

DJIBOUTI

JOINT WORLD BANK-IMF DEBT SUSTAINABILITY ANALYSIS

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DJIBOUTI: JOINT BANK-FUND DEBT SUSTAINABILITY ANALYSIS	
Risk of external debt distress	In debt distress
Overall risk of debt distress	In debt distress
Granularity in the risk rating	Unsustainable
Application of judgment	No

Djibouti’s overall and external public debts are assessed to be in distress and unsustainable. The assessment reflects the accumulation of sizeable external arrears and large and protracted breaches of the sustainability thresholds of the PV of Overall and External Debt-to-GDP and External Debt Service-to-Revenues ratios. The DSA suggests that Djibouti is susceptible to export and primary balance shocks; more prolonged and protracted shocks to the economy would also present downside risks to the debt outlook.¹

According to preliminary information, however, the authorities have reached an agreement with Exim Bank China for a temporary debt service moratorium. This reopens important policy space but restoring debt sustainability would require a balanced mix of structural and fiscal reforms, strengthened public debt management, new concessional financing, and debt relief.

A Medium-Term Debt Strategy is essential to entrench debt sustainability. In particular, it would be helpful to anchor debt—for instance through a target debt level, to be reached by a certain year, or a targeted path for fiscal deficits, to ensure fiscal policy coherence. In addition, reining in borrowing by state-owned enterprises (SOEs), which has accounted for 80 percent of external borrowing since 2013, will be key. These could take the form of a ceiling on overall SOE debt together with a requirement of a balance sheet analysis for each SOE borrowing request. Such a rules-based framework would help prioritization of investment projects while also strengthening planning and budgeting.

¹ Djibouti’s current composite indicator (CI) is 2.16, which corresponds to a weak debt-carrying capacity as confirmed by the October 2023 World Economic Outlook assumptions and the 2022 World Bank’s Country Policy and Institutional Assessment (CPIA).

PUBLIC DEBT COVERAGE

1. **The coverage of public debt used for this DSA is public and publicly guaranteed (PPG) debt.** Specifically, the debt stock covers central government debt and government guarantees on external debt of SOEs. Data on non-guaranteed external debt held by SOEs is not available and therefore standard assumptions are used. Information on domestic debt remains partial.² Domestic debt contracted by the central government is covered by the authorities' data (and hence included in this DSA) and remains small. SOEs' domestic debt is not captured. With support from the World Bank, the authorities have enhanced debt transparency since 2022 by regularly publishing information on all new or restructured public or publicly guaranteed loans, including those extended to State-Owned Enterprises (SOEs). This DSA applies the standard stress tests and additional tailored stress tests on contingent liabilities (Text Table 4).³

Text Table 1. Djibouti: Public Debt Coverage

Subsectors of the public sector		Sub-sectors covered	
1	Central government		X
2	State and local government		
3	Other elements in the general government		
4	o/w: Social security fund		
5	o/w: Extra budgetary funds (EBFs)		
6	Guarantees (to other entities in the public and private sector, including to SOEs)		X
7	Central bank (borrowed on behalf of the government)		X
8	Non-guaranteed SOE debt		
The country's coverage of public debt		The central government, central bank, government-guaranteed debt	
		Default	Used for the analysis
2	Other elements of the general government not captured in 1.	0 percent of GDP	0.0
3	SOE's debt (guaranteed and not guaranteed by the government) 1/	2 percent of GDP	2.0
4	PPP	35 percent of PPP stock	4.2
5	Financial market (the default value of 5 percent of GDP is the minimum value)	5 percent of GDP	5.0
Total (2+3+4+5) (in percent of GDP)			11.2

BACKGROUND ON DEBT

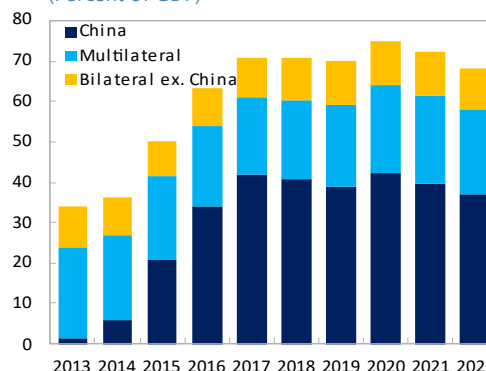
2. **Debt accumulated rapidly between 2013 and 2022 as Djibouti expanded its role as port to Ethiopia and a regional hub for trade and logistics.** Debt to GDP grew from 34.9 percent in 2013 to 68 percent by end 2022. The increase was mostly accounted for by large infrastructure projects such as the Djibouti-Addis Ababa railway, the construction of the Doraleh multi-purpose port and Port of Ghoubet, as

² External debt is defined on a residency basis.

³ The contingent liability shock of 11.2 percent consists of three components: (i) a potential additional SOE external liability at the default value given lack of more detailed information (2 percent of GDP); (iii) potential additional PPP liabilities (4.2 percent of GDP); and (iv) a financial sector contingent liability at the default value (5 percent of GDP).

well as a water pipeline from Ethiopia. These three projects were financed by a loan from Exim Bank China for a total of USD 1.2 billion (about 59 percent of GDP). More recently, in July 2023, the central government borrowed EUR 79.2 million from the European Investment Bank (EIB) to support water desalination, clean drinking water access, and wastewater treatment. It also provided guarantees to two loans contracted by SOE Great Horn Investment Holding: USD 120 million with Afreximbank and USD 35 million with Banque pour le Commerce et l'Industrie Mer Rouge (BCIMR) to further develop the Damerjog Industrial Development Free Trade Zone and USD 95.5 million from Invest International to develop the Ship Repair Yard. In total, the 2023 borrowing represents around 8 percent of GDP. While the SDFP Committee

External Public Debt by Creditors
(Percent of GDP)



Source: Authorities' data and IMF staff calculations.

authorized an *ex-ante* exception to the SDFP zero-NCB ceiling for the Shipyard project, the two other loans, contracted at non-concessional terms, do not comply with the SDFP zero-NCB ceiling. In 2022, Djibouti sought an *ex-ante* waiver to the PPAs' limit on non-concessional borrowing for the Afreximbank/BCIMR loan, which was not granted by the SDFP Committee due to insufficient evidence of project viability and low loan concessionality.⁴

3. As a result of non-concessional borrowing at a time of high interest rates, debt service costs increased. The share of external debt at variable interest rates also increased. The construction and railway electrification loans were tied to the LIBOR, thus increasing exposure to global financing conditions. The interest rate on the 2023 abovementioned loan from Afreximbank and BCMIR is 6.97 percent, while the interest rate on the loan from Invest International is EURIBOR 3 months plus 1.85 percent and the interest rate on the loan from the EIB is EURIBOR 3 months. As a result, the weighted-average interest rate on Djibouti's debt stock will rise from 0.9 percent in 2022 to an average of 2.8 percent over the ten-year projection horizon.

⁴ The SDFP has been instrumental in heightening awareness of Djibouti's debt vulnerabilities, while also moderating the pace of indebtedness and enhancing the legal and regulatory framework for debt management. Djibouti had satisfactory implementation of the SDFP in FY22. Government measures include amending the decree establishing the National Debt Committee to broaden its scope, issuing regulations mandating its approval for new debt or guarantees, and instituting quarterly publication of debt statistics to bolster transparency.

Text Table 2. Djibouti: External and Public and Publicly Guaranteed Debt, 2013 and 2022 1/

	2013			2022		
	Millions of US\$	Percent of GDP	Percent of external debt	Millions of US\$	Percent of GDP	Percent of external debt
Total (External + Domestic)	714	34.9	-	2,453	68.1	
External debt	694	33.9	100.0	2,453	68.1	100.0
Central government debt 2/	482	23.6	69.5	1,747	48.5	71.2
Multilateral	311	15.2	44.8	532	14.8	21.7
IMF	31	1.5	4.5	42	1.2	1.7
IDA	134	6.5	19.2	230	6.4	9.4
Other multilateral	146	7.1	21.1	260	7.2	10.6
Official bilateral	171	8.4	24.7	1,215	33.7	49.5
Paris Club	63	3.1	9.0	55	1.5	2.3
China	-	-	-	854	23.7	34.8
Other non-Paris Club	109	5.3	15.7	307	8.5	12.5
Publicly-guaranteed debt	212	10.4	30.5	706	19.6	28.8
China	25	1.2	3.6	478	13.5	19.5
Other creditors	187	9.2	27.0	228	6.1	9.3
Domestic central government debt	20	1.0	2.9	0	0.0	0.0

Source: Djibouti authorities; IMF staff calculations.

