



## Headings Covered

- Core Activities
- Policy Forum
- Reports
- Research Outputs and Publications

## About HESPI

HESPI is an independent, non-profit regional think tank and research Institute established for 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 interest, and provides institutional and human 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.



## Managing Director's Statement

On behalf of the Management staff and associates of the Horn Economic and Social Policy Institute (HESPI), I am pleased to welcome you, the readers of this Newsletter, to the quarterly summary of news and developments in our core programs and selected events of note. In the past few months, the 2016 work program of the Institute gained momentum, particularly in the knowledge generation, dissemination and institutional capacity building activities. Among the core activities were several new research studies that were published, and skill development workshops and seminars that focused principally on the financial integrity of targeted fragile states within the sub-region.

- ◆ The Institution building activities included a “training on financial, internal controls, and forensic audit techniques” for senior officials of the Supreme Audit Institutions of Somalia and South Sudan, held in Addis Ababa in May 2016; and a “seminar on transparency and effective budget management” for officials of the same two countries, engaged in PFM affairs, held in June 2016 at Nairobi.
- ◆ Besides several research publications, the knowledge generation and dissemination activities of the Institute included a Development Policy Forum on “assessing the challenges and opportunities of the private sector in the IGAD member countries”, which covered, *inter alia*, presentation of a study by HESPI staff on the constraints imposed on small and medium enterprises by inadequate financial access.
- ◆ The knowledge dissemination activities also included HESPI's active participation in the 3rd Pan-African Capacity Development Forum held in Harare in early May 2016. The third capacity development forum offered HESPI and other African think tanks facilitation to exhibit their publications in print and knowledge products in media presentations. The staff team from the Institute took full advantage of the unique opportunity provided to interact with African Development stakeholders and inform them of the high-quality work performed by the Institute.
- ◆ To enhance the partnership and networking activities of the Institute, HESPI representatives participated in Summits of the African think tanks held in Victoria falls, Zimbabwe and Marrakech, Morocco in April-May 2016, and were in attendance at the Annual meetings of the African Development Bank in Lusaka.

The management and staff of the Institute much appreciate the cooperation of policy makers, stakeholders and partners that participated in the core activities of the Institute in the past quarter. We expect the contents of this edition of the HESPI newsletter is informative about the recent developments, as well as the outlook for the near term.

Ali Issa (PhD)

### 1. Training for selected Auditors of the Supreme Audit Institutions of Somalia and South Sudan, May 2-8, 2016, in Addis Ababa.

The Horn Economic and Social Policy Institute conducted training program for selected Auditors of the Supreme Audit Institutions of Somalia and South Sudan on the following core topics: *Financial Audit, Internal Control Systems and Fraud Audit of Public Resources Management* on May 2-8, 2016 in Addis Ababa, Ethiopia. The training was aimed at imparting key skills towards building the capacity of financial integrity institutions engaging in public budget resources management and accountability. The effectiveness of Audit Institutions and staff are essential for overseeing and ensuring that the public money serves citizens, while tackling corruption, fraud, misconduct and inefficiencies that reduce confidence in public services and assures that fiscal discipline is maintained in the target countries. The training also created opportunities for cross-learning of Audit practices in the region as it brought together the experiences of South Sudan, Somalia and Ethiopia.



*The trainees with HESPI management and associate at Eliana hotel, Addis Ababa*

The trainees will disseminate the new skills and knowledge in the topical areas among their subordinates and share it with the management of Audit offices, and the financial units of line ministries for larger influence on fiscal operations. The progress towards implementation of the new skills and knowledge within the respective Supreme Audit offices will be tracked by HESPI.

### 2. Training of senior officials of Somalia and South Sudan, May 30 - June 3, 2016 in Nairobi



*The trainees with HESPI management at Ole Sereni hotel, Nairobi*

Under the “Institutional Capacity Building Component of the ACBF supported project” HESPI conducted training for senior Public Finance Management (PFM) officials of Somalia and South Sudan on “*Fiscal Transparency and Effective budget management*” (in Nairobi, Kenya) from 30 May to 3 June 2016. The training aimed to build the capacities of the financial integrity institutions in the target countries with severe and prolonged insecurity, which damaged most of the governance institutions. The training addressed key issues in PFM such as ways of developing credible and participatory national budget, transparent execution of budgets and ways of controlling or monitoring the budget cycle. To ensure transparency, mechanisms of actively including vibrant public and civil society groups, that ensuring the budget addresses national priorities and providing effective external control and scrutiny of fiscal operation were among the issues discussed. This training equipped the participants with useful fiscal management technical knowledge in accountability and transparency and in methods of delivering effective and efficient public finances management and fiscal risk controls.

