

# The Formalization of Informal Sector Entrepreneurship in Djibouti: Another Alternative to Reduce the Unemployment

Mohamed Elmi<sup>1,\*</sup>, Ibrahim Robleh<sup>2</sup>

<sup>1</sup>Depatement of Sciences University of Djibouti, Djibouti, Republic of Djibouti

<sup>2</sup>Department of Economics, University of Djibouti, Djibouti, Republic of Djibouti

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**Abstract** The main aim of this paper is to provide a harmonization of the classification of economic activities in Djibouti based on international classification of economic activities. For this, the paper uses the data reported by Djibouti National security Fund (DNSF) and Djibouti Chamber of Commerce (DCC). The new classification allows to establish a comparison between the informal and formal economics activities. We also estimates the employment created in the informal sector using this new approach. According to our new approach, there are **at least 178 enterprises in the informal sector and at least 790 employments in the informal sector. These informal employments can move to 790 formal employments.** In the preceding work, we provided a classification of unemployed people and classified economic activities belong in the illegal sector. Then, we estimated there are at least **15670 employment opportunities** which allows to reduce the unemployment of **order 6''%**. This contribution allows to lower unemployment in Djibouti and provide useful guidance for policy makers in the Republic of Djibouti.

**Keywords** Unemployment, Entrepreneurship, Informal sector, Formalization, Classification economy activities

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## 1. Introduction

The concept of informal sector was used in the early 1970's to describe the underground economic activities [25] but it has taken many dimensions and has raised debate in both academic and policy circles. In the sequel, it was defined the concept of informal entrepreneurship [3] and the employment in the informal sector and informal employment [2]. In view of to the growth activities informal sector, the international Expert Group informal sector statistics (Dehli group) has proposed the measurement of informal employment and employment in the informal sector, see [11] or [14] and [9]. All these notions vary in different countries due to the nature and composition of informal sector.

The republic of Djibouti maintains a growth rate of 7% in 2017, see [22]. These good macroeconomic figures do not create jobs for the young out of whom 80% are jobless, see [1]. In the republic of Djibouti, there exists three type of enterprises: the enterprises registered at Djibouti National Security Fund (DNSF), those registered at Djibouti Chamber

of Commerce (DCC) and the thirty which are illegal. As other countries, our study is then to give a national definition of informal sector enterprises and to measure the generated employment. This definition is linked to the definition of employment in the informal sector adopted by the International Labour Office in 1993. Another observation concerns the institutions like that DCC and DNSF do not have the same definition of informal sector enterprises. Our contribution provides a harmonization of economic activities of both institutions (DCC and DNSF). Another part of our study completes the preceding article, see [1] regarding the employment opportunities which exist in the illegal entrepreneurship.

The purpose of this paper is to formalize the entrepreneurship in the informal sector and illegal entrepreneurship. This will allow to create the formal employments and then to reduce the unemployment in the Republic of Djibouti (the rate of unemployment that is 48%).

In the sequel, this paper is organized as follows: Section 2 gives background and literature reviews. Section 3 presents a national definition of enterprise in the informal sector and we also provide the different classification of economy activities and detailed structure of DNSF, DCC, SDSO and our harmonized classification of economic activities. Section 4 highlights employment opportunities in the illegal sector and section 5 estimates the number of employments of informal

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\* Corresponding author:

mohamed\_elmi\_abdillahi@univ.edu.dj (Mohamed Elmi)

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sector and informal employments and the last section concerns the recommendations and conclusions.

## 2. Background and Literature Reviews

### 2.1. International Background and Literature Reviews

In the literature, the informal sector has been well studied for a long time. For example [4] showed that the employment in the informal sector account for fifty percent (50%) in the total employment in the developing and transition countries. The authors [5, 6] explained the existence of the informal sector is attributable to the implementation of many regulations for example the taxation, the safety and health certifications. Also, there exist other constraints like that financial access, see [22]. Other studies focus on estimating the employments in the informal sector, for example we can mention the articles [9] and [10]. Previous research has shown that the size of informal sector entrepreneurship reaches around 70% of economic activities in many countries, see [16] and [25].

### 2.2. National Background and Literature Reviews

In the Republic of Djibouti, few studies dealt with an informal sector. A first study was the project entitled “Informal sector: fiscal and institutional constraints (PATARE, 2002), see [8], then there was the thesis entitled “Institutional and Regulatory Constraints on Informal sector”, see [7].

In 2015, the Statistic and Demographic Studies Office (SDSO) conducted a survey (EDISEC, 2015, see [15]) on informal sector in Djibouti. This work gave characteristics, the description and the financials of the informal sector. It also provided the difficulties linked to the registration in the official administrations (legalization, taxation...). Our work is different from the preceding studies in so far as our initial focus is on the classification of economic activities of formal sector in Djibouti. Then we list the existing economic activities in the informal sector; see [1]. Similarities are drawn between the economic activities of formal and informal sector. The understanding of main barriers to move the informal sector to formal sector is then crucial. On other hand, the ultimate goal of our work is to create the formal employments by structuring the informal entrepreneurship and illegal entrepreneurship.

