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CHAPTER 1

Exploring the startup sphere

Djibouti's main economic advantage is its strategic location at the crossroads of Africa, the Middle East, Asia, and along one of the world's busiest shipping routes. Approximately 30% of the global maritime trade that passes through the Bab-el-Mandeb strait between Djibouti and Yemen, a crucial chokepoint between the Red Sea and the Gulf of Aden. Djibouti's world-class port facilities, such as the Port of Djibouti and the Doraleh Container Terminal, have attracted significant foreign investment and partnerships, further enhancing their capacity and efficiency. The country has also invested in modern road and rail networks, connecting its ports to landlocked neighboring countries like Ethiopia, facilitating the movement of goods and fostering regional trade and economic integration.

Djibouti's currency, the Djibouti franc, has been pegged to the US dollar since 1949, providing a stable and secure investment environment. The country also enjoys political stability. Despite challenges confronted by local entrepreneurs, such as an unsupportive business environment and limited access to financing, Djibouti offers numerous opportunities for foreign investors. The government has taken initiatives to reform the institutional framework for investment, including the establishment of the National Agency for Investment Promotion (ANPI) in 2001. Additionally, the government has pursued ambitious development projects, including the establishment of free trade zones and industrial parks, aimed at creating a conducive environment for trade and investment.

In conclusion, Djibouti's strategic location, stable currency, and political environment make it an attractive destination for foreign investors. While challenges exist, the government's commitment to reforms and international cooperation indicate a promising future for the country's entrepreneurial ecosystem.

2. Startup definition

Generally, a startup is an innovative venture with a potential of high growth, driven by technology and characterized by having a functional prototype and a scalable, duplicable business model. Startups are founded to explore creative problem statements, often centered around technology, while capitalizing on emerging market opportunities.

In Djibouti, although a formal legal framework that precisely outlines the parameters of startups within its legislative framework, is currently absent, the government has embarked on a series of regulatory enhancements with the explicit goal of nurturing startup growth. In May 2021, the Ministry of Digital Economy and Innovation (MDENI) was established. Part of its strategy involves creating the regulatory framework "Startup ACT" and incorporating digital regulations in this legal code. These regulations encompass various aspects like cybersecurity, personal data protection, digital payments, e-commerce, and e-banking, marking a significant effort to adapt to the digital age and foster innovation in the country.



3. Promising sectors in Djibouti

Djibouti is relying on its startup ecosystem as an avenue to rebuild its economy and pay off its debts, concentrating on developing innovative solutions, optimizing business procedures, and improving customer services. The most common technologies in Djibouti's startups revolve around transportation and shipping with more sectors likely to emerge as the ecosystem continues to grow. Djibouti offers a diverse range of investment opportunities in sectors such as tourism, transportation, telecommunications, and renewable energy.

C Tourism

Djibouti envisions a significant tourism sector in the country's economy as stated in the Djibouti 2035 Vision. The aim is to attract 500,000 tourists per year by 2030 and to have trade and tourism make up 20% of the economy by 2035. To do this, Djibouti is focusing more on alternative tourism, like Dive tourism and Ecotourism instead of Mass tourism. This change aims to use Djibouti's special natural landscape and Marine fauna.

In 2021, Djibouti had 114,000 visitors, with business trips making up 98% of the tourism industry. To bring in more diversity, the government wants to lower business tourism to just 12% of all tourism by 2035. The goal is to boost leisure tourism, which can have more economic impact and steady growth.

Djibouti wants to make a stronger and more lasting tourism sector to attract more internationals. Supporting this vision, the Dalmar App, a Djiboutian tourism startup, won first prize in the 2023 Head of State Competition, an entrepreneurial competition. The Dalmar App allows its customers to book more than a hundred activities throughout Djibouti for various occasions.

Renewable Energy

Aligned with the Djibouti 2035 national plan, Djibouti is actively working on reducing its carbon emissions by 40%. The government, in collaboration with the private sector, is striving to make Djibouti the first African country fully reliant on green energy by 2035. A significant milestone was achieved on September 10, 2023, with the inauguration of Djibouti's first-ever utility-scale wind farm. Further emphasizing its commitment to sustainable energy, the Fonds Souverain de Djibouti (FSD) invested in DjibEnergy Services on February 13, 2023. This innovative startup specializes in energy efficiency for buildings, contributing to the country's broader goals of sustainability and reduced carbon footprint. These initiatives reflect Djibouti's proactive approach to environmental stewardship and its ambition to lead the continent in green energy adoption. Through such efforts, Djibouti is not only addressing its energy needs but also setting a precedent for renewable energy development in Africa.