### 3. HESPI conducted the first Board of Directors Meeting in 2016 in Nairobi

HESPI conducted its Board of Directors meeting in Nairobi, Kenya on June 4, 2016. Among other things, the Board assessed HESPI’s performance in the first five months of the year and reviewed plans for June-December 2016. It also reviewed and commented on the Phase II HESPI project proposal and some new commissioned projects initiatives as a positive effort to ensure financial sustainability of the institute. In an effort of refining and strengthening the governance of HESPI, the Board reviewed the mandate and composition of the Advisory Panel, and the Associates and Senior Associates of the Institute and made useful decisions. The Board of Directors requested that HESPI introduce a mechanism for more frequent consultations in the form of facilitating internal communications within the Board and management. It finally welcomed a new member to the Board, Dr. Ismail Wais, from Djibouti, with accumulated technical and managerial experience in the areas of development management .



Board Of Directors meeting in Nairobi, Kenya

### 4. HESPI Policy Forum on Assessing Private Sector Challenges and Opportunities in the IGAD Region on May 20, 2016

**H**ESPI conducted a Policy Forum on “*Assessing Private Sector Challenges and Opportunities in the IGAD region*” on 20 May, 2016.

The Forum brought together policy makers, academicians, professionals, and representative of the private sector and civil society to discuss issues of common regional importance characterizing the private sector in IGAD member countries.



*Policy Forum participants*

Introductory remarks were made by the HESPI Managing Director, Dr. Ali Issa. The introductory remarks highlighted the state of the economies of IGAD member countries in light of the slowdown in the global economy and more particularly the decline in commodity prices. The remarks also set the stage for subsequent discussions by identifying the constraints plaguing the private sector in the region, ranging from inadequate infrastructure, shortages in skilled labor, inefficiencies in public utilities and inadequate access to finance. In part owing to the above mentioned constraints, Dr. Ali explained that 5 out of 7 IGAD member countries are ranked lower than the Sub-Saharan average in the World Bank’s ease of doing business rankings, two of the countries being among the bottom three.

To have a closer look at the challenges facing the private sector in the region, an empirical study on Small and Medium Enterprises (SMEs) access to finance was presented by Dr. Fredu Nega a senior research fellow at HESPI. The presentation revealed that in general, SMEs have very little access to finance from microfinance institutions and banks in Ethiopia. More particularly, the study showed that young firms that do not have adequate managerial and operating experience, and those with inadequate collateral are highly credit constrained.



*Dr. Fredu Nega from HESPI presenting the SME study*

In the question and answer session following the presentation, there was active participation, notably from those who were representing private and public financial entities. They discussed the challenges they faced to extend credit to SMEs and the special schemes they are designing to make credit available to SMEs.

To represent the view of private business in Ethiopia, HESPI invited Mr. Zafu Eyesuswork, who has long private sector experience to address the forum. Mr. Zafu led both the Ethiopian chamber of commerce and Sectoral Associations, and the Addis Ababa Chamber of Commerce and Sectoral Association in the past, and he is currently chair of the Board of Directors of United Bank. His presentation identified the bottlenecks in private sector policy implementation in the region as well as the opportunities being created by governments of the region. The newly introduced Hawassa industrial park in Ethiopia was mentioned as an example of the opportunities being created, where the government has called on local manufacturers with generous incentives to set up their companies at the park. The incentives include non-collateralized credit for investment and working capital (ranging from 75%-90%), ten years tax exemption, 28 day long retention of foreign exchange earnings from exports, sharing cost of skills training, and technical support.

