

## Headings Covered in this issue



Memorandum of Understanding  
between HESPI and Jigjiga University



HESPI Annual Report on  
IGAD Economies



Ali Issa (PhD)

## MANAGING DIRECTOR'S STATEMENT ON CLIMATE CHANGE AND HUMAN RESILIENCE

The urgency of Climate change and building human resilience is the defining issue of our time and now is the time to address it to attain the first and second Sustainable Development Goals: 'to end poverty in all its forms everywhere, and to end hunger and achieve food security and improved nutrition, respectively, by 2030.' In the Horn of Africa countries (comprising Djibouti, Eritrea, Ethiopia, Kenya, Somalia, South Sudan, Sudan and Uganda), the global climate crisis could lead to definite existential threat in the near term. The rising temperatures attributed to CO<sub>2</sub> emissions and other Greenhouse Gases is leading to frequent and extreme droughts, floods and extreme heat that has contributed to prevalent food insecurity and famine that is occurring

with unheard of frequency.

Accordingly, it is imperative to address the linkages of climate change and human resilience in the case of the Horn of Africa (HoA). The countries in the region are among the least developed in the world and nearly half their population (of 270 million in 2019) is prone to extreme food shortages that will further impact human survival. The explicit causal link between climate change and human resilience makes it imperative to adopt innovative approaches to address the worsening climate impact crises more sustainably. Increasing severity and frequency of droughts attributed to climate change dictate immediate and massive efforts are required to save life and prevent loss of development gains made in some countries. Climate predictions point to more variable and less reliable rainfall, and more severe and frequent extreme events.

Climate change mitigation and adaptation, resilience building and ensuring sustainable food production are high on the agenda among government policy makers, researcher and academic institutions. Technological innovations for transformative change are being promoted to address investment and innovation opportunities. In the short-term, interventions to improve food access are critical; in the medium-term, interventions to rebuild livelihoods are necessary; and Long-term solutions must include investments in agricultural development and diversification.

Some countries in the HoA managed to respond more effectively to the 2015/16 El-Nino drought than in previous years; still the costs of the drought were severe in both human and economic terms. In countries constrained by insecurity, the responses were insufficient and there was considerable mortality on account of drought and malnutrition. Most HoA countries responses to climate driven food insecurity was largely constrained by weak institutional capacity, limited infrastructure and lack of secure sources of funding.

There is over whelming evidence and near consensus that climate change is among the leading causes of rising global hunger. A report by the UN's Food and Agricultural Organization in September 2019 declares that global actions should focus on ways to strengthen resilience and adaptive capacity to climate variability extremes. Taking the recent developments in the HoA and severe implications of climate change on human resilience in the sub-region, HESPI will endeavor to contribute to addressing relevant issues, both in its evidence-based research and institutional capacity building activities in the years ahead.

Tackling the global climate emergency impact on the HoA will require unprecedented efforts from local governments, business entities, civil society, and the international community. What is particularly relevant is that the worst affected states contribute little, if any, to Green House Gas emissions, and their plight requires global solutions to mitigate adverse climate impact imposed by more developed countries.

Contents	Pages
•Managing Director's Statement	1
•HESPI Annual Economic Conference	2
•Research Studies Program on the Horn of Africa (HoA)	3
•Institutional Building	3
•Board of Directors Meeting in August	4
•Staff Participation at International Conferences	4
•Staff Participation at Regional Events	6
•2019 MOUs with states and Institutions	9
•Briefs on Current Developments in the IGAD	10
•HESPI Forthcoming Events	11
•Research Outputs	11

## HESPI Annual Economic Conference on Climate Change, Pastoralism, and Resilience Building



The Horn Economic and Social Policy Institute (HESPI) jointly with the Institute of Pastoral and Agro-pastoral Development Studies (IPADS) of Jigjiga University organized an International Conference on Climate Change, Pastoralism, and Resilience Building on October 3-4, 2019 in Jigjiga, Ethiopia. Important and topical issues were presented and discussed among the participants in the two days of the Meetings.

H.E. Mr. Mustafa M. Omer, President of the Somali State, welcomed guests to the conference and State. He said climate

change in the Horn of Africa manifests itself, first and foremost, in the livelihood of pastoralists and agro-pastoralists. He reminded the participant at the conference that the needs of pastoralists should be faced ahead of time, because of frequent challenges and vulnerabilities. Mr. Mustafa noted that the Somali State and Federal Government of Ethiopia are committed to support lasting solutions for the difficulties confronting these communities, through working together with all stakeholders. He then announced the official opening of the International Conference on climate change, pastoralism, and resilience building.