Transportation and Logistics

Djibouti's transportation and logistics sector plays a crucial role in driving the nation's economy, capitalizing on its strategic location as a deepwater port on the Red Sea. Serving as a bridge between Africa and the Middle East, the country functions as a transit port for the region and an international transshipment and refueling center.

The sector's growth is primarily fueled by Djibouti's proximity to Ethiopia, a fast-growing and landlocked neighbor. An estimated 90% to 95% of Ethiopia's imported goods pass through Djibouti's ports, underscoring the country's importance in regional trade. The logistics sector is vital due to Djibouti's economic structure, with services accounting for 80% of its economy. In line with the Djibouti 2035 plan, the government is actively working to make the transportation and communication sector the largest contributor to the economy, aiming for it to account for 24% of GDP by 2035.

4. Djibouti startup scene

Djibouti top startup industry sectors by number of startups¹:

- FinTech
- MedTech (HealthTech)
- AgriTech
- CleanTech

Startup ecosystem in numbers

- Number of operating startups²: 4
- Number of accelerators: 3
- Number of incubators: 2
- Funds raised by Startups (H1 2023)³: USD 10 Million

Entrepreneurship and innovation in Djibouti: Rankings

Index	Ranking
Economic Freedom ⁴ (2023)	111



CHAPTER 2

Beginning your entrepreneurial journey

I. Guiding steps to launch a startup in Djibouti

1. Country specific legal structures

In Djibouti, entrepreneurs can choose between distinct types of legal structures, each tailored to suit their company's specific activities. Each business type possesses unique attributes designed to accommodate distinct economic objectives. Below are the legal structures particularly suitable for entrepreneurs to consider when establishing their business.

- Joint Stock Company (JSC)
- Limited Liability Company (LLC)

- Single-Member Limited Liability Company (SMLLC)
- Sole proprietorship
-

Simplified Joint Stock Company (SJSC)

The recommended legal structure to register a Djiboutian startup is the Limited Liability Company (LLC). An LLC composed of a minimum of two (2) shareholders and a maximum of one hundred (100) shareholders, whether natural persons or legal entities. It requires a minimum capital of 1 Million Djiboutian franc (DJF), and shareholders' liability is limited to their contributions. At least 20% of cash contributions must be made upfront, with the remaining amount paid within five (5) years of registration.

On the other hand, the Simplified Joint Stock Company (SJSC) offers a flexible governance structure with limited liability for shareholders and can be established with a single shareholder. For publicly appealing to savings, the required share capital is at least DJF 50 Million, while it is at least DJF 5 Million for other entities. The capital must be fully subscribed, with half of the cash contribution paid during subscription and the remainder within five (5) years.

When establishing a startup in Djibouti, it is advisable to select a structure that provides benefits such as limited liability for shareholders, flexibility in organizational arrangements, and ease of setup. LLC and SJSC are the preferred legal structures for Djiboutian startups, mainly due to the aforesaid reasons. However, for pre-seed startups, the LLC structure with its lower minimum capital requirement would be the most suitable choice.



2. Legal steps

In the Republic of Djibouti, the establishment of a business involves a collaborative effort among three principal entities, each playing a critical role in the process:

<u>Djiboutian Office of Industrial and Commercial Property (ODPIC</u>): The ODPIC is the agency responsible for industrial property and the Registry of Commerce and Companies. It is responsible for registering and protecting intellectual property rights in Djibouti, such as trademarks, patents, and copyrights. The ODPIC also provides advisory services to businesses on intellectual property matters.

<u>General Tax Directorate (GTD)</u>: The GTD is responsible for administering the tax system in Djibouti. This includes collecting taxes, providing tax advice to businesses and individuals, and enforcing tax laws and regulations.

<u>National Social Security Fund (NSSF)</u>: The NSSF is a social security scheme that provides benefits to workers in Djibouti, such as pension benefits, healthcare benefits, and maternity leave benefits. The NSSF is funded by contributions from employers and employees.