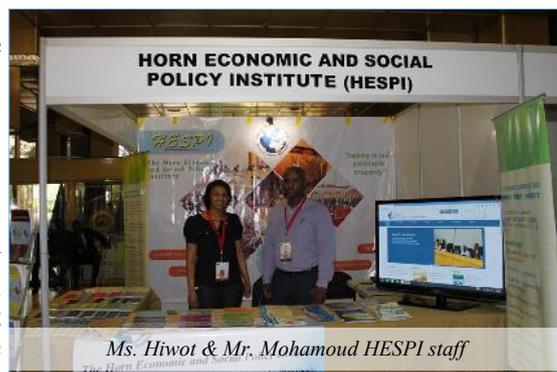


*From left to right Dr. Haile Kebret from HESPI & Mr. Zafu Eyesuswork from United Bank*

## 5. HESPI exhibition in Harare, Zimbabwe

May 2 - 6, 2016

**H**ESPI was invited to the 25<sup>th</sup> anniversary of the ACBF and the 3<sup>rd</sup> Pan African Capacity development forum which were held from May 2-6, 2016 at the Conference Center in Harare, Zimbabwe. HESPI participated in the proceedings of the conference and took part in the parallel exhibition with items that conveyed message of its identity and its work outputs. HESPI was well received by the ACBF and the Rainbow Towers hotel staff. With the high quality publications and a well set-up display booth, Staff representatives—Ms. Hiwot Gezhagn and Mohamoud Abdi—managed to attract more than 130 delegates and exhibitors. Among the delegates who visited HESPI’s stand were Prof. Emmanuel Nnadozie (Executive secretary of the ACBF), H.E. Ambassador Mustafe Dek Abdisalam (Ethiopia’s Ambassador to Zimbabwe), Dr. William Bazeyo (Professor and Dean at Mekerere Univ), Prof. Sylvain H. Boko (Principal and regional Advisor, UNECA), and representatives of the Macroeconomic and Financial Management Institute (MEFMI), and Zimbabwe Investment Bureau; The media covering the events; the China Daily, IC publications and People TV (based in France) contacted the HESPI staff and had interviews, with Dr. Ali Issa, focused on HESPI and the conference’s theme of “Capacity development in Africa”. In addition to the exhibition, Dr. Ali chaired one of the side events organized by the ACBF “The Multi-sectoral Interlinkages between Health, Human development and Africa’s Capacity for Social and Economic Transformation”



## 6. A Visit by a Turkish Government Delegation to HESPI

**A** delegation from the Turkish Government led by Prof. Dr. Kudret BÜLBÜL, President of the Prime Minister’s office for the Turks Abroad and Related Communities and H.E. Ambassador Fatih Ulusoy of Turkey to Ethiopia and Permanent Representative to the African Union met with the chairperson of the Board of Directors of HESPI, the Managing Directors and several senior managers of the Institute, in May, 2016. The Turkish delegation was briefed by HESPI representatives on:

- ◆ the broad economic trends in the IGAD sub region, and the progress made in recent years by many countries in the form of sustained high economic growth. It was noted however that challenges imposed by the distressed commodity prices in world markets and the adverse climate have impacted adversely on the growth prospects of the sub-region in 2016.
- ◆ the state of regional integration and the research work performed by the Institute to promote sound policies and regulations to enhance sustainable and inclusive growth, as well as regional economic and social transformation.

As a follow on to contacts made by the Managing Director with the Turkish authorities in Istanbul on the occasion of Turkish/Africa think tanks Summit, in December 2015, the delegation noted their continued interest to collaborate with the Institute and the African Union Commission on holding the second think tanks Summit in Addis Ababa later this year. The HESPI representatives noted willingness to assist in the proposed meeting, and informed the Turkish delegation that the ACBF is the host of the African think tanks network and they should also be consulted in planning the think tanks Summit. Finally, the participants explored the possibility of HESPI collaborating with Turkish research and academic institutions, on visiting scholars and internship programs for researchers from the IGAD.



## Drought Crises Is Affecting Ethiopia and the IGAD Region At Large

Africa is facing its worst food crisis in years, more than 40 million people in Africa are facing food insecurity – and some, outright starvation. The continent needs at least \$4.5 billion for emergency relief, but just a fraction of that has been raised so far, even as analysis from Oxfam shows that an early response is far cheaper than a late one (Mung ,2016). The IGAD region is found to be the most affected by the drought.

