

Djibouti: A Logistics and Infrastructure Hub for Africa

Inspired by Singapore’s success in Asia, the East African country is aiming to become a continental center for diverse economic sectors.

By Sally Crail

Djibouti’s economy is expanding rapidly. According to the East African republic’s president Ismaïl Omar Guelleh: “In 2023, we recorded 6.7 percent gross domestic product growth, which far exceeded forecasts. This growth is driven by several key factors. The first is our strategic position on the Red Sea at the crossroads of many international trade routes. Fifteen percent of the world’s maritime traffic traverses our coasts, allowing us to serve the global economy as a hub for logistics and trade.”

The small nation has capitalized on its proximity to vital shipping lanes connecting Africa, Europe, the Middle East and Asia, as well as its shared borders with Ethiopia, Somalia and Eritrea. “We’ve made massive investments in infrastructure, particularly ports and railways, to allow us to compete with the world’s largest logistics hubs,” the president said. “Furthermore, economic diversification, particularly with investments in the energy and tech sectors, has been an essential support of our economy’s growth.”

Investments have been made in green energy, for example, with nearly 85 percent of the nation’s power now coming from sustainable sources. Minister of Foreign Affairs Mahmoud Ali Youssouf explained: “We’re aiming for 100 percent reliance on renewables by 2035. We’ve developed hydropower connections with Ethiopia and a 60-megawatt wind farm. We’re developing solar energy and are working toward operational geothermal energy. This will support our vision of becoming an energy hub.”

That vision also involves turning the country into a transshipment platform for hydrocarbons. The company tasked with achieving this is Société Internationale des Hydrocarbures de Djibouti, which is responsible for the nation’s fossil fuel imports. Its managing director, Dabar Adaweh Ladieh,



Air Djibouti’s staff training is a step toward autonomy in aviation.



Ismaïl Omar Guelleh
President



Mahmoud Ali Youssouf
Minister of Foreign Affairs



Dr. Slim Feriani
CEO, Djibouti Sovereign Fund

said, “SIHD’s main mission is to ensure supplies of petroleum products at competitive prices, to manage strategic stocks of those products, and to participate in development projects in the sector.”

The company is currently overseeing the creation of a multipurpose storage terminal that will enable it to increase its oil stock levels by 264 million gallons. SIHD’s managing director explained, “We aim to maintain sufficient storage capacity to become a major player in the Common Market for East and Southern Africa free trade area, which is made up of 21 states.” SIHD is also diversifying the products it can import and distribute by building storage facilities for goods such as liquefied petroleum gas in the new terminal. “We see this low-emissions hydrocarbon being used to power

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Mohamed Assoweh Bouh
Managing Director
Djibouti Telecom

the large new-generation ships that navigate the Red Sea,” he added. The terminal project is part of SIHD’s wider strategy for modernizing Djibouti’s energy infrastructure, which includes setting up a new refinery. “Djibouti’s hydrocarbons sector is projected to grow by 3 to 5 percent a year. Investment opportunities are concentrated in logistics infrastructure and we are open to any type of partnership,” noted the managing director.

Investment Potential Across a Broad Range of Industries

The nation is an expanding force in digital technologies as well. Minister of Digital Economy and Innovation Mariam Hamadou Ali said: “We’re ideally positioned to be a hub for data management and e-commerce in East Africa, thanks to our free economic zone that can host data centers and distribution centers, as well as our fiber optic, rail and road connections to Ethiopia and beyond.” The country is connected to the world by 10 submarine fiber optic cables, and more are being installed. A prominent investor in that digital network is the national telecommunications operator, Djibouti Telecom, which has also established terrestrial cable systems connecting Djibouti with Ethiopia and Somalia. Its managing director, Mohamed Assoweh Bouh, said, “Djibouti aspires to become the digital platform of the region, which implies significant development and huge investments in data center infrastructure.”

The operator is owned by Djibouti Sovereign Fund (FSD), which was launched in 2020. CEO Dr. Slim Feriani explained, “FSD was seeded with state-owned assets, including Djibouti Telecom.” The fund’s mission is to catalyze investment, draw in foreign investors and encourage private sector growth, while its business model is based on partnerships and co-investments with companies and other sovereign wealth funds.

“In 2023, we began developing a \$100 million investment portfolio. That represents FSD’s 25 percent minority share in its projects, with the remaining 75 percent being funded by partners,” Feriani said. Partners it has attracted so far include the French energy company Neo Themis, which is developing solar power, and Paix Data Centres, a subsidiary of the pan-African infrastructure specialist Africa50. Paix will be setting up a \$50 million data center. As Feriani noted: “Our focus is direct private equity investments alongside strategic partners. We prioritize experienced, sector-specific partners that can deliver results.”