Dr. Abdi Ahmed, Acting President of Jigjiga University mentioned in his remark that the Somali Regional State has the highest number of pastoralists in the country. He said that such conference would help the University to strengthen its research on the livelihood of pastoralists in the region. He also hoped that the University will further enhance its networking with the other research institutions and universities in attendance and with the participating international community representatives. He expressed his gratitude on behalf of Jigjiga University to all participants attending this timely conference.

H.E. Prof. Ismail Dirie, Minister of Agriculture, Environment and Climate Change of Puntland state of Somalia, on his part mentioned that climate change poses significant threat to the economy, security, social, and environmental development of the Horn of Africa and in particular underlined that extreme climate change is expected to affect the region as a whole. He advocated the need to develop policies and systems for the public to help reinforce regional environmental development.

Dr. Ali Issa, Managing Director of HESPI, welcomed and thanked the participants at the international conference. He said the theme of the conference is timely and topical, as the entire world is concerned about the issue of climate change and human resilience, as attested by the UN Summit at New York in late September 2019. Dr. Ali stressed that severe drought and adverse climate change have led to ecological crisis and prevalent food insecurity in the HoA. He appreciated the efforts being deepened to strengthen the regions' institutional capabilities to implement integrated risk management, and effective preparedness to mitigate the impact on the people and economy. He commended the effective public efforts that saved life in the Horn during the last major drought in 2015.

Mr. Abdi Abdillahi, of pastoralist concern, thanked the organizers of the international conference. He said that one cannot find a simple and single solution for the problems and challenges of pastoralism, climate change and resilience building. He underscored on the word "change" from the theme of the conference, and said that should be the factor which is really important to the region and the entire globe.

This International Conference was a timely conference that brought together academics, policy makers, senior officials, members of the civil society and national and international media correspondents. Some of the topics presented by the participating researchers included food security in the pastoral communities; climate adaptation through market-based risk transfers; assessment and development of biomass (animal forage) estimation system; livestock performance under climate change in the Sudan; Conflict resolution through indigenous knowledge system; and pastoral youths and climate change. As the research findings were presented during the two day conference, participants raised critical issues and debated the findings of the respective studies. Panelists at the conference presented in-depth outputs at the plenary sessions and side meetings.

HESPI presented its IGAD Economies 2018 Report at a session of the conference chaired by Amb. Peter Robleh, of the HESPI Board of Directors. Mr. Gashaw Tsegaye, HESPI Research fellow, made an in-depth presentation of HESPI Annual IGAD Economies report at this session on "Macroeconomic Developments, Climatic Shocks, and the State of Food Security in IGAD".



## Research Studies Program on the Horn of Africa (HoA)

Since July 2019, HESPI has been engaged in coordinating a Research Working Group (RWG) on the Horn of Africa to support the activities of an African Union High-Level Implementation Panel (AUHIP) chaired by President Thabo Mbeki of South Africa in preparation for the convening of a conference on peace, security, stability, economic cooperation and development in the HoA. The study comprises three pillars: peace and security in the sub-region; and regional integration, and socio-political governance and gender issues. HESPI is conducting the component of “trade and regional integration, economic infrastructure, the impact of climate change and human resilience; and enhancing the access to affordable financing”; as well as coordinating the overall research program with the World Peace Foundation of Tufts University, and Goldsmith of University of London.

The overall goal of the study is to contribute to the African Union program of promoting peace and security, regional development and regional economic integration, and setting the Horn of Africa and Red Sea region towards a path of stability, improved governance and prosperity. The intended outcome is to inform national policy makers, the regional and continental organizations to make sound decisions on issues relevant to the stability, security, transformation and development of individual countries and sub-region as a whole.

The specific objectives of the project are to create evidence-based and shared understanding of the challenges and prospects of good governance for the people of the HoA to enjoy their fundamental democratic rights, ensure equity, embrace diversity, enhanced trade and regional integration, infrastructure development for better connectivity, access to improved and affordable finance, and environmental protection policies

The findings of the study will be presented at a policy forum to be organized with participation of senior government officials of the member countries, regional entities including the IGAD organs, and the AUC leadership and officials. Finally, the validated findings will be presented to the AUC through the AUHIP for influencing strategies, policies and resources allocation for enhanced economic integration in the region. The findings are expected to inform measures that lead to formulation of policy that will contribute to sustainable cooperation and prosperity, and create shared understanding of stability and security.