The IGAD region (Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda) has 70% of its land area in Arid and Semi-Arid regions receiving below 600 mm annual rainfall (Global Water Partnership Eastern Africa, 2015). The region is drought prone and drought management often characterized by crises management once problems escalate. Integrated management practice that involve preparedness, drought mitigation and early warning are rare. The IGAD countries, have taken the drought issue at a regional level which was historically the cause for establishing the IGAD. Historically Drought problem was the cause for Emergence of IGAD as a regional bloc (although with a different name) with a mandate to respond to the recurrence of drought and desertification in the region. IGAD currently has a Drought Disaster Resilience and Sustainability Initiative (IDDRSI) to assist member countries.

According to the United Nations Office for Coordination of Humanitarian Affairs /UNOCHA (2016), a drought exacerbated by El Niño has directly affected the region, leading to an increase in food insecurity and malnutrition. In Ethiopia alone WFP and UNICEF predict that 2.2 million children under 5 years, pregnant women and nursing mothers will need to be treated for moderate acute malnutrition in 2016 – more than double the number in 2015. Excessive rains in late 2015 however led to flooding that affected an estimated 600,000 out of an expected 2 million people in parts of Somalia, Kenya, Ethiopia and Uganda. We also saw a rise in the spread of water/vector borne diseases in the region. While the El Niño event has started to weaken, IGAD-ICPAC and global climate partners predict that the impact is likely to be felt through 2016. There is likely to be further deterioration in food security and nutrition in affected areas during the lean period (March- May), up to June-August 2016 when green harvests can be expected (UNOCHA, 2016).

Several reports and reviews indicate Ethiopia to be the most affected. Mung (2016) review indicated that Ethiopia is the hardest hit, by the drought, with 10.2 million Ethiopians in need of food aid this year. Another 7.9 million “chronically food insecure” people are receiving support through a regular safety-net programme already funded by the government and donors. Ethiopia needs \$1.4 billion of food aid this year. 400,000 children will probably need supplementary feeding because of severe acute malnutrition later this year. So far, aid groups and the Ethiopian authorities have received about half of that \$1.4 billion appeal for emergency funds. Nearly a quarter of South Sudan’s population, or 2.8 million people, urgently needs food aid, and at least 40,000 are on the brink of catastrophe. South Sudan needs \$1.3 billion to provide emergency relief this year, but so far, aid groups have received just 2%. Oxfam (2016) concluded a devastating drought is causing the worst food crisis to hit Ethiopia in 30 years More than 10 million people need aid.

FAO (2016) expressed the current El Niño is one of the strongest on record. In Ethiopia, Several pastoral areas have recorded significant rainfall deficits –up to 50 percent below average. The most Extreme drought conditions are in the Northern regional states, which experienced two consecutive poor rainy seasons –belg (February to May) and kiremt (June to September). The delayed and erratic kiremt rains, which feed the main agricultural season (meher) that provides up to 85percent of Ethiopia’s food supply, led to crop failures, severe fodder shortages and diminished water access that has resulted in severe emaciation and unusual livestock deaths. Vulnerable rural households have been especially impacted According to a Government-led multi-agency belgand pre-meher assessment, 10.2 million Ethiopians are considered to be food insecure. Agricultural and pastoral production has dropped by 50 to 90 percent in some regions, and failed completely in eastern areas. Several hundreds of thousands of livestock have died in Afar Region, and many more in Somali Region (especially in Siti Zone), leading to substantial losses in production. As a result, malnutrition rates have spiked –in August, severe acute malnutrition admissions of children reached the highest amount ever reported (including during the 2011 Horn of Africa crisis).

According to the UNOCHA (2016) report, the Government of Ethiopia has committed over US\$380 million to provide humanitarian assistance to the most vulnerable. This includes provision of food assistance and mass water trucking operations.

WFP is supporting the Government in providing food assistance to 7.6 million people in 2016, but funding is low. Since November 2015, some 7,500 people (1,500 families) have arrived from Ethiopia and settled in Ali Sabieh (3,500), Dikhil (1,500) and Djibouti city (2,500). On average, they had 3 heads of livestock per family, which is far below average and under the minimum number to continue pastoral activities.

