

A World Bank Group Flagship Report



Doing Business 2018

Reforming to Create Jobs

Economy Profile

Djibouti



Comparing Business Regulation
for Domestic Firms in **190** Economies

Economy Profile of Djibouti

Doing Business 2018 Indicators
(in order of appearance in the document)

Starting a business	Procedures, time, cost and paid-in minimum capital to start a limited liability company
Dealing with construction permits	Procedures, time and cost to complete all formalities to build a warehouse and the quality control and safety mechanisms in the construction permitting system
Getting electricity	Procedures, time and cost to get connected to the electrical grid, the reliability of the electricity supply and the transparency of tariffs
Registering property	Procedures, time and cost to transfer a property and the quality of the land administration system
Getting credit	Movable collateral laws and credit information systems
Protecting minority investors	Minority shareholders' rights in related-party transactions and in corporate governance
Paying taxes	Payments, time and total tax rate for a firm to comply with all tax regulations as well as post-filing processes
Trading across borders	Time and cost to export the product of comparative advantage and import auto parts
Enforcing contracts	Time and cost to resolve a commercial dispute and the quality of judicial processes
Resolving insolvency	Time, cost, outcome and recovery rate for a commercial insolvency and the strength of the legal framework for insolvency
Labor market regulation	Flexibility in employment regulation and aspects of job quality

About Doing Business

The Doing Business project provides objective measures of business regulations and their enforcement across 190 economies and selected cities at the subnational and regional level.

The Doing Business project, launched in 2002, looks at domestic small and medium-size companies and measures the regulations applying to them through their life cycle.

Doing Business captures several important dimensions of the regulatory environment as it applies to local firms. It provides quantitative indicators on regulation for starting a business, dealing with construction permits, getting electricity, registering property, getting credit, protecting minority investors, paying taxes, trading across borders, enforcing contracts and resolving insolvency. Doing Business also measures features of labor market regulation. Although Doing Business does not present rankings of economies on the labor market regulation indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business, it does present the data for these indicators.

By gathering and analyzing comprehensive quantitative data to compare business regulation environments across economies and over time, Doing Business encourages economies to compete towards more efficient regulation; offers measurable benchmarks for reform; and serves as a resource for academics, journalists, private sector researchers and others interested in the business climate of each economy.

In addition, Doing Business offers detailed [subnational reports](#), which exhaustively cover business regulation and reform in different cities and regions within a nation. These reports provide data on the ease of doing business, rank each location, and recommend reforms to improve performance in each of the indicator areas. Selected cities can compare their business regulations with other cities in the economy or region and with the 190 economies that Doing Business has ranked.

The first Doing Business report, published in 2003, covered 5 indicator sets and 133 economies. This year's report covers 11 indicator sets and 190 economies. Most indicator sets refer to a case scenario in the largest business city of each economy, except for 11 economies that have a population of more than 100 million as of 2013 (Bangladesh, Brazil, China, India, Indonesia, Japan, Mexico, Nigeria, Pakistan, the Russian Federation and the United States) where Doing Business, also collected data for the second largest business city. The data for these 11 economies are a population-weighted average for the 2 largest business cities. The project has benefited from feedback from governments, academics, practitioners and reviewers. The initial goal remains: to provide an objective basis for understanding and improving the regulatory environment for business around the world.

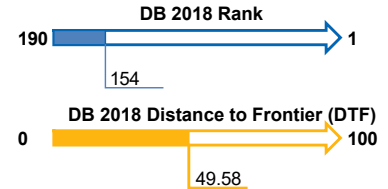
The distance to frontier (DTF) measure shows the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190. The ranking of 190 economies is determined by sorting the aggregate distance to frontier scores, rounded to two decimals.

More about [Doing Business](#) (PDF, 5MB)

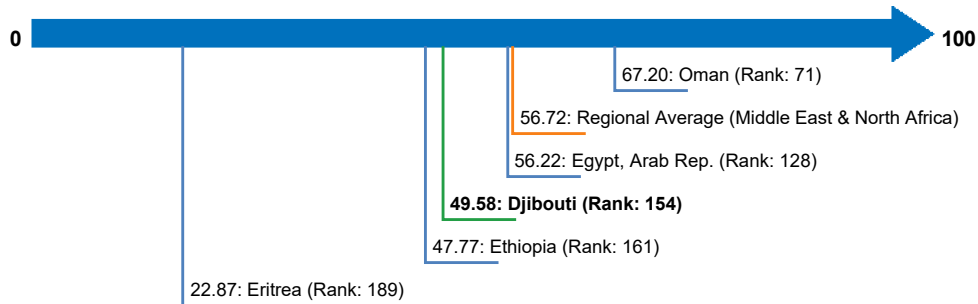
Ease of Doing Business in Djibouti



Region	Middle East & North Africa
Income Category	Lower middle income
Population	942,333
GNI Per Capita (US\$)	1,908
City Covered	Djibouti Ville

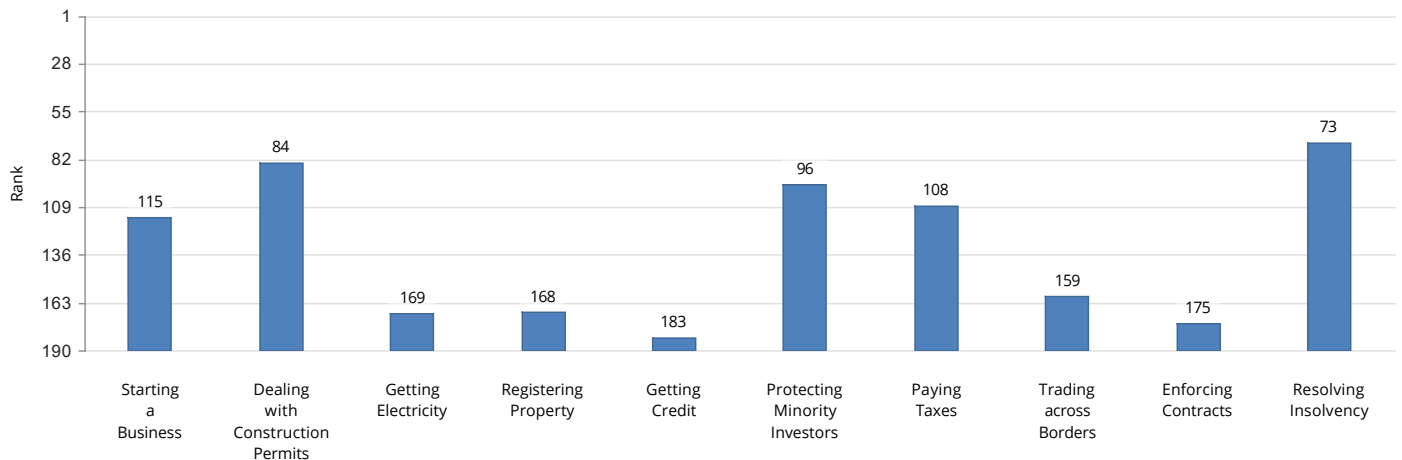


DB 2018 Distance to Frontier (DTF)

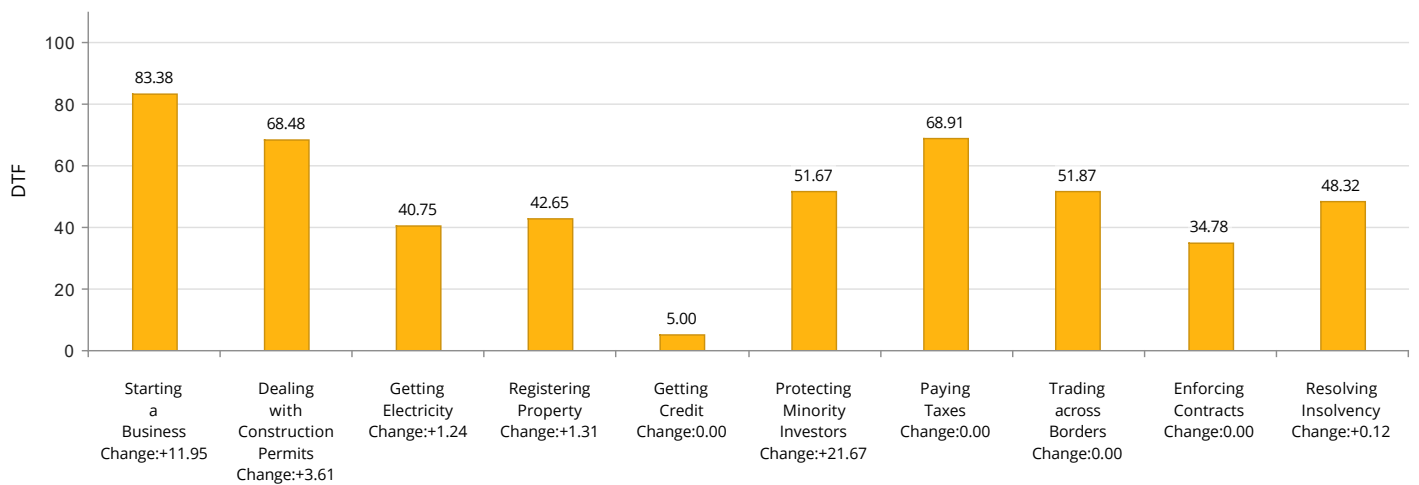


Note: The distance to frontier (DTF) measure shows the distance of each economy to the "frontier," which represents the best performance observed on each of the indicators across all economies in the Doing Business sample since 2005. An economy's distance to frontier is reflected on a scale from 0 to 100, where 0 represents the lowest performance and 100 represents the frontier. The ease of doing business ranking ranges from 1 to 190.

Rankings on Doing Business topics - Djibouti



Distance to Frontier (DTF) on Doing Business topics - Djibouti



Starting a Business

This topic measures the paid-in minimum capital requirement, number of procedures, time and cost for a small- to medium-sized limited liability company to start up and formally operate in economy's largest business city.

To make the data comparable across 190 economies, Doing Business uses a standardized business that is 100% domestically owned, has start-up capital equivalent to 10 times income per capita, engages in general industrial or commercial activities and employs between 10 and 50 people one month after the commencement of operations, all of whom are domestic nationals. Starting a Business considers two types of local limited liability companies that are identical in all aspects, except that one company is owned by 5 married women and the other by 5 married men. The distance to frontier score for each indicator is the average of the scores obtained for each of the component indicators.

The latest round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Procedures to legally start and operate a company (number)

- Pre-registration (for example, name verification or reservation, notarization)
- Registration in economy's largest business city
- Post-registration (for example, social security registration, company seal)
- Obtaining approval from spouse to start business or leave home to register company
- Obtaining any gender-specific permission that can impact company registration, company operations and process of getting national identity card

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day (2 procedures cannot start on the same day)
- Procedures fully completed online are recorded as ½ day
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- No professional fees unless services required by law or commonly used in practice

Paid-in minimum capital (% of income per capita)

- Funds deposited in a bank or with third party before registration or up to 3 months after incorporation

Case study assumptions

To make the data comparable across economies, several assumptions about the business and the procedures are used. It is assumed that any required information is readily available and that the entrepreneur will pay no bribes.

The business:

- Is a limited liability company (or its legal equivalent). If there is more than one type of limited liability company in the economy, the most common among domestic firms is chosen. Information on the most common form is obtained from incorporation lawyers or the statistical office.
- Operates in the economy's largest business city and the entire office space is approximately 929 square meters (10,000 square feet). For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically owned and has five owners, none of whom is a legal entity; and has a start-up capital of 10 times income per capita and has a turnover of at least 100 times income per capita.
- Performs general industrial or commercial activities, such as the production or sale of goods or services to the public. The business does not perform foreign trade activities and does not handle products subject to a special tax regime, for example, liquor or tobacco. It does not use heavily polluting production processes.
- Leases the commercial plant or offices and is not a proprietor of real estate and the amount of the annual lease for the office space is equivalent to 1 times income per capita.
- Does not qualify for investment incentives or any special benefits.
- Has at least 10 and up to 50 employees one month after the commencement of operations, all of whom are domestic nationals.
- Has a company deed 10 pages long.

The owners:

- Have reached the legal age of majority. If there is no legal age of majority, they are assumed to be 30 years old.
- Are sane, competent, in good health and have no criminal record.
- Are married and the marriage is monogamous and registered with the authorities.
- Where the answer differs according to the legal system applicable to the woman or man in question (as may be the case in economies where there is legal plurality), the answer used will be the one that applies to the majority of the population.

Standardized Company

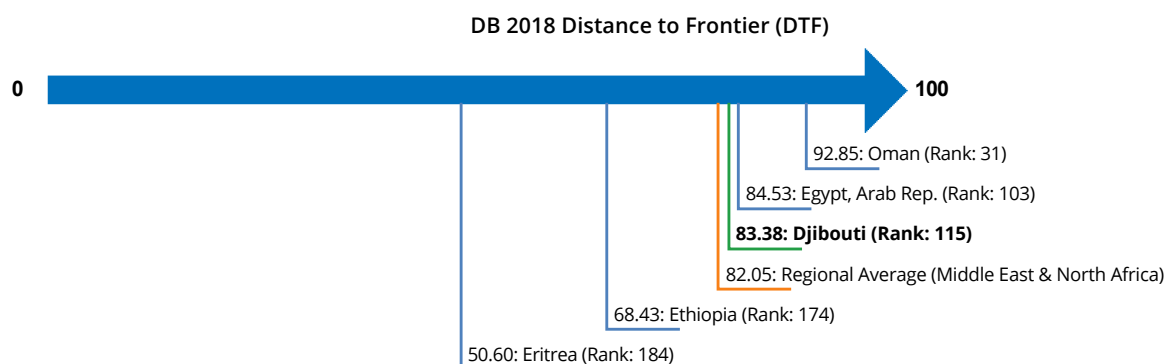
Legal form Limited Liability Company

Paid-in minimum capital requirement DJF 0

City Covered Djibouti Ville

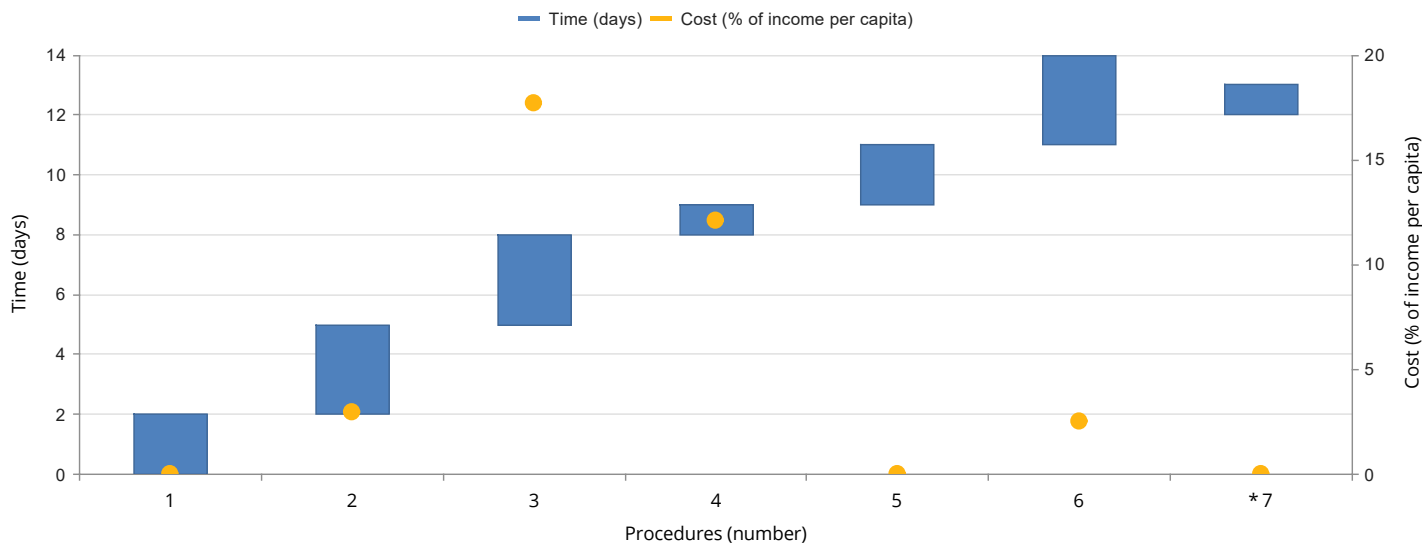
Indicator	Djibouti	Middle East & North Africa	OECD high income	Overall Best Performer
Procedure – Men (number)	7	7.7	4.9	1.00 (New Zealand)
Time – Men (days)	14	18.6	8.5	0.50 (New Zealand)
Cost – Men (% of income per capita)	35.2	18.7	3.1	0.00 (United Kingdom)
Procedure – Women (number)	7	8.4	4.9	1.00 (New Zealand)
Time – Women (days)	14	19.3	8.5	0.50 (New Zealand)
Cost – Women (% of income per capita)	35.2	18.7	3.1	0.00 (United Kingdom)
Paid-in min. capital (% of income per capita)	0.0	9.9	8.7	0.00 (113 Economies)

Figure – Starting a Business in Djibouti and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of starting a business is determined by sorting their distance to frontier scores for starting a business. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Starting a Business in Djibouti – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Details – Starting a Business in Djibouti – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Deposit the initial capital at the bank and obtain a receipt</p> <p>Agency : Bank</p> <p>The bank must check the origin of the funds and the purpose of the initial capital. The parties must submit a document stating their intent to start a new business. If during the company's life the capital should change, the company's registrar must be notified.</p>	2 days	no charge
2	<p>Draft the company's articles of association with a lawyer</p> <p>Agency : Notary</p> <p>There is no legal obligation to draft the company statutes with a lawyer and since February 2014, statute templates are available online at the ODPIC website (www.odpic.info). However, most entrepreneurs still draft the company statutes with a lawyer.</p> <p>Lawyers charge approximately FCFA 10,000 to draft the statutes.</p> <p>When the statutes are drafted by a notary, the average cost is 100,000 FCFA.</p>	3 days	DJF 10,000
3	<p>Register articles of association with the Direction des Impôts</p> <p>Agency : Service des Impôts</p> <p>All new companies must register statutes with the Direction des Impôts.</p>	3 days on average	DJF 50 000 for a capital of less than DJF 10 millions + DJF 1000 per page stamp duties (10 pages).
4	<p>Reserve the company name, register with the Companies Registry and publish the notice of commencement of activity</p> <p>Agency : ODPIC</p> <p>In order to obtain the name certificate (certificat negatif) and register with the Companies Registry, at the Office djiboutien de la propriété Industrielle et commerciale (ODPIC), the following documents are required:</p> <ul style="list-style-type: none"> - forms CN1 and RC1 - 2 copies of the representative's power of attorney - 2 certified copies of the articles of association - 2 copies of the bank deposit receipt - 2 sworn statement copies or 2 copies of the criminal record. <p>The ODPIC is also in charge of the publication of the notice of commencement of activity in the newspaper La Nation.</p>	1 day	DJF 18,000 registration fees (immatriculation), DJF 18,000 for the publication and DJF 5000 name reservation
5	<p>Register for taxes and obtain professional license (patente)</p> <p>Agency : Tax administration</p> <p>Entrepreneurs must go to the Service des Patentes to obtain a license, using the registration number obtained at the registrar. This registration also serves as tax registration.</p> <p>Companies from class 5 to 8 are exempted from paying the professional license fees during the first three years of the company.</p>	2 days	no charge

6 Create a company seal, letterhead and books

Agency : Seal-making shop

Creating a company seal, letterhead and books can be done at the Seal-maker for DJF 2000 - 3000 (for seal and letterhead) + DJF 5000 - 7000 (books).