The primary beneficiaries of the research are IGAD member countries namely Djibouti, Ethiopia, Eritrea, Kenya, Somalia, South Sudan, Sudan and Uganda; regional entities and continental organizations including the AUC. The trade development, infrastructure transformation and financing of the region will enhance regional integration and benefit the people of the sub-region.

## Institutional Building

### Supervisors training for third party monitoring survey

The Horn Economic and Social Policy Institute (HESPI) and Center for Evaluation and Development (C4ED) jointly trained supervisors for third party monitoring survey of the Productive Safety Net Program (PSNP) Livelihood Transfer Intervention for the World Bank Group. The training was given on May 21, 2019 at HESPI Headquarters in Addis Ababa.



Training session

### Puntland Investment Forum



Dr. Ali making his speech

The Puntland Investment Forum was held at Garowe, Puntland State of Somalia on 15-17 September, 2019. The Forum aimed to attract private direct investment (foreign and domestic) by presenting opportunities and partnerships. The President of Puntland, Said Abdullahi Deni, officially opened the Investment Forum and said that the event was planned to attract direct investment instead of relying on aid agencies in order to gain economic growth in the state, which is rich in natural resources. He added that youth empowerment would also be given attention and that his government is fully prepared for promoting and assisting more international and regional investment. The Managing Director of HESPI, Dr. Ali Issa presented a keynote address and mentioned the importance of attracting private investment for a developing economy; and how government policies, commitments and long-term strategies matter most. He noted the case of Rwanda and its plans years ago to attain three things: to become food self-sufficient, to develop exports and trade with the world, and to create a technologically advanced society. Such vision was realized after many year because of full commitment and consistency of the government’s economic policies for decades. Dr. Ali noted that the government of Puntland should not only focus on foreign investors, but also give priority to regional and domestic investors, and in particular give special attention to offer opportunities to the Puntland Diaspora as well.

The Investment forum gave a platform to leading International and Somali decision-makers, business leaders, and entrepreneurs to discuss and transact on bankable investment opportunities. During the three days, investment opportunities in Fisheries, Agriculture, Manufacturing, Mining, Energy and Tourism were presented to the participants and potential investors.

## Board of Directors Meeting

HESPI conducted its regular BoD's meeting on August 3, 2019 in Addis Ababa. The BoDs Meeting addresses issues that enable them to provide strategic and policy guidance to the management. At this particular meeting, the BoDs addressed the following key issues:



Board of Directors and HESPI staff

- The BoD's were briefed on the developments in the Sudan and its implications for the region and for HESPI work through one of the Board Members from Sudan.
- The HESPI management reported on the Work Program and budget for the first half of 2019; and the Board members provided their comments and guidance for engagements in the near term.
- Similarly, the BoDs were briefed on the work program and budget plan for the 2<sup>nd</sup> half of 2019. The main focus of the 2<sup>nd</sup> half plan of the year was the AUHIP/RWG project approved at the time. The HESPI management provided adequate explanation on the start-up and progress of this project.
- Discussions and approvals were made on project-based staff remuneration issues. Moreover, the BoDs discussed the minimum and maximum limits of overheads for future programs and projects.
- Based on the presentations made by the HESPI management, the Board advised the management on how to maximize and diversify future incomes to fund the HESPI activities in the region. The status of commercial income generating activities by HESPI was also addressed.

## Staff Participation at International Conferences

### The Belt and Road Dialogue for China-Africa Cooperation

Africa is an important partner of cooperation under the Belt and Road Initiative (BRI). There are enormous opportunities as China and Africa join hands under the BRI at a new starting point, which is destined to boost China-Africa mutual benefit, win-win cooperation and common development. In order to facilitate the integration of the BRI, Agenda 2063 and the development strategies of African Countries, the Mission of the People's Republic of China to the African Union in collaboration with the African Union Commission invited the Horn Economic and Social Policy Institute to attend the "Belt and Road Dialogue for China-Africa Cooperation" on May 30, 2019. The dialogue brought together representatives from the Chinese National Development and Reform Commission, the AUC, the RECs, diplomatic corps, Chinese and African business and academics. The agenda included thematic discussions on infrastructure and energy cooperation, digital economy, food safety, development experiences sharing and business cooperation.