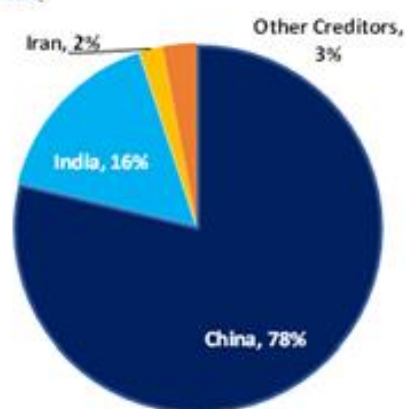
1/ This table presents the data for the debt covered in this DSA and described in paragraph 1.

2/ Includes guaranteed loans with arrears although no information is available on whether the guarantee was called or not.

4. Due to the expiration of debt relief initiatives after the pandemic, debt service increased sharply, coinciding with a growth slowdown linked to the conflict in Ethiopia.

The Catastrophe Containment and Relief Trust (CCRT) and the Debt Service Suspension Initiative (DSSI) decreased debt service in 2020–21 and restructured arrears. The first round of the DSSI rescheduled debt service of about 2 percent of GDP in 2020 and the second round provided further relief of about 1.6 percent in 2021. Total PPG debt service is expected to increase from 1.3 percent of GDP in 2022 to an average of 4.6 percent over the ten-year horizon, with a peak at 5.5 percent in 2025.

Stock of Arrears on External Public Debt



Source: Authorities data.

5. As a result, the authorities halted debt service, leading to arrears accumulation.

By end June 2023, the total stock of arrears reached around 6 percent of GDP. Exim Bank China, Djibouti's main creditor, accounted for 78 percent of these arrears and Exim Bank India for 16 percent, while other creditors, including Paris Club creditors, accounted for 5 percent.

6. Djibouti's debt was assessed as unsustainable in the 2021 Article IV and in debt distress in 2022. The former followed the eruption of the conflict in Ethiopia while the latter took place on the back of the halting of debt service and arrears accumulation.

RECENT DEVELOPMENTS SUPPORT AN IMPROVED OUTLOOK

7. Growth rebounded strongly in 2023. After the negative shock of the pandemic and a weak recovery in 2021, the November 2022 peace agreement in Ethiopia bolstered the Djiboutian economy. Growth is expected to have reached about 7 percent in 2023, supported by the rebound in port activity and construction. Port activity grew by 31 percent y-o-y in the first three quarters of 2023, supporting train traffic which increased by 16 percent y-o-y during that time. Furthermore, construction activity has restarted with cement sales increasing by 80 percent y-o-y in the first three quarters of 2023. Likewise, energy production grew by 16.3 percent y-o-y in Q2 2023.

8. The outlook is cautiously optimistic and remains highly dependent on the evolution of activity in Ethiopia and the latter's plans to diversify its trading partners. The recovery is expected to continue in 2024, with growth projected at 6.5 percent, albeit subject to considerable uncertainty (below). Activity is expected to be supported by continued growth in Ethiopia and construction. Despite disruptions in the Red Sea, preliminary data point to strong port activity in January 2024 due to a significant increase in transshipment activity, with carriers expanding operations to circumvent the affected areas. Over the medium term, growth is set to converge toward its pre-pandemic (2017–2019) average, stabilizing at 5.5 percent. With about 95 percent of Djibouti's port activity fueled by Ethiopian trade, both growth and the external balance will be largely driven by growth prospects in Ethiopia. Investments in renewable energy infrastructure, highlighted by the recent inauguration of a 60 MW wind farm in Ghoubet, are enhancing Djibouti's energy capacity, reducing energy costs, and broadening energy access, thereby attracting additional private investment. Ongoing, and planned construction projects, including the redevelopment of old port land into a business complex, the establishment of a Ship Repair Yard, and the development of the Damerjog Industrial Free Zone, are poised to fortify Djibouti's status as a regional trade and logistics hub, stimulating Foreign Direct Investment (FDI). In addition, demand for housing will support private and public investment in construction. After the disinflationary tendency of the last year, inflation is expected to converge upwards to about 2 percent in line with international trends.

9. Nonetheless, significant regional risks cloud the outlook. Ethiopia's recent default on its debt could hamper trade through Djibouti. While most of the containers destined to Ethiopia come into Djibouti from China and Saudi Arabia, avoiding the Red Sea, an escalation of tensions in the area could further affect transshipments which account for a small portion of port activity. The impact of increasing refugees/asylum seekers on resources, particularly water, and education and health services, could bring new challenges for social stability, especially in a context of tight budgetary resources.⁵ In the medium term, Ethiopia's intention to diversify its ports could lower traffic to Djibouti. On the upside, stronger-than-expected trade from Ethiopia can support growth, and addressing the legacy debt burden could restore debt sustainability and create fiscal space.

10. The central government overall deficit is expected to average around 2.2 percent on the 10-year projection horizon with a primary deficit at 0.8 percent of GDP. The macroeconomic framework assumes a gradual increase in revenues to GDP following the implementation of some of the recommendations from the extensive technical assistance already provided (including the implementation

⁵ As of August 2023, Djibouti hosted 22,031 refugees and 9,038 asylum seekers, mostly from Somalia, Ethiopia, and Yemen.

of the Large Taxpayers Office for the VAT, planned for Q1 2024), as well as currently delivered and scheduled for the upcoming year by the IMF, in areas including tax policy or budget preparation. Nonetheless, given recent trends, assumptions on revenue yields remain conservative to reflect the need for a holistic revenue strategy. No nominal increase is assumed to military leases although authorities are in the process of renegotiating them. Expenditures are expected to decrease as a share of GDP, from a combination of the pursuit of the decrease of the current expenditure to GDP ratio and a stabilization of the capital expenditure to GDP ratio.

11. SOEs are expected to remain broadly balanced in the medium term. Their primary balance is projected to remain negative in the first two years on the back of the new 2023 investments but forecasted to become positive from 2025 onward. Spending restraint by SOEs is a key driver of the fiscal consolidation for the public sector in the medium-term.

Text Table 3. Djibouti: Evolution of Selected Macroeconomic Assumptions, 2022–2028								
	2022	2023	2024	2025	2026	2027	2028	Long-term 1/
Growth (percent)								
Current	3.9	7.0	6.5	6.0	5.5	5.5	5.5	5.3
February 2023 DSA	2.5	4.0	6.0	5.5	5.0	5.0	5.0	5.0
Primary Fiscal Balance (percent of GDP)								
Current	-0.7	-1.3	-1.1	-0.9	-0.7	-0.6	-0.7	-1.0
February 2023 DSA	-3.1	-1.9	-1.7	-1.6	-1.5	-1.3	-1.0	-1.0
Public Sector Primary Deficit 2/ (percent of GDP)								
Current	0.4	5.9	1.7	0.4	-0.8	0.7	-0.2	0.6
February 2023 DSA	-2.6	-4.0	-2.9	-0.9	-0.6	-0.5	-0.1	-0.1
Current Account Balance (percent of GDP)								
Current	17.6	23.5	5.1	4.0	2.9	6.1	5.8	12.3
February 2023 DSA	-0.7	-5.0	-3.8	-2.3	-0.6	0.5	1.1	1.3
Inflation (average, percent)								
Current	5.2	1.8	1.8	2.0	2.1	2.2	2.2	2.1
February 2023 DSA	2.8	2.8	2.5	2.5	2.5	2.5	2.5	2.5
Source: IMF Staff								
1/ Average 2029-2043								
2/ Includes SOEs								

12. The current account balance is expected to return to its pre-pandemic surplus. However, surpluses are projected to narrow following several years of exports superior to imports and therefore decreasing inventories.