In accordance with the quadripartite partnership agreement established in February 2014 among the key participants in the business establishment process, all procedures related to the creation of a business are centralized at the <u>National Agency for Investment Promotion (NAIP) – Single window</u>. The NAIP single window is a one-stop shop for foreign investors, providing assistance with all aspects of setting up and operating a business in Djibouti. This includes helping investors to obtain the necessary permits and licenses, identify suitable investment opportunities, and connect with local businesses and partners.

The business establishment process outlined in this document, except for activity approvals, the establishment of legal status, and the deposit of capital, is exclusively facilitated through the Single Window system. The specific order of steps may vary depending on the nature of the business and the prevailing legal context. Below, we present a summary of the essential legal steps that are generally required for both local and international entrepreneurs who aspire to launch a business in Djibouti.



Step 1: Obtain approval for regulated activities

Entrepreneurs are required to receive an approval from the relevant ministry to be authorized to operate within the national territory in regulated activities. These regulated activities or sectors are found in this <u>list of regulated activities in Djibouti</u>.

Step 2: Establish the social status

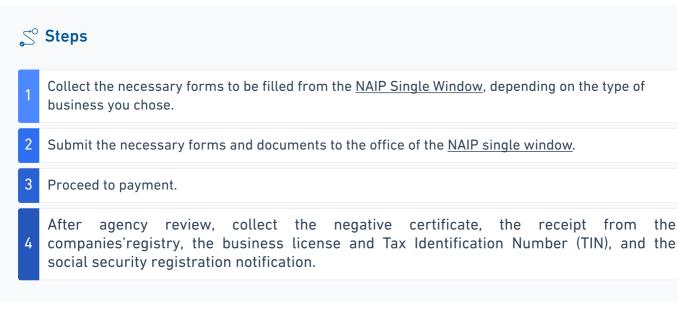
At this level of startup creation, entrepreneurs choose a company structure. They establish a new entity known as a "legal entity". The legal entity should be liable for its debts solely based on its own assets, which are distinct from those of the creator and/or the management, in the case of limited liability companies. The establishment of the Memorandum of Association can be done with the assistance of a professional (chartered accountant, corporate lawyer, etc.) or drafted by the entrepreneur.

• Step 3: Open a bank account

Upon obtaining a negative certificate for the business name that the startup will be using (see steps below), entrepreneurs should open a bank account in a bank of their choice. Following the creation of the account, applicants are provided with a certificate to use for the company incorporation. Please note that part of the startup capital must be deposited at the registration level.

• Step 4: Submit the documents of creation to the single window

Djibouti established a single window that stations the different agencies relevant to company creation at one place. This single window allows the creation of companies in seventy-two (72) hours. The procedure can be performed online through the website of the <u>Guichet Unique Djibouti (GUI)</u>. If few features of the website were non-operational for submission, please reach out to relevant agencies for support. The submission of the required documents should be done via scheduling an appointment with the <u>NAIP single window office</u>.



Following the successful completion of the registration process and the issuance of the registration receipt, ODPIC proceeds with the publication of the registration details. The publication process includes posting the registration receipt on both the ODPIC website and the one-stop shop website.

Documents

- ⁻ A business name form.
- A single form for legal entities.
- Approval for the activity, if necessary.
- ⁻ Company status (notarized deed or private agreement).
- ⁻ A copy of national ID card or residence permit or passport (shareholders/manager).
- A copy of national ID card or residence permit or passport of employee(s).
- ⁻ A copy of national ID card, residence permit, or passport (owner/manager).
- ⁻ Declaration of honor.
- ⁻ Lease contract for registration (if not applicable, a signed letter of commitment).
- ⁻ One (1) picture.
- Power of attorney, if applicable.
- ⁻ The payment receipts.
- ⁻ Two (2) bank account registered certificates (copy and original).

S Cost

- ⁻ Company registration fees: DJF 18,000.
- ⁻ Negative certificate: DJF 5,000.
- Application fee: DJF 1,000.

To learn about the fees of business licensing, visit the General Tax Code (Page 34).

Ouration

Three (3) days.

• Step 5: Deposit the initial capital at the bank

The initial capital (cash contribution) to be deposited depends on the company's legal structure, detailed in "country-specific legal structures" section of this guide below. The bank checks 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. Should the capital change, the company's registrar must be notified.