Opening session of BRI dialogue



Among participants at BRI dialogue

On the occasion of the Belt and Road for China-Africa cooperation, HESPI senior staff met with representatives of the National Development and Reform Commission (NDRC) and the Mission of the People's Republic of China to the African Union on May 30, 2019 at HESPI Headquarters to discuss on future joint development programs. The Institutes mentioned their strong interest on possible future collaboration on development of trade and investment research and promotion, financial policies coordination and integration, and contribution to continental infrastructure vision for the IGAD sub region.

## The China Academy for Social Sciences (CASS) Forums

At the invitation of the Chinese Academy of Social Sciences (CASS) Institute of International Law, Mr Wassihun Abate (HESPI Board member) and Dr. Ali Issa, Managing Director of HESPI, participated at a Forum on "Building the Community of Shared Future for Mankind and International Law" that was held in Beijing on 30 and 31 October 2019. The CASS Forum participants included about hundred scholars and academics from China and around the world, and covered a variety of topics in relation to the Building of Community with Shared Future for Mankind, such as the international rule of law and global governance, the sustainable development goals (SDG), settlement of international disputes, legal issues relating to trade, investment and digital economy, human rights topics and mechanisms at the United Nations, and implementation of human rights norms.



HESPI delegation with the China-Africa Institute leadership in Beijing

Mr. Wassihun made a presentation at the Forum on "the role of tax treaties in supporting sustainable economic growth" at one of the parallel sessions of the first day; and Dr. Ali presentation was made at the plenary session in the second day of the Forum on "climate change, resilience building and global governance in the Horn of Africa". Papers submitted in advance were published in the proceedings of the Conference. The presentations and follow on discussions were informative and off high standards.

Mr. Wassihun made a presentation at the Forum on "the role of tax treaties in supporting sustainable economic growth" at one of the parallel sessions of the first day; and Dr. Ali presentation was made at the plenary session in the second day of the Forum on "climate change, resilience building and global governance in the Horn of Africa". Papers submitted in advance were published in the proceedings of the Conference. The presentations and follow on discussions were informative and off high standards.

HESPI delegation arranged meetings with the leadership of the China—Africa Institute, recently established at the behest of the Chinese President Xi Jinping at the Summit of the Forum on China--Africa Cooperation (FOCAC); and which was formally inaugurated in Beijing on April 9, 2019. We had useful discussions with the Director General and Executive Vice President of the Institute Dr. Li Xinfeng and his colleagues on the two Institutes collaborating on joint research and relevant activities. We discussed formal collaboration in the form of a joint Memorandum of Understanding, which is being considered by both parties.

China-Africa Institute leadership underscored the greater importance the Chinese authorities are placing on policy research and envisage future collaboration to be underpinned by rigorous analysis. As the relationship grows, the research Institutes are expected to provide academic rigor and inputs as solutions are sought to practical problems. The HESPI delegation emphasized the need for collaboration on joint studies in socio-economic development and the interlocutors appeared to welcome such approach.

## Symposium on China's 70-Year Development and its Implications for Mankind

At the invitation of the National Institute for Global Strategy, Chinese Academy of Social Science (CASS), Dr. Ali Issa, Managing Director of HESPI, participated at a high-level international symposium on "*China's 70-Year Development and the Building of the Community with a Shared Future for Mankind,*" which was held in Shanghai, on November 5-6, 2019. The symposium was hosted by the National Institute for Global Strategy, established in 2015, and which is one of the 25 CASS think-tanks that focuses on international research that covers China's global strategy, security and the Belt and Road Initiative.

The symposium brought together over 500 participants (political leaders, scholars from think tanks, and heads of media and international organizations), from many parts of the world to explore China's development in the past 70 years, its implications for the world and the way of promoting a community with a shared future for mankind.

The symposium covered presentations and discussions that covered panels on: Multi-path exploration of modernization; China's impact on the historical process of economic globalization; Economic growth and inclusive development, Openness, cooperation and civilization dialogue; Comparison of poverty reduction between china and other countries; and Ecological civilization and sustainable development. HESPI's contribution at the symposium was on "Chinese investments' impact on economic growth and inclusive development in the Greater Horn of Africa."