## 3. State of Informal Entrepreneurs in Djibouti

### 3.1. Definition of Informal Enterprises in Other Countries

According to the 15<sup>th</sup> ICLS (International Labour Office), the informal enterprise can be defined as below

- Small size of the enterprise about the employment;
- Non registration of the enterprise with the administration;
- Non registration of its employees.

However, this definition differs from one country to another, due to the nature and component of the underground economic activities. For examples, the definition is used in Ethiopia is: Household unincorporated enterprises without an accountant book which have less than eleven employees or no license (agriculture included). The Mali's definition is: Private enterprises with less than eleven persons engaged where not registered with the National Institute for Social Protection and do not have accounts (agriculture excluded). The Afristat's definition is: Household unincorporated enterprises that are not registered with the national statistical institute or other administrations, and/or that do not have formal written accounts according to the standard plan (agriculture excluded).

### 3.2. Definition of Informal Enterprise in the Republic of Djibouti

In Djibouti, we distinguish three types of companies: companies registered by Djibouti National Security Fund (DNSF), companies enlisted by Djibouti Chamber of Commerce (DCC) and companies which are illegals (no registered by DCC and DNSF). On other hand, recently International Monetary Fund (IMF) gives an another definition of informal sector: For IMF, the Informal sector means underground production resulting from productive activities that are carried out by registered businesses, but may not be reported to authorities for the purpose of avoiding regulation or taxation, or because they are simply illegal. Due to the component of different enterprises, we believe that the definition used by IMF is adapted in the republic of Djibouti. **Consequently, in this paper we consider that the formal enterprises at Djibouti are the companies registered by DNSF. The enterprises listed by DCC and unregistered by DNSF are informal enterprises and the remaining are illegal enterprises.**

**Table 1.** Typology of Djiboutian enterprises according our definition

Type of enterprises/Sector	Formal	Informal
Enterprises registered at DNSF	Formal Enterprise	
Enterprises registered at DCC	Formal Enterprise	Informal Enterprise
Illegal Enterprises		Informal Enterprise

### 3.3. Statistics and Data Analysis

In this subsection, we give the classification of economic activities used by the institutions such that DCC, DNSF and the Statistic and Demographic Studies Office (SDSO).

#### 3.3.1. Classification of Economic Activities Used by DCC

**Table 2.** Economic activities registered by DCC

Economic activity	Statistic
Handicraft industries	165
Insurance and financial activities	64
Agricultures-Fisheries-Farms	11
Automobiles and related products	223
Trade	1167
Construction and engineering project	826
Petroleum	8
Hotel-Catering- tourism	187
Industries	43
Services delivery	149
Liberal professions	40
Health	53
Information and Telecommunication technologies	153
Transport- Logistic and related activities	312

Source: Statistics of Djibouti Chamber of Commerce (year 2018).

The following tables corresponding the detailed of economic activities.

**Table 3.** Detailed structure of Handicraft industries

Handicraft industries
Jeweler
Butcher
Stamp and engraved stamps
Hairdresser
Art metalwork
Carpentry
Trader of craft objects
Baker
Photographer and art photographer
Tailor
Caterer

Source: detailed structure of Djibouti Chamber of Commerce (year 2018).

**Table 4.** Detailed structure of Insurance and Financial activities

Insurance and Financial activities
Banker
Money change
Company Insurances
Financial Company
Money Transfer

Source: detailed structure of Djibouti Chamber of Commerce (year 2018).

**Table 5.** Detailed structure of Agricultural-Fisheries-Farms

Agricultural-Fisheries-Farms
Sender of the cattle
Sender of leather and skin
Fishing companies
Importer of fishes and shellfish

Source: detailed structure of Djibouti Chamber of Commerce (year 2018)

**Table 6.** Automobiles and related products

Automobiles and related products
Trader of Automobiles
Automobile expert
Garage owner
Renter of cars
Trader of Motor bicycles
seller of spare parts and automotive supplies

Source: detailed structure of Djibouti Chamber of Commerce (year 2018)