3 days

DJF 2,000 - 3,000 (for seal and letterhead)
+ DJF 5,000 - 7,000 (books)

⇒ 7 Register employees with the Caisse Nationale de la Sécurité Sociale

Agency : Caisse Nationale de la Sécurité Sociale

The Company must register and register each employee to the Social Security.

1 day
(simultaneous with previous procedure)

no charge

♀ Applies to women only.

⇒ Takes place simultaneously with previous procedure.

Dealing with Construction Permits

This topic tracks the procedures, time and cost to build a warehouse—including obtaining necessary the licenses and permits, submitting all required notifications, requesting and receiving all necessary inspections and obtaining utility connections. In addition, the Dealing with Construction Permits indicator measures the building quality control index, evaluating the quality of building regulations, the strength of quality control and safety mechanisms, liability and insurance regimes, and professional certification requirements. The most recent round of data collection was completed in June 2017. [See the methodology for more information](#)

What the indicators measure

Procedures to legally build a warehouse (number)

- Submitting all relevant documents and obtaining all necessary clearances, licenses, permits and certificates
- Submitting all required notifications and receiving all necessary inspections
- Obtaining utility connections for water and sewerage
- Registering and selling the warehouse after its completion

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day—though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of warehouse value)

- Official costs only, no bribes

Building quality control index (0-15)

- Sum of the scores of six component indices:
- Quality of building regulations (0-2)
- Quality control before construction (0-1)
- Quality control during construction (0-3)
- Quality control after construction (0-3)
- Liability and insurance regimes (0-2)
- Professional certifications (0-4)

Case study assumptions

To make the data comparable across economies, several assumptions about the construction company, the warehouse project and the utility connections are used.

The construction company (BuildCo):

- Is a limited liability company (or its legal equivalent) and operates in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is 100% domestically and privately owned; has five owners, none of whom is a legal entity. Has a licensed architect and a licensed engineer, both registered with the local association of architects or engineers. BuildCo is not assumed to have any other employees who are technical or licensed experts, such as geological or topographical experts.
- Owns the land on which the warehouse will be built and will sell the warehouse upon its completion.

The warehouse:

- Will be used for general storage activities, such as storage of books or stationery.
- Will have two stories, both above ground, with a total constructed area of approximately 1,300.6 square meters (14,000 square feet). Each floor will be 3 meters (9 feet, 10 inches) high and will be located on a land plot of approximately 929 square meters (10,000 square feet) that is 100% owned by BuildCo, and the warehouse is valued at 50 times income per capita.
- Will have complete architectural and technical plans prepared by a licensed architect. If preparation of the plans requires such steps as obtaining further documentation or getting prior approvals from external agencies, these are counted as procedures.
- Will take 30 weeks to construct (excluding all delays due to administrative and regulatory requirements).

The water and sewerage connections:

- Will be 150 meters (492 feet) from the existing water source and sewer tap. If there is no water delivery infrastructure in the economy, a borehole will be dug. If there is no sewerage infrastructure, a septic tank in the smallest size available will be installed or built.
- Will have an average water use of 662 liters (175 gallons) a day and an average wastewater flow of 568 liters (150 gallons) a day. Will have a peak water use of 1,325 liters (350 gallons) a day and a peak wastewater flow of 1,136 liters (300 gallons) a day.
- Will have a constant level of water demand and wastewater flow throughout the year; will be 1 inch in diameter for the water connection and 4 inches in diameter for the sewerage connection.

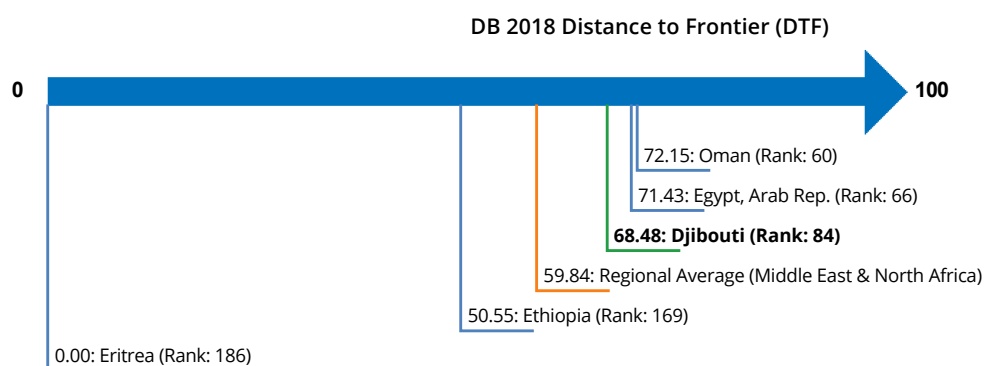
Standardized Warehouse

Estimated value of warehouse DJF 16,957,260.40

City Covered Djibouti Ville

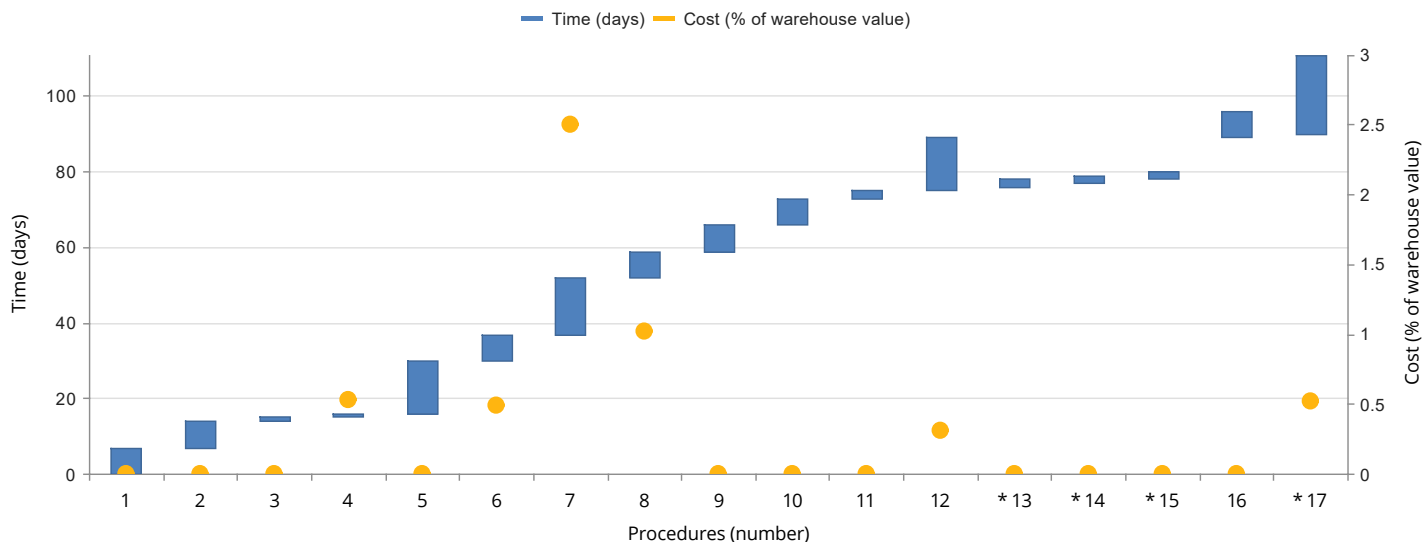
Indicator	Djibouti	Middle East & North Africa	OECD high income	Overall Best Performer
Procedures (number)	17	16.2	12.5	7.00 (Denmark)
Time (days)	111	132.1	154.6	27.5 (Korea, Rep.)
Cost (% of warehouse value)	5.4	4.3	1.6	0.10 (5 Economies)
Building quality control index (0-15)	11.0	11.8	11.4	15.00 (3 Economies)

Figure – Dealing with Construction Permits in Djibouti and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of dealing with construction permits is determined by sorting their distance to frontier scores for dealing with construction permits. These scores are the simple average of the distance to frontier scores for each of the component indicators.

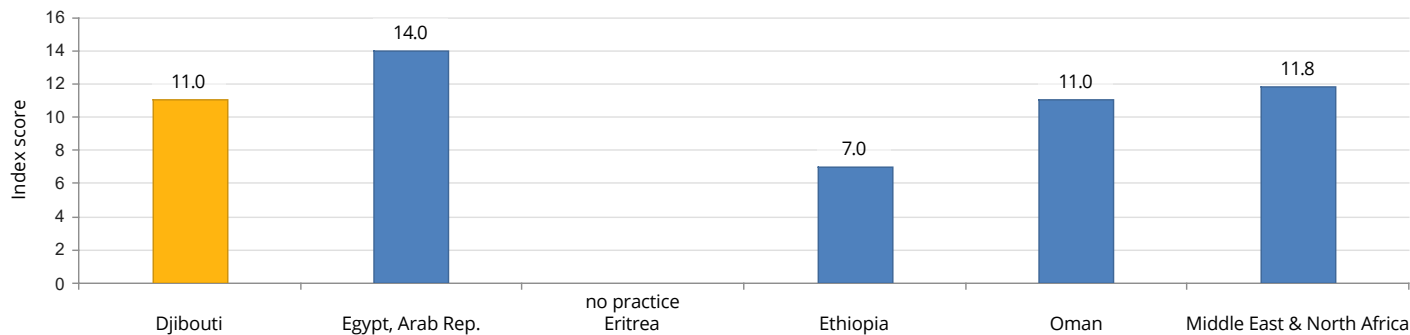
Figure – Dealing with Construction Permits in Djibouti – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Dealing with Construction Permits in Djibouti and comparator economies – Measure of Quality



Details – Dealing with Construction Permits in Djibouti – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Obtain lot plan and a certificate of registration</p> <p>Agency : Cadastre - Direction des Domaines et Conservation foncière</p> <p>BuildCo must obtain a certified zoning map and a certificate of registration in order to apply for a permis de remblai.</p>	7 days	no charge
2	<p>Apply and obtain a "permis de remblai" (embankment) at the Direction de l'Habitat et l'Urbanisme</p> <p>Agency : Department of Housing and Urban Development (Direction de l'Habitat et l'Urbanisme)</p> <p>To apply and obtain an embankment permit, BuildCo must submit:</p> <ul style="list-style-type: none"> • A letter • A registration certificate issued by the Direction des Domaines et de la Conservation Fonciere • A location plan/urbanisme plan issued by the cadastre service at the Direction des Domaines et de la Conservation Fonciere <p>Upon this request, the Direction de l'Habitat et l'Urbanisme will issue a "permis de remblai" and its volume.</p>	7 days	no charge
3	<p>Apply for the certificate of compliance for embankment</p> <p>Agency : Direction de l'Habitat et l'Urbanisme</p> <p>Once the works for the embankment are authorized, BuildCo must request the certificate of compliance from the Direction de l'Habitat et l'Urbanisme (DHU). In order to do so, BuildCo must file a copy of the permis de remblai and an application letter.</p> <p>DHU will inspect the site to verify that the specifications for the embankment were respected. If satisfied, the request for a certificate of compliance is transmitted to the Laboratoire Central du Bâtiment et de l'Equipe ment (LCBE). LCBE will verify the compactness of the soil.</p>	1 day	no charge
4	<p>Receive inspection to verify the compactness of the embankment from the LBCE</p> <p>Agency : LBCE- Laboratoire Central du Bâtiment et de l'Equipe ment</p> <p>The LBCE -- Laboratoire Central du Bâtiment et de l'Equipe ment -- will inspect the embankment. The cost that LBCE offers for a test of compactness is DJF 6,000.00 for every 200 sq. m. at a depth of 30 cm.</p> <p>It is assumed that BuildCo will request a depth of 90 cm. Therefore for a plot of land of 929 sq. m. and a compactness of 0.9 m, the cost paid by BuildCo's would be land $(DJF 6,000.00 * (5 * 3)) = DJF 90,000.00$.</p> <p>If LBCE is satisfied that the compactness is adequate, they will transmit the signed request to DHU for the issuance of the certificate of compliance for the embankment.</p>	1 day	DJF 90,000

<p>5 Obtain certificate of compliance for the embankment (certificat de conformite de remblai)</p> <p>Agency : Direction de l'Habitat et l'Urbanisme</p> <p>Once the signed document from LBCE is received, the Direction de l'Habitat et l'Urbanisme will issue the certificate of compliance (certificat de conformité de remblai) for BuildCo.</p>	14 days	no charge
<p>6 Request and obtain final ground plans (plan de masse cadastral)</p> <p>Agency : Sous Direction de la Conservation Foncière (de la Direction des Domaines et de la Conservation Foncière)</p> <p>After obtaining the permit and certificate of compliance for the embankment, BuildCo must request and obtain the final ground plans at the Sous Direction de la Conservation Foncière (de la Direction des Domaines et de la Conservation Foncière). A tax on embankment must be paid: DJF 100.00 per cubic meter.</p> <p>This map defines the boundaries of the land and must be attached to the application for the building permit, or else the application will not be accepted by the DHU. Sub-Directorate of Lands and Land Conservation will identify a date to issue the Plan de Masse Cadastral and the final pegs installation on the lot.</p>	7 days	DJF 83,610
<p>7 Obtain building permit</p> <p>Agency : Direction de l'Habitat et l'Urbanisme</p> <p>BuildCo must submit 6 copies of the file for the building permit request to the DHU (Direction de l'Habitat et l'Urbanisme).</p> <p>The 2.5% tax that the company must pay is divided as follows:</p> <ul style="list-style-type: none"> • 1.5% for analysis of the request for the building permit • 1.0% for the surveillance of the concrete structure (study and works) 	15 days	DJF 423,932
<p>8 Receive first concrete test from the LBCE- Laboratoire Central du Bâtiment et de l'Equipement</p> <p>Agency : LBCE- Laboratoire Central du Bâtiment et de l'Equipement</p> <p>Construction testing occurs at each phase of the building process. Concrete crushing test is done at 7 days, then at 14 days and final one at 21 days.</p>	7 days	DJF 172,800
<p>9 Receive second resistance test from the LBCE- Laboratoire Central du Bâtiment et de l'Equipement</p> <p>Agency : LBCE- Laboratoire Central du Bâtiment et de l'Equipement</p> <p>This is the second concrete crushing test done 7 days after the first one.</p>	7 days	no charge
<p>10 Receive final resistance test from the LBCE- Laboratoire Central du Bâtiment et de l'Equipement</p> <p>Agency : LBCE- Laboratoire Central du Bâtiment et de l'Equipement</p> <p>This is the final concrete crushing test done 7 days after the second test was done.</p>	7 days	no charge

11	Request and receive an earthquake certificate issued by the Direction de l'Habitat et l'Urbanisme	2 days	no charge
	Agency : Direction de l'Habitat et l'Urbanisme		
	To obtain the certificate of conformity after construction is complete, it is mandatory to obtain an earthquake certificate issued by the Direction de l'Habitat et l'Urbanisme. BuildCo can request this certificate by visiting the agency in person. The earthquake certificate is obtained as soon as the different slabs have been casted from the Sous-Direction Contrôle de la Direction de l'Habitat et de l'Urbanisme on the basis of "good casting." The certificate is issued the next day after verification of compliance with seismic standards. BuildCo does not have to wait for the completion of the construction to request this certificate.		
12	Request and receive foundation inspection from the Direction de l'Habitat et l'Urbanisme, Sous-direction Contrôle et Réglementation	14 days	USD 300
	Agency : Direction de l'Habitat et l'Urbanisme, Sous-direction Contrôle et Réglementation		
	The works begin when the concrete plans are accepted by the Sous-direction Contrôle et Réglementation. An inspection takes place when slabs are laid. This procedure is not mandatory but is standard practice.		
⇒	Request and receive an electrical certificate of compliance	2 days	no charge
13	Agency : Direction de l'Habitat et l'Urbanisme		
	To obtain the certificate of conformity after construction is complete, it is mandatory to obtain an electrical certificate of compliance issued by the Department of Housing and Urban Development. The electrical certificate of compliance can be requested once the internal wiring is done in compliance with the standards.		
	Officers from the Sous-Direction de l'Urbanisme will conduct a site visit and the electrician will explain the internal wiring to the officers. The inspection takes place one day after the request for the certificate of compliance. After 1-2 days, the Sous-Direction de l'Urbanisme issues the electrical certificate of compliance.		
⇒	Request and receive an alignment certificate	2 days	no charge
14	Agency : Direction des Domaines et de la Conservation Foncière		
	To obtain the certificate of conformity after construction is complete, it is mandatory to obtain an alignment certificate issued by the Direction des Domaines et de la Conservation Foncière.		
⇒	Request and receive the sanitary certificate issued by the National Institute of Public Health	2 days	no charge
15	Agency : National Institute of Public Health (l'Institut National de Santé Publique de Djibouti)		
	To obtain the certificate of conformity after construction is complete, it is mandatory to obtain sanitary certificate for the septic tank issued by the National Institute of Public Health in Djibouti.		