The symposium was organized in conjunction with the 2<sup>nd</sup> China International Import Expo (CIIE), and participants attended some of the opening day events of the Expo. The symposium was well presented but less focused on impactful dialogue and discussion, rather than on "*exceedingly well deserved congratulatory*" speech making.

## The Global Energy Interconnection and China-Africa Power Conference

At the invitation of the Global Electricity Development and Cooperation Organisation (GEIDCO), Dr. Gebrehiwot Ageba, Director of Research at HESPI, participated in a Technical Visit in Shanghai and Yichang and the 2019 Global Energy Interconnection and China-Africa Power Conference on 6-7 November 2019, and also served as Moderator for the Panel Discussion on Energy Interconnection and Cooperation.

During the two days prior to the conference (4-5 November 2019), close to 100 participants from a number of African countries (and additional separate group of African students in China) were taken on a guided Technical Visit to:

(1) the Shanghai Power Dispatch and Control Centre which distributes electricity to Shanghai's population of 25 million plus using state of the art technology; (2) the Fengxian Ultra High Voltage (UHV) station which receives ultra-high voltage electricity from power generation plants and transmits it to distribution centres; and (3) the three Gorges Hydropower Station, the largest hydropower dam in the world. Three of them represented China's advancement in power generation, transmission and distribution technology which they proudly displayed as China's functioning state of the art technology and system that it can offer to Africa.

The Beijing Conference was a high level event with congratulatory letters received from 5 Heads of States as well as the UN Secretary General, the AU Commissioner, and the Arab League and Keynote speeches delivered by leaders of global and regional organisations, CEOs of major companies and banks, and leading academics. The more than 1,000 participants from 79 countries included major players in energy not only from China and Africa but also Asia, Europe and Latin America. The two days were packed with panel discussions and parallel thematic forums. The presentations and discussions were very technical and of high quality, covering a range of topics including clean energy and low-carbon development; Global Energy Interconnection (GEI) and sustainable development; clean development and international cooperation; cross-border grid interconnection, market, investment and financing; African energy interconnection as new growth driver of Africa; Energy interconnection and cooperation; investment and financing of African energy interconnection and co-development of electricity, mining, metallurgy, manufacturing and trade.



GEIDCO representatives with HESPI Staff

## Staff Participation at Regional Events

### International Somali Awards 2019

The International Somali Awards is an award ceremony that honors annually select achievements of the worldwide Somali community by the London based Somali Diaspora Community. An innovative, unique and prestigious ceremony, The ISA pays tribute to inspiring Somali success stories from all walks of life, and recognises inspirational role models from the fields of business, social work, sports, education and entertainment. On 4th April 2019, The International Somali Awards hosted its annual event in London to showcase and celebrate Somali success, bringing together the most inspirational Somalis from the UK and all corners of the world.

The Horn Economic and Social Policy Institute (HESPI) has been selected as one of the International Somali Awards 2019 finalist, in a category under "INNOVATIVE AWARD" (for think tanks and other corporate entities. This year's theme was "Building Future Leaders" and focused on young and ambitious Somali entrepreneurs as well as recognising role models from the fields of business, social work, sports, education and entertainment. Guests gathered for the event in the heart of Westminster and were joined by prominent VIPs, foreign dignitaries, politicians, and Government Ministers.



ISA Opening session

## Staff Participation at Regional Events

### Puntland Development and Research Centre Talks (PDRC-Talks)

In March 2019, the Puntland Development and Research Centre (PDRC) initiated a monthly event called “PDRC-Talks”. This event is a new initiative to spread ideas, messages and awareness on issues related to the betterment of Somalia. These issues cover topics ranging from governance, democratization, peace and development which are the key focus areas of PDRC. PDRC-Talks is an interactive platform in which prominent Somali scholars, politicians and civil servants are hosted on a monthly basis to serve as guest speakers and to deliver expert presentations. The aim of PDRC-Talks is to spark conversation within the Somali community, and through this useful dialogue change attitudes and lives.

Inspired by his vast experience and present involvement in the Horn Region economic and socio-political affairs, PDRC invited Dr.

Ali Issa, The Managing Director of HESPI, as the Guest Speaker for its third PDRC--Talks event presentation “*on the Horn of Africa Integration Initiative and its Political and Socio-economic Impact on Somalia*”.

