes in the table on the next page.

2.2 percent in 2024 to near zero in 2025, aided by lower commodity prices amid persistent trade policy uncertainty and maritime security disruptions.

Sustained economic growth has been accompanied by a gradual poverty reduction. Official poverty, as measured by national poverty lines, stood at around 21.1 percent in 2017. The share of the population living below US$3.00 a day (2021 PPP) declined from 25.4 percent in 2017 to an estimated 18.5 percent in 2026, while poverty at US$4.20 line fell from 43.7 to an estimated 32.0 percent. According to the first Djiboutian survey on labor statistics, as of 2025Q1, unemployment was 36.4 percent, with notable gender and urban-rural disparities. The forthcoming data from the 2024 Population Census, the 2025 Household Budget Survey, in addition to the first labor force survey, are expected to improve measurement and support more targeted, evidence-based policies.

The overall fiscal balance (including grants) improved from a deficit of 2.7 percent of GDP in 2024 to a surplus of 0.9 percent of GDP in 2025, reflecting fiscal consolidation consistent with the currency board arrangement, and supporting a decline in public debt. Total revenues surged to 22.6 percent of GDP in 2025 from 18.6 percent in 2024, lifted by stronger tax collection and a modest rise in grants, while spending held steady at 21.7 percent. Public debt fell to 63.7 percent of GDP in 2025, from 68.4 percent in 2024, though arrears remained at 3.1 percent of GDP as of September 2025, largely owed to Exim Bank of India (26.8 percent) and Exim Bank of China (20.4 percent). The current account surplus widened to 16.8 percent of GDP in 2025, up from 11.8 percent in 2024, partly due to a lower fuel import bill. However, reserve coverage of broad money remains low (64.27 percent as of June 2025), warranting close monitoring to safeguard confidence in the peg.

Outlook

The medium-term outlook is favorable, but downside risks dominate. Growth is projected to ease to 5.9 percent in 2026, reflecting the impact of the conflict in the Middle East, before averaging 6.4 percent in 2027–28, supported by a recovery in global shipping, resilient Ethiopia-corridor trade, and continued robust activity in construction and services. Inflation is expected to remain contained at 2.0 percent, anchored by the currency board arrangement. Tax revenues are projected to increase over the forecast horizon, but declining grant financing is expected to moderate overall revenue growth. Spending pressures should remain contained, in line with the government's ongoing fiscal consolidation efforts. Small fiscal surpluses (around 0.2 percent of GDP) under the ADEEG 2025–30 framework are expected to reduce public debt from 63.7 percent of GDP in 2025 to 56.3 percent in 2026–28, helped by debt talks and well-managed public-private partnerships. The current account surplus is expected to widen but remains sensitive to port receipts and fuel prices. Sustained growth and low inflation are expected to extend the poverty reduction trend observed in recent years.

Downside risks include a prolonged conflict in the Middle East, sustained trade-policy uncertainty, renewed tariffs, deteriorating Red Sea security and weaker Ethiopian demand, reducing port throughput and corridor activity, and worsening inflation in Ethiopia affecting imported food prices. Delayed energy reforms, and climate shocks could further curb investment and livelihoods.

Recent history and projections

Recent history and projections	2023	2024	2025e	2026f	2027f	2028f
Real GDP growth, at constant market prices	6.8	7.0	6.5	5.9	6.3	6.5
Private consumption	5.3	4.3	5.5	10.3	9.5	9.5
Government consumption	-14.2	3.8	-4.5	-2.8	-3.9	-3.9
Gross fixed capital investment	-8.3	0.5	12.9	-2.5	3.7	3.7
Exports, goods and services	2.1	-9.6	-1.5	2.1	2.1	2.1
Imports, goods and services	1.9	-5.5	-2.9	1.5	2.0	2.0
Real GDP growth, at constant factor prices	6.7	7.7	6.5	5.9	6.3	6.5
Agriculture	3.5	14.1	7.5	7.6	7.5	7.4
Industry	5.5	16.7	15.3	14.5	13.4	12.7
Services	7.1	5.9	4.6	3.8	4.5	4.8
Employment rate (% of working-age population, 15 years+)	23.7	23.8	23.8	23.8	23.8	23.8
Inflation (consumer price index)	1.4	2.2	0.0	2.0	2.0	2.0
Current account balance (% of GDP)	16.4	11.8	16.8	19.2	20.8	21.9
Fiscal balance (% of GDP)	-3.5	-2.7	0.9	-0.6	0.6	0.7
Revenues (% of GDP)	18.1	18.6	22.6	18.0	17.2	15.1
Debt (% of GDP)	72.9	68.4	63.7	59.6	55.6	53.7
Primary balance (% of GDP)	-3.3	-2.4	1.0	-0.7	0.4	0.4
International poverty rate ($3.00 in 2021 PPP)[1,2]	20.9	20.0	19.4	18.5	17.2	16.5
Lower middle-income poverty rate ($4.20 in 2021 PPP)[1,2]	37.1	35.4	33.8	32.0	30.7	29.4
Upper middle-income poverty rate ($8.30 in 2021 PPP)[1,2]	75.3	73.5	71.4	70.2	68.4	66.7
GHG emissions growth (mtCO2e)	2.6	1.4	1.7	2.4	2.7	3.0

Source: World Bank, Fiscal Policy & Growth Department. Emissions data sourced from CAIT and OECD.
Notes: e = estimate, f = forecast. Data in annual percent change unless indicated otherwise.
1/ Calculations based on 2017-EDAM. Actual data: 2017. Nowcast: 2018-2025. Forecasts are from 2026 to 2028.
2/ Projection using neutral distribution (2017) with pass-through = 0.7 (Low (0.7)) based on GDP per capita in constant LCU.