- | | | | |
|----|--|--------|-----------|
| 16 | Submit all certificates of compliance and obtain final certificate of compliance (certificat de conformité) | 7 days | no charge |
|----|--|--------|-----------|

Agency : Ministry of Housing (Ministère de l'Habitat)

Compliance of new construction is confirmed by the issuance of a Certificate of General Conformity issued by the Department of Housing and Urban Development at the end of the work.

This certificate attests the conformity of the building in accordance to the approved building permit. Several compliance certificates must be submitted: earthquake, sanitation, alignment, foundation and electrical

- | | | | |
|---|--|---------|---------|
| ⇒ | Request and receive water and sewage connection | 21 days | USD 500 |
|---|--|---------|---------|

- | | |
|----|---|
| 17 | Agency : Office Nationale des Eaux de Djibouti (ONED) |
|----|---|

For the sewage network a health certificate is issued by the Department of Epidemiology and Health Information, which is obtained in procedure 15.

The water company provides the meter at no charge and BuildCo lays down the pipes to connect it to the main line.

⇒ Takes place simultaneously with previous procedure.

Details – Dealing with Construction Permits in Djibouti – Measure of Quality

	Answer	Score
Building quality control index (0-15)		11.0
Quality of building regulations index (0-2)		2.0
How accessible are building laws and regulations in your economy? (0-1)	Available online; Free of charge; In official gazette.	1.0
Which requirements for obtaining a building permit are clearly specified in the building regulations or on any accessible website, brochure or pamphlet? (0-1)	List of required documents; Fees to be paid; Required preapprovals.	1.0
Quality control before construction index (0-1)		1.0
Which third-party entities are required by law to verify that the building plans are in compliance with existing building regulations? (0-1)	Licensed engineer.	1.0
Quality control during construction index (0-3)		2.0
What types of inspections (if any) are required by law to be carried out during construction? (0-2)	Inspections at various phases; Risk-based inspections.	2.0
Do legally mandated inspections occur in practice during construction? (0-1)	Mandatory inspections are not always done in practice during construction; Mandatory inspections are done most of the time during construction.	0.0
Quality control after construction index (0-3)		3.0
Is there a final inspection required by law to verify that the building was built in accordance with the approved plans and regulations? (0-2)	Yes, in-house engineer submits report for final inspection.	2.0
Do legally mandated final inspections occur in practice? (0-1)	Final inspection always occurs in practice.	1.0
Liability and insurance regimes index (0-2)		1.0

Which parties (if any) are held liable by law for structural flaws or problems in the building once it is in use (Latent Defect Liability or Decennial Liability)? (0-1)	Architect or engineer; Professional in charge of the supervision; Construction company.	1.0
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Which parties (if any) are required by law to obtain an insurance policy to cover possible structural flaws or problems in the building once it is in use (Latent Defect Liability Insurance or Decennial Insurance)? (0-1)	No party is required by law to obtain insurance .	0.0
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Professional certifications index (0-4)**2.0**

What are the qualification requirements for the professional responsible for verifying that the architectural plans or drawings are in compliance with existing building regulations? (0-2)	Minimum number of years of experience; University degree in architecture or engineering.	1.0
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What are the qualification requirements for the professional who supervises the construction on the ground? (0-2)	Minimum number of years of experience; University degree in engineering, construction or construction management.	1.0
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⚡ Getting Electricity

This topic measures the procedures, time and cost required for a business to obtain a permanent electricity connection for a newly constructed warehouse. Additionally, the reliability of supply and transparency of tariffs index measures reliability of supply, transparency of tariffs and the price of electricity. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Procedures to obtain an electricity connection (number)

- Submitting all relevant documents and obtaining all necessary clearances and permits
- Completing all required notifications and receiving all necessary inspections
- Obtaining external installation works and possibly purchasing material for these works
- Concluding any necessary supply contract and obtaining final supply

Time required to complete each procedure (calendar days)

- Is at least 1 calendar day
- Each procedure starts on a separate day
- Does not include time spent gathering information
- Reflects the time spent in practice, with little follow-up and no prior contact with officials

Cost required to complete each procedure (% of income per capita)

- Official costs only, no bribes
- Value added tax excluded

The reliability of supply and transparency of tariffs index (0-8)

- Duration and frequency of power outages (0-3)
- Tools to monitor power outages (0-1)
- Tools to restore power supply (0-1)
- Regulatory monitoring of utilities' performance (0-1)
- Financial deterrents limiting outages (0-1)
- Transparency and accessibility of tariffs (0-1)

Price of electricity (cents per kilowatt-hour)*

- Price based on monthly bill for commercial warehouse in case study

*Note: Doing Business measures the price of electricity, but it is not included in the distance to frontier score nor the ranking on the ease of getting electricity.

Case study assumptions

To make the data comparable across economies, several assumptions are used.

The warehouse:

- Is owned by a local entrepreneur and is used for storage of goods.
- Is located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Is located in an area where similar warehouses are typically located and is in an area with no physical constraints. For example, the property is not near a railway.
- Is a new construction and is being connected to electricity for the first time.
- Has two stories with a total surface area of approximately 1,300.6 square meters (14,000 square feet). The plot of land on which it is built is 929 square meters (10,000 square feet).

The electricity connection:

- Is a permanent one with a three-phase, four-wire Y connection with a subscribed capacity of 140-kilo-volt-ampere (kVA) with a power factor of 1, when 1 kVA = 1 kilowatt (kW).
- Has a length of 150 meters. The connection is to either the low- or medium-voltage distribution network and is either overhead or underground, whichever is more common in the area where the warehouse is located and requires works that involve the crossing of a 10-meter road (such as by excavation or overhead lines) but are all carried out on public land. There is no crossing of other owners' private property because the warehouse has access to a road.
- Does not require work to install the internal wiring of the warehouse. This has already been completed up to and including the customer's service panel or switchboard and the meter base.

The monthly consumption:

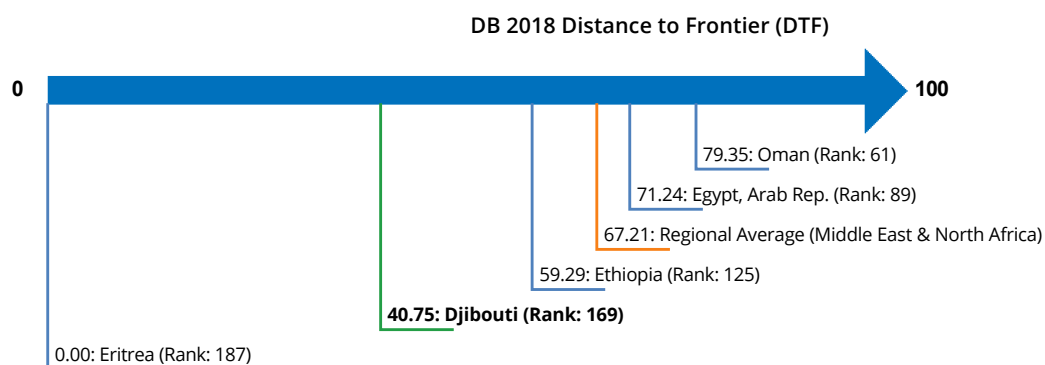
- It is assumed that the warehouse operates 30 days a month from 9:00 a.m. to 5:00 p.m. (8 hours a day), with equipment utilized at 80% of capacity on average and that there are no electricity cuts (assumed for simplicity reasons) and the monthly energy consumption is 26,880 kilowatt-hours (kWh); hourly consumption is 112 kWh.
- If multiple electricity suppliers exist, the warehouse is served by the cheapest supplier.
- Tariffs effective in March of the current year are used for calculation of the price of electricity for the warehouse. Although March has 31 days, for calculation purposes only 30 days are used.

Standardized Connection

Price of electricity (US cents per kWh)	26.0
Name of utility	Electricité de Djibouti (EDD)
City Covered	Djibouti Ville

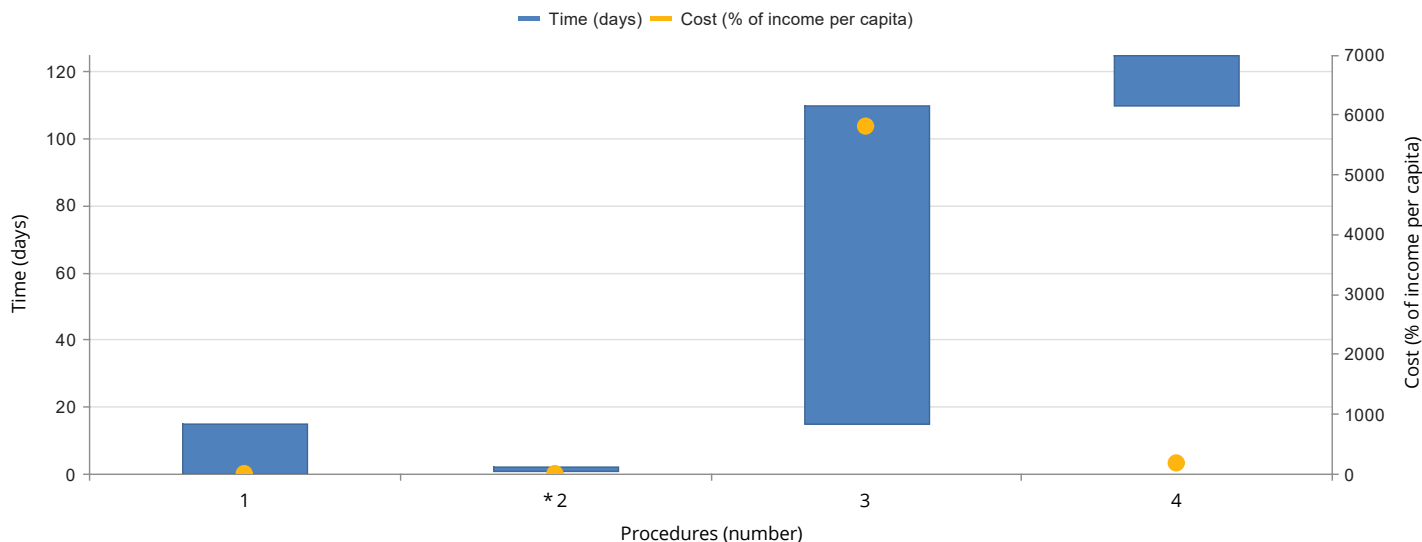
Indicator	Djibouti	Middle East & North Africa	OECD high income	Overall Best Performer
Procedures (number)	4	4.8	4.7	2 (United Arab Emirates)
Time (days)	125	81.4	79.1	10 (United Arab Emirates)
Cost (% of income per capita)	5979.9	780.3	63.0	0.00 (Japan)
Reliability of supply and transparency of tariff index (0-8)	0	4.2	7.4	8.00 (28 Economies)

Figure – Getting Electricity in Djibouti and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of getting electricity is determined by sorting their distance to frontier scores for getting electricity. These scores are the simple average of the distance to frontier scores for each of the component indicators.

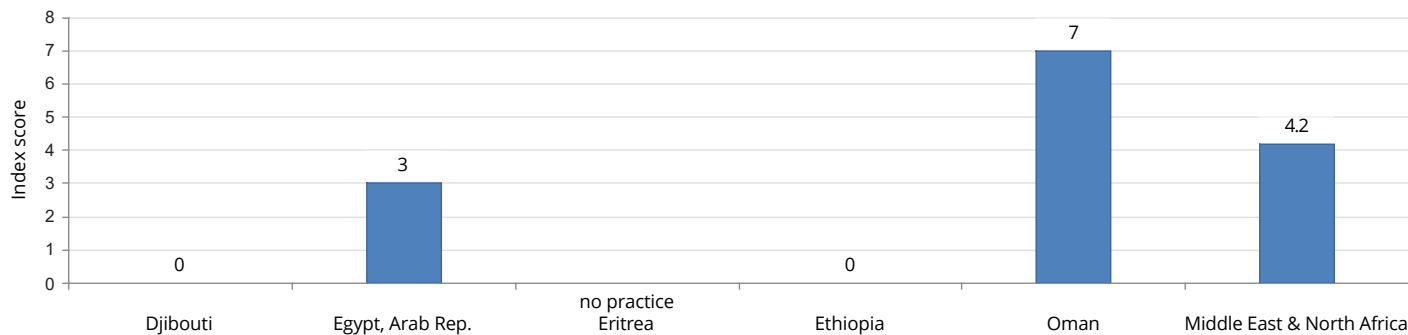
Figure – Getting Electricity in Djibouti – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Getting Electricity in Djibouti and comparator economies – Measure of Quality



Details – Getting Electricity in Djibouti – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Submit application to Electricité de Djibouti and await estimate</p> <p>Agency : Electricité de Djibouti (EDD)</p> <p>The application is typically submitted to Electricité de Djibouti (EDD) in person. A detailed load schedule should be attached to the application, along with a copy of the construction permit.</p> <p>Once the application is lodged, an engineer from EDD will need to come on site to do a feasibility study. Following this step, the quote will be sent to the customer.</p>	15 calendar days	DJF 0
⇒ 2	<p>Receive external inspection by Electricité de Djibouti</p> <p>Agency : Electricité de Djibouti (EDD)</p> <p>Electricité de Djibouti (EDD) inspects the site and prepares an estimate for the connection fees.</p>	1 calendar day	DJF 0
3	<p>Obtain external works from Electricité de Djibouti</p> <p>Agency : Electricité de Djibouti (EDD)</p> <p>After paying the connection fees, the client needs to wait for Electricité de Djibouti (EDD) to obtain all the material. And for an electricity connection for the warehouse considered in this case study, a unit substation is needed.</p>	95 calendar days	DJF 19,675,428
4	<p>Sign supply contract and obtain meter installation and final connection</p> <p>Agency : Electricité de Djibouti (EDD)</p> <p>When the external works are completed and the client has signed a supply contract, Electricité de Djibouti (EDD) inspects the internal wiring (but not in its entirety) and installs the meter.</p>	15 calendar days	DJF 604,969.06

⇒ Takes place simultaneously with previous procedure.

Details – Getting Electricity in Djibouti – Measure of Quality

	Answer
Reliability of supply and transparency of tariff index (0-8)	0
Total duration and frequency of outages per customer a year (0-3)	0
System average interruption duration index (SAIDI)	..
System average interruption frequency index (SAIFI)	..
What is the minimum outage time (in minutes) that the utility considers for the calculation of SAIDI/SAIFI	N/A
Mechanisms for monitoring outages (0-1)	1
Does the distribution utility use automated tools to monitor outages?	Yes
Mechanisms for restoring service (0-1)	1
Does the distribution utility use automated tools to restore service?	Yes
Regulatory monitoring (0-1)	0
Does a regulator—that is, an entity separate from the utility—monitor the utility's performance on reliability of supply?	No
Financial deterrents aimed at limiting outages (0-1)	0
Does the utility either pay compensation to customers or face fines by the regulator (or both) if outages exceed a certain cap?	No
Communication of tariffs and tariff changes (0-1)	1
Are effective tariffs available online?	Yes
Link to the website, if available online	http://www.edd.dj/eddweb/upload/tarif_2016.pdf
Are customers notified of a change in tariff ahead of the billing cycle?	Yes

Note:

If the duration and frequency of outages is 100 or less, the economy is eligible to score on the Reliability of supply and transparency of tariff index.

If the duration and frequency of outages is not available, or is over 100, the economy is not eligible to score on the index.

If the minimum outage time considered for SAIDI/SAIFI is over 5 minutes, the economy is not eligible to score on the index.

Registering Property

This topic examines the steps, time and cost involved in registering property, assuming a standardized case of an entrepreneur who wants to purchase land and a building that is already registered and free of title dispute. In addition, the topic also measures the quality of the land administration system in each economy. The quality of land administration index has five dimensions: reliability of infrastructure, transparency of information, geographic coverage, land dispute resolution, and equal access to property rights. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Procedures to legally transfer title on immovable property (number)

- Preregistration procedures (for example, checking for liens, notarizing sales agreement, paying property transfer taxes)
- Registration procedures in the economy's largest business city.
- Postregistration procedures (for example, filling title with municipality)

Time required to complete each procedure (calendar days)

- Does not include time spent gathering information
- Each procedure starts on a separate day - though procedures that can be fully completed online are an exception to this rule
- Procedure is considered completed once final document is received
- No prior contact with officials

Cost required to complete each procedure (% of property value)

- Official costs only (such as administrative fees, duties and taxes).
- Value Added Tax, Capital Gains Tax and illicit payments are excluded

Quality of land administration index (0-30)

- Reliability of infrastructure index (0-8)
- Transparency of information index (0-6)
- Geographic coverage index (0-8)
- Land dispute resolution index (0-8)
- Equal access to property rights index (-2-0)

Case study assumptions

To make the data comparable across economies, several assumptions about the parties to the transaction, the property and the procedures are used.

The parties (buyer and seller):

- Are limited liability companies (or the legal equivalent).
- Are located in the periurban area of the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Are 100% domestically and privately owned.
- Have 50 employees each, all of whom are nationals.
- Perform general commercial activities.