Dr. Ali first thanked the PDRC for initiating such timely forum, which he termed as very important for Somalia. He noted parallel initiatives that are currently on-going in the region; one is home grown and initiated by the national leadership of Ethiopia, Eritrea and Somalia for integrating their economies better through a closer and mutual cooperation between their countries. The other is an initiative backed by the World Bank, Africa Development Bank and the European Commission aimed to support a new Horn Economic Integration Initiative with these countries plus Djibouti and Kenya. Dr. Ali indicated that HESPI is currently collaborating with the African Union, which targets all eight IGAD countries and aims for greater economic integration and cooperation across all the Horn countries. He emphasized the challenges that lay ahead and could possibly hinder Somalia to effectively or equally participate in and benefit from the economic integration initiatives, since it lacks institutional capacity, access to financial institutions, adequate economic infrastructure, and security.

PDRC also organized a Panel discussion which included two well-known Scholars and Dr. Ali to respond to the participants’ comments. This format contributed to extended debate including concerns expressed on the capacity of Somalia to engage in regional integration in its current State of fragility.

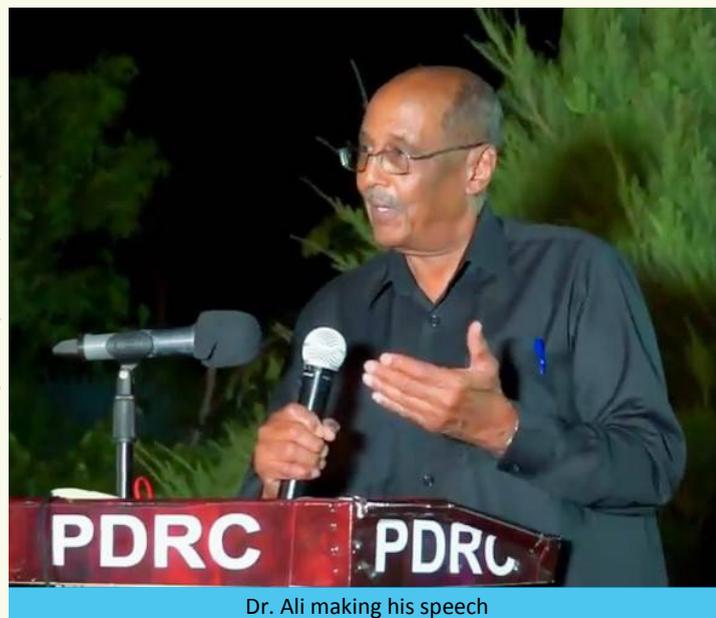
This event brought together 200 participants, which included policy makers and government officials such as Puntland Minister of Commerce; Minister of Environment, Agriculture and Irrigation; and Deputy-Minister of Finance. Civil Society Organizations such as women and groups, business communities, academic institutions and the media were also present.

### Investment, Financing and Entrepreneurship

Dr. Gebrehiwot Ageba, Director of Research at HESPI, participated as a discussant on the special thematic Panel Session on Investment, Financing and Entrepreneurship organized by The Global Society of Tegarū Scholars (GSTS). It was a huge conference covering a wide range of themes of relevance to Ethiopia and the region on which papers were presented, including agriculture, livestock and food security; manufacturing, industrialization, mining and finance; renewable energy; tourism; education and health; urbanization and infrastructure; ICT; gender and youth; governance, peace & security and justice. It attracted a large number of international and national participants. It was a 4-days conference held on 28<sup>th</sup> July – 1<sup>st</sup> August 2019 in Mekelle, Tigray.

### State of Financial Intermediation and Resilience in Ethiopia

On 26<sup>th</sup> September 2019, the Ethiopian Economics Association (EEA) invited Dr. Gebrehiwot Ageba, Director of Research at HESPI, to participate as an expert on its panel discussion themed “the State of Financial Intermediation and Resilience of the Financial System in Ethiopia”. This year’s event was part of series of Panel Discussions/Public Lectures that the Association organizes. The Panel was well attended by academics, researchers, practitioners, the private sector and policy makers in the area of finance.



Dr. Ali making his speech

## Staff Participation at Regional Events

### HESPI Delegation visit to Jigjiga University and to a nursery and revegetation project at Kebribeyah

On October 5, 2019, a delegation from HESPI Board and Management, the Minister of Agriculture, Environment, and climate change and a representative of PDRC from Puntland, State of Somalia planted trees at Jigjiga University Campus. The delegation also visited a nursery and revegetation, an Integrated Environmental rehabilitation and Community Based Environmental Management projects at Kebribeyah town (50km outside Jigjiga).