13. Under the baseline, financing projections assume a declining trend in borrowing as most infrastructure projects have been completed. The projections incorporate the abovementioned loans contracted in 2023 for a total amount of USD 336.3 million, as well as a staff projected pipeline of USD 30 million per year at concessional rates. Some uncertainty remains around these assumptions given the lack of a Medium-Term Debt Strategy

14. The authorities are in ongoing discussions to resolve the accumulated external arrears. They have reached a preliminary debt service moratorium with Exim Bank China in October 2023. Discussions are ongoing, including on the terms, especially on interest rates and maturity profile, during the moratorium. They have also started negotiations with India, their second largest creditor and are in discussions with the Paris Club.

COUNTRY CLASSIFICATION

15. Djibouti’s debt-carrying capacity is classified as weak. The current composite indicator (CI) is estimated at 2.16, close to the previous CI at 2.21. The debt-carrying capacity thus remains classified as weak. The CI is calculated based on the data published in the World Economic Outlook from October 2023 and the 2022 World Bank’s Country Policy and Institutional Assessment (CPIA).

16. While this is a standardized methodology, it is worth noting that Djibouti’s nontraditional imports affect the composite indicator and debt-carrying capacity. Djibouti is a hub for Ethiopia, and about 95 percent of imports are re-exported to Ethiopia. Since these reexports are not expected to be a direct draw on the countries reserve, the value of the CI score appears underestimated.

Components	Coefficients (A)	10-year average values (B)	CI Score components (A*B) = (C)	Contribution of components
CPIA	0.385	3.101	1.19	55%
Real growth rate (in percent)	2.719	4.433	0.12	6%
Import coverage of reserves (in percent)	4.052	10.757	0.44	20%
Import coverage of reserves^2 (in percent)	-3.990	1.157	-0.05	-2%
Remittances (in percent)	2.022	3.217	0.07	3%
World economic growth (in percent)	13.520	2.856	0.39	18%
CI Score			2.16	100%
CI rating			Weak	

Final	Classification based on current vintage	Classification based on the previous vintage
Weak	Weak 2.16	Weak 2.21

External Debt burden Thresholds	
PV of debt in % of	
Exports	140
GDP	30
Debt service in % of	
Exports	10
Revenue	14
Public Debt burden Thresholds	
PV of total public debt in percent of GDP	35

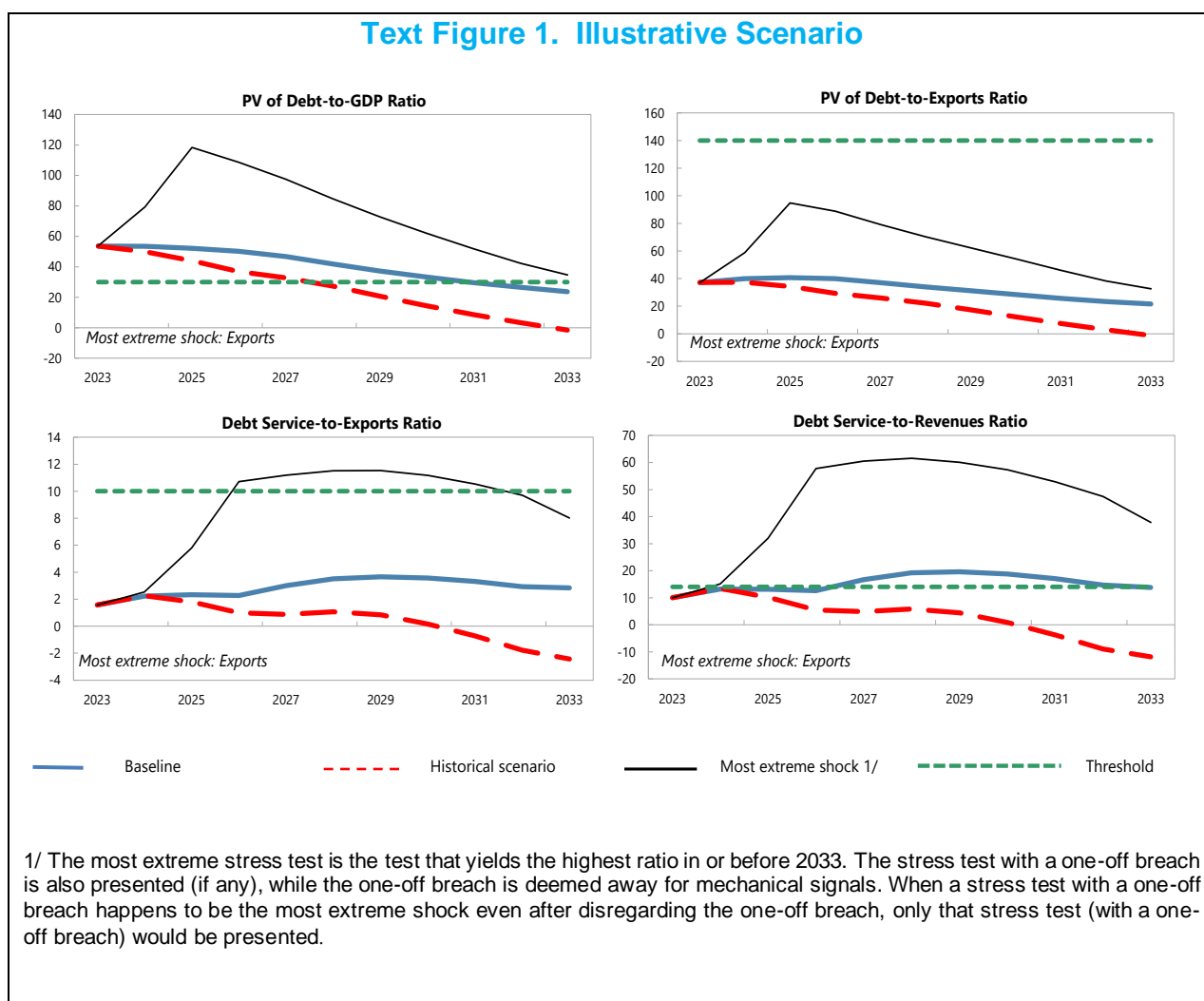
EXTERNAL DEBT SUSTAINABILITY ASSESSMENT

17. Under the baseline, two of the four external debt burden indicators breach their respective thresholds through the medium term. The PV of external debt-to-GDP ratio peaks at 61.1 percent in 2023 and declines to reach 29.4 percent in 2031. It keeps declining and remains below the threshold from 2031. The debt service-to-revenue ratio is above the threshold until 2032. It is below the threshold from

2033 onward. The PV of debt-to-exports and debt service-to-export ratios are below the relevant thresholds throughout the projection horizon.

18. Standard stress test results highlight the sensitivity of debt burden indicators to exports (Figure 1). Under the most extreme shock scenario (shock to export growth), the PV of debt-to-GDP breaches the threshold over the entire medium-term projection period. This is expected, given Djibouti's outsized exports to GDP due to its re-exporting role.

19. The DSA also presents an illustrative scenario incorporating some of the parameters of the agreement with Exim Bank China (Text Figure 1). The illustrative scenario assumes that the arrears to Exim Bank China (5 percent of GDP or USD 160 million) are added to the existing stock of debt and refinanced into a bond with 23 years of maturity at up to 4 percent. No penalties are levied on the arrears. Arrears to other creditors, totaling USD 50 million, are assumed to remain for now. Under the scenario, the PV of External Debt-to-GDP ratio remains above the sustainability threshold over the medium term since the agreement provides flow relief and the assumptions imply PV neutrality.



OVERALL RISK OF PUBLIC DEBT DISTRESS

20. The dynamics of total public debt are similar to external debt since domestic debt is limited (Figure 3). Under the baseline scenario, the PV of debt-to-GDP keeps declining from its peak in 2023 (67.9 percent), falls below the 35 percent threshold in 2031, at 34.2 percent, and is below threshold from then on, amounting to 27.5 percent of GDP in 2033. The difference in trajectory with the historical scenario reflects the considerable slowdown in the pace of investments now that most infrastructure investments have been undertaken. According to stress tests, solvency and liquidity indicators are most vulnerable to an exports shock.

