

Headings Covered in this issue



Meeting of representatives of the Chinese mission to African Union and HESPI



HESPI was rated as one of the Outstanding Policy Oriented Research Institutes in the World



The State of the Political Instability and Its Impact on Trade in South Sudan: A Critical Assessment

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MANAGING DIRECTOR'S STATEMENT

Adverse climate change and the Covid -19 Pandemic have led to a rise in food insecurity and poverty in Horn of Africa (HoA)



Ali Issa (PhD)

The HoA region is faced by food insecurity and adverse climate change impact, which are interconnected and mutually reinforcing negative conditions, and are compounded by institutional capacity constraints, insecurity, and scarce financial resources. These challenges contribute to vulnerability to systemic shocks and lead to prevalent hunger, malnutrition and rising incidence of absolute poverty. In this context, there is urgent need for radical transformation of food production into more sustainable and nutritious systems.

Climate Change is a critical development challenge as it impacts disproportionately on poor communities and households, and is major driver of worsening food insecurity. Understanding climate change impact is not only key to addressing sufficient access to food and nutrition, but is also critical for implementing measures to address climate risks and reduce vulnerability.

As of 2019, close to 70 million people in the HoA suffered from hunger, corresponding to about one in every three people in the region, as compared to the global rate at slightly below 10 percent. Since 2020, the number of people facing acute hunger and endemic poverty has increased significantly on account of the Covid-19 pandemic impact on the health systems and economies of the sub region, indicating the number of people living below the \$1.90 a day absolute poverty line have increased and will rise further if considerable recovery does not occur in the region. The combination of external shocks and the impact of immense challenges posed by recurring conflict and insecurity in many countries of the region, pose immense challenges for achieving the Sustainable Development Goals by 2030, or soon after that.

Building resilient societies that adapt to changing environmental conditions is critical to reduce vulnerability enhance sustainable development; and facilitate effective interventions for improving livelihoods for poverty reduction. It is generally recognized that the critical dimensions to enhance adaptation to climate change and build resilience include: strengthening risk management, social protection programs, market stabilization and livelihood diversification.

Effective adaptation requires strong institutions, cooperation and harmonization across national programs, and support from concerned partners, particularly from countries in similar circumstances that have achieved success in reducing endemic poverty affecting many people.

Food insecurity challenges thus call for establishment of Integrated Climate-Response System to build resilience to help boost overall risk-management. It also aims to foster participatory planning and social accountability and paves the way for countries in the region to collaborate on joint actions and investments on institutional and resilience building measures that benefit communities in similar eco-systems across borders.

At the global level, the first Sustainable Development Goal calls for an "end to poverty in all its forms everywhere" and the second SDG goal targets an "end to hunger, achieving food security and improved nutrition, and promoting sustainable agriculture by 2030." The realization of these lofty goals appears distant for the vulnerable communities of the HoA and many other regions of the world.

Finally, there is overwhelming evidence and global consensus that Climate Change is among the leading causes of the rising hunger in the world. More significantly, it is generally recognized that without universal mitigation of the principal man-made causes (Greenhouse Gas emissions), the largest burden will fall disproportionately on those that have contributed the least to such crisis, and that have limited means to mitigate its effects or adapt to it.

HESPI was rated as one of the Outstanding Policy Oriented Research Institutes in the World

The Global Go To Think Tank Index Report in January 2021 rated the Horn Economic and Social Policy Institute (HESPI)

The Think Tanks and Civil Societies Program (TTCSP) of the University of Pennsylvania conducts research on the role policy institutes play in governments and civil societies around the world. The Global Go to think Index is the result of an international survey of over 1,950 scholars, public and private donors, policy makers, and journalists who helped rank more than 6,500 think tanks using a set of 18 criteria developed by the TTCSP. Based on these criteria, the Horn Economic and Social Policy Institute was selected as one of “2020 think Tanks with Outstanding Policy Oriented Research Programs in the world” by the Global Go To Think Tanks Index Report Published in January 2021. This index is based on the evolving role that Think Tanks and Policy Institutes play in governments and civil societies around the world.

The Think Tanks and Civil Societies Program (TTCSP) of the Lauder Institute at the University of Pennsylvania conducts research on the role policy institutes play in governments and civil societies around the world. TTCSP examines the evolving role and character of public policy research organizations. Over the last 30 years, TTCSP has developed and led a series of global initiatives that have helped bridge the gap between knowledge and policy in critical policy areas such as international peace and security, globalization and governance, international economics, environmental issues, information and society, poverty alleviation and healthcare and global health.

TTCSP works with leading scholars and practitioners from think tanks and universities in a variety of collaborative efforts and programs and produces the annual Global Go To Think Tank Index that ranks the world's leading think tanks in a variety of categories. This is achieved with the help of a panel of over 1,796 peer institutions and experts from the print and electronic media, academia, public and private donor institutions and governments around the world. The strong relationships with leading think tanks around the world made the annual think Tank Index to be used by academics, journalists, donors and the public to locate and connect with the leading centers of public policy research around the world.