The report further noted the number of people displaced by drought is expected to increase over the coming months, up to 12,000 by the end of May. Humanitarian partners in Djibouti are seeking urgent funding to address the needs of these new arrivals. In Somaliland and Puntland partners are working to scale up the response. Reprogramming of existing resources and additional funding received in late 2015 and early 2016 enabled to assist hundreds of thousands of the most vulnerable people. Among others 41,000 people received livelihoods support, 183,000 people were reached with improved access to food and safety nets, such as cash vouchers and unconditional cash. Supplementary feeding programmes have reached 4,000 children and pregnant and lactating women to date. Access to water was improved for 30,000 people. In addition, the Organization of Islamic Cooperation reports that 259,000 people were reached with bilateral food assistance in Somaliland.

Remedies to curve the ongoing drought crises and to bring about long-term lasting solutions are crucial. According to Speckhard (2016), in the short run, more funding is needed. The UN has said \$1.2 billion will be required for an adequate response to the current drought, and only a third of this has been funded. European and other allies and the new donor nations must do their share. In the longer term, the old way of responding to food crises as isolated events is no longer adequate. Climate change is fueling more frequent and more devastating natural disasters, and beyond that, it is triggering simultaneous, pan-regional crises. The international community must rethink its funding mechanisms and develop a system that makes resources available before disaster strikes, allowing for more rapid responses and perhaps even averting large-scale crises before they evolve.

New innovative tools, such as micro-insurance, need to be more fully developed and broadly available to small-scale farmers to allow them to withstand more frequent weather shocks and help the country recover more quickly (Speckhard, 2016).

Global Water Partnership Eastern Africa (2016), identified the following opportunities for promoting drought resilience in the IGAD region: 1) Existence of IGAD to establish regional and international mechanisms for cooperation to address cross-border drought issues; 2) Increased availability and enforcement of relevant national policies, plans and strategies; 3) Enhance existence of national implementing and coordination structures; 4) Accumulate experiences in implementing related programs, projects and initiatives; and 5) Observed interest of donors to support national and regional initiatives to enhance drought resilience. The priority intervention areas in support of building drought resilience identified by Global Water Partnership Eastern Africa (2016): 1) Demonstrating small-scale innovative drought management cases 2) Capacity development of institutions and key actors in drought management and resilience building; 3) Promoting partnership for Integrated Drought Management; 4) Facilitating regional collaborations 5) Facilitating policy development for integrated drought management; 6) Mainstreaming drought mitigation and adaptation strategies in relevant government sector ministries and agencies; 7) Strengthening Early Warning Systems.

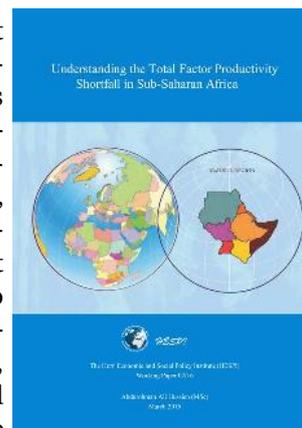


Displaced people at Dadaab Refugee Camp, Kenya

## 1. New Publications

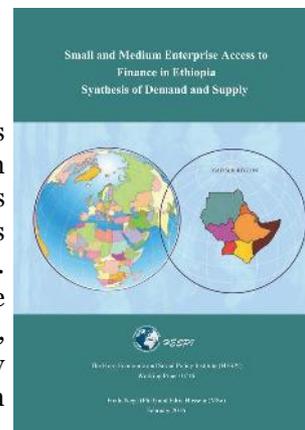
### *Understanding the Total Factor Productivity Shortfall in Sub Saharan Africa, March 2016*

The study assesses whether the fundamental policies and institutions that govern Total Factor Productivity (TFP) variation across countries can explain the TFP shortfall in Sub Saharan Africa (SSA). Seeking evidence to this question, the study attempts to explain the TFP shortfall in SSA using institutional quality, restrictiveness of trade policy, and geographic location. Using IV estimation to take care of potential endogeneity of TFP determinants, the study has shown that the dismal TFP in SSA could broadly be understood in relation to its poor institutions, restrictive trade policy and most importantly, its tropical location and the meagre domestic credit available to the private sector. The findings imply that there is substantial room for improving TFP through better institutional quality, less restrictive trade policy, better access to finance for the private sector and better connectivity of land locked countries with their non-land locked neighbors. Moreover, it also calls for emphasis in facilitating a structural shift towards less dependence in agriculture in the long run, while investing in research on drought resistant crops, tropical diseases, and irrigation infrastructure to mitigate the consequences of its tropical location in the short run.