The property (fully owned by the seller):

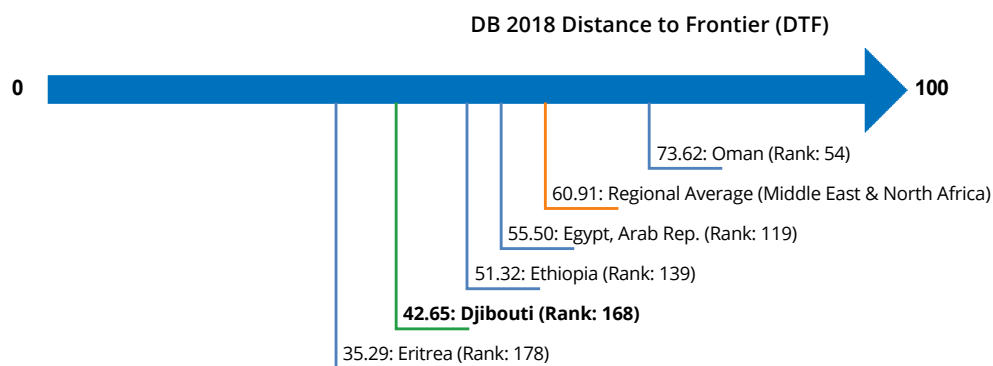
- Has a value of 50 times income per capita, which equals the sale price.
- Is fully owned by the seller.
- Has no mortgages attached and has been under the same ownership for the past 10 years.
- Is registered in the land registry or cadastre, or both, and is free of title disputes.
- Is located in a periurban commercial zone, and no rezoning is required.
- Consists of land and a building. The land area is 557.4 square meters (6,000 square feet). A two-story warehouse of 929 square meters (10,000 square feet) is located on the land. The warehouse is 10 years old, is in good condition, has no heating system and complies with all safety standards, building codes and legal requirements. The property, consisting of land and building, will be transferred in its entirety.
- Will not be subject to renovations or additional construction following the purchase.
- Has no trees, natural water sources, natural reserves or historical monuments of any kind.
- Will not be used for special purposes, and no special permits, such as for residential use, industrial plants, waste storage or certain types of agricultural activities, are required.
- Has no occupants, and no other party holds a legal interest in it.

Standard Property Transfer

Property value	DJF 16,957,260.40
City Covered	Djibouti Ville

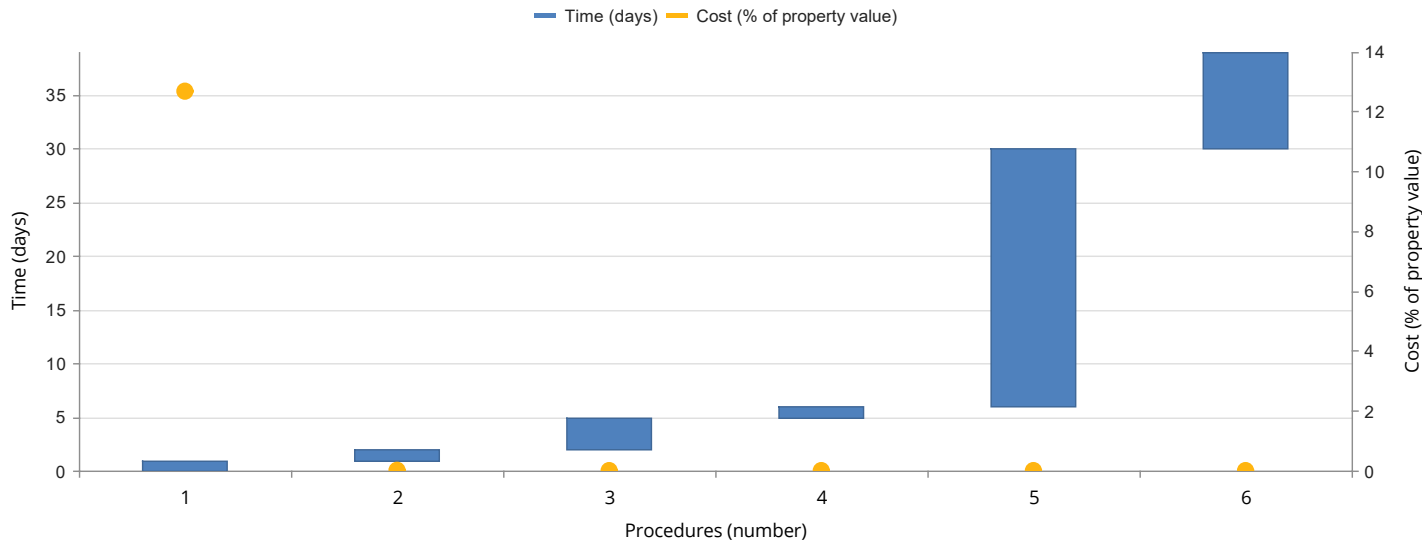
Indicator	Djibouti	Middle East & North Africa	OECD high income	Overall Best Performer
Procedures (number)	6	5.7	4.6	1.00 (4 Economies)
Time (days)	39	30.3	22.3	1.00 (3 Economies)
Cost (% of property value)	12.7	6.0	4.2	0.00 (5 Economies)
Quality of the land administration index (0-30)	4.5	13.4	22.7	29.00 (Singapore)

Figure – Registering Property in Djibouti and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of registering property is determined by sorting their distance to frontier scores for registering property. These scores are the simple average of the distance to frontier scores for each of the component indicators.

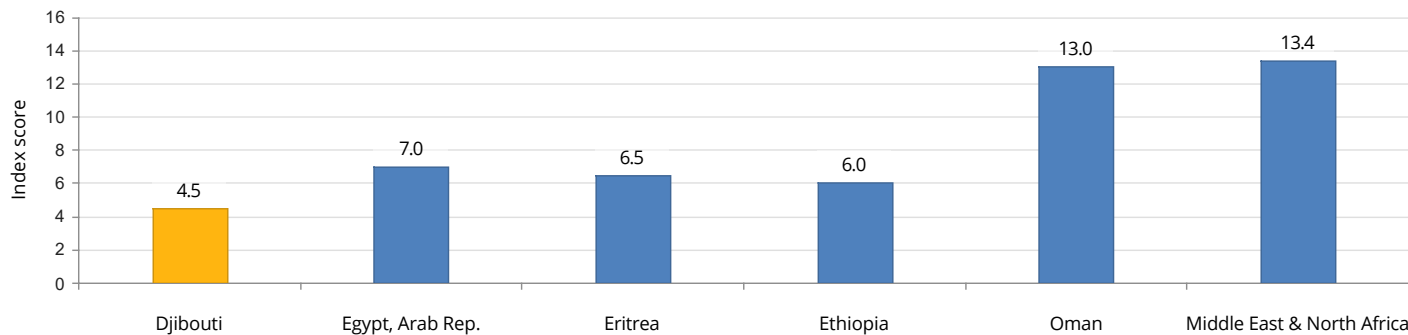
Figure – Registering Property in Djibouti – Procedure, Time and Cost



* This symbol is shown beside procedure numbers that take place simultaneously with the previous procedure.

Note: Online procedures account for 0.5 days in the total time calculation. For economies that have a different procedure list for men and women, the graph shows the time for women. For more information on methodology, see the Doing Business website (<http://www.doingbusiness.org/methodology>). For details on the procedures reflected here, see the summary below.

Figure – Registering Property in Djibouti and comparator economies – Measure of Quality



Details – Registering Property in Djibouti – Procedure, Time and Cost

No.	Procedures	Time to Complete	Associated Costs
1	<p>Buyer and seller go to the notary with the title to draft the sale-purchase agreement</p> <p>Agency : Notary</p> <p>The property folder (dossier foncier) will already be in the possession of the seller. The folder contains the following documents: the property title, a cadastral plan of the property, the acquisition price of the previous sale, the names of the owners, and the surface area of the land. The sale and purchase agreement must be drafted by the Notary. The transfer costs for a first time transfer of the property would be 2% + 7% property (Articles 493 and 500 of the General Fiscal Code) value. In the case the property has been transferred more than one time (as it is assumed in the case study), the transfer costs would be 2% + 10% (Articles 493 and 499 of the General Fiscal Code).</p>	1 day	2% + 10% (for second transfer or thereafter) property value, + (40,000 F to 180,000 F (notary fees)) + 500 F per page (x 6, stamp duties)
2	<p>Notary checks for mortgages or liens on the property</p> <p>Agency : Conservation de la propriété foncière</p> <p>The Notary check that the property has no liens or charges at the Service des Domaines (Conservation de la Propriété Foncière). The Notary asks for a complete list of documents affecting the property (fiche de renseignement sur un titre foncier).</p>	1 day	DJF 2,500
3	<p>Notary proceeds to tax authorities to check status of the property and capital gains</p> <p>Agency : Tax Authority</p> <p>The Notary will collect them from the seller the capital gains tax if there any to be paid.</p>	2 - 3 days	no cost
4	<p>Parties return to the notary to sign the sale-purchase agreement</p> <p>Agency : Notary</p> <p>At this point the buyer pays the seller a deposit. If there are capital gains to be paid the seller will pay them at a rate of 5%.</p>	1 day	(already paid in Procedure 1)
5	<p>Notary registers the sale agreement with the tax authority.</p> <p>Agency : Tax Authority</p> <p>The sale-purchase agreement is notarized (acte de vente) and then it is registered with the tax authority (bureau de l'Enregistrement et du Timbre). Payment of registration fees will be made directly at l'Hôtel des Impôts.</p>	3 - 4 weeks	10% property value (already paid in Procedure 1) + 500 F per page (x 6, stamp duties already paid in Procedure 1)
6	<p>Notary requests a name change on behalf of the new owner at the Conservation de la propriété foncière</p> <p>Agency : Conservation de la propriété foncière</p> <p>This Procedure is a mere conversion, not a new act of registration and it will take place approximately 10 months after provisional registration. The Procedure involves checking all records, which are paper-based, and all history of transactions relevant to the property.</p>	7 - 10 days	2% property value (already paid in Procedure 1)

⇒ Takes place simultaneously with previous procedure.

Details – Registering Property in Djibouti – Measure of Quality

	Answer	Score
Quality of the land administration index (0-30)		4.5
Reliability of infrastructure index (0-8)		2.0
What is the institution in charge of immovable property registration?	Service des Domaines et de la Conservation Fonciere	
In what format are the majority of title or deed records kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Paper	0.0
Is there an electronic database for checking for encumbrances (liens, mortgages, restrictions and the like)?	No	0.0
Institution in charge of the plans showing legal boundaries in the largest business city:	Service des Domaines et de la Conservation Fonciere	
In what format are the majority of maps of land plots kept in the largest business city—in a paper format or in a computerized format (scanned or fully digital)?	Paper	0.0
Is there an electronic database for recording boundaries, checking plans and providing cadastral information (geographic information system)?	No	0.0
Is the information recorded by the immovable property registration agency and the cadastral or mapping agency kept in a single database, in different but linked databases or in separate databases?	Single database	1.0
Do the immovable property registration agency and cadastral or mapping agency use the same identification number for properties?	Yes	1.0
Transparency of information index (0-6)		1.5
Who is able to obtain information on land ownership at the agency in charge of immovable property registration in the largest business city?	Only intermediaries and interested parties	0.0
Is the list of documents that are required to complete any type of property transaction made publicly available—and if so, how?	Yes, online	0.5
Link for online access:	http://admin.theiguides.org/Media/Documents/PROCEDURE%20%20immatriculation.pdf http://www.theiguides.org/public-docs/guides/djibouti	

Is the applicable fee schedule for any property transaction at the agency in charge of immovable property registration in the largest business city made publicly available—and if so, how?	Yes, in person	0.0
Link for online access:		
Does the agency in charge of immovable property registration commit to delivering a legally binding document that proves property ownership within a specific time frame—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	http://admin.theiguides.org/Media/Documents/Note%20de%20service%20des%20Impts.pdf	
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the agency in charge of immovable property registration?	No	0.0
Contact information:		
Are there publicly available official statistics tracking the number of transactions at the immovable property registration agency?	No	0.0
Number of property transfers in the largest business city in 2016:		
Who is able to consult maps of land plots in the largest business city?	Only intermediaries and interested parties	0.0
Is the applicable fee schedule for accessing maps of land plots made publicly available—and if so, how?	Yes, in person	0.0
Link for online access:		
Does the cadastral or mapping agency commit to delivering an updated map within a specific time frame—and if so, how does it communicate the service standard?	Yes, online	0.5
Link for online access:	http://admin.theiguides.org/Media/Documents/FORMALITES_AU_NIVEAU_DU_CADASTRE.pdf	
Is there a specific and separate mechanism for filing complaints about a problem that occurred at the cadastral or mapping agency?	No	0.0
Contact information:		
Geographic coverage index (0–8)		0.0
Are all privately held land plots in the economy formally registered at the immovable property registry?	No	0.0

Are all privately held land plots in the largest business city formally registered at the immovable property registry?	No	0.0
Are all privately held land plots in the economy mapped?	No	0.0
Are all privately held land plots in the largest business city mapped?	No	0.0
Land dispute resolution index (0-8)		1.0
Does the law require that all property sale transactions be registered at the immovable property registry to make them opposable to third parties?	No	0.0
Is the system of immovable property registration subject to a state or private guarantee?	No	0.0
Is there a specific compensation mechanism to cover for losses incurred by parties who engaged in good faith in a property transaction based on erroneous information certified by the immovable property registry?	No	0.0
Does the legal system require a control of legality of the documents necessary for a property transaction (e.g., checking the compliance of contracts with requirements of the law)?	Yes	0.5
If yes, who is responsible for checking the legality of the documents?	Registrar; Notary; Lawyer.	
Does the legal system require verification of the identity of the parties to a property transaction?	Yes	0.5
If yes, who is responsible for verifying the identity of the parties?	Registrar; Notary; Lawyer.	
Is there a national database to verify the accuracy of identity documents?	No	0.0
For a standard land dispute between two local businesses over tenure rights of a property worth 50 times gross national income (GNI) per capita and located in the largest business city, what court would be in charge of the case in the first instance?	Tribunal civil	
How long does it take on average to obtain a decision from the first-instance court for such a case (without appeal)?	More than 3 years	0.0
Are there any statistics on the number of land disputes in the first instance?	No	0.0
Number of land disputes in the largest business city in 2016:		
Equal access to property rights index (-2-0)		0.0
Do unmarried men and unmarried women have equal ownership rights to property?	Yes	0.0
Do married men and married women have equal ownership rights to property?	Yes	0.0

Getting Credit

This topic explores two sets of issues—the strength of credit reporting systems and the effectiveness of collateral and bankruptcy laws in facilitating lending. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Strength of legal rights index (0-12)

- Rights of borrowers and lenders through collateral laws (0-10)
- Protection of secured creditors' rights through bankruptcy laws (0-2)

Depth of credit information index (0-8)

- Scope and accessibility of credit information distributed by credit bureaus and credit registries (0-8)

Credit bureau coverage (% of adults)

- Number of individuals and firms listed in largest credit bureau as a percentage of adult population

Credit registry coverage (% of adults)

- Number of individuals and firms listed in credit registry as a percentage of adult population

Case study assumptions

Doing Business assesses the sharing of credit information and the legal rights of borrowers and lenders with respect to secured transactions through 2 sets of indicators. The depth of credit information index measures rules and practices affecting the coverage, scope and accessibility of credit information available through a credit registry or a credit bureau. The strength of legal rights index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. For each economy it is first determined whether a unitary secured transactions system exists. Then two case scenarios, case A and case B, are used to determine how a nonpossessory security interest is created, publicized and enforced according to the law. Special emphasis is given to how the collateral registry operates (if registration of security interests is possible). The case scenarios involve a secured borrower, company ABC, and a secured lender, BizBank.

In some economies the legal framework for secured transactions will allow only case A or case B (not both) to apply. Both cases examine the same set of legal provisions relating to the use of movable collateral.

Several assumptions about the secured borrower (ABC) and lender (BizBank) are used:

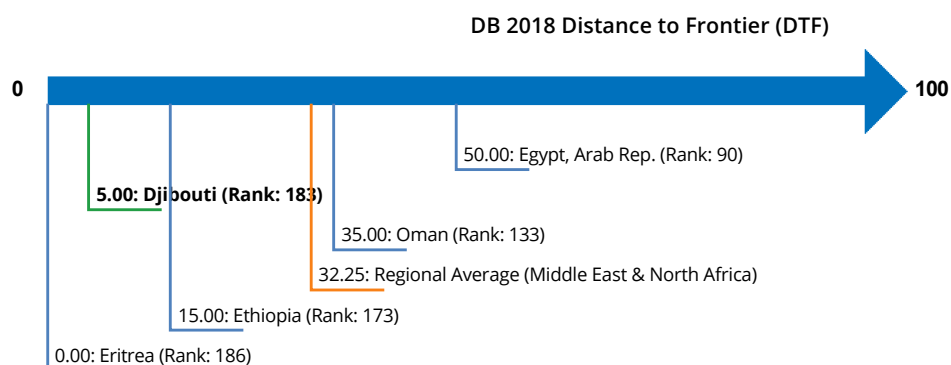
- ABC is a domestic limited liability company (or its legal equivalent).
- ABC has up to 50 employees.
- ABC has its headquarters and only base of operations in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Both ABC and BizBank are 100% domestically owned.

The case scenarios also involve assumptions. In case A, as collateral for the loan, ABC grants BizBank a nonpossessory security interest in one category of movable assets, for example, its machinery or its inventory. ABC wants to keep both possession and ownership of the collateral. In economies where the law does not allow nonpossessory security interests in movable property, ABC and BizBank use a fiduciary transfer-of-title arrangement (or a similar substitute for nonpossessory security interests).

In case B, ABC grants BizBank a business charge, enterprise charge, floating charge or any charge that gives BizBank a security interest over ABC's combined movable assets (or as much of ABC's movable assets as possible). ABC keeps ownership and possession of the assets.