As a member of these global Organizations, this is a notable recognition for HESPI and its remarkable role in bridging the gap between policy in critical fields in the IGAD region such as Public Finance Management, Regional Economic Integration and Trade, Political Transitions and Building Viable States in countries with long-time insecurity trauma, political instability, Food insecurity, and climate change and Resilience Building challenges.

HESPI's membership and recognition to these regional and international networks of policy institutes and communities will motivate and help us to broaden the Institute's policy research and capacity building efforts for inclusive sustainable development for the communities of the Horn of Africa sub-region, Africa and low income countries at large.

2020 Think Tanks with Outstanding Policy-Oriented Research Programs

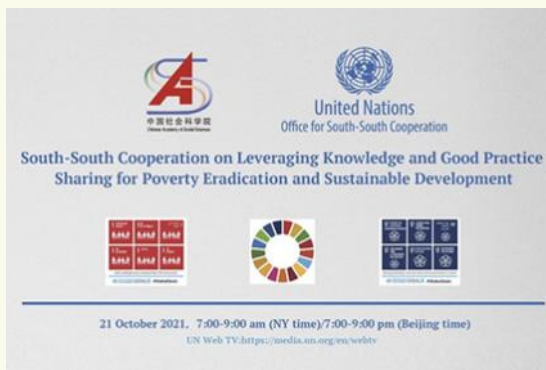
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1. Urban Institute (United States)
2. Bruegel (Belgium)
3. Brookings Institution (United States)
4. Korea Development Institute (KDI) (Republic of Korea)
5. Chatham House (United Kingdom)
6. Carnegie Endowment for International Peace (United States)
7. Center for Strategic and International Studies (CSIS) (United States)
8. French Institute of International Relations (IFRI) (France)
9. Peterson Institute for International Economics (United States)
10. Wilson Center, FKA Woodrow Wilson International Center for Scholars (United States)
- ...
68. Copenhagen Consensus Center (Denmark)
69. Committee for Economic Development (United States)
- 70. Horn Economic and Social Policy Institute (Ethiopia)**
71. Future Center for Advanced Studies and Research (United Arab Emirates)
72. Chennai Centre for China Studies (C3S) (India)
73. Norwegian Institute of International Affairs (NUPI) (Norway)
74. Economic Research Center (ERC) (Azerbaijan)
75. Integrated Research and Action for Development (IRADe) (India)
76. Lowy Institute (Australia)
77. International Institute for Environment and Development (IIED) (United Kingdom)
78. Chongyang Institute for Financial Studies (RDCY) (China)
79. Chr. Michelsen Institute (Norway)
80. Center For Digital Financial Inclusion (India)
81. Instituto de Estudios Peruanos (IEP) (Peru)
82. Cambodian Development Research Institute (CDRI) (Cambodia)
83. Grupo de Análisis para el Desarrollo (GRADE) (Peru)

Global Go To Think Tanks Index Report Published in January 2021

Cooperative Activities with Partners

The South-South cooperation on leveraging knowledge and good practices sharing for poverty eradication and sustainable development



The Chinese Academic of Social Science (CASS), and the United Nations Office for South – South Cooperation (UNOSSC) jointly organized the South-South Poverty Eradication and Sustainable Development seminar on October 21, 2021. The focus of the event was knowledge sharing on poverty eradication for developing economies, exchange of views on the challenges faced on poverty reduction good practices, and on experiences and research findings on poverty reduction. Keynote addresses were made by the President of the UN General Assembly, the Administrator of the United Nations Development program, the President of CASS and the Minister of Planning and Economic Development of Egypt.

The event included presentations by representatives of invited think tanks and announcement of the establishment of a network of think tanks from around the world on poverty eradication and sustainable development. The Horn Economic and Social Policy Institute (HESPI) was among the institutions invited to join the network. The Managing Director of HESPI, Dr. Ali Issa made a presentation at the workshop on “Addressing Food Insecurity and Climate Change for Poverty Reduction”.

Seminar on China – Africa Cooperation

A Virtual seminar was organized on October 20, 2021 on China – Africa cooperation. The agenda on creating vaccine manufacturing capability in the continent, removing tariffs on products with African value added, and more meaningful cooperation in the area of peace and security were given adequate attention. It was mentioned that China restructured its economy, surplus productive capacity is being created some of which could flow to Africa with appropriate policy support.

HESPI was one of the centres of excellence attending this seminar represented by Dr. Gebrehiwot Ageba, the Research Director of the Institute. The Seminar was attended by participants from several African and Chinese institutions and think tanks. Experience and knowledge sharing were strengthened and some at the meeting argued that the focus of future cooperation with Africa should shift to technology cooperation as having more infrastructure projects may become burdensome unless productive capacity increases without which the infrastructure remains underutilized.

The China- Africa trade partnership has reached \$200 billion and the China training opportunities for Africa is currently the largest globally; 70% of the \$60 billion China allocated for Africa under the Belt and Road Initiative (BRI) has been disbursed or ear marked so far. The China – Africa cooperation is based on a mutually beneficial framework as it is based on the 17 SDGs; Goal 17 in particular emphasizes the means of implementation which China Africa could adhere to for beneficial outcome.