II. Other country-specific considerations

1. Considerations for foreign investors

Foreign investors may establish their own business in the Republic of Djibouti. To do so, they must first obtain a residence permit, which is required to conduct business activities within the territory. A local partner is required only for the activities falling within the <u>list of regulated activities in Djibouti</u>.

Djibouti government highly supports and promotes private sector investment. Both foreign and local investor alike can benefit from 100% foreign ownership and 100 % repatriation of capital and profits. Companies are allowed to employ foreign employees. The procedures to submit and receive residence and work permits for foreigners will be detailed in the "Labor and immigration regulations and facilitations" section of this guide below.

2. Tax regime

Brief overview of Nigeria's tax regime

Corporate Income Tax (CIT)

Companies incorporated in Djibouti are subject to corporate tax on their worldwide income, whilst noresident companies are in general subject to tax on income derived within the country. Private corporations, personal companies, public companies, and limited companies, pay a flat tax of 25% of annual net profit. The companies which benefit from the Investment Code are exonerated of this tax as well as income from property and income from assets.

Value-added tax (VAT)

VAT applies on the taxable goods and services supplied or imported in Djibouti. Below are few VAT classes and rates:

- 0% applicable on exports.
- 10% standard rate applicable on certain goods identified as taxable goods.
- Exempt applicable on certain goods identified as exempt goods.

Capital gains

Capital gains are taxed in the same way as the standard income tax, with a rate fixed at 25%.

Withholding tax (WHT)

Dividends and interest paid to non-resident companies are exempt from WHT. Royalties derived by non-resident companies are subject to a final 15% withholding tax on the gross amount.

The following payments are subject to a 15% withholding tax on the gross amount, not including VAT:

- Payments for services of any kind, performed or used in Djibouti.
- Management fees.
- Fees for technical assistance, commercial prospection or research of any kind; and
- Payments related to a non-commercial activity operations on Djibouti territory.

Social security contributions

Only Djibouti nationals are required to pay for the social security and health. These contributions represent a rate of 21.7% of the salary, 15.7% of which is borne by the employer and 6% is retained by the employee. Starting from 2014, contribution for the universal health insurance is fixed at 7% in total: 2% is paid of the employee and 5% is paid by the employer.

Personal tax

Progressive tax rates on employment income are as follows:

Taxable income (DJF)	Rate (%)
Up to 30,000	2
30,000 - 50,000	12
50,001 – 150,000	15
150,001 - 300,000	22
300,001 - 600,000	25
600,001 - 1,000,000	30
1,000,001 – 2,000,000	35
Over 2,000,000	44

3. Tax compliance requirements

Filing obligations may vary depending on the type and size of the business entity. Here are the main filing obligations for startups

Corporate income tax return

Corporate income tax is based on a calendar year (from January 1st to December 31st of the same year). This tax is controlled and collected by the General Tax Directorate and must be declared before the 31st of March of the following year.

Social security contributions

The contribution is levied monthly by <u>the National</u> <u>Social Security Fund</u>. Contributions are due on the 15th day of the following month.

Instalments

The contribution is levied monthly by <u>the National</u> <u>Social Security Fund</u>. Contributions are due on the 15th day of the following month.

Value-added tax (VAT) return

All companies with a turnover of 50 Million or more are required to register for VAT27. VAT return must be submitted on the 1st of each month for the period from the 21st of the previous month to the last day of the month, and on the 21st of each month for the first ten-day period.

It is essential to submit the VAT return every month, even in cases of a credit or no turnover, to avoid penalties of heavy sanctions. Payment is collected by the General Directorate of Taxes and Domains (GDTD).

Withholding tax and withholding tax return

Withholding tax on rents

Tenants must deduct the withholding tax when paying the rent and remit the amount to the tax office within fifteen (15) days of the rent payment.

Withholding tax on service fees

The total withholding tax amount for a given month should be declared and paid before the 15th of the following month to the Tax Office.