Delegation visit to Jigjiga University



Delegation planting trees in Jigjiga University and visiting Integrated Environmental Rehabilitation project at kebribeyah town

### 3rd Policy Forum of the National Economic Council

The National Economic Council appointed by the President of Somalia on July 12, 2018 has been engaged in research and studies on economic development activities and issues in Somalia. The forum advises the government on economic matters based on extensive research and evidence, provides policy advice and guidance to the government in



Panelist at the forum

preparing and implanting effective economic policies reforms, and assists in the implementation of national economic measure and plans. On December 7-8, 2019, the National Economic Council organized the third National Economic Policy forum in Mogdishu. The Deputy Prime Minister of the Federal Government of Somalia officially opened the forum themed “cooperative fiscal Federalism in Somalia, including revenue and resources sharing; the challenges and opportunities of private economic development in the country with emphasis on agricultural development, and Banking financial system in the country; and the implementation of an effective anti-corruption strategy”. Over 150 guests participated at the event including Federal Government of Somalia and member states’ ministers, members of the Parliament, representatives of international organization and the country’s development partners, and experts on economic and financial matters from the private sector and civil society in Somalia. The participants at the forum lauded the importance of discussing policies that are going to set the pace for the future development of Somalia.

Since the founding of the National Economic Council, two previous forums were held on economic developments in the country on topical issues of economic urgency so as to avail the participants opportunity to discuss economic policy reforms and sustainable development.

## 2019 MOUs with states and Institutions

### HESPI Memorandum of Understanding with Somali State of Ethiopia

The Horn Economic and Social Policy Institute signed a Memorandum of Understanding (MOU) with the Somali Regional State of Ethiopia on October 4, 2019 in Jigjiga, Ethiopia. The two parties entered into this agreement to advance the implementation of sound economic and social policies to meet the challenges facing the region, in particular assisting research and capacity development in support of policy formulation and implementation. The parties aimed to cooperate and collaborate on building strategies for addressing the economic challenges facing the different components of society including skill development and enhancing public and private institutions' effectiveness and performance. HESPI and the Office of the Somali Regional State of Ethiopia agreed to work together with this MOU for five years, which may be extended by mutual agreement.



Signing of MOU with Somali State of Ethiopia

### Memorandum of Understanding between HESPI and Jigjiga University



Signing of MOU with Jigjiga University

The Horn Economic and Social Policy Institute (HESPI) and Jigjiga University (JJU) signed a Memorandum of Understanding (MOU) on October 3, 2019 in Jigjiga, Ethiopia. Dr. Ali Issa, HESPI managing Director and Dr. Abdi Ahmed, JJU Acting President, signed the MOU in the presence of H.E. Mustafa M. Omer, President of Somali Regional State of Ethiopia. The purpose of this MoU is to facilitate the benefits to be derived from increased partnership, cooperation and interaction on efforts to advance the implementation of sound economic and social policies to meet the challenges facing the IGAD sub-region and African continent at large. The Institutes agreed to work on Policy analysis, research and advocacy on economic and social issues; Capacity development of institutions; Promoting and facilitating regional and sub-regional economic cooperation to foster growth and poverty reduction and human resilience. These areas of collaboration will focus in particular on pastoral and agro-pastoral economies; climate change; poverty reduction, and achievement of the Sustainable Development Goals.

### HESPI Memorandum of Understanding with PDRC

The Horn Economic and Social Policy institute with a vision to broader and extend its activities and engagements in the IGAD region, signed a Memorandum of Understanding (MOU) on September 18, 2019 with the Puntland Development and Research Center (PDRC), in Garowe. In agreement with number of other jurisdictions in the Horn of Africa, HESPI has targeted to execute its program clusters to enhance the economic and social policy formulation and implementation, and the building of institutional capacity. The Institute and relevant authorities recognized the benefits to be derived from increased partnership, cooperation and efforts to advance the implementation of sound economic and social policies to meet the challenges facing Somalia. In this regard, they mutually agreed to cooperate in policy analysis, research and advocacy on issues related to sustainable peace, economic and social development; and to collaborate on building human skills and institutional capacity.