Experts pointed out that there is strong and emerging need to revitalize FOCAC and come up with more concrete ideas and proposals for cooperation, mobilize resources for effective implementation of the China – Africa cooperation and take the win-win approach to cooperation to a higher level, deal with the rising cost of debt that Africa is facing, and need to exercise care so that Africa’s growth does not come at the cost of the environment, consider cooperation in the area of social sector in addition to infrastructure, expand the China-Africa cooperation to sound research and analysis prioritization of projects, their design, implementation; and monitoring and evaluation.

Meeting of representatives of the Chinese mission to African Union and HESPI

HESPI conducted a virtual meeting on September 1, 2021 with the Chinese Mission to the AU to explore possibilities of building enhanced cooperation with the two Institutes and other organizations. The meeting focused on review of recent and new research proposals submitted to the China-Africa Institute; China Academy of Social Sciences (CASS) and to Belt and Road Initiative (BRI). The submissions for cooperation with CASS Institutes and the BRI entities included the nexus between security and development; assessment of Chinese investments in Africa and impressions in the continent by people and governments; the digital economy in Africa and the challenges of climate change and poverty alleviation.



Participants at the virtual meeting

Although not a previously submitted proposal, HESPI welcomed the selection of a digital economy proposal for joint work with the National Finance and Economic Strategy Institute. This selection was perceived as a relevant topic that will have academic significance and policy benefits. HESPI is therefore ready to initiate the study with the counterpart Institute.

The proposed digital economy project is a 2 year project and a joint working framework. The research would start with assessing and understanding the best practices already available around the globe (America, Europe, Asia, China, Africa) on digitalization as a precondition or baseline. This will be followed by study of best practices of digitalization of economies, and identify digitalization issues in Africa and the available data. The study will also provide actionable recommendations to solve the digitalization problems in Africa, and develop a strategy or road map on how to address the challenge through strengthening China-Africa cooperation.

The discussions also covered possible HESPI and the China Mission collaborating on mutual engagements with the AU, and building relationships with Chinese companies doing businesses in Ethiopia and the HoA to support research studies of mutual benefit.

The Chinese research Institute showed high interest in partnering with HESPI to pursue research of strategic importance. The proposed topics ought to be of high priority and should be promoted in close collaboration with the China Mission to the AU for facilitation and connections. Moreover, it was agreed that there is need of exploration of possible broadening of the partnership to engagements with AUC and the Chinese companies operating in the sub-region that are interested in supporting joint research.

Joint HESPI and Chinese Institutions research on Ethiopian people's impressions of China

The Institute for strategic Studies, and University of International Business and Economics (UIBE) from Beijing, China, approached HESPI to conduct joint research on Survey on Ethiopian People's Impression on China-Ethiopia economic and trade cooperation, through Prof. Tiedong Wang. The UIBE was founded in 1951, a national leading multi-disciplinary university with economics, management, law as its core academic areas of expertise. UIBE Institute of Strategic Studies focuses on enterprises' global strategies as well as industries' international cooperation and global governance. The institute is committed to becoming an international think tank to study international issues of enterprises, industries and countries.

HESPI expressed its interest to jointly conduct the proposed research which was followed by a zoom meeting among the management and the research team. Both Institutes discussed on ways forward to work together in areas benefiting both parties. They agreed on further discussion opportunities.



Participants at the virtual meeting

HESPI met with IGAD Special Envoy for the Red Sea, Gulf of Aden and Somalia

HESPI conducted a virtual meeting with the Intergovernmental Authority for Development (IGAD) Special Envoy for the Red Sea, Gulf of Aden and Somalia to explore partnerships on June 20, 2021. Dr. Ali Issa, Managing Director of HESPI, Daniel Fantaye, Programs Manager from HESPI, Amb. Mohamed Guyo and Ms. Helen Tesfaye from IGAD special Envoy participated at the meeting.

Horn Economic and Social Policy Institute team explained the recent engagement HESPI and the historical collaboration with IGAD secretariat. They emphasized on emerging issues that are aligned to the portfolio of the Special Envoy and are related to the IGAD-Gulf relationships including initiating Trade and economic infrastructure development by establishing joint institutions, establishing special funding for financing joint investment in the region. Furthermore the team raised the centrality of peace, security and stability in this region, which needs to be managed in the short term as it affects development.

The Special Envoy congratulated HESPI for its research and organization of subsequent validation workshops; and reiterated on the importance of regional organizations like HESPI addressing big policy oriented research matters related to the Red Sea and the Gulf of Eden. Ambassador Guyo underlined the recommendations that were made by HESPI research and that the issues are directly or indirectly related to the Special Envoy's mandates and interface between the IGAD and the other States of the Red Sea. He also raised IGAD regional economic cooperation and integration, in terms of both infrastructure and trade, is envisaged to push integration across the borders.