4. Financial reporting and auditing regulations

Listed companies are required to have their annual financial statements audited by an external auditor, and the audit reports must be disclosed to the public. Limited liability companies that meet at least two (2) of the following three (3) criteria at the end of a fiscal year are required to appoint at least (1) one statutory auditor: a total balance sheet exceeding DJF 500 Million, a net turnover amounting to more than DJF 250 Million exclusive of taxes, or an average number of employees exceeding one hundred and fifty (150) during the last completed fiscal year. For more comprehensive details on auditors and financial statements for companies, look at the Djibouti trade code.

The Center for Leadership and Entrepreneurship (CLE), under of the Ministry of Economy and Finance, ensures that the assignment of the external auditor is completed no later than six (6) months after project effectiveness. This will enable the auditor to start field work early so to deliver the audit report and management letter within the deadlines, thereby avoiding any delays in this regard.



CHAPTER 3

Navigating startup regulations and incentives

I. Government incentives

1. Tax incentives

Djibouti offers a competitive tax incentive framework designed to attract and facilitate investment in key sectors of its economy. The government has established a range of tax concessions that cater to both burgeoning and established companies, ensuring a conducive environment for business growth and development. Below are the tax incentives currently available to companies operating within Djibouti:

- As of 2023, two (2) new schemes were introduced. The new schemes are tax-exempt for the first two (2) years and apply for Djiboutian companies:
 - Micro companies, employing 0 to 5 employees, and having a revenue of DJF 2 Million or less.
 - Small companies employing 0 to 10 employees and having a revenue of DJF 5 Million or less.
- Dividends are not subject to tax in Djibouti.

Additional incentives

Investments greater than DJF 50 Million that generate several permanent jobs may receive exemptions from license and registration fees, property taxes, taxes on industrial and commercial profits, and taxes on corporate entity profits.

These exemptions can extend for up to ten (10) years after the commencement of operations in Djibouti.

Free zone

Companies operating in the free zone are not subject to any direct or indirect taxes or levies, (except for VAT where free zone entities are subject to the provisions of the general tax code).

A tax exemption is granted for a period up to fifty (50) years, starting from the date of license issuance in the free zone.

Goods imported or manufactured in the free zone are exempt from any customs and fiscal obligations. However, the local market distribution of goods from the free zone is subject to payment of import duties and taxes.

2. Non-tax financial incentives

Startup Djibouti

Startup Djibouti, under the auspices of the Ministry of Digital Economy and Innovation and initiated by the Leadership and Entrepreneurship Center, is dedicated to supporting and fostering the growth of the Djiboutian startup ecosystem, both locally and internationally. The initiative propels world-class African startups founded by Djiboutians, Africans, and those passionate about the African continent to new heights. Entrepreneurs can benefit from tailored programs, including the IGNITE incubation and BUILD acceleration tracks.

• **IGNITE Incubation Program:** Tailored for new startup founders to build their team, launch their startup, and secure initial contracts. IGNITE offers workshops, expert mentoring, team collaboration, on-campus accommodation, and a \$20,000 grant.

 BUILD Acceleration Program: A three-month program to scale startups, focusing on strategy, growth, and market positioning. The program provides workshops, expert mentoring, development sessions, a convertible investment of \$50,000 to \$100,000, and networking opportunities with major companies for collaboration and investment.

The Djibouti Sovereign Fund (FSD)

FSD is a sovereign fund and a corporation launched under Law No. 075/AN/20/8ème of March 29th, 2020. The Fund's mandate is to enhance governance and catalyze investments by coinvesting, alongside private investors, in strategic sectors of the economy. It aims to generate long term wealth for future generations, promote inclusivity, and create jobs. The FSD also aims to diversify and modernize the country's economy and boost its growth by leveraging a competitive private sector.

The Djibouti Economic Development Fund (FDED)

FDED was established on July 2nd, 2002, through the presidential decree No. 2002-0133/PR/MEF. The FDED is a state-owned enterprise with a commercial character and a development financing institution. Its mission is to finance private productive projects in priority sectors. Through the creation of the fund, the government confirms its plan to make the private sector the driver of the country's socio-economic development. FDED offers several services including:

- Administrative and financial service: This service manages human and general resources, maintains financial records, and oversees the management of financial resources.
- **Legal service:** This department offers legal advice to organizations on financial, and administrative matters.
- **Legal service:** This department offers legal advice to organizations on financial, and administrative matters.
- Assistance, study, and project analysis service: This service helps to choose projects after feasibility analysis, prepare loan applications, and analyzes applications for compliance.