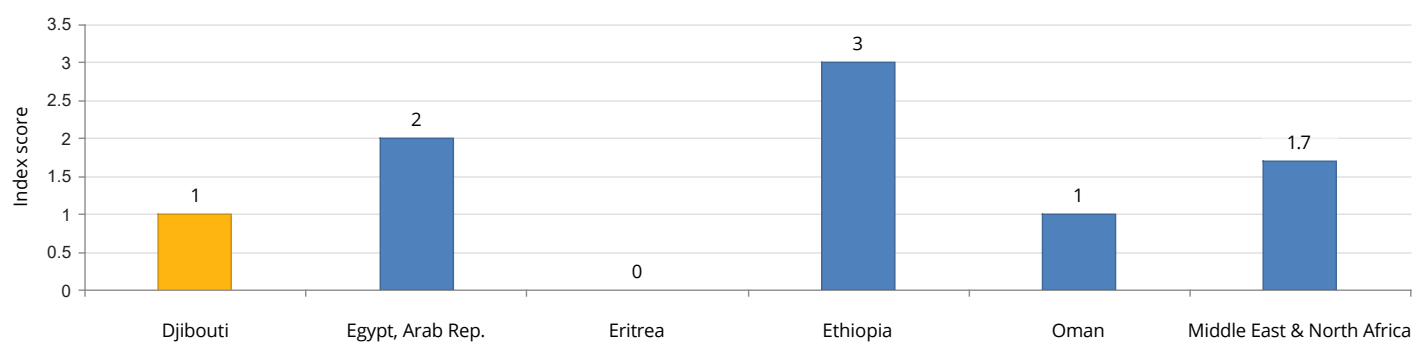
Indicator	Djibouti	Middle East & North Africa	OECD high income	Overall Best Performer
Strength of legal rights index (0-12)	1	1.7	6.0	12.00 (4 Economies)
Depth of credit information index (0-8)	0	4.8	6.6	8.00 (34 Economies)
Credit registry coverage (% of adults)	0.4	14.0	18.3	100.00 (3 Economies)
Credit bureau coverage (% of adults)	0.0	14.2	63.7	100.00 (23 Economies)

Figure – Getting Credit in Djibouti and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of getting credit is determined by sorting their distance to frontier scores for getting credit. These scores are the distance to frontier score for the sum of the strength of legal rights index and the depth of credit information index.

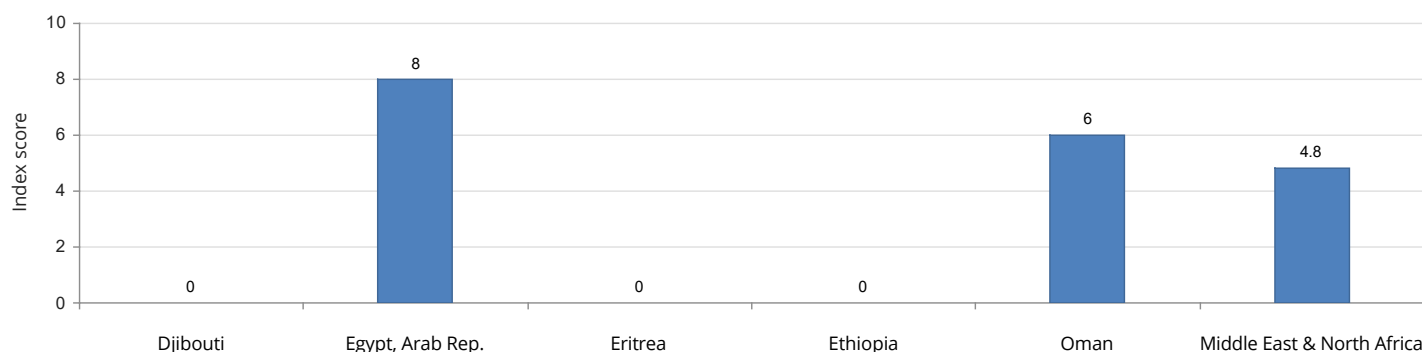
Figure – Legal Rights in Djibouti and comparator economies



Details – Legal Rights in Djibouti

Strength of legal rights index (0-12)	1
Does an integrated or unified legal framework for secured transactions that extends to the creation, publicity and enforcement of functional equivalents to security interests in movable assets exist in the economy?	No
Does the law allow businesses to grant a non possessory security right in a single category of movable assets, without requiring a specific description of collateral?	No
Does the law allow businesses to grant a non possessory security right in substantially all of its assets, without requiring a specific description of collateral?	Yes
May a security right extend to future or after-acquired assets, and does it extend automatically to the products, proceeds and replacements of the original assets?	No
Is a general description of debts and obligations permitted in collateral agreements; can all types of debts and obligations be secured between parties; and can the collateral agreement include a maximum amount for which the assets are encumbered?	No
Is a collateral registry in operation for both incorporated and non-incorporated entities, that is unified geographically and by asset type, with an electronic database indexed by debtor's name?	No
Does a notice-based collateral registry exist in which all functional equivalents can be registered?	No
Does a modern collateral registry exist in which registrations, amendments, cancellations and searches can be performed online by any interested third party?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a debtor defaults outside an insolvency procedure?	No
Are secured creditors paid first (i.e. before tax claims and employee claims) when a business is liquidated?	No
Are secured creditors subject to an automatic stay on enforcement when a debtor enters a court-supervised reorganization procedure? Does the law protect secured creditors' rights by providing clear grounds for relief from the stay and sets a time limit for it?	No
Does the law allow parties to agree on out of court enforcement at the time a security interest is created? Does the law allow the secured creditor to sell the collateral through public auction or private tender, as well as, for the secured creditor to keep the asset in satisfaction of the debt?	No

Figure – Credit Information in Djibouti and comparator economies



Details – Credit Information in Djibouti

Depth of credit information index (0-8)	Credit bureau	Credit registry	Score
Are data on both firms and individuals distributed?	No	No	0
Are both positive and negative credit data distributed?	No	No	0
Are data from retailers or utility companies - in addition to data from banks and financial institutions - distributed?	No	No	0
Are at least 2 years of historical data distributed? (Credit bureaus and registries that distribute more than 10 years of negative data or erase data on defaults as soon as they are repaid obtain a score of 0 for this component.)	No	No	0
Are data on loan amounts below 1% of income per capita distributed?	No	No	0
By law, do borrowers have the right to access their data in the credit bureau or credit registry?	No	No	0
Can banks and financial institutions access borrowers' credit information online (for example, through an online platform, a system-to-system connection or both)?	No	No	0
Are bureau or registry credit scores offered as a value-added service to help banks and financial institutions assess the creditworthiness of borrowers?	No	No	0
Score ("yes" to either public bureau or private registry)			0

Note: An economy receives a score of 1 if there is a "yes" to either bureau or registry. If the credit bureau or registry is not operational or covers less than 5% of the adult population, the total score on the depth of credit information index is 0.

Coverage	Credit bureau	Credit registry
Number of individuals	0	1,532
Number of firms	0	943
Total	0	2,475
Percentage of adult population	0.0	0.4

↗ Protecting Minority Investors

This topic measures the strength of minority shareholder protections against misuse of corporate assets by directors for their personal gain as well as shareholder rights, governance safeguards and corporate transparency requirements that reduce the risk of abuse. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

- **Extent of disclosure index (0–10):** Review and approval requirements for related-party transactions; Disclosure requirements for related-party transactions
- **Extent of director liability index (0–10):** Ability of minority shareholders to sue and hold interested directors liable for prejudicial related-party transactions; Available legal remedies (damages, disgorgement of profits, fines, imprisonment, rescission of the transaction)
- **Ease of shareholder suits index (0–10):** Access to internal corporate documents; Evidence obtainable during trial and allocation of legal expenses
- **Extent of conflict of interest regulation index (0–10):** Simple average of the extent of disclosure, extent of director liability and ease of shareholder indices
- **Extent of shareholder rights index (0–10):** Shareholders' rights and role in major corporate decisions
- **Extent of ownership and control index (0–10):** Governance safeguards protecting shareholders from undue board control and entrenchment
- **Extent of corporate transparency index (0–10):** Corporate transparency on ownership stakes, compensation, audits and financial prospects
- **Extent of shareholder governance index (0–10):** Simple average of the extent of shareholders rights, extent of ownership and control and extent of corporate transparency indices
- **Strength of minority investor protection index (0–10):** Simple average of the extent of conflict of interest regulation and extent of shareholder governance indices

Case study assumptions

To make the data comparable across economies, a case study uses several assumptions about the business and the transaction.

The business (Buyer):

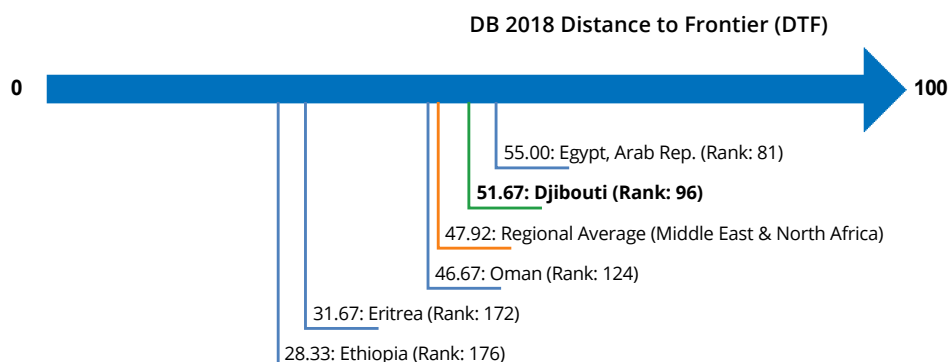
- Is a publicly traded corporation listed on the economy's most important stock exchange. If the number of publicly traded companies listed on that exchange is less than 10, or if there is no stock exchange in the economy, it is assumed that Buyer is a large private company with multiple shareholders.
- Has a board of directors and a chief executive officer (CEO) who may legally act on behalf of Buyer where permitted, even if this is not specifically required by law.
- Has a supervisory board (applicable to economies with a two-tier board system) on which 60% of the shareholder-elected members have been appointed by Mr. James, who is Buyer's controlling shareholder and a member of Buyer's board of directors.
- Has not adopted any bylaws or articles of association that differ from default minimum standards and does not follow any nonmandatory codes, principles, recommendations or guidelines relating to corporate governance.
- Is a manufacturing company with its own distribution network.

The transaction involves the following details:

- Mr. James owns 60% of Buyer and elected two directors to Buyer's five-member board.
- Mr. James also owns 90% of Seller, a company that operates a chain of retail hardware stores. Seller recently closed a large number of its stores.
- Mr. James proposes that Buyer purchase Seller's unused fleet of trucks to expand Buyer's distribution of its food products, a proposal to which Buyer agrees. The price is equal to 10% of Buyer's assets and is higher than the market value.
- The proposed transaction is part of the company's ordinary course of business and is not outside the authority of the company.
- Buyer enters into the transaction. All required approvals are obtained, and all required disclosures made (that is, the transaction is not fraudulent).
- The transaction causes damages to Buyer. Shareholders sue Mr. James and the other parties that approved the transaction.

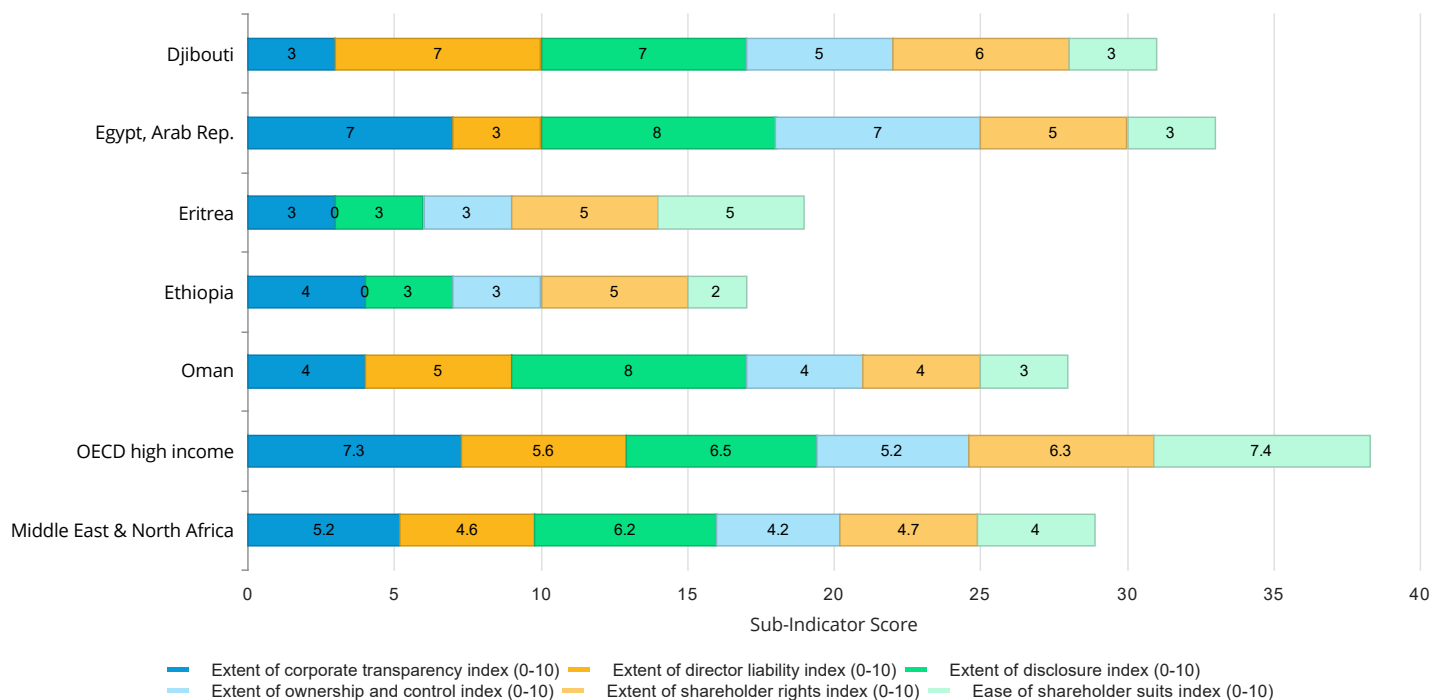
Indicator	Djibouti	Middle East & North Africa	OECD high income	Overall Best Performer
Extent of conflict of interest regulation index (0-10)	5.7	4.9	6.4	9.3 (New Zealand)
Extent of shareholder governance index (0-10)	4.7	4.7	6.4	9.00 (Kazakhstan)

Figure – Protecting Minority Investors in Djibouti and comparator economies – Ranking and DTF



Note: The ranking of economies on the strength of minority investor protections is determined by sorting their distance to frontier scores for protecting minority investors. These scores are the simple average of the distance to frontier scores for the extent of conflict of interest regulation index and the extent of shareholder governance index.

Figure – Protecting Minority Investors in Djibouti and comparator economies – Measure of Quality



Details – Protecting Minority Investors in Djibouti – Measure of Quality

	Answer	Score
Extent of conflict of interest regulation index (0-10)		5.7
Extent of disclosure index (0-10)		7
Which corporate body is legally sufficient to approve the Buyer-Seller transaction? (0-3)	Board of directors excluding interested members	2.0
Must an external body review the terms of the transaction before it takes place? (0-1)	Yes	1.0
Must Mr. James disclose his conflict of interest to the board of directors? (0-2)	Full disclosure of all material facts	2.0
Must Buyer disclose the transaction in published periodic filings (annual reports)? (0-2)	Disclosure on the transaction and on the conflict of interest	2.0
Must Buyer immediately disclose the transaction to the public and/or shareholders? (0-2)	No disclosure obligation	0.0
Extent of director liability index (0-10)		7
Can shareholders representing 10% of Buyer's share capital sue directly or derivatively for the damage the transaction caused to Buyer? (0-1)	Yes	1.0
Can shareholders hold the interested director liable for the damage the transaction caused to Buyer? (0-2)	Liable if negligent	1.0
Can shareholders hold the other directors liable for the damage the transaction caused to Buyer (0-2)	Not liable	0.0
Must Mr. James pay damages for the harm caused to Buyer upon a successful claim by shareholders? (0-1)	Yes	1.0
Must Mr. James repay profits made from the transaction upon a successful claim by shareholders? (0-1)	Yes	1.0
Is Mr. James disqualified or fined and imprisoned upon a successful claim by shareholders? (0-1)	Yes	1.0
Can a court void the transaction upon a successful claim by shareholders? (0-2)	Voidable if unfair or prejudicial	2.0
Ease of shareholder suits index (0-10)		3
Before suing can shareholders representing 10% of Buyer's share capital inspect the transaction documents? (0-1)	Yes	1.0
Can the plaintiff obtain any documents from the defendant and witnesses at trial? (0-3)	No	0.0

Can the plaintiff request categories of documents from the defendant without identifying specific ones? (0-1)	No	0.0
Can the plaintiff directly question the defendant and witnesses at trial? (0-2)	No	0.0
Is the level of proof required for civil suits lower than that of criminal cases? (0-1)	No	0.0
Can shareholder plaintiffs recover their legal expenses from the company? (0-2)	Yes regardless of outcome	2.0
Extent of shareholder governance index (0-10)		4.7
Extent of shareholder rights index (0-10)		6
Does the sale of 51% of Buyer's assets require shareholder approval?	Yes	1.0
Can shareholders representing 10% of Buyer's share capital call for a meeting of shareholders?	Yes	1.0
Must Buyer obtain its shareholders' approval every time it issues new shares?	No	0.0
Do shareholders automatically receive preemption rights every time Buyer issues new shares?	Yes	1.0
Must shareholders approve the election and dismissal of the external auditor?	Yes	1.0
Are changes to the rights of a class of shares only possible if the holders of the affected shares approve?	Yes	1.0
Assuming that Buyer is a limited company, does the sale of 51% of its assets require member approval?	No	0.0
Assuming that Buyer is a limited company, can members representing 10% call for a meeting of members?	No	0.0
Assuming that Buyer is a limited company, must all members consent to add a new member?	No	0.0
Assuming that Buyer is a limited company, must a member first offer to sell their interest to the existing members before they can sell to non-members?	Yes	1.0
Extent of ownership and control index (0-10)		5
Is it forbidden to appoint the same individual as CEO and chair of the board of directors?	Yes	1.0
Must the board of directors include independent and nonexecutive board members?	No	0.0
Can shareholders remove members of the board of directors without cause before the end of their term?	Yes	1.0
Must the board of directors include a separate audit committee exclusively comprising board members?	Yes	1.0
Must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Must Buyer pay declared dividends within a maximum period set by law?	Yes	1.0

Is a subsidiary prohibited from acquiring shares issued by its parent company?	Yes	1.0
Assuming that Buyer is a limited company, must Buyer have a mechanism to resolve disagreements among members?	No	0.0
Assuming that Buyer is a limited company, must a potential acquirer make a tender offer to all shareholders upon acquiring 50% of Buyer?	No	0.0
Assuming that Buyer is a limited company, must Buyer distribute profits within a maximum period set by law?	No	0.0
Extent of corporate transparency index (0-10)		3
Must Buyer disclose direct and indirect beneficial ownership stakes representing 5%?	No	0.0
Must Buyer disclose information about board members' primary employment and directorships in other companies?	No	0.0
Must Buyer disclose the compensation of individual managers?	No	0.0
Must a detailed notice of general meeting be sent 21 days before the meeting?	Yes	1.0
Can shareholders representing 5% of Buyer's share capital put items on the general meeting agenda?	Yes	1.0
Must Buyer's annual financial statements be audited by an external auditor?	No	0.0
Must Buyer disclose its audit reports to the public?	No	0.0
Assuming that Buyer is a limited company, must members meet at least once a year?	No	0.0
Assuming that Buyer is a limited company, can members representing 5% put items on the meeting agenda?	Yes	1.0
Assuming that Buyer is a limited company, must Buyer's annual financial statements be audited by an external auditor?	No	0.0

Paying Taxes

This topic records the taxes and mandatory contributions that a medium-size company must pay or withhold in a given year, as well as measures the administrative burden in paying taxes and contributions. The most recent round of data collection for the project was completed on June 30, 2017 covering for the Paying Taxes indicator calendar year 2016 (January 1, 2016 – December 31, 2016).