### *Small and Medium Enterprises Access to Finance in Ethiopia: Synthesis of Demand and Supply, February 2016*

This study attempts to explore the demand and supply side constraints characterizing small and medium enterprises' (SME) access to finance in Ethiopia. Conducting a survey of 519 SMEs from six major cities and towns in Ethiopia and selected commercial banks and micro finance Institutions (MFIs), the study has identified factors hindering SME's access to finance. The demand side analysis reveals that firms with relatively older age, more frequent previous engagement with banks, more experienced managers, those managed by their owners have a better access to finance. The supply side analysis on the other hand shows that banks or MFIs perception on



## 2. Forthcoming Publications

### *Inequality of Opportunity (IOp) in Child Health in Ethiopia*

This study attempts to determine the IOp in child health in Ethiopia. Using data from the three rounds of young lives survey, the authors try to establish the inequality in health outcomes measured by height-for-age and weight-for-age of a child. In so doing, they also determine part of the inequality in health outcomes that is attributable to unequal circumstances such as parental education, parental wealth and geographic location.

### *Inequality of Opportunity in Child Education in Ethiopia*

Using nationally standardized math and reading scores as an education outcome measure, this study tries to determine the variation in education outcomes attributable to factors beyond the control of school children, including parental education, provincial location, and household wealth. In so doing, the study depicts a picture of the trend in inequality of opportunity in child education in Ethiopia.

### *Quantifying the road influence zone on socio-economic development in rural Tigray, Ethiopia*

This study attempts to delineate the rural road influence zones for various socio economic outcomes. Using two rural roads built under the Universal Rural Road Access Program (URRAP), two regional highways and a sample of 529 households from four centers, the study has shown that the road influence zone occurs at a varying distance from either side of the road to household location for different socio economic outcomes. Accordingly, it has identified threshold effects at different distances on various socio economic outcomes including use of fertilizer, motorized transport and commercial activities.

The 2016 HESPI Conference on IGAD Economies  
“Imperatives for Attaining the Sustainable Development Goals”  
on 24-25 October, 2016  
in Addis Ababa

In view of the promising recent development in the IGAD community and the many challenges that member states face, it is essential to have a platform for researchers to discuss the progress made and the challenges that are faced. The annual conference on IGAD economies is such a platform initiated by HESPI and its partners in 2014. It is believed that the conference offers such a unique avenue for researchers, policymakers and development practitioners to debate economic and social issues of concern for the region. This third round conference is a successor of the first and second conferences held in 2014 and 2015 (“*Economic, and Social Developments in the IGAD region in 2014*” and “*Inclusive Growth and Poverty Reduction in IGAD Region in 2015*”, respectively).

This year’s conference will be held on 24-25 October 2016 in Addis Ababa, Ethiopia, focusing on pertinent economic and social research policy issues aligned with the 17 SDG goals the UN has set and their implications for the economies of the IGAD region. In particular, priority has been placed on the following specific thematic areas and the related development goals:

◆ *Poverty, Hunger and Malnutrition.*

Papers that serve as policy inputs to realizing the goals set in the SDGs to end poverty in all its forms, eliminate hunger, achieve food security, improve nutrition, and promote sustainable agriculture pertaining to the IGAD.

◆ *Ensuring Quality Education.*

Papers centered around the challenges and prospects to ensure inclusive and equitable quality education and promote lifelong learning opportunities for all; on institutional requirements to do so; and on measurement of educational justice and related issues.

◆ *Productive Work and Economic Growth.*

Papers that delve into labor market characteristics and implications to promoting sustained, inclusive and sustainable economic growth, full and productive employment, and decent work.

◆ *Industrialization, Innovation, and Infrastructure.*

Papers on policies to build resilient infrastructure, promote sustainable industrialization and foster innovation.