He believes the country is uniquely placed for investments in logistics,

energy and digital technologies, as well as in sectors such as financial services, tourism, manufacturing, education, health care, real estate and transportation. “I’m passionate about Djibouti’s potential. It’s at the heart of a 400-million-strong region, which presents vast commercial opportunities,” he said. “Djibouti also stands out for its stable currency that is pegged to the U.S. dollar, strong political leadership, absence of capital flow restrictions, and its projected GDP growth of over 7 percent in 2024 and 2025.” FSD’s overall goal is to help build a diversified economy that fosters inclusive and sustainable socioeconomic growth. Feriani said: “Job creation is a top objective. Djibouti has a young population, currently around 1.1 million. We aim to create conditions that enable the country’s young talent to thrive.”

The national airline, Air Djibouti, is another entity that is nurturing local talent. Its CEO, Abdourahman Ali Abdillahi, said: “We’ve focused on training our own resources because Air Djibouti seeks autonomy and self-sufficiency in its operations. If you go to the country’s airport today, you’ll be served by Djiboutian pilots and crews.” The airline is an important provider of cargo services within Africa. “On the cargo side, we have a U.S. military base with over 10,000 soldiers in Djibouti, which is a potential opportunity for our business,” the CEO added. The company also wants to play a larger role in the country’s blossoming tourism industry.

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Ismaïl Omar Guelleh, President

Youssef Moussa Dawaleh, president of the Djibouti Chamber of Commerce, points out: “Djibouti is experiencing notable development in luxury hospitality. Twenty years ago, we had one 5-star hotel. This number has greatly increased, with establishments from Kempinski and others under development.” The chamber is an essential link between private and public sector entities. “We intervene in practically all economic sectors, and operate in all areas related to trade, industry, investment and vocational training,” the chamber’s president said. “The business sector and government work hand in hand to advance the country. Djibouti is determined to move forward, and our doors are open to all those who are interested in investing here.”



SOCIÉTÉ INTERNATIONALE DES HYDROCARBURES DE DJIBOUTI



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A Country Brimming With Opportunities to Invest in its Promising Future

Investing in Djibouti’s development brings solid returns, according to Salaam Group, a leading local investment company.

Salaam Group is one of East Africa’s most important investment companies, with a diverse portfolio of interests that spans the region. Interviewed at the group’s headquarters in Djibouti, its chairman, Ali Abdallah Haitam, described how Salaam Group is shaping the country’s future.



Ali Abdallah Haitam
Chairman
Salaam Group

What areas of Djibouti’s economy have growth potential, and how prominent is Salaam Group in those sectors?

With its strategic location, economic free zones, open trade policies and stable currency, the country is perfectly positioned for growth in real estate, banking, energy, hospitality, logistics and financial technologies. Salaam Group is a trusted leader with deep roots in each of these sectors. We have laid the foundation for inclusive, high-impact investments that address Djibouti’s developmental needs while providing solid returns.

What are key sectors of opportunity in Djibouti for U.S. investors?

While many sectors are brimming with potential, we believe real estate offers the most exciting opportunities, particularly affordable housing. Djibouti’s growing need for quality housing makes this an ideal sector for long-term growth. That is why we are investing heavily in Salaam City, a transformative development project that aligns with Djibouti’s housing needs and future economic goals. This ambitious project on the outskirts of the country’s capital spans 26 million square feet, which will contain over 7,500 affordable residential units, plus hospitals, malls, commercial real estate and vast green spaces. It represents a community-oriented investment with high potential returns for investors.

For U.S. investors, it’s a prime opportunity to be part of a large-scale project that promises sustainable growth, which they can participate through a real estate investment trust that is being established by our group.

Developing logistics infrastructure is another of Salaam Group’s investment priorities. In 2024, the group signed a lease agreement for land in Damerjog, an area in the east of the country that contains a major port, as well as being an important center for industry and agriculture. What will this land be used for?

Our strategic focus for next year is infrastructure development at Damerjog. The land agreement covers 52 acres for petroleum and edible oil storage. It’s ca-

capacity will be 110 million gallons of storage. The development will also include manufacturing, bottling, filling, packaging and labeling facilities, as well as the construction of a railroad connecting Damerjog to Nagad in Djibouti City. This project will cement our group’s leadership in regional infrastructure and energy logistics.

Djibouti’s government wants the country’s future to be digital and sustainable. How is your group helping achieve these goals?