3. Special Economic Zones

Djibouti's strategic location at the crossroads of major international shipping lanes has been further enhanced by the development of its <u>Free Trade Zones (FTZs)</u>, which serve as catalysts for trade and economic growth. The Djibouti Free Zone (DFZ), spanning forty (40) hectares, is a bustling hub offering office space, warehouses, light industrial units, and hangars. Businesses operating within the DFZ benefit from a streamlined registration process, exemption from corporate taxes, and additional support services including assistance with work permits and visas. This zone is a vibrant commercial center with over one hundred eighty (180) companies from more than thirty (30) countries.

In the Damerjog region, south of Djibouti City, the DAM Commercial Free Zone was inaugurated in December 2013, expanding the nation's FTZ network. Moreover, a significant milestone was achieved in March 2018 with the inauguration of the Djibouti International Free Trade Zone (DIFTZ) project, a collaborative venture between the Djibouti Ports and Free Zone Authority and China Merchants Group.

The DIFTZ, with its first phase of 240 hectares already operational, is set to become the largest free zone in Africa upon completion. It boasts specialized industrial clusters dedicated to trade and logistics, export processing, business and financial support services, manufacturing, and duty-free merchandise retail. Future phases will integrate the zone directly with Djibouti's ports, offering extensive office and industrial space.

II. Labor and immigration regulations and facilitations

Foreign nationals must obtain the following three (3) documents before starting the company creation process in Djibouti:

• Entry visa

Work permit

Residence permit

1. Entry visa

An entry visa for Djibouti allows a foreign national to enter and remain in the country for a specified period. Visas are issued by the Djiboutian Embassy or Consulate in the applicant's home country.

Steps Visit the Djiboutian <u>e-visa portal</u>. Make a new request. Fill in the necessary information and submit the form.

Documents

- ⁻ A color scan of your first passport page.
- ⁻ One (1) high quality color scan of a passport-sized photo (French standards).
- One (1) hotel confirmation, or one (1) personalized letter from the travel agency specifying the travel dates and accommodation information, or one (1) signed and stamped invitation letter from a company in Djibouti, or one (1) signed invitation letter from an individual hosting you.
- ⁻ One (1) round trip flight confirmation.



Up to one (1) week.

S Cost

- ⁻ Stays of up to fourteen (14) days: 12.6 USD.
- ⁻ Stays of fifteen (15) to ninety (90) days: 24.1 USD.

2. Work permit

Upon arrival to the Djiboutian territories, the entrepreneur is required to apply for a work permit via the National Agency for Investment Promotion single window.



Documents

- ⁻ A Work permit request form.
- ⁻ Four (4) photos.
- ⁻ A copy of the passport.
- ⁻ Information about the investments, and proof of funds.
- ⁻ A Curriculum Vitae (CV).

(**Duration**

Three (3) days.

S Cost

- ⁻ USD 0.28 to USD 1.12 (depending on the profession).
- ⁻ List of professions and visa fees.

3. Residence permit

Steps Visit the office of the NAIP Single window. Collect the residence permit request form to be filled from the NAIP Single Window. Submit the necessary forms and documents to the office of the NAIP single window (Address). Proceed to the payment. Collect your residence permit, in case of approval.

Documents

- ⁻ A residence permit request form.
- ⁻ Four (4) photos.
- ⁻ A copy of the passport.
- ⁻ A copy of the valid work permit, with a validity of at least six (6) months.
- ⁻ A Curriculum vitae (CV).

Ouration

Seven (7) days.

S Cost

Depending on the continent of origin:

- ⁻ Africa: USD 168.
- ⁻ Asia: USD 196.
- ⁻ America: USD 252.
- ⁻ Europe: USD 252.

III. Data protection

Currently, the country does not have a comprehensive data protection law; data is not explicitly defined under Djiboutian law. This regulatory environment offers companies the freedom to transmit customer and businessrelated data outside of Djibouti without encountering preventative measures or undue impediments.

Furthermore, Djibouti does not impose rules that mandate local data storage. Businesses are at liberty to choose their data storage solutions, whether on local servers or through international cloud services, according to their operational needs and preferences. This absence of data localization requirements does not only simplify the logistical aspects of data management for companies but also provides them with the opportunity to leverage global data services and platforms.