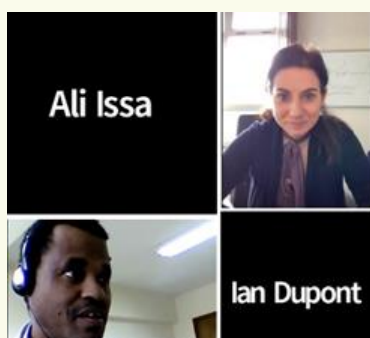
Some of the issues noted were important for IGAD-wide engagement, especially with the economic cooperation division of the IGAD. The Ambassador mentioned the following issues directly and strongly are related to the portfolio of the special envoy: how to deepen the relationship between IGAD and the Gulf States, IGAD and the Red Sea Council in Riyadh and the IGAD task force, The IGAD region and interregional (cross-regional) integration; how to mainstream health concern and the pandemic impact, how can we benefit out of it or turn the crisis of the pandemic into opportunity to enhance regional cooperation/interdependence with the Gulf.

He suggested that the Special Envoy and HESPI partnership should have a structured engagement with a Memorandum of Understanding to shape the relationships of both Institutes.



Participants at the virtual meeting

European Union and HESPI staff Meeting



Participants at the virtual meeting

In the effort of searching for cooperation and forging enduring partnership, the Managing Director of HESPI, Dr. Ali Issa and the Programs Manager of the Institute, Mr. Daniel Fantaye had a virtual meeting with Ms. Irene Vallentinuzzi, the International Relations Officer for Peace and Security of the Delegation of the European Union (EU) to the African Union and Ian Dupont from the EU delegation. The discussion centred on establishing partnership with the EU delegation to AU on specific policy research and on capacity building issues of mutual interests and priorities in the IGAD region.

The EU staff noted that the delegation currently operates by channeling resources through multilateral institutions like AUC and IGAD and will explore possibilities of partnering with bilateral institutions such as HESPI in the future.

HESPI together with C4ED conducted a Baseline Survey for the STEDE program

HESPI together with Center for Evaluation and Development (C4ED) undertook a baseline survey for the Strengthening Socio-Economic Development and Better Employment Opportunities (STEDE) program during August-November, 2021. The survey was conducted in the host communities and refugee camps of the Fafan zone of the Somali region, Ethiopia.

The STEDE program aims to improve economic integration, social cohesion and self-reliance among refugees and host communities through improved access to finance, promoting financial literacy and management skills. The intervention is expected to enhance access to larger loans which can be used for investment in economic livelihoods, which in turn would enhance improved resilience, economic and social wellbeing among host communities and refugees.



STEDE Enumerator conducting household interview



Members of STEDE survey team

HESPI and C4ED trained a survey team of 21 enumerators, 3 supervisor and a field coordinator for seven days before actual data collection began. The training included separate sessions for supervisors, a pretest, a full-team training and a pilot. The data collection ran during 24 September – 4 November 2021. The team completed a survey of 1839 Households (HHs) and 27 Community Leaders (CLs) in 70 villages of host communities in Awbare and

Kebribeyah woredas as well as 18 study areas of three refugee camps (Shedder, Awbare and Kebribeyah refugee camps).

The African Capacity Building Foundation's (ACBF's) commemoration of 30 years (1991-2021) of capacity building in Africa - October 20-22, 2021

To celebrate the 30 years of excellence and solid work, ACBF hosted a two-day 30th anniversary celebration on October 20-21, 2021. The celebrations were held virtually because of COVID-19 protocols and restrictions. Horn Economic and Social Policy Institute (HESPI) participated on this commemoration event which also included post-COVID 19 recovery for Africa's sustainable development seminar where it assessed the key capacity development priorities in the continent. The Foundation has been HESPI's partner and played a vital role in building the institutional capacity of HESPI for the last 6-7 years. Mr. Daniel Fantaye, Programs Director, participated at this memorable event representing the Horn Economic and Social Policy Institute (HESPI).

At the event, it was recalled that the Foundation had a humble beginning and there are still institutional capacity limitations to transforming Africa and achieve its own development goals (Agenda 2063) and the UN global SDGs. In that regard, ACBF will continue to have institutional capacity building commitment to enable effective delivery of continental development priorities, and to support African countries to achieve tangible development.

On the post-COVID 19 recovery in Africa session, it was underlined that the Covid-19 pandemic has induced shock and slowed down economic activities globally. The African economy has not been spared, with GDP contracting by 2.1 percent in 2020. It was advised that African countries must take crucial measures, especially on issues such as access to vaccines which has decisive economic implications on the post-COVID-19 recovery.

The ACBF is repositioning itself to share ideas and experiences while proposing concrete actions on how to better tackle capacity development challenges facing African countries in the post-COVID-19 recovery. Some of the post-COVID 19 recovery suggestions were: careful management of macroeconomic fundamentals to absorb exogenous drivers of shocks, fiscal and monetary policy, enhance job creation and safeguarding of jobs; improve digital technology adoption; and Invest in critical technical skills and institutions (health and ICT).

Institutional Networking and Partnerships building

In the pursuit of mobilizing new resources, HESPI approached several organizations to build enduring partnership, including the EU delegation to the AU, the US mission to the AU, the IGAD secretariat, and the African Development Bank (AfDB). In addition, among the new entities that are being considered for longer term association for resources mobilization and long-term strategic partnership is the IGAD Special Envoy for the Red Sea, Gulf of Aden and Somalia.