Investing in the Djibouti Africa Regional Express 1 submarine fiber optic cable is an essential part of our strategy to position Djibouti as a technological hub for the region. This investment opens doors to greater connectivity, not only for Djibouti but for all of East Africa, enabling faster and more reliable internet services. The DARE 1 project symbolizes our commitment to modernizing Djibouti’s digital infrastructure, which is crucial for attracting foreign investors, fostering innovation and supporting the growing demands of businesses. It’s an investment that aligns with our vision for a connected, future-ready economy, one where digital transformation fuels growth and Djibouti is a hub for technology-driven industries. Sustainability is another driving force behind our vision for Djibouti and we have funding in place for a 50-megawatt solar energy project that is set to be a game changer. More than just about reducing electricity costs, it’s about powering Djibouti’s future and embracing energy independence. We’re passionate about creating a lasting impact, and invite international partners and investors to join us in contributing to a cleaner, greener future.

How is Salaam Group nurturing entrepreneurs and young people?

We are fostering Djiboutian startups by creating synergies between them and our subsidiaries that operate in our core investment sectors. For instance, our banking arm offers partnership financing to startups and Regus, an office rental company, is providing them with flexible co-working spaces. Tamini Insurance has partnered with a roadside assistance startup, while Waafi, our digital payment platform, was developed by local talent. Additionally, the Salaam Centre—a training, research and consultancy service provider—offers specialized professional training to equip entrepreneurs with critical skills. These initiatives are helping

“For U.S. investors, Salaam City represents a prime opportunity to be part of a large-scale project that promises sustainable growth.”
Ali Abdallah Haitam, Chairman, Salaam Group

startups thrive and integrate into the broader economy, contributing to Djibouti’s growth. We also understand that an educated population is the backbone of sustainable economic growth. This is why we’ve invested in schools, universities and training centers. Our aim is to build human capital, providing the next generation with the skills and knowledge needed to drive the country’s future. As part of our socioeconomic engagements, we have invested in the first private university in Djibouti, which is also the only international banking and finance academy in the nation. We have also invested in the first English international K-12 school and the Salaam Centre. We offer graduate trainee programs within all our subsidiaries as well.

Do you have a final message for people considering investing in the country with Salaam Group?

Djibouti is not just an opportunity. It’s a gateway to the future. Partnering with us means joining hands with a group that is shaping the future of the Horn of Africa.



Transforming Communities for a Sustainable Future

Welcome to Salaam City, a groundbreaking master-planned community designed to transform the way we live, work, and play. Our vision is to create a vibrant, sustainable community that integrates expansive green spaces with state-of-the-art public infrastructure. Salaam City is not just another development; it is a commitment to enhancing the quality of life for all residents and fostering a thriving local economy.

Creating Jobs and Opportunities

Similar master-planned communities across the globe have proven to be catalysts for economic growth, creating thousands of jobs during their construction phases. At Salaam City, we anticipate significant job creation as we bring our vision to life. The construction of residential units, public facilities and commercial spaces will generate numerous employment opportunities, supporting local labor and energizing the economy.

Upon completion, Salaam City will feature a variety of facilities, including retail centers, office spaces and recreational areas. These developments will not only provide essential services to residents but also attract businesses, creating a dynamic environment where commerce and community thrive.

Residential Excellence

Our residential properties come in seven unique typologies, meticulously designed to the highest standards. Each typology has been thoroughly reviewed by a dedicated team of specialists to ensure functionality, comfort and aesthetic appeal. We are proud to have partnered with an international team of experts and our own Salaam Real Estate professionals, all of whom possess extensive experience in developing master-planned communities in Africa and abroad. Their insights have been invaluable in crafting a community that meets the diverse needs of future residents.



Unmatched Demand and Interest

The appeal of Salaam City is reflected in the overwhelming interest from prospective residents. To date, over 8,000 individuals have registered to learn more about our community, and more than 1,300 have joined our pre-reservation list. This tremendous response underscores the attractiveness of our offerings and the strong demand for quality, affordable housing in Djibouti.

Join us in shaping the future of Djibouti with Salaam City. Experience the perfect blend of sustainability, community and modern living in a master-planned setting that prioritizes green spaces and public infrastructure. Together, we can create a vibrant, thriving community for generations to come.



A rendering of residential units showcasing design, quality and community integration.

For more information and to be part of this transformative journey, contact us today on

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info@salaamres.com

Creating a Digital Platform for East Africa and Beyond

Investments in digital infrastructure have made Djibouti an ideal location for data-based industries.