IV. Intellectual property

The registration of patents, trademarks, designs, and models is a three-step process performed at the Djibouti Office of Industrial and Commercial Property (DOICP). There are four (4) common types of intellectual property rights: patents, trademarks, copywrite, and trade names. The section below covers the steps entrepreneurs need to know to receive protection under three (3) types based on their relevance to startups. The required documents, duration, and cost depend on the type of intellectual property.

1. Patents

In Djibouti, patents are granted to inventors to cover a broad spectrum of innovations, including inventions, research models, and utility systems applicable in various business and industrial sectors. These innovations can encompass machinery, tools, processes, chemicals, biotechnology, software, and more.

A patent is a legal document that grants the holder exclusive rights to an invention for a defined period of time. It is a key element of Intellectual Property (IP) protection. Patents in Djibouti hold a validity for a period of twenty (20) years commencing from the date of filing, or, in cases where priority is claimed, from the date of such claim.

The legal framework governing patents in Djibouti is established by <u>Law No 50/AN/09/6th L of 2009</u>. Commonly, an anteriority search is a highly recommended initial step in the registration process. To do so, use <u>the WIPO patent scope</u> or the <u>European patent office</u>. Further research tools, documentations, and detailed instruction might be provided by the organization in charge of intellectual property in the country, that is, the Office of Industrial Property and Commerce.

Documents

- A duly completed form found in this <u>applicant's guide</u>.
- ⁻ A detailed description of your invention.
- An abstract of the technical content.
- ⁻ If applicable, drawings to clarify the invention.
- ⁻ Further documents may apply.

Ouration

Twenty-one (21) months.

S Cost

122,500 DJF

2. Trademarks

In Djibouti, trademark registration is mandatory. Trademarks encompass distinctive symbols, logos, slogans, and brand identifiers associated with a company, business, or product. They serve as unique identities that set apart the startup offerings from competitors in the market. The legal framework for trademark protection in Djibouti is governed by the Law No 50/AN/09/6th L of 2009.

Trademark protection in Djibouti lasts for ten (10) years and includes exclusive usage rights, preventing unauthorized use, legal protection against infringers, and the possibility of opposition during the application process. Trademark owners can renew their registration every ten (10) years to maintain their rights and protection. For detailed instructions on the registration process, visit the closest ODPIC Office.

Documents

- ⁻ A copy of the usage regulations governing the use of the collective trademark.
- A power of attorney, if necessary.
- ⁻ A proof of payment.
- An authorization to claim priority.
- ⁻ Four (4) black and white reproductions of the trademark design.
- ⁻ Four (4) color reproductions of the trademark design.
- Further documents may apply.

Ouration

One (1) week.

S Cost

122,500 DJF

3. Industrial designs

An industrial design is the unique aesthetic features (the shape of an article, or two-dimensional features, such as patterns, lines, or color.) of a product that can be registered to grant the creator exclusive rights to its commercial use, preventing unauthorized replication or imitation. In Djibouti, the regulations for safeguarding designs and models are outlined in Law No 50/AN/09/6th L of 2009.

An industrial design registration is valid for a total period of fifteen (15) years from the date of the initial application. Those wishing to oppose an industrial design application have a window of three (3) months from the date of the design's publication in the official gazette to do so. For detailed instructions on the registration process, visit the closest Office of Industrial Property and Commerce.

Documents

- ⁻ A brief description in three (3) copies.
- ⁻ A guarantee certificate.
- ⁻ A power of attorney.
- ⁻ The proof of payment.
- ⁻ An authorization to claim priority.
- ⁻ An official copy of the previous filing.
- ⁻ Three (3) copies of graphic or photographic reproductions.
- ⁻ Further documents may apply.

Ouration

One (1) week.