HESPI has revised and renewed its long-term partnership Memorandum of Understand (MOU) with Kenya Institute for Public Policy Research and Analysis (KIPPRA); and is in the process of updating and upgrading the MOUs with African Economic Research Consortium (AERC) and Intergovernmental Authority for Development.

As a relatively young public policy research and institutional capacity building Institute in the IGAD region, HESPI benefited from financial support from international and regional organizations in particular the ACBF, AERC, AfDB, AU, ISDB, UNECA, and the World Bank, as well as the IGAD secretariat and some member governments, for which it is grateful. The financial support has been instrumental in promoting enhanced management of economic and social policy formulation, and building institutional capacity in public financial management and post-conflict economic governance in conflict affected and fragile countries in the Horn of Africa. In addition, the Institute generated and disseminated economic knowledge to address critical and topical issues at conferences, seminars, annual economic summit, and through its research outputs and publications.

As a regional think tank and research and capacity building organization, HESPI is engaged at the regional scope in many cases at very difficult and insecure areas. Institutional capacity building efforts in South Sudan and Somalia to help them in their transition from fragility to stability can be mentioned as one of the biggest achievements of HESPI. On the research front for evidence-based policy reforms, it has been addressing issues of regional scope that cut across countries and borders, like regional integration and trade. The demands for policy analysis and institutional capacity building are still high in the region.

However, following the impact of the COVID-19 and the global economic crisis, mobilizing new resources has been challenging in recent years. Besides, regional policy think tanks like HESPI have their peculiar characteristics, including no guaranteed budget support unlike national policy research Institutes.

Thus, in addition to its policy research and capacity building activities, the Institute is engaged in new resources mobilization to ensure sustainability of the much demanded work in the region. In that regard HESPI has organized virtual meetings with the EU delegation to the AU, the US mission to the AU, the Chinese Mission to the AU, the IGAD secretariat, the AfDB, and other international and regional organization to find ways on further collaboration on areas of mutual benefit. The Institute has some on-going and prospective projects in the areas of food security and climate change impact studies; open Budget Survey/initiative of the International Budget Partnership (IBP); livelihood studies with the Centre for Evaluation and Development (C4ED project); and a joint research project with the Chinese National Finance and Economic strategy Institute on digital economy and commerce in Africa.

The AUHIP/RWG Phase II Validation Workshop

The phase two validation workshop of the Africa Union High Level Implementation Panel was conducted on June 10, 2021 with the aim of providing stakeholders from national policy making organs and international cooperating partners in the horn of Africa, to consider the preliminary findings and further contribute to consensus on the regional integration roadmap and related peace and security agenda of the region.

The process involved development of, concept notes, identification and invitation of the senior policy makers, and drafting of programs. 17 papers with all comments from the phase I validation workshop had been presented to the audience. Revision of the draft reports based on emerging peace, security and governance in the region were considered, but was not materialized due to resource shortage.



Comments from the experts and policy governance bodies from the validation workshop contributed to the upgrading of the research papers by way of including the ongoing developments in the region and suggested areas/clusters of emphasis/strengthening by the AUHIP before conducting the final policy conference.

Under pillar1, developing a security community in the Horn of Africa and the Red Sea Arena, the papers were updated towards developing a holistic framework to capture key characteristics of the current peace and security in the region; challenges and impact on the peace and security architecture of both IGAD and the AU.

Under pillar 2, papers have addressed the economic impact of the new peace and security developments in the region, the need to integrate trans-boundary resource issues as well as COVID 19 and its impact on the local and sub-regional Horn of Africa economies among others.

Finally, under pillar 3, democratization, diversity, state fragility, and gender in the Horn of Africa, papers took into account the status of political transition in Somalia, Sudan and Ethiopia, civil society organizations' response to other current situations and events on peace and security.

Some of the areas emphasized the hydro-politics, the transitions in countries like Ethiopia and Sudan; and the role of the youth in African peace and security. The majority of the African population is youth and they are the key change agents. Building healthy relationship between the African governments and the African Youth is important to address the youth getting easily militarized and involving in extreme politics.

The convening of the regional conference on peace, security, stability, cooperation and development in the HoA (CPHA) depended on the weight of the updated documents/outcome of reports; subsequently the decision by the AU Peace and Security Council after its consideration of the final reports.

Forthcoming Events of HESPI

AfCFTA virtual workshop with the Frederick Evert Stiftung-African Union Office (FES-AU)

HESPI and the FES-AU will co-organize a webinar to present the findings of joint research report on regional integration and poverty reduction in the Horn of Africa: The AfCFTA perspective.

Regional Conference on Peace, Security, Stability, Cooperation & Development

HESPI, the AUC and the AUHIP will co-organize the final peace and security conference where all the findings of the research would be presented in the presence of policy governance bodies. The conference is believed to be appropriate platform to present the identified regional priorities during the AUHIP's visit to countries in the last 2 years. It will be a unique venue to integrate and bring together the research findings of the RWG and the summaries from the country visits of the AUHIP in pursuit of framing the challenges and prospects to the AU, IGAD, and other regional and continental partners.