In addition, there will be a policy panel that will be organized by a HESPI partner (the UNECA) on a pertinent issue of Sustainable Development.

## 1. HESPI commissioned study by visiting scholar

**H**ESPI commissioned an on-going study by a visiting scholar Dr. Solomon Negusse of the Ethiopian Civil Service University on Fiscal Federalism and Decentralization in IGAD member states, in May 2016. This study aims to assess the various fiscal federalism processes in relevant IGAD member countries to draw useful and adoptable lessons in the areas of fiscal federalism and decentralization. The study will be finalized by mid-July 2016 and will be presented in a Development Policy Forum to be attended by policy makers, concerned government officials and researchers from the IGAD member states. Useful lessons and key findings from countries, which made progress in advancing their federalism processes and implementation, will be presented to policy makers of other IGAD member states, especially countries starting on the federalism governance, and decentralization and the policy conclusion of the study will be made available to the wider public in the sub-region.

## 2. HESPI hosted post-graduate Intern from Utrecht university (Netherlands)

**T**he Horn Economic and Social Policy Institute recently initiated an internship program for post graduate students from the IGAD and internationally. Ms. Marleen Spieker, a recent HESPI intern, wrote the following:



*“My name is Marleen Spieker. I am currently enrolled in the Master of Science in International Development Studies at Utrecht University in the*

*Netherlands. In the past few months I have been in Ethiopia to conduct research on gender and urban poverty among young rural-urban migrants in Addis Ababa as part of the master’s programme.*



HESPI research team with Marleen Spieker (Intern)

*HESPI has been my host organization which assisted me during my fieldwork period. I would like to thank everybody working at HESPI for sharing their thoughts and ideas about my research, for helping me to overcome the challenges which I have faced, for providing me with a convenient space to work, the necessary letters for government institutions and all other facilities, and for helping me to adapt to the Ethiopian culture and become familiar with the way of life in Addis Ababa.”*

Following the implementation of the phase I project supported by the African Capacity Building Foundation (ACBF) and many other Partners that is due to end in December 2016, HESPI has become an effective and well regard regional think-tank. The notable contributions HESPI has made in recent years include: improving policy formulation and implementation in the IGAD Sub-region, and in particular strengthening public finance management in Somalia and South Sudan; enabling Somalia's political establishment to reach a consensus on the principles and processes of federal governance system; paving the way for formation of an IGAD development bank; creating an annual regional economic conference, where the international policy research community discusses a considerable number of policy studies, including HESPI's flagship annual economic report on the IGAD region. HESPI also created a policy forum series that periodically presents open and spirited discussion among researchers, policy makers and representatives of the private sectors and civil society on topics of current and developmental interest and importance to the sub-region or specific member countries. In addition, It's during the first phase project that HESPI reformed its governance, streamlined its operational process and reached a critical mass of managers and expert research staff, which will help the institute to expand and diversify its activities in the medium and long-term.

HESPI's transition to phase II is framed by an overall goal of overcoming country-specific and common development challenges by helping improve the core economic governance as well as productive and social development policies of the sub-region, directing its support to predominant the fragile group of IGAD members. In order to achieve this goal, HESPI will enhance its engagement in demand driven policy research and knowledge dissemination; continue its help to build the capacity of policy making institutions in fragile IGAD countries; and help promote to realize a more effective integration process in the IGAD economic community

### Upcoming events of HESPI to focus on the following areas

- ◆ HESPI will conduct a consultative meeting of the Somalia Federalism Network and facilitate a policy seminar on fiscal federalism at Entebbe, Uganda on 9-11 of July, 2016
- ◆ HESPI will organize a training session and experience sharing visit for bank supervision officials from the Central Banks of Somaliland and South Sudan in collaboration with the National Bank of Ethiopia, 18-22 July 2016, Addis Ababa, Ethiopia
- ◆ A development policy forum on economic, social and political federal governance on selected countries of IGAD sub-region will be organized by HESPI in late July or early August, 2016, based on a HESPI commissioned study by a resident scholar.



Participants at seminar for senior officials of Somalia and South Sudan on  
*“Fiscal Transparency and Effective budget management”*  
May 30 - June 3, 2016 in Nairobi



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