**Table 7.** Trade

Trade
Trader of general food
Trader of souvenir gift
Trader of childcare articles
Trader of sporting articles and camping
Developer of general store
Importer of alcoholic drinks
Importer of no alcoholic drinks
Trader of shoes
Waste shipper and old matter
Shipper of drugstores and cleaning products
Holder a workshop
Trader of packaging articles
Trader of supplies and Electric supplies
Trift stores
Trader of fruit and vegetable and life poultry
Seller of ice cream
Trader of toys
Trader of juice fruit
Bookstores
Trader of office and electric objects- electronic objects
Trader of leather
Notions story and hosiery
Trader of furniture and furniture Contractors
Trader of watches and clocks
Stationery stores
Trader of Perfumery, alcoholic goods, cosmetics
Small supermarket
Large supermarket
Trader of Tobacco and Cigarette
Importer of common or made-up fabric
Trader of domestic utensils
Trader of Wine and spirits

Source: detailed structure of Djibouti Chamber of Commerce (year 2018)

**Table 8.** Construction and engineering Project

Construction and engineering Project
Architect
Engineering consulting firm and consultant

Land surveyor and topographer
Renter of industrial machinery or equipment
Trader of Building Materials
Manufacturer of mechanical process construction
Hardware stores
Welder

Source: detailed structure of Djibouti Chamber of Commerce (year 2018)

**Table 9.** Catering-Hotel-Tourism

<b>Catering-Hotel-Tourism</b>
Travel Agency
Attraction and Entertainment Depot
Pub
Repairer of Boats
Developer of cabaret dance hall
Trader of tea and coffee
Developer of cafeteria
Developer of Casino
Hotel
Food services

Source: detailed structure of Djibouti Chamber of Commerce (year 2018)

**Table 10.** Petroleum

<b>Petroleum</b>
Wholesaler gas
Wholesaler of hydrocarbons

Source: detailed structure of Djibouti Chamber of Commerce (year 2018)

**Table 11.** Industries

<b>Industries</b>
Trader of distilled water
Wholesaler of mineral water
Manufacturer of sparkling water, lemonade and industrial ice cream
Processing industries not specified
Joineries by industrial process
Manufacturer of dissolved oxygen and acetylene products

Source: detailed structure of Djibouti Chamber of Commerce (year 2018)

**Table 12.** Services delivery

<b>Services delivery</b>
Business agency
Advertising agency
Estate agency
Driving school
Whitener
Customs agent
Conveyor of cars
Production designer
Disinfection (company)
School of commercial teaching
School of swimming

Recording of cassettes
Cosmetologist
Child care
Consulting engineer
Renter of business assets
Provider of Workforce
Developer of weight room
Factual organization
Service station
Developer of taxi
Traductor
Company of Sewage disposal

Source: detailed structure of Djibouti Chamber of Commerce (year 2018)

**Table 13.** Libéral professions

<b>Libéral professions</b>
Lawyer
External auditor
Accountant pleases
Accountant
Usher
Notary

Source: detailed structure of Djibouti Chamber of Commerce (year 2018)

**Table 14.** Health

<b>Health</b>
Medical practice
Medical clinic
Kinesiologist
Medical laboratory
Trader of Medical Device and Device
Doctor
Optician
Pharmacist
Veterinary

Source: detailed structure of Djibouti Chamber of Commerce (year 2018)

**Table 15.** Information and Telecommunication technologies

<b>Information and Telecommunication technologies</b>
Printer
Trader of Software Hardware and Computer Accessories
Reparator of Software Hardware and Computer Accessories
Developer of Audiovisual projection
Reparator of Device electronics and eletrics
Seller of of Device electronics and eletrics
Radio reception station
Satellite rebroadcasting station
Developer of Advertising media
Trainer in computing

Source: detailed structure of Djibouti Chamber of Commerce (year 2018)

**Table 16.** Transport-logistics and related activities

<b>Transport-logistics and related activities</b>
Route and transport of mail
Transportation vessels of planes
Transportation vessel of boats
Commissioner of damage
Company of shipping or shipping
Consignee of ships
Company of recording of the broadcasting
Maritime expert
Handler
Representative of airlines or shipping companies
Container terminal
Forwarder
Air transport of the goods
Ground transport of the goods
Company of Bus and minibus
Company of truck transport

Source: detailed structure of Djibouti Chamber of Commerce (year 2018)

Printing, Publishing, Reprography and Reproduction
Faience
Manufacture of games and toys, musical instruments and sporting goods
<b>Agricultural and Fishing</b>
Agricultural
Fishing
Farms

Source: detailed structure of Djibouti National Security Fund (year 2018)

**Table 19.** Construction and engineering project

<b>Construction and engineering project</b>
<b>Building</b>
Building construction and main structure
Structural, metal, roofing, plumbing, waterproofing, insulation, finishing
Individual entrepreneurs
<b>Public works</b>
Enterprises and public works companies

Source: detailed structure of Djibouti National Security Fund (year 2018)

### 3.3.2. Classification of Economic Activities Used by DNSF

**Table 17.** Economic activities registered by DNSF

Economy activity	Statistic
Production activities	120
Construction and engineering project	176
Bossiness activities	696
Delivery services	470
Transport-Communication-Tourism	187
Social and Medical activities	66
Education activities	34

Source: Classification economy activities and statistics of Djibouti National Security Fund (year 2018)

Below, the detailed structure of economic activities.