S Cost

122,500 DJF



V. Key support organizations and initiatives (not exhaustive)

Incubators

Centre De Leadership et De l'Entreprenariat (CLE)

<u>Center for Technology and Innovation for Development</u> (CTID)

Coworking spaces

Regus Salaam Tower

Startup Factory Djibouti

Funding institutions

Agence Djiboutienne de Developpement Social (ADDS)

BCIMR

BOA-Mer Rouge

Fonds Souverain de Djibouti (FSD)

Events

Djibouti Fintech Forum

Reference list

- 1. "Top 100 des startups." n.d. Go Africa Online. https://www.goafricaonline.com/dj/annuaire/startup
- 2. n.d. Go Africa Online. https://www.goafricaonline.com/dj/annuaire/startup
- 3. "My Startup in Djibouti Is Raising Capital FasterCapital." n.d. FasterCapital. <u>https://fastercapital.com/</u> <u>content/My-startup-in-Djibouti-is-raising-capital.html</u>
- 4. n.d. TheGlobalEconomy.Com. https://www.theglobaleconomy.com/rankings/economic_freedom/

APPENDIX



Appendix 1: Launching your startup: key success factors

Addressing market demand

Your startup should provide a compelling solution to a specific problem within a large and eager market. Think of it as a puzzle piece that fits perfectly into the demand landscape. Steve Blank's <u>Customer Development Model</u> can guide you in creating a product or service that customers cannot resist.

Feasibility analysis

Conduct a thorough feasibility analysis. This process empowers you to make informed decisions, spot areas needing improvement, and allocate resources effectively. It is your tool for maximizing your chances of crafting a successful, long-lasting venture. 29

Aarket insights

Dive deep into market analysis. Understand the current state of your industry segment and define your target market. A strong grasp of market dynamics is essential for positioning your product or service effectively.

Building a stellar team and network

Source and group a team of multitalented experts. This is one of the fundamental steps to scale a startup. These diverse talents will complement each other and will help you access a strong, interconnected network that can be your secret weapon for gaining support, mentorship, and continuous learning.

Analyzing the competition

Competitive analysis is not just about sizing up rivals; it is a vital part of your strategic planning, systematic research and evaluation of your competitors' strengths and weaknesses. It will guide you into finding your competitive edge and creating your added value ion the market.

Legal Flexibility

The legal form of a startup must allow for flexibility. Choose a legal structure for your startup that offers the flexibility needed for growth. Make it easy for shareholders to join and leave the company and ensure your memorandum of association can adapt to your evolving needs. In fact, the memorandum of association must be drawn up freely and allow the opening of share capital.

Appendix 2: What type of support to expect at each stage of a startup lifecycle

	Startup development stages	Government support	Funders support	SSOs support
Outreach	 Idea formation Problem validation Team establishment 	 Promote entrepreneurship education Facilitate Ideation: Hackathons, startup Weekends, etc. Promote innovation and entrepreneurship culture 	 Financial literacy and entrepreneurship awareness programs Networking opportunities to connect with potential mentors, advisors, and industry experts 	 Access to experienced mentors who provide guidance and advice on various aspects of startups Provision of office space, shared facilities, and infrastructure to support the early-stage development of the business
Pre start	 Idea development Business modeling Problem/Solution fit: prototyping Team Formation: access to training and mentorship 	 Offer entrepreneurship training and education Facilitate Proof of concept and proof of Business Facilitate Business Modeling Validate MVP 	 Seed funding for idea validation and product development Coaching to refine business ideas and plans Access to incubators or accelerators providing resources, infrastructure, and networking opportunities 	 Assistance in refining the product/service, pricing strategies, and go-to-market plans Support in conducting market research and understanding the target market, customer needs, and competitors

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	Startup development stages	Government support	Funders support	SSOs support
Launch	 Business Creation Early-stage fundraising Initial Go-To market: MVP development 	 Provide Early- Stage Financing Facilitate access to client and Go- To -Market Strategic partnerships Housing Operation set up and labeling 	 Seed funding to launch the business Cover initial operational costs Access to angel investors or venture capital firms Guidance on legal and regulatory compliance Support in building a strong founding team and advisory board 	 Guidance on company registration, intellectual property protection, and legal compliance Support in identifying funding sources, preparing investor pitches Connecting with potential investors
Growth	 Product/Market Fit International Go- To-market Expansion and scaling 	 Facilitate access to Finance Facilitate internationalizat ion via events, strategic partnership, etc. Provide operational support 	 Series A, B, or C funding rounds for scaling operations and market expansion Strategic guidance and industry insights from investors Assistance in negotiating partnerships and strategic alliances Exit strategies and assistance with mergers, acquisitions, or public offering 	 Assistance in scaling operations, managing growth, and overcoming operational challenges Access to industry experts Provide sector-specific knowledge and guidance

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