RISK RATING AND VULNERABILITIES

21. Djibouti remains in debt distress, and debt is deemed unsustainable. While the macroeconomic outlook has significantly improved since the truce in Ethiopia, restoring debt sustainability will require a balanced mix of fiscal and structural reforms, including through improved SOE contributions to revenues and strengthened public debt management, new non-concessional financing, and debt relief.

22. At the same time, the preliminary agreement with China allows for important fiscal room as the government overhauls its tax policy and administration and shifts towards a job-rich growth model. In addition, the recent publication of the PEFA demonstrates a willingness to pursue a more prudent fiscal strategy, supported by renewed engagement with FAD TA on revenue mobilization. The upcoming Large Taxpayers' Office and continued digitalization of the revenue administration are also important steps forward. Beyond fiscal reforms, there are also further mitigating factors such as no roll-over risks associated with short-term debt, relatively modest interest rates on most debt and access to concessional financing.

23. To reduce debt vulnerabilities and entrench sustainability, a holistic and long-term vision towards revenue mobilization is needed. Given the moratorium, there is an important window of opportunity to design and implement a holistic plan for revenue mobilization, with well-timed and consistent implementation (*Selected Issues Paper*). A first step could be to consolidate all tax provisions within a single legal instrument, making it the sole-source of tax policies in the country. Reinforcing the decision power of the Ministry of Budget on tax policy issues would also be key. This would help ensure coherence and consistency in policy design and implementation.

24. SOEs will have to play a direct role contributing to revenues. SOEs are currently the largest contributor to Djibouti's GDP but benefit from numerous exemptions and pay little dividends. They have also accounted for 80 percent of external borrowing since 2013, and therefore largely contributed to the significant increase in debt levels. Staff supports the authorities' revisions to the public sector debt committee (*Comité National d'Endettement Public*), which issues a reasoned opinion on any borrowing project involving the state. Going forward, the authorities are cognizant of the need to exert care when borrowing at non-concessional terms in times of high interest rates to avoid creating additional debt service challenges. Enhancing the transparency of SOEs' financial accounts would also allow for an in-depth analysis of their possible role and more accountability.

25. Access to concessional loans and grants will be key to lower risks. The authorities would benefit from keeping new borrowing on concessional terms. Given the high risks and vulnerability to external shocks, including climate change, it would be prudent to build additional buffers and prepare contingency plans to return debt to the baseline should fiscal slippages and external shocks materialize.

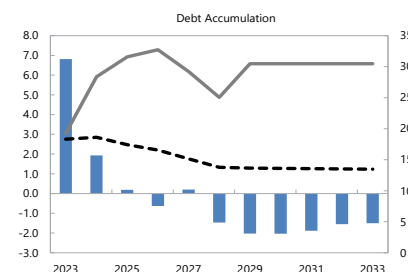
AUTHORITIES' VIEWS

26. The authorities acknowledged that, while the debt service moratorium provides important flow relief, Djibouti's debt sustainability rests with the full outcome of the restructuring with all creditors. They recognized that the repayment terms after the moratorium will be central for any debt sustainability analysis and noted that both the government of Djibouti and Exim Bank of China are keen to continue negotiating on a long-term solution. The authorities do not agree on the methodology used in the calculation presented by the mission during the DSA. They tend to agree with the 2019 DSA methodology which excludes Djibouti's sizable re-exports in the reserve coverage calculation of CI scores. These methodological differences are especially important since these re-exports are financed not with central bank reserves but with the FX in commercial banks. The authorities noted that discussions are ongoing with the Exim Bank of India and they have also contacted the Paris Club.

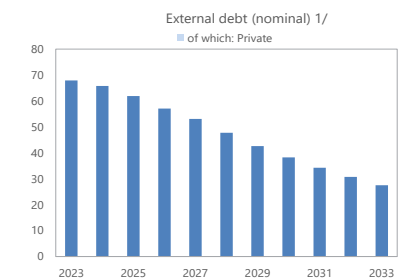
Table 1. Djibouti: External Debt Sustainability Framework, Baseline Scenario, 2020–2043
(In percent of GDP, unless otherwise indicated)

	Actual			Projections							Average 9/ Historical Projections		
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2033	2043	Historical	Projections
External debt (nominal) 1/ of which: public and publicly guaranteed (PPG)	74.0	71.4	65.8	67.9	65.8	61.9	57.1	53.1	47.7	27.5	10.0	60.5	47.9
	74.0	71.4	65.8	67.9	65.8	61.9	57.1	53.1	47.7	27.5	10.0	60.5	47.9
Change in external debt	4.8	-2.6	-5.5	2.1	-2.1	-3.9	-4.8	-4.0	-5.4	-3.2	-0.8		
Identified net debt-creating flows	-18.6	-2.7	-29.1	-32.3	-13.6	-12.0	-10.3	-13.2	-12.6	-9.9	-7.3	-17.3	-13.5
Non-interest current account deficit	-12.3	5.9	-18.2	-25.1	-7.3	-5.9	-4.6	-7.4	-7.3	-5.0	-3.0	-8.0	-7.8
Deficit in balance of goods and services	-8.5	9.5	-15.5	-22.4	-4.1	-3.0	-2.0	-5.2	-4.9	-3.4	-1.8	-3.6	-5.6
Exports	116.0	152.4	152.3	144.6	134.2	128.2	125.5	126.4	123.7	109.2	92.9		
Imports	107.5	161.9	136.8	122.2	130.0	125.2	123.5	121.2	118.8	105.8	91.0		
Net current transfers (negative = inflow)	-6.1	-4.7	-0.3	-3.4	-3.3	-3.3	-3.2	-3.1	-3.1	-3.0	-3.0	-5.8	-3.1
of which: official	-5.8	-4.4	0.0	-3.1	-3.0	-3.0	-2.9	-2.8	-2.8	-2.7	-2.7		
Other current account flows (negative = net inflow)	2.3	1.0	-2.4	0.8	0.2	0.4	0.6	0.9	0.7	1.5	1.9	1.4	0.9
Net FDI (negative = inflow)	-5.0	-4.9	-5.0	-4.5	-4.5	-4.4	-4.3	-4.2	-4.1	-4.0	-4.0	-6.5	-4.2
Endogenous debt dynamics 2/	-1.3	-3.7	-6.0	-2.7	-1.9	-1.8	-1.5	-1.6	-1.2	-0.9	-0.3		
Contribution from nominal interest rate	0.8	0.7	0.6	1.5	2.2	1.9	1.7	1.3	1.5	0.7	0.2		
Contribution from real GDP growth	-0.9	-3.1	-2.5	-4.3	-4.1	-3.7	-3.1	-2.9	-2.7	-1.6	-0.6		
Contribution from price and exchange rate changes	-1.2	-1.2	-4.0	...	...	...	...	...	...	...	...
Residual 3/ 4/ 10/	23.4	0.1	23.6	34.4	11.5	8.1	5.5	9.2	7.2	6.7	6.5	20.5	10.0
of which: exceptional financing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Sustainability indicators													
PV of PPG external debt-to-GDP ratio	...	...	59.1	61.1	58.1	53.9	49.3	45.9	41.2	23.6	8.1		
PV of PPG external debt-to-exports ratio	...	...	38.8	42.2	43.3	42.1	39.3	36.3	33.3	21.6	8.7		
PPG debt service-to-exports ratio	1.5	1.0	0.9	2.7	4.1	4.3	4.3	3.0	3.5	2.8	1.0		
PPG debt service-to-revenue ratio	6.6	6.6	5.6	17.0	24.5	24.5	23.8	16.7	19.2	13.8	4.5		
Gross external financing need (Million of U.S. dollars) 4/	-495.0	85.5	-813.4	-1035.8	-270.7	-220.9	-174.6	-425.6	-417.9	-464.8	-806.9		
Key macroeconomic assumptions													
Real GDP growth (in percent)	1.3	4.5	3.9	7.0	6.5	6.0	5.5	5.5	5.5	5.5	5.5	5.2	5.8
GDP deflator in US dollar terms (change in percent)	1.8	1.7	5.9	0.9	1.8	1.9	2.6	2.1	2.2	2.0	0.0	1.7	1.2
Effective interest rate (percent) 5/	1.1	1.1	0.9	2.5	3.5	3.1	2.9	2.4	3.0	2.4	2.4	1.6	2.8
Growth of exports of G&S (US dollar terms, in percent)	-28.3	39.7	10.0	2.5	0.7	3.3	5.9	8.5	5.5	1.7	3.8	8.2	3.8
Growth of imports of G&S (US dollar terms, in percent)	-28.1	60.1	-7.1	-3.5	15.4	4.0	6.8	5.7	5.6	1.8	3.9	12.2	3.8
Grant element of new public sector borrowing (in percent)	...	...	...	...	19.2	28.4	31.6	32.7	29.2	25.1	30.5	...	4.6
Government revenues (excluding grants, in percent of GDP)	25.7	23.6	23.7	22.7	22.6	22.6	22.7	22.7	22.6	22.5	21.8	20.9	22.6
Aid flows (in Million of US dollars) 6/	221.3	147.7	164.5	201.3	232.7	222.2	200.6	159.2	106.4	108.3	163.8		
Grant-equivalent financing (in percent of GDP) 7/	...	...	...	2.8	2.8	2.5	2.2	1.8	1.3	1.2	1.1	...	1.8
Grant-equivalent financing (in percent of external financing) 7/	...	...	...	27.0	37.9	43.7	47.2	48.8	57.6	69.8	78.5	...	54.7
Nominal GDP (Million of US dollars)	3,185	3,386	3,726	4,023	4,364	4,715	5,103	5,498	5,926	7,832	13,378		
Nominal dollar GDP growth	3.1	6.3	10.0	8.0	8.5	8.0	8.2	7.7	7.8	5.5	5.5	7.0	7.0
Memorandum items:													
PV of external debt 8/	...	...	59.1	61.1	58.1	53.9	49.3	45.9	41.2	23.6	8.1		
In percent of exports	...	...	38.8	42.2	43.3	42.1	39.3	36.3	33.3	21.6	8.7		
Total external debt service-to-exports ratio	1.5	1.0	0.9	2.7	4.1	4.3	4.3	3.0	3.5	2.8	1.0		
PV of PPG external debt (in Million of US dollars)			2203.6	2457.5	2535.3	2543.7	2513.8	2524.0	2443.2	1847.8	1082.9		
(Pvt-Pvt-1)/GDPT-1 (in percent)				6.8	1.9	0.2	-0.6	0.2	-1.5	-1.5	-0.3		
Non-interest current account deficit that stabilizes debt ratio	-17.1	8.5	-12.6	-27.1	-5.1	-2.0	-0.2	-3.4	-1.9	-1.8	-2.1		

Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	No



Debt Accumulation
 - Debt Accumulation
 - - Grant-equivalent financing (% of GDP)
 - Grant element of new borrowing (% right scale)



External debt (nominal) 1/
 of which: Private

Sources: Country authorities; and staff estimates and projections.

1/ Includes both public and private sector external debt.

2/ Derived as $[r - g - p(1+g) + \epsilon\alpha(1+r)] / (1+g+\rho+g\rho)$ times previous period debt ratio, with r = nominal interest rate; g = real GDP growth rate, p = growth rate of GDP deflator in U.S. dollar terms, ϵ = nominal appreciation of the local currency, and α = share of local currency-denominated external debt in total external debt.

3/ Includes exceptional financing (i.e., changes in arrears and debt relief); changes in gross foreign assets; and valuation adjustments. For projections also includes contribution from price and exchange rate changes.

4/ Residual debt-creating flows and large negative gross external financing need arise because of the large and systematically negative errors and omissions in the historical data of the balance of payment. Both the residual and gross external financing need remain substantial in projections reflecting the "Other investment" item of the balance of payment. The latter helps address the issue of error and omissions in the projection period, but is not accounted for in this table.

5/ Current-year interest payments divided by previous period debt stock.

6/ Defined as grants, concessional loans, and debt relief.

7/ Grant-equivalent financing includes grants provided directly to the government and through new borrowing (difference between the face value and the PV of new debt).

8/ Assumes that PV of private sector debt is equivalent to its face value.

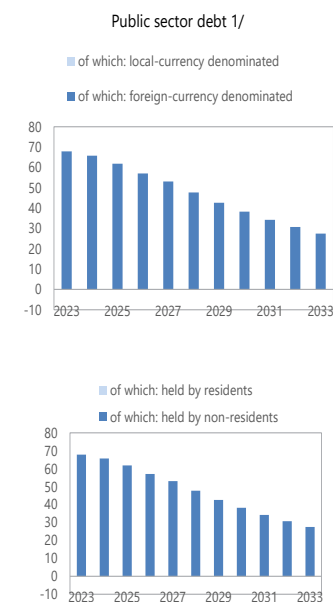
9/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.

10/ Exceptional financing includes CCRT resources.

Table 2. Djibouti: Public Sector Debt Sustainability Framework, Baseline Scenario, 2020–2043
(In percent of GDP, unless otherwise indicated)

	Actual			Projections								Average 6/	
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2033	2043	Historical	Projections
Public sector debt 1/	74.3	71.5	65.9	67.9	65.8	61.9	57.1	53.1	47.7	27.5	10.0	60.9	47.9
of which: external debt	74.0	71.4	65.8	67.9	65.8	61.9	57.1	53.1	47.7	27.5	10.0	60.5	47.9
Change in public sector debt	4.7	-2.8	-5.6	2.0	-2.2	-3.9	-4.8	-4.0	-5.4	-3.2	-0.8		
Identified debt-creating flows	4.9	-0.9	-5.7	0.8	-1.6	-2.4	-3.3	-1.9	-3.0	-2.1	-0.5	10.6	-2.1
Primary deficit	6.2	2.9	0.4	5.9	1.7	0.4	-0.8	0.7	-0.2	-0.3	0.1	13.6	0.6
Revenue and grants	29.0	25.5	24.8	23.6	23.6	23.6	23.7	23.7	23.6	23.5	22.8	29.9	23.6
of which: grants	3.4	1.8	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0		
Primary (noninterest) expenditure	35.2	28.4	25.2	29.5	25.3	24.1	22.9	24.4	23.4	23.2	22.9	43.4	24.2
Automatic debt dynamics	-1.3	-3.7	-6.0	-5.0	-3.3	-2.9	-2.5	-2.6	-2.8	-1.8	-0.6		
Contribution from interest rate/growth differential	-1.0	-5.6	-6.6	-5.0	-3.3	-2.9	-2.5	-2.6	-2.8	-1.8	-0.6		
of which: contribution from average real interest rate	-0.1	-2.4	-4.0	-0.7	0.9	0.9	0.7	0.4	-0.1	-0.2	-0.1		
of which: contribution from real GDP growth	-0.9	-3.2	-2.7	-4.3	-4.2	-3.7	-3.2	-3.0	-2.8	-1.6	-0.6		
Contribution from real exchange rate depreciation	-0.3	1.9	0.7	...	...	...	...	...	...	...	...
Other identified debt-creating flows	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.9	0.0
Privatization receipts (negative)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Recognition of contingent liabilities (e.g., bank recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Debt relief (HIPC and other) 7/	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Other debt creating or reducing flow (arrears recapitalization)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		
Residual	-0.1	-2.0	0.1	1.2	-0.6	-1.5	-1.4	-2.1	-2.4	-1.2	-0.3	-6.8	-1.4
Sustainability indicators													
PV of public debt-to-GDP ratio 2/	...	...	59.2	61.1	58.1	53.9	49.3	45.9	41.2	23.6	8.1		
PV of public debt-to-revenue and grants ratio	...	...	239.2	258.6	246.3	228.1	208.0	193.3	174.9	100.4	35.6		
Debt service-to-revenue and grants ratio 3/	6.7	7.0	5.6	16.4	23.6	23.6	22.8	16.0	18.4	13.2	4.3		
Gross financing need 4/	8.1	4.6	1.7	9.7	7.3	6.0	4.6	4.5	4.2	2.8	1.1		
Key macroeconomic and fiscal assumptions													
Real GDP growth (in percent)	1.3	4.5	3.9	7.0	6.5	6.0	5.5	5.5	5.5	5.5	5.5	5.2	5.8
Average nominal interest rate on external debt (in percent)	1.1	1.1	0.9	2.5	3.5	3.1	2.9	2.4	3.0	2.4	2.4	1.6	2.8
Average real interest rate on domestic debt (in percent)	0.0	-0.2	-3.7	1.3	0.4	-0.5	-2.5	-2.1	-2.1	0.0	0.0	0.6	-0.6
Real exchange rate depreciation (in percent, + indicates depreciation)	-0.4	2.8	1.0	...	...	...	...	...	...	...	...	0.7	...
Inflation rate (GDP deflator, in percent)	1.8	1.7	5.9	0.9	1.8	1.9	2.6	2.1	2.2	0.0	0.0	1.7	1.2
Growth of real primary spending (deflated by GDP deflator, in percent)	14.0	-15.9	-7.9	25.5	-8.7	0.9	0.4	12.6	1.1	5.6	5.2	-2.1	5.3
Primary deficit that stabilizes the debt-to-GDP ratio 5/	1.5	5.7	6.0	3.8	3.9	4.3	4.0	4.7	5.2	3.0	1.0	4.4	4.1
PV of contingent liabilities (not included in public sector debt)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0		