**Table 18.** Production activities

<b>Production activities</b>
<b>Industry</b>
product foods
Industry product
Energy product
Textile and clothing industry
Wood and paper industry
Oil refining
Chemical industry
Automobile industry
<b>Workshops and crafts</b>
Electricity
Carpentry
Industry and watch-making
Bakery, pastry) and likened

**Table 20.** Bussiness activities

<b>Bussiness activities</b>
<b>Unspecialized stores</b>
Butcher shop
Grocery
Fish market
Seller of beverages
Supermarket
Mini-market
General food
Popular stores and shops
Hypermarket and big stores
<b>Wholesale trade</b>
Food product
Drink alcoholized
Not agricultural intermediate product
Petroleum and chemical products
Industrial equipment
Raw agricultural product
Wholesale trade services of non-food consumer goods
<b>Trade in specialized store</b>
Electronic, household electrical, electric devices
Optics and photography
Household furnishings, fireplace equipment, furniture, office equipment
Clothing, textile, leather goods, travel goods, footwear
Spare parts, hardware stores, Bricolage shop
Kiosks, bookshops, stationeries, newspapers
Sports goods, leisure, toys
Paramedic articles, perfumery, cosmetics

Watchmaker shop, Jeweler
Secondhand goods
<b>Other trade</b>
Trade of vehicles, automobiles
Trade of motor bicycles
Flower shop, decoration, memory and gifts
Mail order, home sale, automaton sale
Sale of special products

Source: detailed structure of Djibouti National Security Fund (year 2018)

**Table 21.** Delivery services

<b>Delivery services</b>
<b>Activités financières</b>
Banks
Insurance
Change money
Transfert money
Financial leasing
Investment company in securities
<b>Maintenance and preparation of personal and household goods</b>
Véhicules
Furniture and articles of wood
Appliances, radio, television, refrigerator, air conditioner
Building
repair of footwear and leather goods
Repair of watches, clocks and jewellery
Electronic repair
<b>Leisure</b>
Bars, cafeterias
Nightclubs, discotheques
Clubs
Cinema
Cybercafe, phone boxes
<b>Restoration hotel business</b>
Restaurants
Military homes
Hotels
Hostels
Canteens and caterers
<b>Others activities</b>
Pharmacies
Personal services
Recreational activities
Activities real estate and rents
Service station and similar
Business and professional services
Agents, intermediaries, importers, distributors
Driving school
Association activities

Source: detailed structure of Djibouti National Security Fund (year 2018)

**Table 22.** Transport-Communication-Tourism

<b>Transport-Communication-Tourism</b>
<b>Air transport</b>
Airport
Airlines companies
<b>Maritime transport</b>
Port
Maritime transport
Supply crafts
Recreational boaters
Combinaison carries
<b>Ground transportation</b>
Transport of goods
Travelers' public transport
<b>Handling and transit</b>
Port handling
Not harbour handling
Refrigerated storing
Not refrigerated storing
<b>Communications, auxiliary transport and tourism</b>
Travel and tourism agency
Messaging, express freight
Chartering
Management of infrastructures of transport
Organisation of freight transport
<b>Post and telecommunication</b>
Postal and mail activities
Telecommunication

Source: detailed structure of Djibouti National Security Fund (year 2018)

**Table 23.** Social and Medical activities

<b>Social and Medical activities</b>
<b>Organismes sociaux</b>
Establishment publics and administratives
Establishments of training
<b>Health organizations and social action</b>
Specialized center for human health
Center of first aid
Center of veterinarian
Social action

Source: detailed structure of Djibouti National Security Fund (year 2018)

**Table 24.** Social and Medical activities

<b>Education activities</b>
<b>Educational institutions</b>
Public education
Private education
<b>Artistic and cultural activities</b>
Film, video, stereo activities
Radio and television activities

Spectacle and artistic activities
<b>Sporting activities</b>
Management of sports facility

Source: detailed structure of Djibouti National Security Fund (year 2018)

### 3.3.3. Classification of Economic Activities According to SDSO

**Table 25.** Classification Economic activities by SDSO

Economic activities
Agricultural
Breeding, Hunt
Forestry
Fishing, Fish farming, aquaculture
Agro-food
Manufacturing, articles clothings
Mining industry
Building and work publics, Construction
Electricity and gas production
Water capture, treatment and distribution
Sanitation and Waste treatment
Other industries
Trade in vehicles, motorcycles and accessories
Wholesale trade
Repair industrial services
Other repair services
Hotels and restaurants
Transport
Post, Informations et Telecommunications
Household services
Others services

Source: Classification economy activities of Statistic .Demographic Studies Office.