The conference platform is also believed to create wider and more visible opportunity to effectively disseminate the findings of the research both for the Horn of Africa and the Gulf side. It will involve decision makers from wide-range of international, regional, national organizations with multilateral and bilateral roles.

Research on Food Security and Climate Change in Individual Countries and the Region

HESPI affiliated consultants are currently in the process of conducting studies on the impact of climate change on environmental sustainability, Food Security and exploring feasible adaption mechanism and resilience building in Somalia. The research is going to be conducted in partnership with the Somalia National Economic Council. Moreover, HESPI expects to participate in similar studies in other IGAD countries.

HESPI Policy Briefs in 2021

Cross-Border Infrastructure Cooperation in the Horn of Africa (HoA) Region



Regional infrastructure is defined as any type of infrastructure that enables economic agents (e.g. firms, households) to connect with regional or international market along a defined route (ODI, 2016). Efficient regional transport connectivity increase linkage with global supply chains and distribution networks, thereby lowering

transaction costs, raising value added and enhancing competitiveness of a region. Regional power interconnection allows access to reliable and competitive electricity for households and businesses. Likewise, regional ICT connectivity allows access to submarine cables, which are key for widespread access to broadband internet connectivity. Asia's experience shows that infrastructure development induced trade expansion which was pertinent factors for its growth and subsequent reduction in poverty and inequality (Brooks, 2008). Infrastructure development is also key to drive FDI as foreign investors seek places where the cost of doing business is low.

Economic infrastructure development in neighboring countries enhances connectivity to global value chain at home and promotes goods and services integration in the region. Similarly, power generation in neighboring countries enhances access to electricity at home, underlining the need for a regional approach to transport and power infrastructure development. Regional cooperation helps to internalize the externality spillovers from regional infrastructure investment that improve cross border trade (Maur, 2008). Intergovernmental cooperation in the Horn of Africa (HoA) or in the Inter-governmental Authority for Development (IGAD) Region can play a vital role not only in the development of regional infrastructure but also in connecting with other African Regional Economic Communities in line with African Continental Free Trade Area (AfCFTA) and Agenda 2063. Promoting sustainable regional infrastructure has also been a key agenda among the international development community as indicated in goal #9 of the sustainable development goals (SDGs). (www.hespi.org)

Food Security, Climate Challenges and Resilience Building in the Horn of Africa (HoA)



Food insecurity is one of the major challenges in the Horn of Africa (HoA). It is becoming structural through time as most of the poor are concentrated in the arid and semi-arid ecosystems and, as a result of population growth, have been forced to cultivate increasingly marginal land more intensively. This coupled with low level of diversification

into non-farm economic activities leads to unsustainable exploitation of the fragile ecosystem which exacerbates environmental degradation and low agricultural productivity. This calls for establishment of Integrated Climate-Response System (ICRS) to build resilience as opposed to different standalone programmes.

The ICRS for resilience building will overhaul resilience building interventions and programs and this helps boost overall risk-management capacity by reducing fragmentation of programmes and institutions. It should also be able to deliver a range of programmes in accordance with country needs and link with early warning and emergency systems. It aims additionally to foster participatory planning and social accountability throughout the system in order to strengthen the voices of all stakeholders towards more responsive programming. It also paves the way for countries in the region to collaborate on joint actions and investments on institutional capacity building and resilience building measures that benefit communities in similar eco-systems across borders. (www.hespi.org).

Sustainable Financing for Trade and Investment in the Horn of Africa (HoA) Region



The fast-growing global interdependence in trade and investment and the ensuing fiercer market competitions have changed the way economic development is pursued and assessed. Identifying and maintaining comparative advantages based on endowments, such as natural resources and specializing along those lines is not

sufficient. It has become imperative to create new comparative advantages in trade and investment to adapt them to the changing realities. For the Horn of Africa Region, financing shortfalls for trade and investment is one of the deterrent missing links. The capital deficit spans from necessary physical infrastructure and the financial capital to more profound and grand investments vital to the 21st-century global economy.

Shortages are observed in the domestic saving shortfall to finance investments, the unsustainably high trade and current account deficits, and the increasing external debt levels. With an average regional domestic saving of 12.8 percent of GDP and the investment-to-GDP ratio of 24.2 percent, the domestic resource gap of the region in 2017 stood at about 11 percentage points (AfDB, 2018). The parallels are a 3 percent average deficit for the SSA, and 3 and 2 percent surplus for China and India, respectively (WDI, 2018). (www.hespi.org).

The Covid-19 Pandemic in the IGAD Region: Impact on Health and the Economy



The COVID-19 crisis has cast its dark shadow in the IGAD region at the worst time as it came on top of the problems of weak or fragile states, lack of capacity, wide spread poverty and food insecurity, conflicts, and the desert locust invasion. Many of the member countries are also under major economic difficulties and have significant vulnerable populations, and large numbers of internally displaced persons (IDPs) and refugees.