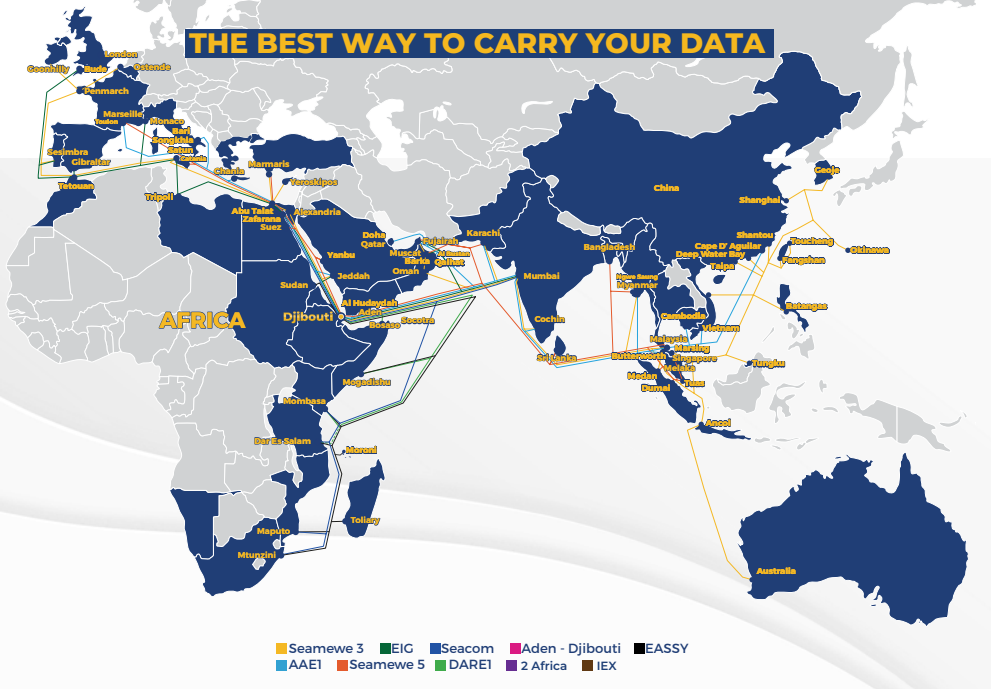
Over the last decade, Djibouti Telecom has been implementing a multi-pronged plan to transform the country that sits at the crossroads of Asia, Europe and Africa into a hub for digital industries.

According to the national telecommunications company's managing director, Mohamed Assoweh Bouh: "We started by investing in submarine infrastructure. Ten submarine fiber optic cables are connected to Djibouti and this number will reach 12 by 2025." As a result of the operator's efforts, the nation has direct digital links with over 90 countries worldwide. For example, it is a key node in Meta's 2Africa cable that connects 33 states on three continents and Sea-Me-We-6, which runs from Singapore to France. "We've also invested in regional infrastructure," the managing director said. "Djibouti is connected to Ethiopia and Somalia by terrestrial fiber optics, and to Yemen by a submarine cable. In addition, we've launched the Djibouti Africa Regional Express submarine project, which connects Djibouti to Somalia and Kenya. We plan to extend this to Tanzania and even South Africa."

As well as expanding the country's international connectivity, the company wants all Djiboutians to have access to first-class digital services. "This is why we reinvest our revenues into the development of national infrastructure to provide 4G+ mobile coverage throughout the country. Pilot sites are also being launched for the deployment of 5G coverage," he explained. "Furthermore, we invest in the large-scale deployment of fiber optics across the country to democratize broadband availability and offer better services to our customers." Djibouti Telecom's infrastructure investments have enabled it to introduce services such as a digital payments platform, which has boosted financial inclusion in remoter parts of the country and encouraged local entrepreneurs to set up e-commerce businesses.

The company has completed a substantial part of its strategy for strengthening Djibouti's digital economy. "What remains to be accomplished is establishing more data centers, which is essential," he noted. "The government is in discussions to attract investors, with a particular interest in the development of data centers. The aim is to create a digital ecosystem for operators and citizens of East Africa, reducing data transit costs and improving user experience for services such as video streaming and social media."

At present, the country's only provider of telecommunication services is 100 percent owned by the state. However, talks are underway that could open up the company to other investors. "Many well-established players have already shown interest in our flagship projects, which demonstrates the seriousness of our development and growth strategy," the managing director said. "If investors are looking for a reliable destination in East Africa, it's Djibouti. It's the only country in the region that enjoys stability on all levels. Thanks to its unique geostrategic location, Djibouti offers many opportunities in logistics, in transport, in energy and, above all, in digital technologies."



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