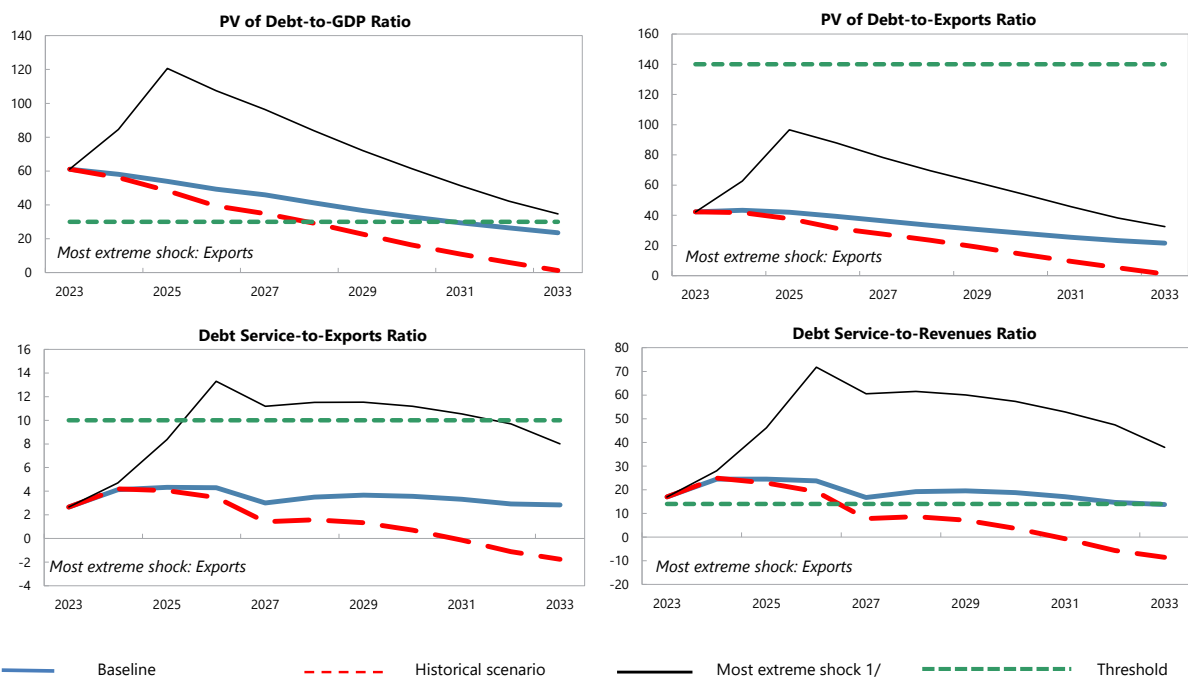
Definition of external/domestic debt	Residency-based
Is there a material difference between the two criteria?	No



Sources: Country authorities; and staff estimates and projections.

- 1/ Coverage of debt: The central government, central bank, government-guaranteed debt. Definition of external debt is Residency-based.
- 2/ The underlying PV of external debt-to-GDP ratio under the public DSA differs from the external DSA with the size of differences depending on exchange rates projections.
- 3/ Debt service is defined as the sum of interest and amortization of medium and long-term, and short-term debt.
- 4/ Gross financing need is defined as the primary deficit plus debt service plus the stock of short-term debt at the end of the last period and other debt creating/reducing flows.
- 5/ Defined as a primary deficit minus a change in the public debt-to-GDP ratio (:-): a primary surplus, which would stabilize the debt ratio only in the year in question.
- 6/ Historical averages are generally derived over the past 10 years, subject to data availability, whereas projections averages are over the first year of projection and the next 10 years.
- 7/ Debt relief under CCRT is recorded in the table

Figure 1. Djibouti: Indicators of Public and Publicly Guaranteed External Debt Under Alternative Scenarios, 2023–2033



Customization of Default Settings		
	Size	Interactions
Tailored Stress		
Combined CL	No	
Natural disaster	n.a.	n.a.
Commodity price	n.a.	n.a.
Market financing	n.a.	n.a.

Note: "Yes" indicates any change to the size or interactions of the default settings for the stress tests. "n.a." indicates that the stress test does not apply.

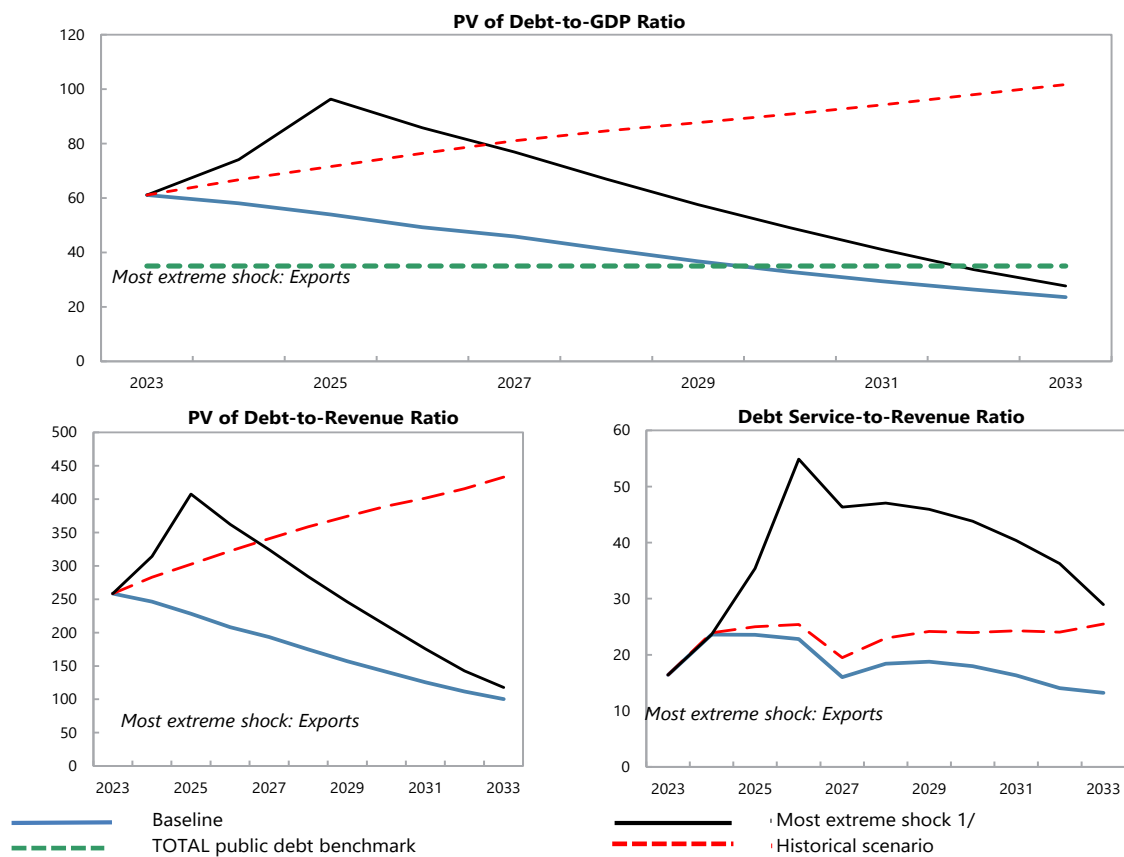
Borrowing assumptions on additional financing needs resulting from the stress tests*		
	Default	User defined
Shares of marginal debt		
External PPG MLT debt	100%	
Terms of marginal debt		
Avg. nominal interest rate on new borrowing in USD	1.9%	6.4%
USD Discount rate	5.0%	5.0%
Avg. maturity (incl. grace period)	27	10
Avg. grace period	6	1