### 3.3.4. Analyses and Remarks

We remark that the classification of economic activities used by the institutions DCC and DNSF are different. On other side, the SDSO gave a classification which did not take into account economic activities. It was well known that the harmonized classification of economic activities of a country allows in practice to give a continuing flow of information that is indispensable for monitoring, analysis and evaluation of the performance and of its economy over time. The harmonized classification allows to give better visibility when it comes creating jobs for business sector and will also help single desk service.

The unemployed youth will benefit trainings for developing their employability in relation with employment activity sectors. This employability will be carry out by the government of Djibouti in partnerships with donors such as United State Aid (USAID). It will reduce the unemployment and the poverty (see, [1]).

By consequent, we given below, a harmonized classification for the republic of Djibouti. It will be periodically adapted by the new Djiboutian National Statistical Institute (DNSI).

### 3.3.5. Harmonized Classification of Economic Activities in the Republic of Djibouti

We built this classification by consistency with economic activities in the Republic of Djibouti. Our proposed classification is subdivided in a hierarchy and has a reading facility of Djiboutian economic activities. More of, this harmonized classification of economic activities has an international comparability.

#### • Broad harmonized classification economic activities

We propose below the broad harmonized classification economic activities.

**Table 26.** Harmonized Classification Economic Activities

Economy activity
Manufacturing and Handicraft Industries
Insurance and Financial activities
Agriculture, Fishing, Farms
Trade
Manufacturing industry
Construction
Administration and support services activities
Other services activities
Transportation-Storage and related activities
Accommodation and food services activities
Education
Information and Communication
Human health and social work activities

#### • Detailed harmonized classification economic activities.

We detail below the harmonized classification economic activities

**Table 27.** Manufacturing and Handicraft industries

<b>Manufacturing and Handicraft industries</b>
<b>Manufacturing of Baker and pastry products</b>
Pastry
Baker
Metalwork
Art metalwork
Jeweler
<b>Of production, of manufacturing or transformation in mechanic and electric sectors</b>
Clock
<b>Of production service related to the development, maintenance, repair and decoration of houses, apartments or buildings</b>
Tiling
Production designer

<b>Of manufacturing of Instrument musicals</b>
Manufacturing of instrument musicals
<b>De production de services liés à l'hygiène</b>
Hairstyle men
Hairstyle women
<b>Of production of others services</b>
Photographer and art photographer
Photographic works
<b>Reproduction of recordings</b>
Reproduction of recordings

**Table 28.** Insurance and Financial activities

<b>Insurance and Financial activities</b>
Bank
Money transfert
Money change
Financial companies
Insurance

**Table 29.** Agriculture, fishing, Farm

<b>Agriculture, Fishing, Farms</b>
Farms
Fishing

**Table 30.** Trade

<b>Trade</b>
<b>Trade of vehicles and motorcycles</b>
Trader of Vehicles
Trader of motorcycles
<b>Maintenance and repair of vehicles</b>
Garage and Mechanical repairer
Garage and body repair
<b>Trade of vehicle and motorcycle equipments</b>
Spare parts and supplies for motor vehicles
<b>Wholesale trade services of food, beverages, tobacco and live animals</b>
Trader of Fruit and vegetable, live poultry
Importer of the alcoholic beverages
Importer of non-alcoholic beverages
Wholesale trader of Tobacco and cigarettes
Trader of wine and spirit
Wholesale trade of mineral water
<b>Wholesale trade services of solid, liquid and gaseous fuels</b>
Wholesaler of gas
Wholesaler of gas cylinders
Wholesaler of hydrocarbons
<b>Specialized wholesale trades</b>
Shipper of waste and old materials
Trade of chemicals
Trade of industrial equipments
Trade of farm products

<b>Wholesale trade in goods</b>
Importer of common fabrics
Wholesale trade services of packing goods
Pharmaceutical products
Trader of shoes
<b>Wholesale trade intermediary</b>
Hardware store
Trade in non-agricultural intermediate products
<b>Retail trade in non-specialized stores</b>
Trade of general food
Minimarkets
Hypermarkets
<b>Retail trade services of product foods</b>
Trader of juice and fruit
Trader of ice and sober
Grocer's shops
Fish markets
<b>Retail trade services of beverages and tobacco products</b>
Trader of alcoholic beverages to eat in
Retail trader of non-alcoholic beverages and tobacco
Trader of alcoholic takeout
Trader of Tobacco
<b>Retail trade services of cultural and leisure goods in specialized stores</b>
Retail sale of books in specialised stores
Retail sale of newspapers and stationery in specialised stores
Retail sale of music and video recordings in specialized stores
Trader of alcoholic beverages to takeout
Trader of distilled water
<b>Retail trade services of beverage and tobacco products</b>
Stationery
Library
Workshop
Trader of toys
Trader of sporting and camping goods
Entrepreneur of audiovisuel recording
<b>Retail sale of fuels in stores specialized</b>
Service station and similar
<b>Other retail trade in specialised stores</b>
Perfumeries, alcoholics and cosmetics
Trader of Leather goods or travel goods
Trader of watches and clocks
<b>Trade of equipments in specialized store</b>
Trader of Furniture and Furniture Contractors
Trader of Electrical and electronic equipment, office
Trader of utensils managers
Trader of Electrical Supplies and Accessories
Trader of toys
Optics and photography
<b>Non-store retail trade</b>