Last year (Doing Business 2017) the scope of data collection was expanded to better understand the overall tax environment in an economy. The questionnaire was expanded to include new questions on post-filing processes: VAT refund and tax audit. The data shows where postfiling processes and practices work efficiently and what drives the differences in the overall tax compliance cost across economies.

The new section covers both the legal framework and the administrative burden on businesses to comply with postfiling processes.

[See the methodology for more information.](#)

What the indicators measure

Tax payments for a manufacturing company in 2016 (number per year adjusted for electronic and joint filing and payment)

- Total number of taxes and contributions paid, including consumption taxes (value added tax, sales tax or goods and service tax)
- Method and frequency of filing and payment

Time required to comply with 3 major taxes (hours per year)

- Collecting information, computing tax payable
- Completing tax return, filing with agencies
- Arranging payment or withholding
- Preparing separate tax accounting books, if required

Total tax and contribution rate (% of profit before all taxes)

- Profit or corporate income tax
- Social contributions, labor taxes paid by employer
- Property and property transfer taxes
- Dividend, capital gains, financial transactions taxes
- Waste collection, vehicle, road and other taxes

Postfiling Index

- Time to comply with a VAT refund
- Time to receive a VAT refund
- Time to comply with a corporate income tax audit
- Time to complete a corporate income tax audit

Case study assumptions

Using a case scenario, Doing Business records taxes and mandatory contributions a medium size company must pay in a year, and measures the administrative burden of paying taxes, contributions and dealing with postfiling processes. Information is also compiled on frequency of filing and payments, time taken to comply with tax laws, time taken to comply with the requirements of postfiling processes and time waiting.

To make data comparable across economies, several assumptions are used:

- TaxpayerCo is a medium-size business that started operations on January 1, 2015. It produces ceramic flowerpots and sells them at retail. All taxes and contributions recorded are paid in the second year of operation (calendar year 2016). Taxes and mandatory contributions are measured at all levels of government.

The VAT refund process:

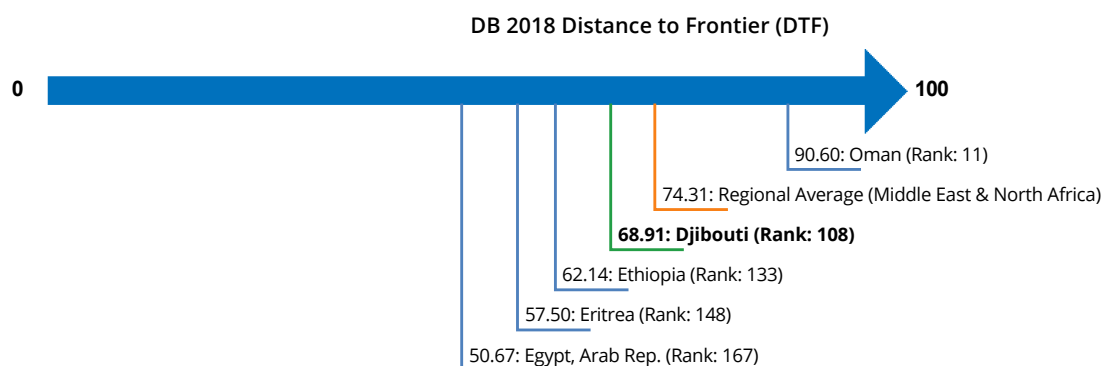
- In June 2016, TaxpayerCo. makes a large capital purchase: the value of the machine is 65 times income per capita of the economy. Sales are equally spread per month (1,050 times income per capita divided by 12) and cost of goods sold are equally expensed per month (875 times income per capita divided by 12). The machinery seller is registered for VAT and excess input VAT incurred in June will be fully recovered after four consecutive months if the VAT rate is the same for inputs, sales and the machine and the tax reporting period is every month. Input VAT will exceed Output VAT in June 2016.

The corporate income tax audit process:

- An error in calculation of income tax liability (for example, use of incorrect tax depreciation rates, or incorrectly treating an expense as tax deductible) leads to an incorrect income tax return and a corporate income tax underpayment. TaxpayerCo. discovered the error and voluntarily notified the tax authority. The value of the underpaid income tax liability is 5% of the corporate income tax liability due. TaxpayerCo. submits corrected information after the deadline for submitting the annual tax return, but within the tax assessment period.

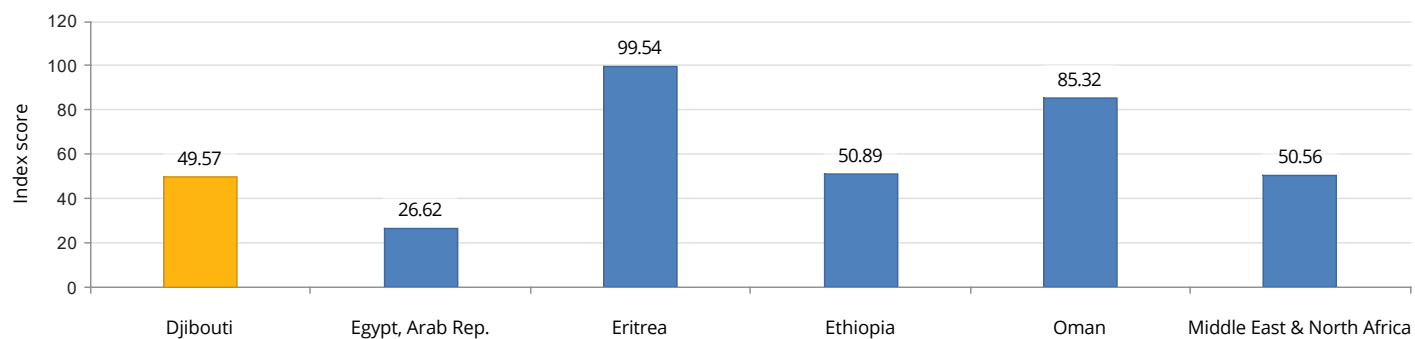
Indicator	Djibouti	Middle East & North Africa	OECD high income	Overall Best Performer
Payments (number per year)	35	17.9	10.9	3 (Hong Kong SAR, China)
Time (hours per year)	76	203.4	160.7	50 (Estonia)
Total tax and contribution rate (% of profit)	37.7	32.6	40.1	18.47 (32 Economies)
Postfiling index (0-100)	49.57	50.56	83.45	99.38 (Estonia)

Figure – Paying Taxes in Djibouti and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of paying taxes is determined by sorting their distance to frontier scores on the ease of paying taxes. These scores are the simple average of the distance to frontier scores for each of the four component indicators – number of tax payments, time, total tax rate and postfiling index – with a threshold and a nonlinear transformation applied to one of the component indicators, the total tax rate. The nonlinear distance to frontier for the total tax rate is equal to the distance to frontier for the total tax rate to the power of 0.8. The threshold is defined as the total tax rate at the 15th percentile of the overall distribution for all years included in the analysis up to and including Doing Business 2015, which is 26.1%. All economies with a total tax rate below this threshold receive the same score as the economy at the threshold.

Figure – Paying Taxes in Djibouti and comparator economies – Measure of Quality



Details – Paying Taxes in Djibouti

Tax or mandatory contribution	Payments (number)	Notes on Payments	Time (hours)	Statutory tax rate	Tax base	Total tax and contribution rate (% of profit)	Notes on TTR
Social security contributions	12.0		36.0	15.7%	gross salaries	17.71	
Corporate income tax	4.0		24.0	25% of profits or 1% of turnover (whichever is higher)		17.68	
Unbuilt property tax	1.0			25%	rental value	0.84	
Business license (patente)	1.0			FD 120,000	fixed fees	0.75	
Tax on insurance contracts	1.0			20%	Value of insurance	0.42	
Vehicle tax	1.0			FD 35,000	fixed fees	0.22	
Local tax (trash collection etc)	1.0			4.5%	built property rental value	0.12	
Employee paid - Social security contributions	0.0			6%	gross salaries	0.00	withheld
Fuel tax	1.0				included in price of fuel	0.00	small amount
Stamp duty	1.0			various rates	per page or transaction	0.00	small amount
Value Added Tax (VAT)	12.0		16.0	10%	value added	0.00	not included
Totals	35		76			37.7	

Details – Paying Taxes in Djibouti – Tax by Type

Taxes by type	Answer
Profit tax (% of profit)	17.7
Labor tax and contributions (% of profit)	17.7
Other taxes (% of profit)	2.3

Details – Paying Taxes in Djibouti – Measure of Quality

	Answer	Score
Postfiling index (0-100)		49.57

VAT refunds

Does VAT exist?	Yes	
Does a VAT refund process exist per the case study?	Yes	
Restrictions on VAT refund process	None	
Percentage of cases exposed to a VAT audit (%)	50% - 74%	
Is there a mandatory carry forward period?	No	
Time to comply with VAT refund (hours)	6.0	88
Time to obtain a VAT refund (weeks)	50.0	9.61

Corporate income tax audits

Does corporate income tax exist?	Yes	
Percentage of cases exposed to a corporate income tax audit (%)	50% - 74%	
Time to comply with a corporate income tax audit (hours)	15.0	75.23
Time to complete a corporate income tax audit (weeks)	23.9	25.45

Notes: Names of taxes have been standardized. For instance income tax, profit tax, tax on company's income are all named corporate income tax in this table.

The hours for VAT include all the VAT and sales taxes applicable.

The hours for Social Security include all the hours for labor taxes and mandatory contributions in general.

The postfiling index is the average of the scores on time to comply with VAT refund, time to obtain a VAT refund, time to comply with a corporate income tax audit and time to complete a corporate income tax audit.

N/A = Not applicable.

Trading across Borders

Doing Business records the time and cost associated with the logistical process of exporting and importing goods. Doing Business measures the time and cost (excluding tariffs) associated with three sets of procedures—documentary compliance, border compliance and domestic transport—within the overall process of exporting or importing a shipment of goods. The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

Given the importance of trade digitalization, in Doing Business 2018, the Trading across Borders questionnaire included research questions on the availability and status of implementation of Electronic Data Interchange (EDI) and Single Window (SW) systems. With this information, Doing Business built a comprehensive dataset on the adoption and level of sophistication of electronic platforms in 190 economies. These data are not used to compute the distance to frontier score or ranking of the ease of doing business. The new dataset on EDI and SW systems is available [here](#).

What the indicators measure

Documentary compliance

- Obtaining, preparing and submitting documents during transport, clearance, inspections and port or border handling in origin economy
- Obtaining, preparing and submitting documents required by destination economy and any transit economies
- Covers all documents required by law and in practice, including electronic submissions of information

Border compliance

- Customs clearance and inspections
- Inspections by other agencies (if applied to more than 20% of shipments)
- Handling and inspections that take place at the economy's port or border

Domestic transport

- Loading or unloading of the shipment at the warehouse or port/border
- Transport between warehouse and port/border
- Traffic delays and road police checks while shipment is en route

Case study assumptions

To make the data comparable across economies, a few assumptions are made about the traded goods and the transactions:

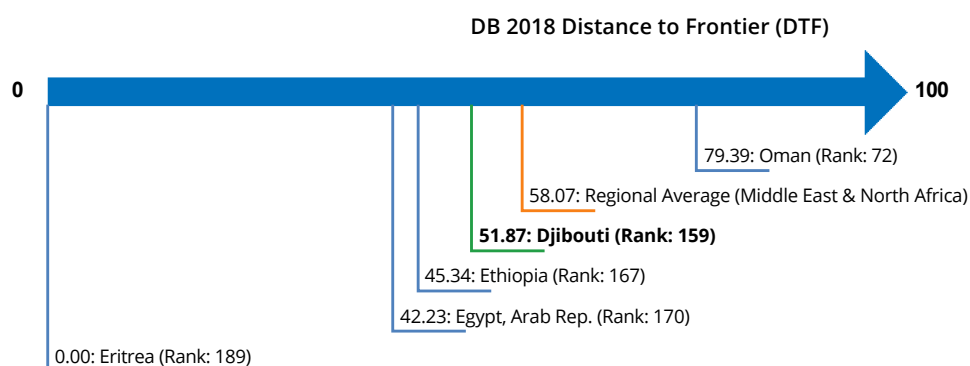
Time: Time is measured in hours, and 1 day is 24 hours (for example, 22 days are recorded as $22 \times 24 = 528$ hours). If customs clearance takes 7.5 hours, the data are recorded as is. Alternatively, suppose documents are submitted to a customs agency at 8:00a.m., are processed overnight and can be picked up at 8:00a.m. the next day. The time for customs clearance would be recorded as 24 hours because the actual procedure took 24 hours.

Cost: Insurance cost and informal payments for which no receipt is issued are excluded from the costs recorded. Costs are reported in U.S. dollars. Contributors are asked to convert local currency into U.S. dollars based on the exchange rate prevailing on the day they answer the questionnaire. Contributors are private sector experts in international trade logistics and are informed about exchange rates.

Assumptions of the case study: - For all 190 economies covered by Doing Business, it is assumed a shipment is in a warehouse in the largest business city of the exporting economy and travels to a warehouse in the largest business city of the importing economy. - It is assumed each economy imports 15 metric tons of containerized auto parts (HS 8708) from its natural import partner—the economy from which it imports the largest value (price times quantity) of auto parts. It is assumed each economy exports the product of its comparative advantage (defined by the largest export value) to its natural export partner—the economy that is the largest purchaser of this product. Shipment value is assumed to be \$50,000. - The mode of transport is the one most widely used for the chosen export or import product and the trading partner, as is the seaport, or land border crossing. - All electronic information submissions requested by any government agency in connection with the shipment are considered to be documents obtained, prepared and submitted during the export or import process. - A port or border is a place (seaport, airport or land border crossing) where merchandise can enter or leave an economy. - Relevant government agencies include customs, port authorities, road police, border guards, standardization agencies, ministries or departments of agriculture or industry, national security agencies and any other government authorities.

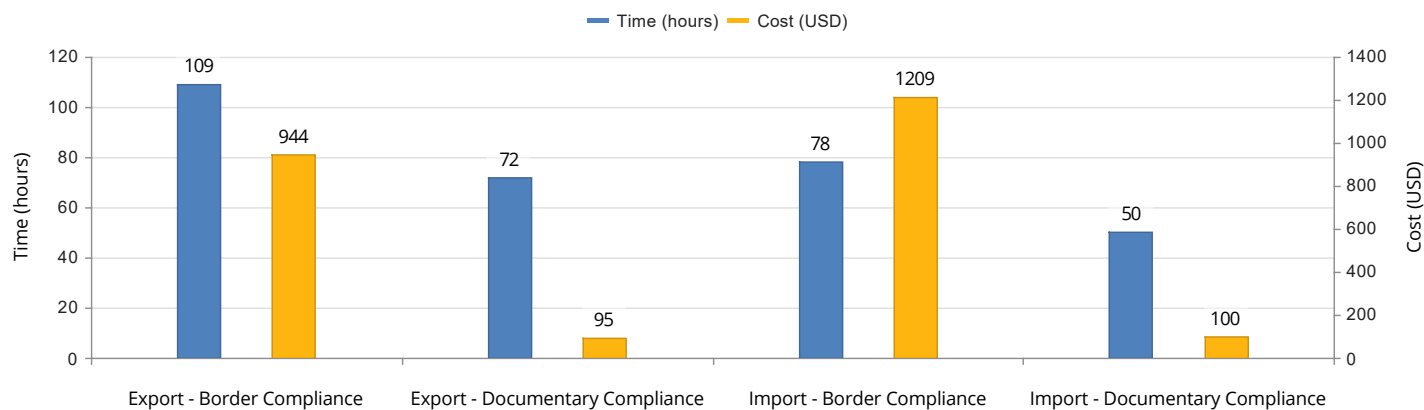
Indicator	Djibouti	Middle East & North Africa	OECD high income	Overall Best Performer
Time to export: Border compliance (hours)	109	62.6	12.7	0 (17 Economies)
Cost to export: Border compliance (USD)	944	464.4	149.9	0.00 (19 Economies)
Time to export: Documentary compliance (hours)	72	74.3	2.4	1.0 (25 Economies)
Cost to export: Documentary compliance (USD)	95	243.6	35.4	0.00 (19 Economies)
Time to import: Border compliance (hours)	78	112.3	8.7	0.00 (21 Economies)
Cost to import: Border compliance (USD)	1209	540.7	111.6	0.00 (27 Economies)
Time to import: Documentary compliance (hours)	50	94.5	3.5	1.0 (30 Economies)
Cost to import: Documentary compliance (USD)	100	266.2	25.6	0.00 (30 Economies)

Figure – Trading across Borders in Djibouti and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of trading across borders is determined by sorting their distance to frontier scores for trading across borders. These scores are the simple average of the distance to frontier scores for the time and cost for documentary compliance and border compliance to export and import (domestic transport is not used for calculating the ranking).