* Note: All the additional financing needs generated by the shocks under the stress tests are assumed to be covered by PPG external MLT debt in the external DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2033. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Figure 2. Djibouti: Indicators of Public Debt Under Alternative Scenarios, 2023–2033



Borrowing assumptions on additional financing needs resulting from the stress tests*	Default	User defined
Shares of marginal debt		
External PPG medium and long-term	100%	100%
Domestic medium and long-term	0%	0%
Domestic short-term	0%	0%
Terms of marginal debt		
External MLT debt		
Avg. nominal interest rate on new borrowing in USD	1.9%	1.9%
Avg. maturity (incl. grace period)	27	27
Avg. grace period	6	6
Domestic MLT debt		
Avg. real interest rate on new borrowing	0.0%	0.0%
Avg. maturity (incl. grace period)	1	1
Avg. grace period	0	0
Domestic short-term debt		
Avg. real interest rate	0.0%	0.0%

* Note: The public DSA allows for domestic financing to cover the additional financing needs generated by the shocks under the stress tests in the public DSA. Default terms of marginal debt are based on baseline 10-year projections.

Sources: Country authorities; and staff estimates and projections.

1/ The most extreme stress test is the test that yields the highest ratio in or before 2033. The stress test with a one-off breach is also presented (if any), while the one-off breach is deemed away for mechanical signals. When a stress test with a one-off breach happens to be the most extreme shock even after disregarding the one-off breach, only that stress test (with a one-off breach) would be presented.

Table 3. Djibouti: Sensitivity Analysis for Key Indicators of Public and Publicly Guaranteed External Debt, 2023–2033 (In percent)

	Projections 1/										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
PV of debt-to GDP ratio											
Baseline	61	58	54	49	46	41	37	33	29	26	24
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	61	56	48	39	35	29	23	16	11	6	1
B. Bound Tests											
B1. Real GDP growth	61	61	59	54	50	45	40	36	32	29	26
B2. Primary balance	61	76	90	84	79	74	68	64	60	56	52
B3. Exports	61	85	121	107	96	84	72	62	51	42	35
B4. Other flows 3/	61	63	63	57	53	47	41	36	32	28	24
B5. Depreciation	61	73	66	60	56	51	45	41	36	33	30
B6. Combination of B1-B5	61	77	74	67	61	54	47	42	36	31	28
C. Tailored Tests											
C1. Combined contingent liabilities	61	66	61	56	53	48	43	39	36	33	30
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	30	30	30	30	30	30	30	30	30	30	30
PV of debt-to-exports ratio											
Baseline	42	43	42	39	36	33	31	28	25	23	22
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	42	42	38	31	28	24	19	14	10	5	1
B. Bound Tests											
B1. Real GDP growth	42	43	42	39	36	33	31	28	25	23	22
B2. Primary balance	42	57	70	67	63	60	57	55	52	49	48
B3. Exports	42	63	97	88	78	70	62	54	46	38	33
B4. Other flows 3/	42	47	49	46	42	38	34	31	28	25	22
B5. Depreciation	42	43	41	38	35	32	30	27	25	23	21
B6. Combination of B1-B5	42	55	51	53	48	44	40	36	31	28	25
C. Tailored Tests											
C1. Combined contingent liabilities	42	49	48	45	42	39	36	33	31	29	27
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	140	140	140	140	140	140	140	140	140	140	140
Debt service-to-exports ratio											
Baseline	3	4	4	4	3	4	4	4	3	3	3
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	3	4	4	3	1	2	1	1	0	-1	-2
B. Bound Tests											
B1. Real GDP growth	3	4	4	4	3	4	4	4	3	3	3
B2. Primary balance	3	4	5	5	4	4	4	4	5	5	5
B3. Exports	3	5	8	13	11	12	12	11	11	10	8
B4. Other flows 3/	3	4	5	6	4	5	5	5	4	4	4
B5. Depreciation	3	4	4	4	3	3	3	3	3	3	3
B6. Combination of B1-B5	3	4	7	7	5	6	6	6	5	5	4
C. Tailored Tests											
C1. Combined contingent liabilities	3	4	4	4	3	4	4	4	3	3	3
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	10	10	10	10	10	10	10	10	10	10	10
Debt service-to-revenue ratio											
Baseline	17	25	25	24	17	19	20	19	17	15	14
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	17	25	23	19	8	9	7	4	-1	-6	-9
B. Bound Tests											
B1. Real GDP growth	17	26	27	26	18	21	21	21	19	16	15
B2. Primary balance	17	25	27	28	21	23	23	22	24	25	24
B3. Exports	17	28	46	72	61	62	60	57	53	47	38
B4. Other flows 3/	17	25	28	31	24	26	26	25	23	20	17
B5. Depreciation	17	31	31	28	19	23	23	22	20	17	16
B6. Combination of B1-B5	17	27	37	37	29	31	31	30	27	24	18
C. Tailored Tests											
C1. Combined contingent liabilities	17	25	25	25	18	20	20	19	18	15	14
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Threshold	14	14	14	14	14	14	14	14	14	14	14

Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the threshold.

2/ Variables include real GDP growth, GDP deflator (in U.S. dollar terms), non-interest current account in percent of GDP, and non-debt creating flows.

3/ Includes official and private transfers and FDI.

Table 4. Djibouti: Sensitivity Analysis for Key Indicators of Public Debt, 2023–2033

	Projections 1/										
	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
PV of Debt-to-GDP Ratio											
Baseline	61	58	54	49	46	41	37	33	29	26	24
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	61	67	72	76	81	85	88	91	94	98	102
B. Bound Tests											
B1. Real GDP growth	61	62	61	57	55	51	47	44	42	40	38
B2. Primary balance	61	76	90	84	79	74	68	64	60	56	52
B3. Exports	61	74	96	86	77	67	58	49	41	34	28
B4. Other flows 3/	61	63	63	57	53	47	41	36	32	28	24
B5. Depreciation	61	75	68	61	55	49	43	38	33	29	25
B6. Combination of B1-B5	61	76	74	49	45	41	36	32	29	26	23
C. Tailored Tests											
C1. Combined contingent liabilities	61	66	61	56	53	48	43	39	35	32	29
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
TOTAL public debt benchmark	35	35	35	35	35	35	35	35	35	35	35
PV of Debt-to-Revenue Ratio											
Baseline	259	246	228	208	193	175	157	141	125	112	100
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	259	283	302	322	341	358	374	389	402	415	433
B. Bound Tests											
B1. Real GDP growth	259	261	257	241	230	215	201	190	178	168	160
B2. Primary balance	259	322	380	354	334	312	291	275	255	237	222
B3. Exports	259	314	407	362	324	284	246	211	175	143	118
B4. Other flows 3/	259	268	268	242	222	199	177	156	136	118	104
B5. Depreciation	259	319	288	257	234	209	184	163	141	122	105
B6. Combination of B1-B5	259	324	315	206	191	173	155	139	123	110	98
C. Tailored Tests											
C1. Combined contingent liabilities	259	278	258	237	221	202	184	168	151	137	125
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
Debt Service-to-Revenue Ratio											
Baseline	16	24	24	23	16	18	19	18	16	14	13
A. Alternative Scenarios											
A1. Key variables at their historical averages in 2023-2033 2/	16	24	25	25	19	23	24	24	24	24	25
B. Bound Tests											
B1. Real GDP growth	16	25	26	25	18	21	21	20	19	17	16
B2. Primary balance	16	24	26	27	20	22	22	21	23	24	23
B3. Exports	16	24	35	55	46	47	46	44	40	36	29
B4. Other flows 3/	16	24	27	30	23	25	25	24	22	19	16
B5. Depreciation	16	26	31	30	21	24	25	24	21	18	17
B6. Combination of B1-B5	16	23	23	23	16	18	19	18	16	14	13
C. Tailored Tests											
C1. Combined contingent liabilities	16	24	24	24	17	19	19	19	17	15	14
C2. Natural disaster	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C3. Commodity price	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
C4. Market Financing	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.