Mess
Mail order, home sale, automaton sale
Sale of special products

**Table 31.** Manufacturing industry

<b>Manufacturing industry</b>
<b>Beverage industry</b>
Manufacturer of soft water, lemonade, industrial ice cream
Manufacturer of mineral water
<b>Printing office and reproduction of recording</b>
Printing office (upholder)
Printing office
Developer of audiovisual projection
<b>Repair and installation of machinery of equipment</b>
Repair of electrical, electronic and office equipment
Repaire of software hardware and computer accessories
Joineries by industrial processes
Manufacturer of oxygen and acetylene
Weld

**Table 32.** Construction and engineering project

<b>Construction and engineering project</b>
<b>Construction of building</b>
Construction of building
Companies of construction
Construction of buildings and major works
<b>construction of specialized activities</b>
Electricity, plumbing and other construction activities
Finish of Buildings
<b>Civil engineering</b>
Construction of utility projects
Construction of other civil engineering projects

**Table 33.** Administrative and support services activities

<b>Administrative and support services activities</b>
<b>Rent and rent lease</b>
Leasing of business assets
Rent of machine or entrepreneur's industrial equipment
rental and leasing of vehicles
Estate agency
Renter of cars
<b>Rent of the private properties and households</b>
Rent of the private properties and households
<b>Activities concerning the employment</b>
Provider of workforce
Business agency
Advertising agency
Owner of a driving school

**Table 34.** Other service activities

<b>Other service activities</b>
<b>Activities of the associative organizations</b>
Factual organization
<b>Repair of private properties and Households</b>
Repair of Electronic materials
Repair of shoes and leather products
Repair of watches, clocks and jewellery
<b>Other private services</b>
Laundry by mechanical processes
Beauty care (esthetics)
Lawyer(Holding a prattice)
Agents in the accounts
Chartered Accountant (holding a practice)
Public accountant (whose annual fee is less than 10)
Public accountant (whose annual fee is greater than 10)
Usher
Notray public (Holding a prattice)

**Table 35.** Transportation- Storage and Related Activities

<b>Transportation- Storage and Related Activities</b>
<b>Land transport</b>
Transport of goods of international organizations by land
Transport of bus and minibus
Transport companies of bus and minibus
Truck transport
Companies of truck transport
<b>Sea transport</b>
Shipping companies
Motherships
Recreational boaters
<b>Transport by air</b>
Transport by air
Transport of goods by air
<b>Storing and storage</b>
Non-refrigerated storage and storage
<b>Auxiliary services of transport</b>
Conveyor
Supply vessels
Navigation companies by sea or air
Navigation companies by sea
Shipping expertise
Consignee of ships
Commissioner of damage
Representative of companies of arian or marine navigation
Container terminal
Freight forwarder on behalf of other perons
Freight forwarder for its own goods
<b>Postal and mail activities</b>
Route and transport of mail

**Table 36.** Accommodation - Restoration

<b>Accommodation - Restoration</b>
<b>Hotels and similar accommodation</b>
Hotel
Hostels
<b>Other accommodation</b>
Military homes
<b>Restaurants and mobile food services</b>
Open air restaurant
Restaurant without alcoholic beverages
Restaurant with alcoholic beverages
Labor restaurant
Hotel operator able to provide food to guests
<b>Caterers and other catering services</b>
Canteens and caterers
<b>Drinking establishments</b>
Trader of tea and coffee
Developer of cafeteria

**Table 37.** Education

<b>Education</b>
<b>Pre-primary education</b>
Holding a nursery school
<b>State education</b>
State education
<b>Private education</b>
Private education
Holding business school
<b>Other activities education</b>
Swimming school

**Table 38.** Information and Communication

<b>Information and communication</b>
<b>Programming and distribution</b>
Radio broadcast and reception station
Satellite Emissions Station
<b>Other computing activities</b>
Training of computing
<b>Telecommunication</b>
Telecommunication

**Table 39.** Human health and social action

<b>Human health and social action</b>
<b>Human health activities</b>
Medical practice
Medical private hospital
Doctor (holding an office)
Dentist
Optician
Physiotherapist
<b>Other human health activities</b>

Analysis laboratories medical
<b>Animal health activities</b>
veterinary

### 3.4. Legal Framework for the Classification of Economic Activities in Djibouti

As far as we known, there are gaps concerning laws and decrees dealing with the classification of economic activities in Djibouti. However, below we identified laws and decrees proposing the implementation and classification of economic activities.