This study provides an overview of the pre-COVID 19 socio-economic situation and state of health services, the IGAD health framework and health service cooperation and collaboration among member countries, and discusses the outbreak and spread of the virus, and its broad adverse health, economic and social impacts. It then discusses the rescue and social safety net measures being taken and financing, and highlights some key issues that recovery efforts in the region should take into account, stressing the importance of sustainability and inclusivity. It is based on review of the continental and IGAD frameworks for health services, analysis of data from key multilateral organisations including the World Bank, IMF and WHO, the country case studies on the Impact of COVID-19 that HESPI conducted in Ethiopia, Kenya, Somalia and Sudan, as well as other studies on the IGAD sub region. (www.hespi.org).

Regional Integration & Trade Development in the HoA: Progress and Challenges



Throughout the world, regional integration agenda has been of high priority, as the UN Sustainable Development Goals explicitly stated trade related measures and economic cooperation as instruments to eradicate global poverty (UN General Assembly, 2015). The various goals under SDG call for correcting trade restrictions and distortions in global agricultural markets, increasing aid for trade support for developing countries, especially for low income countries, and strengthening the means of implementation and the global partnership for sustainable development. It stresses the importance of a universal, rules-based, open, non-discriminatory and equitable multilateral trading system under WTO; increasing the exports of developing countries; and realizing the timely implementation of duty-free, quota-free market access on a lasting basis for all LDCs (UN General Assembly, 2015).

At the continental level, the African Union Commission Agenda 2063 articulates regional cooperation and integration as one of the key aspirations of Africa. It states that by 2063, Africa shall be united with world class and integrated infrastructure that criss-crosses the whole continent; and become a continent of seamless borders. The agenda supports Africa's accelerated integration and growth, technological transformation, trade and development. (www.hespi.org).

Institute Research Outputs



Macroeconomic Performance of IGAD Economies and the State of Digital Financial Services.

By: HESPI Staff (Dr. Gebrehiwot Ageba, Mr. Edris Hussein, and Mr. Abdorahman Ali)

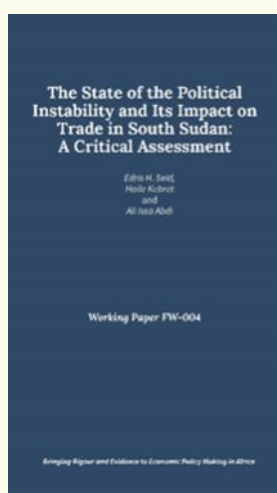
HESPI has been conducting study on the IGAD economic performance for the last 6 years. The study focuses on the economic and social performance of the region on yearly basis and culminated in an international/regional conference where presentation and promotion of findings from adjacently produced scientific papers on topics that are of value and current interest to the sub region and its community.

HESPI conducted similar study for 2020 with a focus on Financial Inclusion and Digital Finance in the Horn of Africa (HoA) investing the status, prospects and challenges in the region.

The economic performance Study of the region indicated although a number of IGAD member countries performed fairly well in their pursuit of the SDGs, and has

shown sustained high economic growth for over a decade, most of the countries in the sub region remain among the least developed countries in the world. Besides, the recent conflicts in the region, the COVID 19 impacts and climate change have been retarding the economic performance of the region. Most of the countries in IGAD are adversely impacted by instability and insecurity; widening inequality with large share of their population below the poverty line; growing youth unemployment; out migration and internal displacements; and poor economic and political governance. (www.hespi.org).

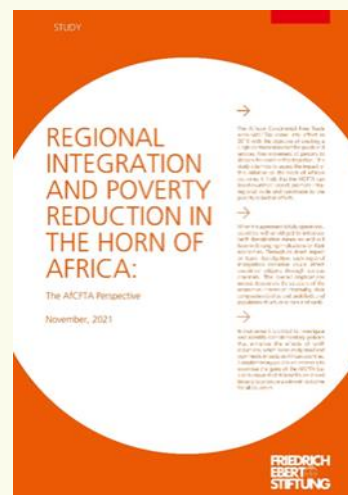
The State of the Political Instability and Its Impact on Trade in South Sudan: A Critical Assessment. By: Edris Hussein



In December 2013, South Sudan descended into a civil war following the long feud between the president and his vice president that has caused huge humanitarian crisis, not only in the country, but in the region as well. Close to two million South Sudanese are currently residing in neighbouring Uganda, Kenya, Ethiopia, and Sudan as refugees and asylum seekers.

Hence, the study tries to assess the impact of the ongoing conflict on the country's economy and trade in particular. which have made the Government of South Sudan to implement the necessary macroeconomic policies and advance its regional integration process.. (www.hespi.org).

Regional Integration and Poverty Reduction in the Horn of Africa. By: Dr. Fredu Nega and Mr. Edris Hussein



The AfCFTA came into effect in 2019 with the objective of creating a single continental market for goods, free movement of persons in order to deepen the continent's integration. This study attempts to assess the impact of this initiative on the Horn of African countries. It finds the AfCFTA could boost countries' export, promote intra-regional

trade and contribute to the poverty reduction efforts. However, the potential benefits of the integration hinges on whether countries put complementary policy measures such as trade facilitation, development of infrastructures, expansion of social protection and skill development programs in place. Thus, it is essential that governments put these key policy measures in place to ease trade inhibiting factors, support vulnerable groups such as women, youth and unskilled workers, and address the structural challenges the region face. (www.hespi.org).