Figure – Trading across Borders in Djibouti – Time and Cost



Details – Trading across Borders in Djibouti

Characteristics	Export	Import
Product	HS 09 : Coffee, tea, matī and spices	HS 8708: Parts and accessories of motor vehicles
Trade partner	Egypt	United Arab Emirates
Border	Djibouti port	Djibouti port
Distance (km)	11	11
Domestic transport time (hours)	2	2
Domestic transport cost (USD)	163	165

Details – Trading across Borders in Djibouti – Components of Border Compliance

	Time to Complete (hours)	Associated Costs (USD)
Export: Clearance and inspections required by customs authorities	48.0	514.0
Export: Clearance and inspections required by agencies other than customs	24.0	186.0
Export: Port or border handling	108.9	244.3
Import: Clearance and inspections required by customs authorities	42.0	583.5
Import: Clearance and inspections required by agencies other than customs	0.0	0.0
Import: Port or border handling	78.0	625.0

Details – Trading across Borders in Djibouti – Trade Documents

Export	Import
Bill of lading	Bill of Lading
Commercial invoice	Commercial invoice
Packing list	Customs import declaration
Customs export declaration	Electronic cargo tracking note (BESC)
Certificate of origin	Packing list
Gate pass	Gate pass
Cargo release order	SOLAS certificate
SOLAS certificate	

Enforcing Contracts

The enforcing contracts indicator measures the time and cost for resolving a commercial dispute through a local first-instance court, and the quality of judicial processes index, evaluating whether each economy has adopted a series of good practices that promote quality and efficiency in the court system. The most recent round of data collection was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Time required to enforce a contract through the courts (calendar days)

- Time to file and serve the case
- Time for trial and to obtain the judgment
- Time to enforce the judgment

Cost required to enforce a contract through the courts (% of claim)

- Attorney fees
- Court fees
- Enforcement fees

Quality of judicial processes index (0-18)

- Court structure and proceedings (-1-5)
- Case management (0-6)
- Court automation (0-4)
- Alternative dispute resolution (0-3)

Case study assumptions

The dispute in the case study involves the breach of a sales contract between 2 domestic businesses. The case study assumes that the court hears an expert on the quality of the goods in dispute. This distinguishes the case from simple debt enforcement.

To make the data comparable across economies, Doing Business uses several assumptions about the case:

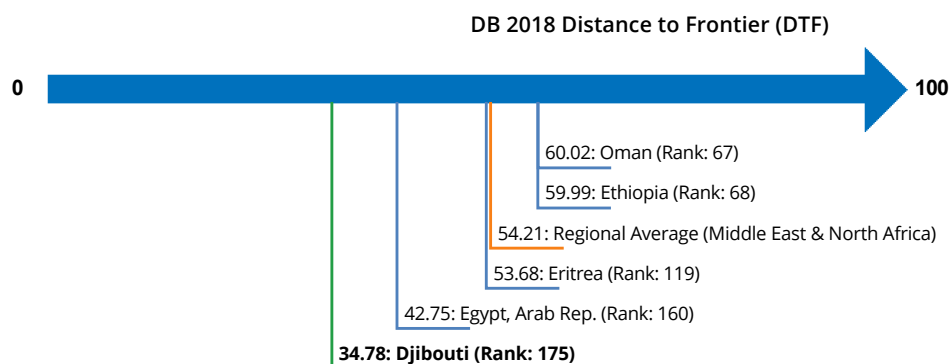
- The dispute concerns a lawful transaction between two businesses (Seller and Buyer), both located in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- The buyer orders custom-made goods, then fails to pay.
- The value of the dispute is 200% of the income per capita or the equivalent in local currency of USD 5,000, whichever is greater.
- The seller sues the buyer before the court with jurisdiction over commercial cases worth 200% of income per capita or \$5,000.
- The seller requests a pretrial attachment to secure the claim.
- The dispute on the quality of the goods requires an expert opinion.
- The judge decides in favor of the seller; there is no appeal.
- The seller enforces the judgment through a public sale of the buyer's movable assets.

Standardized Case

Claim value	DJF 888,600.00
Court name	Djibouti First Instance Court
City Covered	Djibouti Ville

Indicator	Djibouti	Middle East & North Africa	OECD high income	Overall Best Performer
Time (days)	1025	638.5	577.8	164.00 (Singapore)
Cost (% of claim value)	34.0	24.4	21.5	9.00 (Iceland)
Quality of judicial processes index (0-18)	3.0	5.9	11.0	15.50 (Australia)

Figure – Enforcing Contracts in Djibouti and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of enforcing contracts is determined by sorting their distance to frontier scores for enforcing contracts. These scores are the simple average of the distance to frontier scores for each of the component indicators.

Figure – Enforcing Contracts in Djibouti – Time and Cost

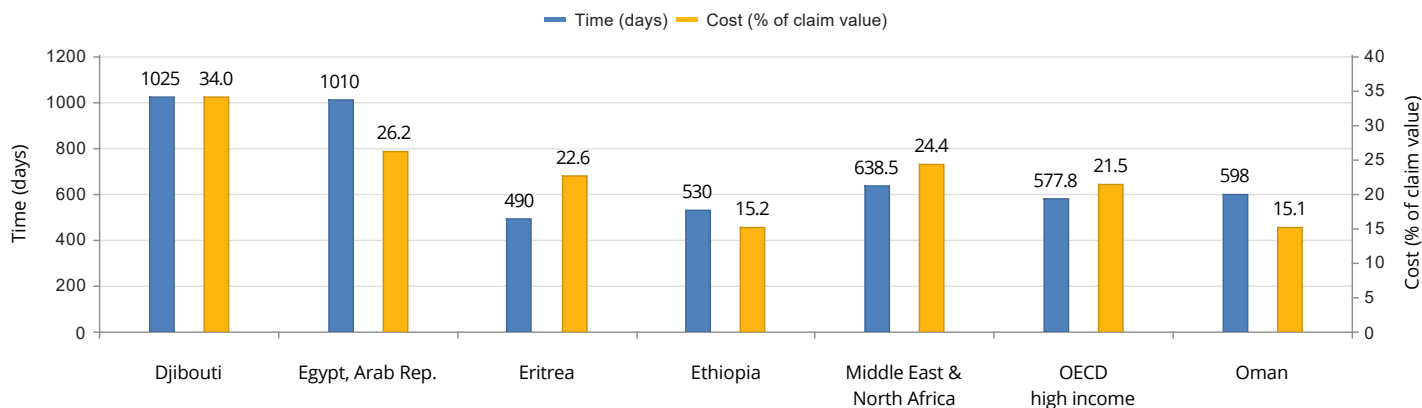
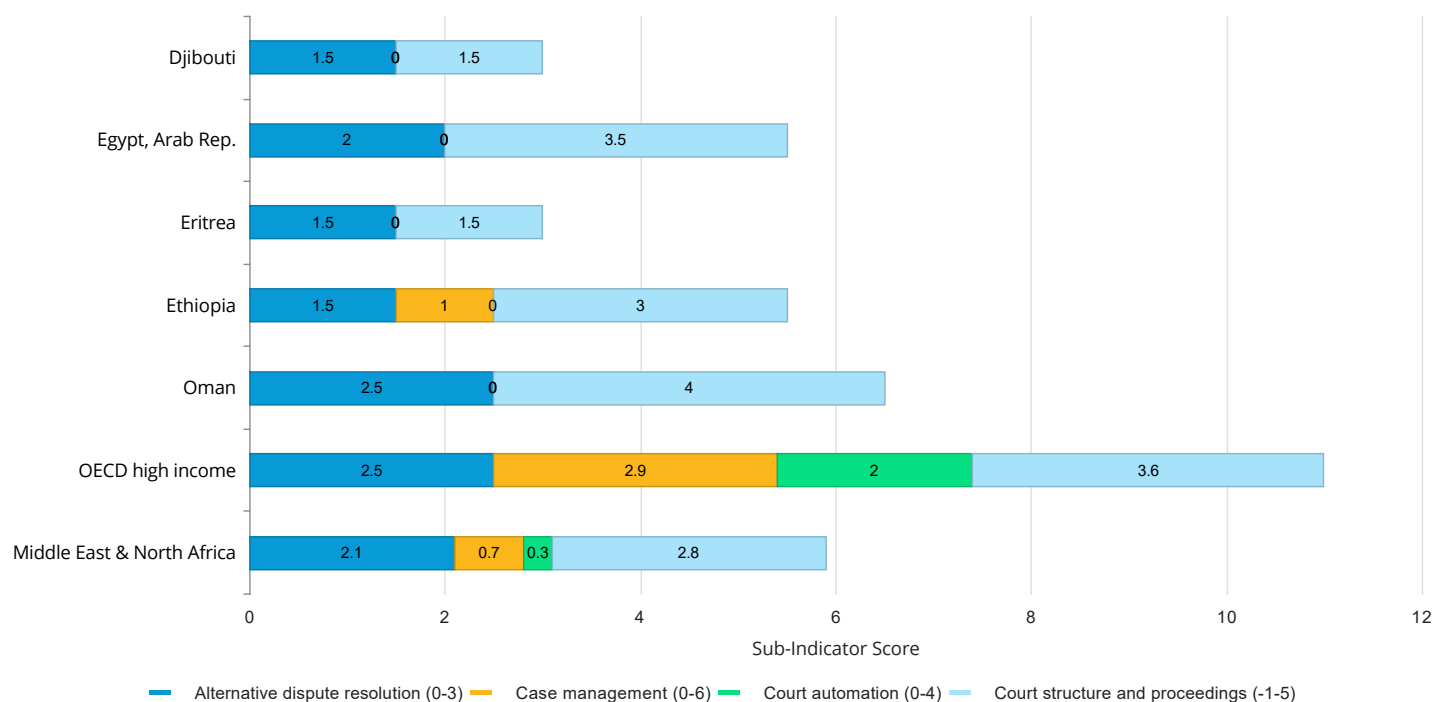


Figure – Enforcing Contracts in Djibouti and comparator economies – Measure of Quality



Details – Enforcing Contracts in Djibouti

	Indicator
Time (days)	1025
Filing and service	30
Trial and judgment	550
Enforcement of judgment	445
Cost (% of claim value)	34.0
Attorney fees	17
Court fees	10
Enforcement fees	7
Quality of judicial processes index (0-18)	3.0
Court structure and proceedings (-1-5)	1.5
Case management (0-6)	0.0
Court automation (0-4)	0.0
Alternative dispute resolution (0-3)	1.5

Details – Enforcing Contracts in Djibouti – Measure of Quality

	Answer	Score
Quality of judicial processes index (0-18)		3.0
Court structure and proceedings (-1-5)		1.5
1. Is there a court or division of a court dedicated solely to hearing commercial cases?	No	0.0
2. Small claims court		0.0
2.a. Is there a small claims court or a fast-track procedure for small claims?	No	
2.b. If yes, is self-representation allowed?	n.a.	
3. Is pretrial attachment available?	Yes	1.0
4. Are new cases assigned randomly to judges?	Yes, but manual	0.5
5. Does a woman's testimony carry the same evidentiary weight in court as a man's?	Yes	0.0
Case management (0-6)		0.0
1. Time standards		0.0
1.a. Are there laws setting overall time standards for key court events in a civil case?	No	
1.b. If yes, are the time standards set for at least three court events?	n.a.	
1.c. Are these time standards respected in more than 50% of cases?	n.a.	
2. Adjournments		0.0
2.a. Does the law regulate the maximum number of adjournments that can be granted?	No	
2.b. Are adjournments limited to unforeseen and exceptional circumstances?	No	
2.c. If rules on adjournments exist, are they respected in more than 50% of cases?	n.a.	
3. Can two of the following four reports be generated about the competent court: (i) time to disposition report; (ii) clearance rate report; (iii) age of pending cases report; and (iv) single case progress report?	No	0.0
4. Is a pretrial conference among the case management techniques used before the competent court?	No	0.0
5. Are there any electronic case management tools in place within the competent court for use by judges?	No	0.0
6. Are there any electronic case management tools in place within the competent court for use by lawyers?	No	0.0
Court automation (0-4)		0.0
1. Can the initial complaint be filed electronically through a dedicated platform within the competent court?	No	0.0

2. Is it possible to carry out service of process electronically for claims filed before the competent court?	No	0.0
3. Can court fees be paid electronically within the competent court?	No	0.0
4. Publication of judgments		0.0
4.a Are judgments rendered in commercial cases at all levels made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
4.b. Are judgments rendered in commercial cases at the appellate and supreme court level made available to the general public through publication in official gazettes, in newspapers or on the internet or court website?	No	
Alternative dispute resolution (0-3)		1.5
1. Arbitration		1.5
1.a. Is domestic commercial arbitration governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all its aspects?	Yes	
1.b. Are there any commercial disputes—aside from those that deal with public order or public policy—that cannot be submitted to arbitration?	No	
1.c. Are valid arbitration clauses or agreements usually enforced by the courts?	Yes	
2. Mediation/Conciliation		0.0
2.a. Is voluntary mediation or conciliation available?	No	
2.b. Are mediation, conciliation or both governed by a consolidated law or consolidated chapter or section of the applicable code of civil procedure encompassing substantially all their aspects?	n.a.	
2.c. Are there financial incentives for parties to attempt mediation or conciliation (i.e., if mediation or conciliation is successful, a refund of court filing fees, income tax credits or the like)?	n.a.	

Resolving Insolvency

Doing Business studies the time, cost and outcome of insolvency proceedings involving domestic legal entities. These variables are used to calculate the recovery rate, which is recorded as cents on the dollar recovered by secured creditors through reorganization, liquidation or debt enforcement (foreclosure or receivership) proceedings. To determine the present value of the amount recovered by creditors, Doing Business uses the lending rates from the International Monetary Fund, supplemented with data from central banks and the Economist Intelligence Unit.

The most recent round of data collection for the project was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Time required to recover debt (years)

- Measured in calendar years
- Appeals and requests for extension are included

Cost required to recover debt (% of debtor's estate)

- Measured as percentage of estate value
- Court fees
- Fees of insolvency administrators
- Lawyers' fees
- Assessors' and auctioneers' fees
- Other related fees

Outcome

- Whether business continues operating as a going concern or business assets are sold piecemeal

Recovery rate for creditors

- Measures the cents on the dollar recovered by secured creditors
- Outcome for the business (survival or not) determines the maximum value that can be recovered
- Official costs of the insolvency proceedings are deducted
- Depreciation of furniture is taken into account
- Present value of debt recovered

Strength of insolvency framework index (0- 16)

- Sum of the scores of four component indices:
- Commencement of proceedings index (0-3)
- Management of debtor's assets index (0-6)
- Reorganization proceedings index (0-3)
- Creditor participation index (0-4)

Case study assumptions

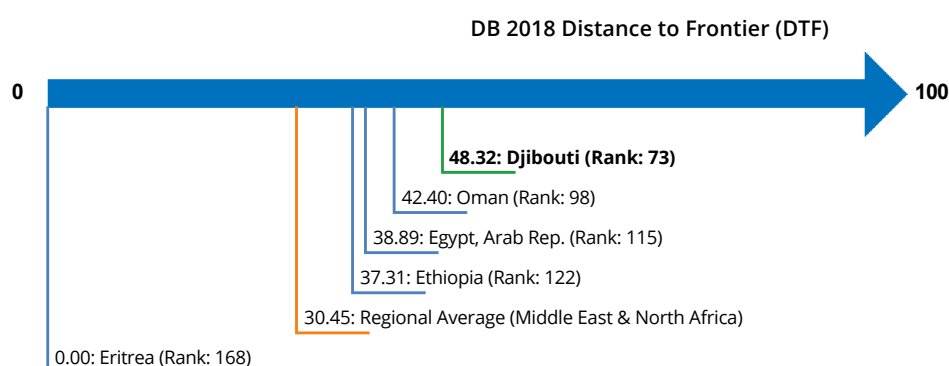
To make the data on the time, cost and outcome comparable across economies, several assumptions about the business and the case are used:

- A hotel located in the largest city (or cities) has 201 employees and 50 suppliers. The hotel experiences financial difficulties.
- The value of the hotel is 100% of the income per capita or the equivalent in local currency of USD 200,000, whichever is greater.
- The hotel has a loan from a domestic bank, secured by a mortgage over the hotel's real estate. The hotel cannot pay back the loan, but makes enough money to operate otherwise.

In addition, Doing Business evaluates the adequacy and integrity of the existing legal framework applicable to liquidation and reorganization proceedings through the strength of insolvency framework index. The index tests whether economies adopted internationally accepted good practices in four areas: commencement of proceedings, management of debtor's assets, reorganization proceedings and creditor participation.

Indicator	Djibouti	Middle East & North Africa	OECD high income	Overall Best Performer
Recovery rate (cents on the dollar)	37.5	25.5	71.2	93.1 (Norway)
Time (years)	2.3	3.0	1.7	0.4 (Ireland)
Cost (% of estate)	11.0	13.8	9.1	1.00 (Norway)
Outcome (0 as piecemeal sale and 1 as going concern)	0
Strength of insolvency framework index (0-16)	9.0	5.4	12.1	15.00 (6 Economies)

Figure – Resolving Insolvency in Djibouti and comparator economies – Ranking and DTF



Note: The ranking of economies on the ease of resolving insolvency is determined by sorting their distance to frontier scores for resolving insolvency. These scores are the simple average of the distance to frontier scores for the recovery rate and the strength of insolvency framework index.