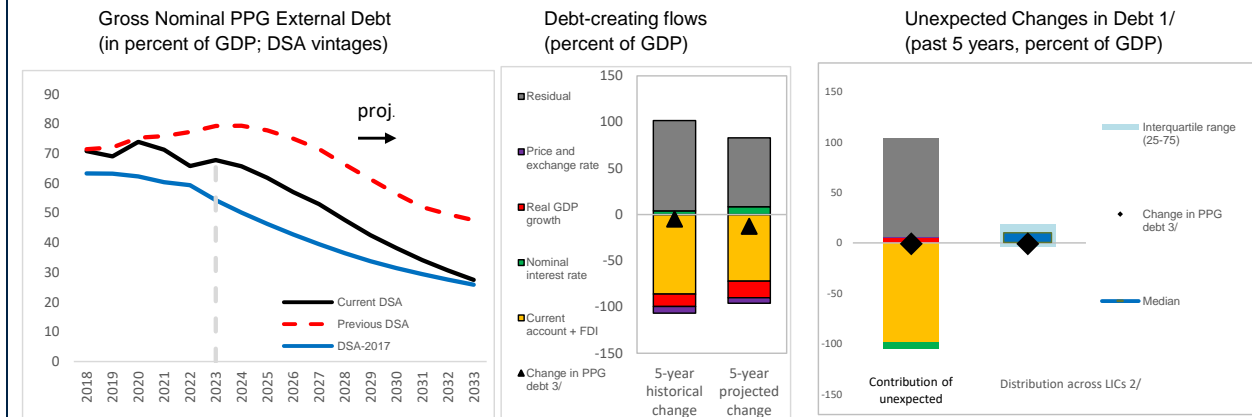
Sources: Country authorities; and staff estimates and projections.

1/ A bold value indicates a breach of the benchmark.

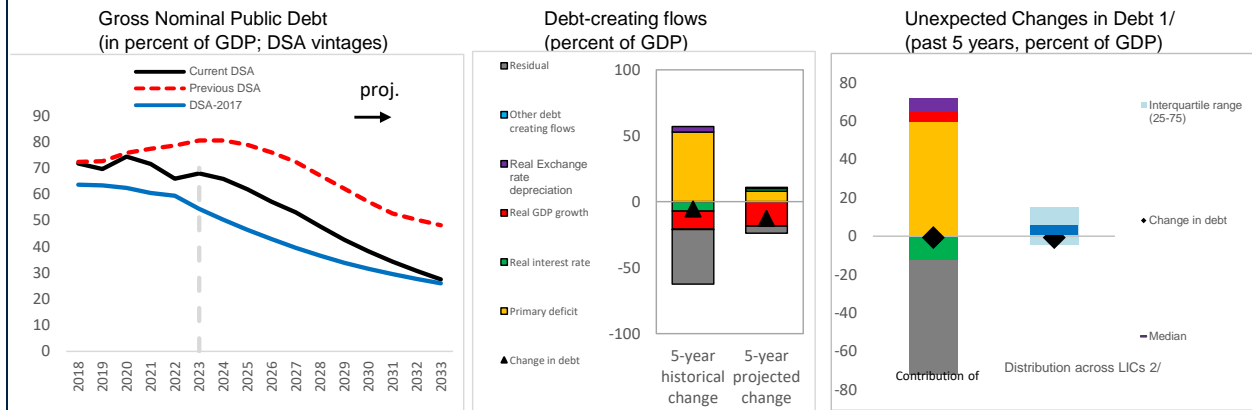
2/ Variables include real GDP growth, GDP deflator and primary deficit in percent of GDP.

3/ Includes official and private transfers and FDI.

Figure 3. Djibouti: Drivers of External Debt Dynamics – Baseline Scenario



Public debt

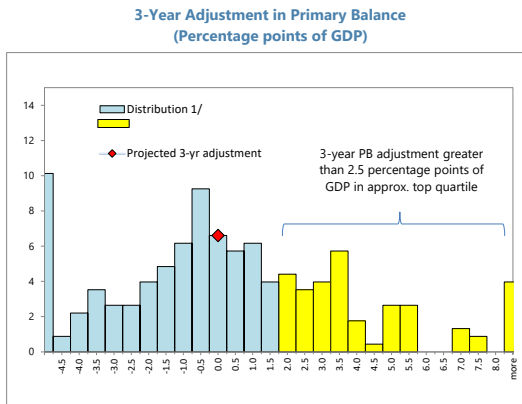


1/ Difference between anticipated and actual contributions on debt ratios.

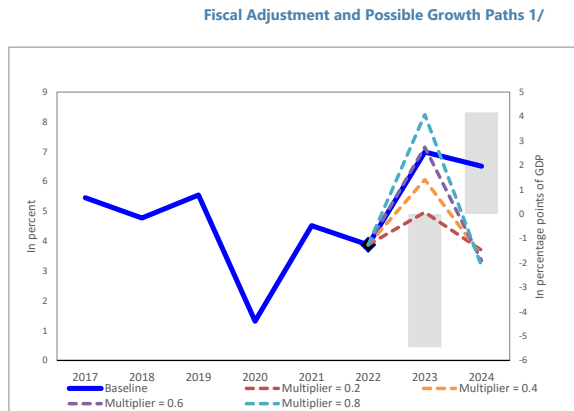
2/ Distribution across LICs for which LIC DSAs were produced.

3/ Given the relatively low private external debt for average low-income countries, a ppt change in PPG external debt should be largely explained by the drivers of the external debt dynamics equation.

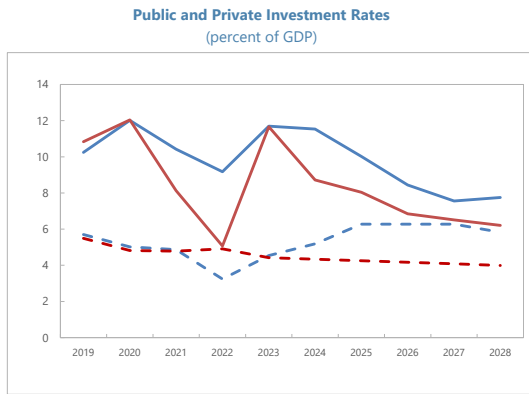
Figure 4. Djibouti: Realism Tools



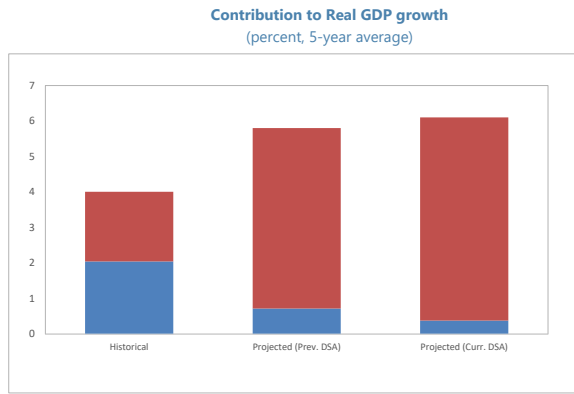
1/ Data cover Fund-supported programs for LICs (excluding emergency financing) approved since 1990. The size of 3-year adjustment from program inception is found on the horizontal axis; the percent of sample is found on the vertical axis.



1/ Bars refer to annual projected fiscal adjustment (right-hand side scale) and lines show possible real GDP growth paths under different fiscal multipliers (left-hand side scale).



— Gov. Invest. - Prev. DSA — Gov. Invest. - Curr. DSA
 - - - Priv. Invest. - Prev. DSA - - - Priv. Invest. - Curr. DSA



■ Contribution of other factors
 ■ Contribution of government capital