Briefs on current developments in the IGAD

Ethiopia: ADDIS ABABA, Aug 2 (Reuters) - Ethiopia's revived plan to sell a second telecom license to international operators received an early setback as Africa's largest wireless carrier isn't likely to resubmit a bid, according to people familiar with the matter. MTN Group Ltd. offered \$600 million to enter Africa's second most populous country earlier this year, only to be rejected by the Ethiopian government. And while the state has since adjusted the terms of the auction in pursuit of attracting a higher amount, MTN sees the investment risk starting to outweigh the benefits, said the people, who asked to remain anonymous as the deliberations are not public. MTN declined to comment. Eyob Tekalign, Ethiopia's state minister for finance, did not immediately respond to a phone call and text message seeking comment. Ethiopia awarded one license to a consortium including the U.K.'s Vodafone Group Plc in May, after accepting an offer of about \$850 million and a commitment to invest ten times that amount over the next decade. The government has also put a minority stake in state firm Ethio Telecom up for sale alongside sugar assets, part of a privatization plan to raise funds for debt repayments and to boost the economy.

Source: <https://www.bloomberg.com/news/articles/2021-08-05/war-hurts-ethiopia-s-second-bid-to-secure-foreign-telecom-sale>

Kenya: THE HAGUE, Oct 12 (Reuters) - The top U.N. top court ruled on Tuesday October 12 largely in favour of Somalia in its dispute with Kenya, setting a sea boundary in part of the Indian Ocean believed to be rich in oil and gas. Somalia said the ruling was a result of "sacrifice and struggle" by the Horn of Africa country. A new boundary drawn by the International Court of Justice (ICJ) was closest to a line proposed by Somalia, attributing to it several offshore oil blocks claimed by Kenya. The revised maritime border along the exclusive economic zones for the continental shelves of Somalia and Kenya "achieves and equitable solution", Judge Joan Donoghue said. Kenya, which did secure some territory beyond the Somali claim, had failed to prove there was an established sea boundary between the states, which would have given it a greater portion of the disputed territory, the court found. "I thank Allah for the fruit of the long struggle made by the Somalis in preventing Kenya's desire to claim ownership of part of Somalia's sea," Somalia's President Mohamed Abdullahi Mohamed said in a broadcast on his office's Facebook page. The ruling came after Nairobi last week said it had revoked recognition of the court's jurisdiction. No one for Kenya was officially present either in court or via video link. The court has said Kenya's withdrawal is not retroactive and does not affect Tuesday's judgement. Somalia filed the case in 2014 at the United Nations' highest court dealing with disputes between states. The case at the ICJ, also known as the World Court, concerned a boundary dispute over more than 100,000 sq km (nearly 40,000 sq miles) of sea floor claimed by both countries.

Source: <https://www.reuters.com/world/africa/world-court-rule-kenya-somalia-sea-border-row-2021-10-12/>

Somalia: MOGADISHU, Sept 30 (Reuters) - Somalia's first public oxygen plant opened on Thursday, in a ray of hope for a country where a lifesaving treatment for the coronavirus has been largely unavailable to patients during the pandemic. Global demand for medical oxygen has surged with the COVID-19 pandemic, and many countries have experienced desperate shortages. This and a lack of other equipment mean Africans seriously ill from COVID-19 are more likely to die than patients elsewhere, according to a study published in May by medical journal The Lancet, which cited data from 64 hospitals in 10 countries. The new plant in Mogadishu was purchased for 282,000 euro (\$240,700) from Turkey by the Hormuud Salaam Foundation, established by the country's largest telecoms company, Hormuud. "One cylinder of oxygen usually costs around \$50 in Somalia but can reach up to \$400 or \$500 (at private hospitals) because of the shortage," said Abdullahi Nur Osman, CEO of Hormuud's foundation. He said the oxygen will be distributed among the public hospitals in the capital Mogadishu free of charge. As of Wednesday, Somalia had reported nearly 20,000 COVID-19 cases and 1,100 deaths, according to the World Health Organization, but figures could be far higher due to inadequate testing and unreported deaths. Only 1% of Somalia's 15 million citizens are fully vaccinated, reflecting inequities in vaccine distribution that the World Health Organization warns will prolong the pandemic, which has already claimed nearly 5 million lives.

Source: <https://www.reuters.com/world/the-great-reboot/somalia-opens-first-public-oxygen-plant-help-treat-covid-19-amid-severe-shortage-2021-09-30/>



Horn Economic and Social Policy Institute

About HESPI

HESPI is an independent, non-profit regional think tank and research Institute that focuses on the member countries of the Horn of Africa in particular, and developing countries at large. HESPI provides high quality economic and social research and policy analysis on issues of current interest and importance to the region. In addition, the Institute undertakes commissioned studies for the public and private sectors in areas of regional or country specific relevance, and provides institutional capacity building. HESPI's mission is to assist with the formulation and implementation of sound economic and social policies, to promote high-quality research and policy analysis, and to provide advisory services to facilitate broad-based economic growth and poverty reduction.

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