Figure – Resolving Insolvency in Djibouti – Time and Cost

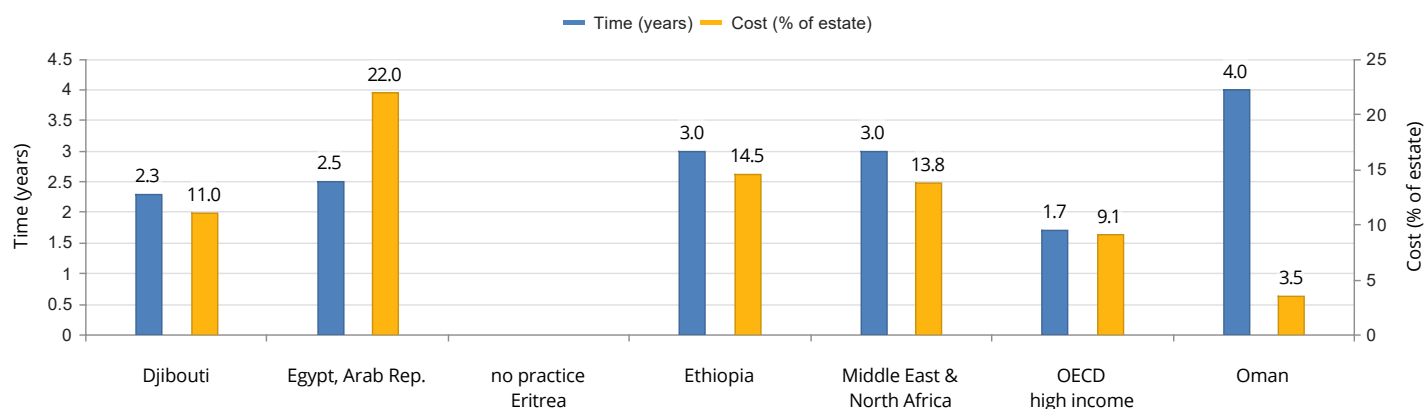


Figure – Resolving Insolvency in Djibouti and comparator economies – Measure of Quality

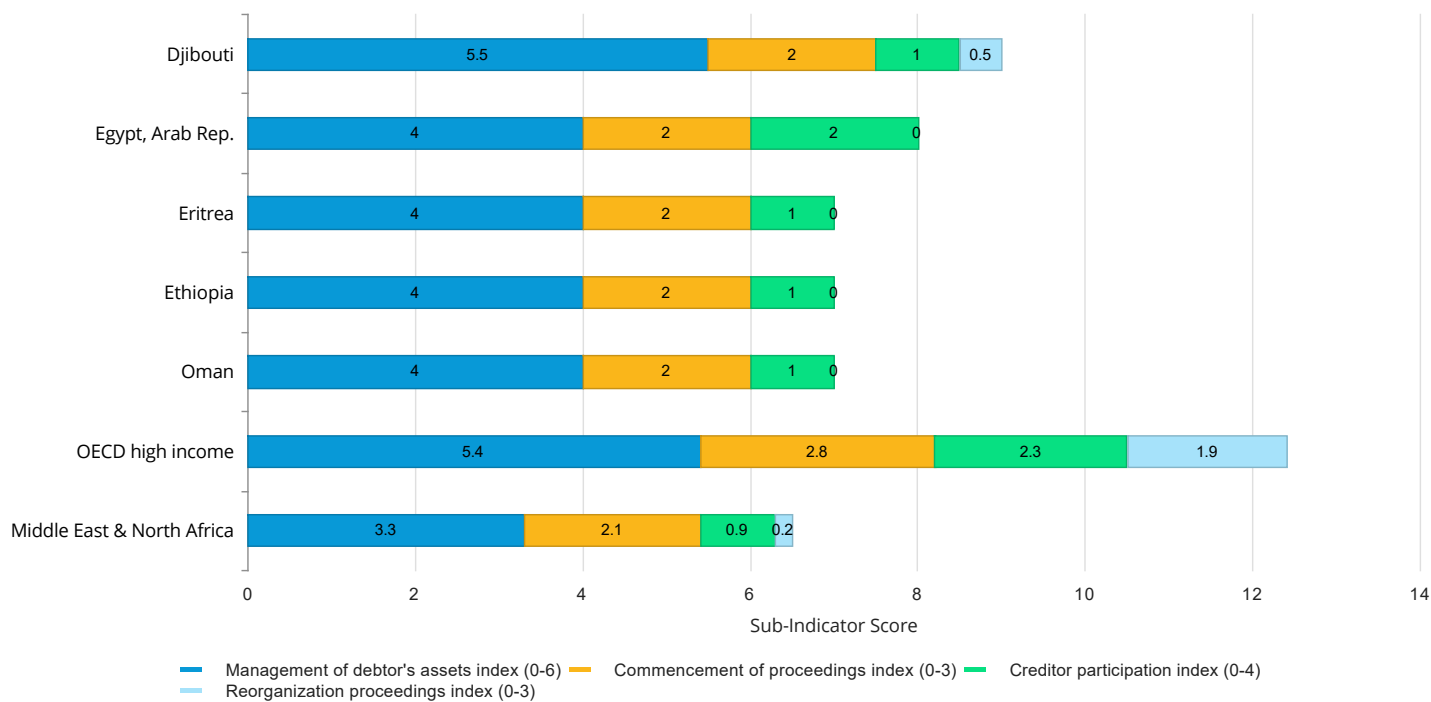
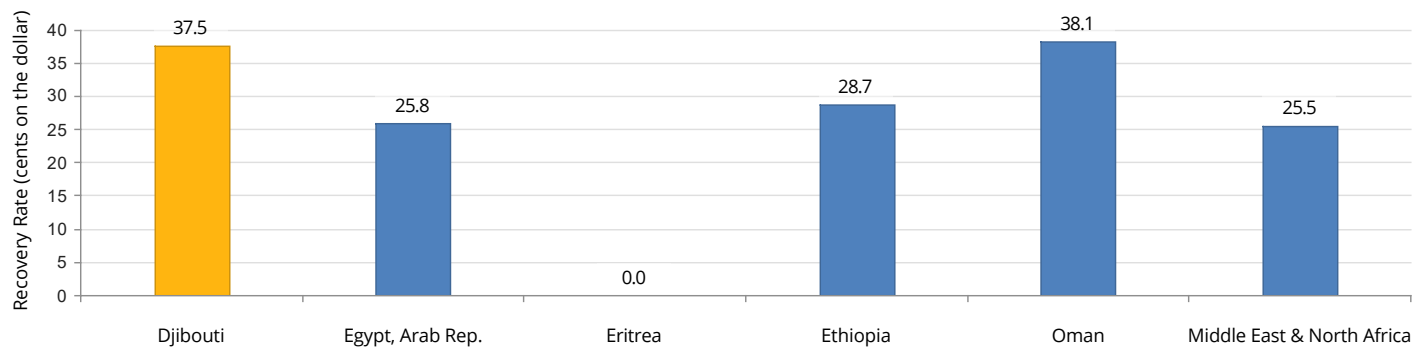


Figure – Resolving Insolvency in Djibouti and comparator economies – Recovery Rate



Details – Resolving Insolvency in Djibouti

Indicator	Answer	Explanation
Proceeding	foreclosure	Mirage cannot repay the money owed to BizBank, so the bank will start foreclosure proceedings at the First Instance Court. At the end of the procedure, the hotel building will be sold and BizBank will obtain payment.
Outcome	piecemeal sale	Mirage's assets will be sold piecemeal after the foreclosure procedure to reimburse creditors and the Hotel will cease to exist.
Time (in years)	2.3	The foreclosure proceedings will take approximately 27 months in Djibouti. This estimate includes summoning Mirage, the foreclosure proceedings and the organization of the sale by the bailiff. The estimate also takes into account that there can be challenges during the procedure.
Cost (% of estate)	11.0	Foreclosure proceedings will cost approximately DJF 3,909,862 (11% of the value of Mirage). The fees of bailiffs in charge of the public sale (7%) and lawyer fees (4%) constitute the main components of the procedure.
Recovery rate (cents on the dollar)	37.5	

Details – Resolving Insolvency in Djibouti – Measure of Quality

	Answer	Score
Strength of insolvency framework index (0-16)		9.0
Commencement of proceedings index (0-3)		2.0
What procedures are available to a DEBTOR when commencing insolvency proceedings?	(c) Debtor may file for reorganization only	0.5
Does the insolvency framework allow a CREDITOR to file for insolvency of the debtor?	(b) Yes, but a creditor may file for liquidation only	0.5
What basis for commencement of the insolvency proceedings is allowed under the insolvency framework?	(a) Debtor is generally unable to pay its debts as they mature	1.0
Management of debtor's assets index (0-6)		5.5
Does the insolvency framework allow the continuation of contracts supplying essential goods and services to the debtor?	Yes	1.0
Does the insolvency framework allow the rejection by the debtor of overly burdensome contracts?	Yes	1.0
Does the insolvency framework allow avoidance of preferential transactions?	Yes	1.0
Does the insolvency framework allow avoidance of undervalued transactions?	Yes	1.0
Does the insolvency framework provide for the possibility of the debtor obtaining credit after commencement of insolvency proceedings?	Yes	1.0
Does the insolvency framework assign priority to post-commencement credit?	(a) Yes over all pre-commencement creditors, secured or unsecured	0.5
Reorganization proceedings index (0-3)		0.5
Which creditors vote on the proposed reorganization plan?	(a) All creditors	0.5
Does the insolvency framework require that dissenting creditors in reorganization receive at least as much as what they would obtain in a liquidation?	No	0.0
Are the creditors divided into classes for the purposes of voting on the reorganization plan, does each class vote separately and are creditors in the same class treated equally?	No	0.0
Creditor participation index (0-4)		1.0

Does the insolvency framework require approval by the creditors for selection or appointment of the insolvency representative?	No	0.0
Does the insolvency framework require approval by the creditors for sale of substantial assets of the debtor?	No	0.0
Does the insolvency framework provide that a creditor has the right to request information from the insolvency representative?	No	0.0
Does the insolvency framework provide that a creditor has the right to object to decisions accepting or rejecting creditors' claims?	Yes	1.0

Note: Even if the economy's legal framework includes provisions related to insolvency proceedings (liquidation or reorganization), the economy receives 0 points for the strength of insolvency framework index, if time, cost and outcome indicators are recorded as "no practice".

Labor Market Regulation

Doing Business presents the data for the labor market regulation indicators in an annex. The report does not present rankings of economies on these indicators or include the topic in the aggregate distance to frontier score or ranking on the ease of doing business. Detailed data collected on labor market regulation are available on the Doing Business website (<http://www.doingbusiness.org/data/exploretopics/labor-market-regulation>).

The most recent round of data collection was completed in June 2017. [See the methodology for more information.](#)

What the indicators measure

Hiring

(i) whether fixed-term contracts are prohibited for permanent tasks; (ii) maximum cumulative duration of fixed-term contracts; (iii) length of the probationary period; (iv) minimum wage.

Working hours

(i) maximum number of working days allowed per week; (ii) premiums for work: at night, on a weekly rest day and overtime; (iii) whether there are restrictions on work at night, work on a weekly rest day and for overtime work; (iv) whether nonpregnant and nonnursing women can work same night hours as men; (v) length of paid annual leave.

Redundancy rules

(i) whether redundancy can be basis for terminating workers; (ii) whether employer needs to notify and/or get approval from third party to terminate 1 redundant worker and a group of 9 redundant workers; (iii) whether law requires employer to reassign or retrain a worker before making worker redundant; (iv) whether priority rules apply for redundancies and reemployment.

Redundancy cost

(i) notice period for redundancy dismissal; (ii) severance payments due when terminating a redundant worker.

Job quality

(i) whether law mandates equal remuneration for work of equal value and nondiscrimination based on gender in hiring; (ii) whether law mandates paid or unpaid maternity leave; (iii) length of paid maternity leave; (iv) whether employees on maternity leave receive 100% of wages; (v) availability of five fully paid days of sick leave a year; (vi) eligibility requirements for unemployment protection.

Case study assumptions

To make the data comparable across economies, several assumptions about the worker and the business are used.

The worker:

- Is a cashier in a supermarket or grocery store, age 19, with one year of work experience.
- Is a full-time employee.
- Is not a member of the labor union, unless membership is mandatory.

The business:

- Is a limited liability company (or the equivalent in the economy).
- Operates a supermarket or grocery store in the economy's largest business city. For 11 economies the data are also collected for the second largest business city.
- Has 60 employees.
- Is subject to collective bargaining agreements if such agreements cover more than 50% of the food retail sector and they apply even to firms that are not party to them.
- Abides by every law and regulation but does not grant workers more benefits than those mandated by law, regulation or (if applicable) collective bargaining agreements.

Details – Labor Market Regulation in Djibouti

	Answer
Hiring	
Fixed-term contracts prohibited for permanent tasks?	Yes
Maximum length of a single fixed-term contract (months)	12.0
Maximum length of fixed-term contracts, including renewals (months)	24.0
Minimum wage applicable to the worker assumed in the case study (US\$/month)	0.0
Ratio of minimum wage to value added per worker	0.0
Maximum length of probationary period (months)	2.0
Working hours	
Standard workday	8.0
Maximum number of working days per week	6.0
Premium for night work (% of hourly pay)	0.0
Premium for work on weekly rest day (% of hourly pay)	0.0
Premium for overtime work (% of hourly pay)	0.0
Restrictions on night work?	No
Whether nonpregnant and nonnursing women can work the same night hours as men	Yes
Restrictions on weekly holiday?	No
Restrictions on overtime work?	Yes
Paid annual leave for a worker with 1 year of tenure (working days)	30.0
Paid annual leave for a worker with 5 years of tenure (working days)	30.0
Paid annual leave for a worker with 10 years of tenure (working days)	30.0
Paid annual leave (average for workers with 1, 5 and 10 years of tenure, in working days)	30.0
Redundancy rules	
Dismissal due to redundancy allowed by law?	Yes
Third-party notification if one worker is dismissed?	Yes
Third-party approval if one worker is dismissed?	No
Third-party notification if nine workers are dismissed?	Yes
Third-party approval if nine workers are dismissed?	No

Retraining or reassignment obligation before redundancy?	No
Priority rules for redundancies?	No
Priority rules for reemployment?	Yes
Redundancy cost	
Notice period for redundancy dismissal for a worker with 1 year of tenure	4.3
Notice period for redundancy dismissal for a worker with 5 years of tenure	4.3
Notice period for redundancy dismissal for a worker with 10 years of tenure	4.3
Notice period for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	4.3
Severance pay for redundancy dismissal for a worker with 1 year of tenure	0.0
Severance pay for redundancy dismissal for a worker with 5 years of tenure	0.0
Severance pay for redundancy dismissal for a worker with 10 years of tenure	0.0
Severance pay for redundancy dismissal (average for workers with 1, 5 and 10 years of tenure)	0.0
Job quality	
Equal remuneration for work of equal value?	Yes
Gender nondiscrimination in hiring?	Yes
Paid or unpaid maternity leave mandated by law?	Yes
Minimum length of maternity leave (calendar days)?	98.0
Receive 100% of wages on maternity leave?	Yes
Five fully paid days of sick leave a year?	Yes
Unemployment protection after one year of employment?	No
Minimum contribution period for unemployment protection (months)?	n.a.

Business Reforms in Djibouti

In the year ending June 1, 2017, 119 economies implemented 264 total reforms across the different areas measured by Doing Business. Doing Business has recorded more than 2,900 regulatory reforms making it easier to do business since 2004. Reforms inspired by Doing Business have been implemented by economies in all regions. The following are the reforms for Djibouti implemented since Doing Business 2008.

✓ = Doing Business reform making it easier to do business. ✗ = Change making it more difficult to do business.

DB2018

- ✓ **Starting a Business:** Djibouti made starting a business less costly by exempting new companies from professional license fees and reducing fees to register a business and publish the notice of commencement.
- ✓ **Dealing with Construction Permits:** Djibouti made obtaining a construction permit easier by reducing the cost of concrete inspections and by implementing decennial liability for all professionals involved in construction projects.
- ✓ **Registering Property:** Djibouti made registering property easier by increasing the transparency of the land administration system.
- ✓ **Getting Credit:** Djibouti improved access to credit information by adopting a law that creates a new credit information system.
- ✓ **Protecting Minority Investors:** Djibouti strengthened minority investor protections by requiring greater disclosure of transactions with interested parties, strengthening remedies against interested directors, extending access to corporate information before trial, increasing shareholder rights and role in major corporate decisions, clarifying ownership and control structures and requiring greater corporate transparency.

DB2015

- ✓ **Dealing with Construction Permits:** Djibouti made dealing with construction permits less time-consuming by streamlining the review process for building permits.

DB2014

- ✓ **Starting a Business:** Djibouti made starting a business easier by simplifying the company name search and by eliminating the minimum capital requirement as well as the requirement to publish a notice of commencement of activities.
- ✓ **Getting Credit:** Djibouti strengthened its secured transactions system by adopting a new commercial code, which broadens the range of movable assets that can be used as collateral.
- ✓ **Resolving Insolvency:** Djibouti made resolving insolvency easier through its new commercial code, which allows an insolvent debtor to file for preventive settlement, legal redress or liquidation and sets out clear rules on the steps and procedures for each of the alternatives available.

DB2012

- ✗ **Dealing with Construction Permits:** Djibouti made dealing with construction permits costlier by increasing the fees for inspections and the building permit and adding a new inspection in the preconstruction phase.
- ✓ **Trading across Borders:** Djibouti made trading across borders faster by developing a new container terminal.

DB2010

- ✗ **Paying Taxes:** Djibouti made paying taxes more complicated for companies by introducing a value added tax on the supply of goods and services.

DB2009

- ✓ **Trading across Borders:** Djibouti reduced documentation requirements for exporting and importing, and time for importing, by improving port administration and eliminating some health and technical formalities.

DB2008

- ✓ **Registering Property:** Djibouti made property registration faster by improving efficiency at the Service des Domaines.
- ✓ **Trading across Borders:** Djibouti made trading across borders easier by implementing an electronic manifest system.

Doing Business 2018 is the 15th in a series of annual reports investigating the regulations that enhance business activity and those that constrain it. The report provides quantitative indicators covering 11 areas of the business environment in 190 economies. The goal of the *Doing Business* series is to provide objective data for use by governments in designing sound business regulatory policies and to encourage research on the important dimensions of the regulatory environment for firms.



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