#### • Law

##### Law on handicraft industries

- Law 81/AN/10/6<sup>ème</sup> L on the organization of Handicraft industries in Republic of Djibouti.
- Law 82/AN/10/6<sup>ème</sup> L adopting the National Strategy for the Development of Crafts.
- Decree n°2011-035/PR/MCI instituting the classification of craft trades in Djibouti.

##### Law on Insurance and Financial activities

- Law n°119/AN/11/6<sup>ème</sup> L on the constitution and supervision of credit institutions and financial auxiliaries.
- Law n°117/AN/11/6<sup>ème</sup> L, on regulation of financial cooperatives.
- Law n°112/AN/11/6<sup>ème</sup> L on the establishment of Islamic Banks in Djibouti.
- Law n°71/AN/04/5<sup>ème</sup> L on ratifying the creation of the Islamic Investment and Export Credit Insurance Corporation (SIAICE).
- Law n°17/78 on the conditions of Approval and Control of Insurance companies.
- Decree n°85-027/PRE relating to the opening, operation and control of banking and financial institutions.
- Decree n°2000-0203/PR/MEFPP on application of the law n°40/AN/99/4<sup>ème</sup> L of 08/06/1999 on Insurance companies.

#### • Decree

##### Decree on agricultural, farms and fisheries.

- Decree n°2007-0014/PR/MAEM adopted pursuant to Law No. 187/AN/02/4<sup>ème</sup> L of 09/09/2002 on the Fisheries Code.

##### Decree on the trade.

- Decree n°83.045/PR/MCTT approving the classification of activities and products.

## 4. Estimation of Informal Sector Employment in Djibouti

### 4.1. Methods of Data Collection used in the Literature

There exist many methods in the literature like this

**Household surveys, mixed Household and Enterprise surveys, Establishment surveys and Census and Methods of indirect estimation.** All methods depend upon the data requirement, the structure and the national system statistics. Each method has strengths and weaknesses items. Others countries like Mali, South Africa, Republic of Moldova, Ecuador, United republic of Tanzania, Mexico use the methods slightly different as described above. The Labour Force Survey is used by Mexico, the labour force survey integrated is used by Mali and the Republic of Tanzania, the continuous labour force is used by Republic of Moldova and the quarterly labour force survey is used by South Africa.

#### 4.2. Statistics of Employment in the Informal by the Statistic and Demographic Studies Office (SDSO)

In Djibouti, the SDSO has published a document titled ‘Enquete Djiboutienne sur l’emploi, le secteur informel et la consommation des menages’, see [15]. The page 43 of [15] is established a table that we give below.

**Table 40.** Statistics of employment in Djibouti according to SDSO

Economy activity Statistics
Agricultural 200
Breeding, Hunt 188
Forestry 36
Fishing, Fish farming, aquaculture 31
Agro-food 383
Manufacturing, article clothings 242
Mining industries 278
Buiding and work public, construction 1148
Electricity and gas production 0
Water capture, treatment and distribution 0
Sanitation and Waste treatment 0
Other industries 709
Trade of vehicles, motorcycles and accessories 8
Kat retail trade 322
Without kat retail trade 4153
Wholesale trade 1392
Services de réparation industrielle 61
Autres services de réparation 0
Hôtels et restaurants 661
Transport 853
Poste, Informations et Télécommunications 162
Services aux ménages 522
Autres services 4151
Total 15500

**Remarks:** The method used by SDSO does not precise in this document [15].

#### 4.3. New Approach for Measuring the Employment in the Informal Sector in Djibouti

##### • Classification of employment in Djibouti

First, according to the definition given on **the table 1**, we can say there are three types of employments in Djibouti: The formal employment registered in DNSF, the informal employment in the informal sector and the informal employment. For illustrating this, we give the below table.

**Table 41.** Classification of employment in Djibouti

Types of Enterprises in Djibouti	Type of employment in Djibouti
Formal Enterprises	Formal Employment
Informal Enterprises	Employment in the informal sector
Totally illegal	Informal employment

Our main goal is to measure or estimate the employment in the informal sector and the informal employment. We propose the following methodology for measuring the employment in the informal sector and estimating the informal employment, we use the result of [1].

##### • Methodology

- 1) In each economic activity, we compare the number of enterprises registered in DNSF and those enlisted on DCC.
- 2) Then, we clearly obtain the number of enterprises unregistered on DNSF but registered in DCC. According to our definition on formal and informal enterprises, these enterprises are in the sector informal.
- 3) We study the characteristic of enterprises in the informal sector. The characteristics are the size of enterprise, the kind of economic activity occupied, the gender and the age of informal entrepreneurs. Thanks to DCC, that all information is available.
- 4) The statistics of employment in the formal sector are available to DNSF.
- 5) Finally, we use the similarity that exists between the unregistered enterprises and the registered enterprises in DNSF for estimating the number of employments generated by the enterprises in the informal sector.

##### • Estimation of employments in the informal sector

In the below table, we provide in each economic activity, the number of enterprises in the informal sector by comparing the enterprises registered in DNSF and those registered in DCC.

**Table 42.** Number of enterprises in the informal sector in Djibouti according our definition

Economic activities	Number of Enterprises registered in DCC	Number of Enterprises registered in DSNF	Number informal enterprises
Production and Handicraft Industries	197	189	8
Insurance and financial activities	64	60	4
Trade	1243	1184	59
Manufacturing industry	65	27	38
Administrative and support services activities	127	121	6
Other services activities	92	71	21
Transportation- Storage and Related Activities	305	291	14
Information Communication	11	3	8
Human health and social action	25	5	20
Total	2129	1951	178

Following table gives the estimation of employments generated by using the items 3), 4) and 5) of the methodology.

**Table 43.** Number of employments in the informal sector in Djibouti according our definition

Economic activities	Number of formal employments	Number of employments in the informal sector
Production and Handicraft Industries	406	17
Insurance and financial activities	2168	145
Trade	4024	201
Manufacturing industry	79	111
Administrative and support services activities	380	19
Other services activities	22	7
Transportation- Storage and Related Activities	2152	104
Information Communication	56	149
Human health and social action	46	37
Total	9333	790

**Remarks:**

- We estimate that there are at least **178 enterprises and 790 employments in the informal sector**.
- We can not estimate the number of informal enterprises which find in Agricultural-Fishing-Farms and Accommodation and food services activities due to lack of available statistics on DCC and DSNF. This explains that our estimation of 790 employments in the informal sector do not exhaustive.
- Our method is linked to the method of survey enterprises, here we can use the real available statistics on DCC and DSNF.

## 5. Employment Opportunities in the Illegal Sector

**Table 44.** Jobs created in the illegal sector

Jobs to fill	Number of enterprises created	Jobs created
Drivers	2	At least 3885 employments
Kruch-boys	2	At least 3885 employments
Cook		At least 1750 employments
Waiters	1	At least 2100 employments
Cleaning women, or men	1	At least 1535 employments
Mechanic	1	At least 400 employments
Washmen (for the garage)	1	At least 80 employments
Hairdressers	1	At least 210 employments
Electrician	2	At least 560 employments
Cleaning car painters	2	At least 775 employments
frameworks	1	At least 320 employments
frameworks	Frameworks all created enterprises	At least 170 employments
Total	14	15670 employments

Source: table 7 of [1] p118.

In the preceding article [1], we have established the illegal employments. These activities can be structured as the formal enterprises and then will turn into formal businesses, see [17]. These created enterprises will have better working condition such as safety and national labour standards, see [18] and [19]. On the one hand, they can benefit financial credits, advice and support in the new Leaderships and entrepreneurship Center (CLE) and its employers will have access insurance cover, see [20]. There is also another advantage will secure their formal intellectual property and products in Office of Industrial Property and Commerce of Djibouti (ODPIC), see [21]. On the other hand, the

government improve the tax base and this structuration of the illegal sector creates formal jobs and reduce the unemployment [1]. Below, we give the activities in the illegal sector and the number of enterprises and the generated jobs.

**Remarks:** As indicated in [1]; these concerns on illegal party employments but we can do on all illegal employments, then the structuring illegal employments will create many enterprise opportunities. Clearly, this allows to reduce the unemployment of order 6%, see [1].

## 6. Conclusions and Recommendations

In this work, we have established a harmonized classification of economic activities allowing to analyze flow information on economy in Republic of Djibouti. On another advantage of our harmonized classification is to allow the training of unemployed persons in relation of economic activities. The academic trainings provided by the University of Djibouti should be in line with the sectors of activities highlighted in harmonized classification. The students will be easily integrate into the labour market.

We have remarked during our work, that there are not laws which clearly defined on detailed structure of economic activities, except the classification of handicrafts industries. We then recommend that the government of Djibouti does the same for other economic activities. This allows the monitoring and the evaluation of the performance of Djiboutian economy.

Like other countries, we also recommend the government of Djibouti to establish the laws concerning on the definition of informal enterprises and the definition on the employment in the informal sector.

Like other countries, the newly Djiboutian National Statistical Institute should adapt periodically the classification of economic activities.

Our work shows that the **formalizing of entrepreneurship thus appears the solution for reducing the unemployment in Djibouti.**

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