### Planning exercise with bilateral partners of the RWG/AUHIP project.

Following previous RWG and the donor group joint meetings to discuss the proposal, partnership modalities, budget and contract administration; HESPI hosted a visit by its bilateral partners to have final clarification on some outstanding issues. Among the planning and financial issues of the project covered were in particular the timeline of project activities, possibilities of concluding pending bilateral activity agreements, and project funding and disbursement plans.



HESPI management with bilateral partners

## Briefs on Current Developments in the IGAD

### Launch of Horn of Africa Regional Integration Initiative on October 18, 2019 in Washington DC

The finance minister and representatives of Djibouti, Eritrea, Ethiopia, Kenya, and Somalia met on 18 October 2019 in Washington DC, during the World Bank Group/IMF annual meetings to foster economic integration and regional cooperation in the Horn of Africa. The concerned countries have a population of 180 million people and a combined GDP of \$170 billion. The head of state have reiterated their strong commitment to build a stable HoA and deepen economic integration as mutually reinforcing drivers which can transform the future of the sub-region. Deeper regional integration is vital for the economic transformation and for creation of jobs that is a priority for all the countries. The development contexts vary significantly between countries of sub-region and while each country will chart its own course, this regional initiative allows space to come together and act collectively keeping the best interests of all countries in mind.

The package of priorities agreed fall under four thematic areas: i) improving regional infrastructure connectivity; ii) promoting trade and economic integration; iii) building resilience; and iv) strengthening human capital development. These initiatives are expected to inter alia, promote greater energy trade and thus lower domestic unit costs of electricity and promote energy access; better connect small and medium producers to regional and global markets; allow the countries to take the next steps on digital transformation; increase intra-regional trade, economic diversification and creation of regional value chains; address resilience to weather shocks and mitigate its impact on pastoralists and other vulnerable groups; and help build a stronger human capital base for the jobs of tomorrow.

The priority proposals agreed require financing of the order of \$15 billion. The countries requested their development partners to help take this initiative to the next stage, by supporting the hosting of a financing forum to raise private and concessional financing to supplement their domestic resources to finance the priorities.

The participants committed themselves to ensure the effective implementation of the initiative and to address in a coordinated manner the key barriers that are currently hindering deeper integration. They are also committed to meeting on a bi-annual basis to take stock of progress with implementation and to use effective national and regional coordination arrangements.

### IMF Reaches Staff-Level Agreement on a US\$2.9 Billion Financing with Ethiopia

The following brief statements are based on preliminary findings of staff mission, and a report that will be presented to the IMF's Executive Board for discussion and decision. An International Monetary Fund (IMF) staff team visited Addis Ababa from October 29 to November 8, 2019 to hold discussions on the 2019 Article IV Consultation for Ethiopia, and the authorities' request for a three-year US\$2.9 billion financing package that could be supported by the IMF under its Extended Credit Facility (ECF) and Extended Fund Facility (EFF). IMF staff issued the following statement on the staff-level agreement:

"The Ethiopian government and the IMF staff team reached preliminary agreement, subject to approval by the Fund's Executive Board, on policies that could constitute the basis for Ethiopia's new program supported by the ECF and EFF arrangements. The overall objective of the program would be to support implementation of the authorities' Homegrown Economic Reform Program.

"The Fund-supported program would consist of five main pillars: (i) durably address the foreign exchange shortage and transition to a more flexible exchange rate regime; (ii) strengthen oversight and management of state-owned enterprises to contain debt vulnerabilities; (iii) strengthen domestic revenue mobilization and expenditure efficiency to create space for adequate poverty-reducing and essential infrastructure spending; (iv) reform the financial sector to support private investment and modernize the monetary policy framework; and (v) strengthen the supervisory framework and financial safety nets."

"We will submit the program request to the Executive Board for its consideration."

### Ethiopia's First Satellite in space launched from China

(Source: China Daily & African Report)

On 20 Dec 2019, Ethiopia launched its first satellite called Ethiopian Remote Sensing Satellite-1, or ETRSS-1 to space. The satellite was sent into space by a Long March 4B carrier rocket from the Taiyuan Satellite Launch Center in North China's Shanxi province. Carrying a multispectral wide-field imager and some other scientific devices, the 65kilogram spacecraft is expected to work at least two years at an altitude of around 600 kilometers to obtain multispectral remote-sensing data for Ethiopia's agriculture, water resource survey, disaster prevention and relief, and climate change research. The satellite will help to boost the economic development and space technology in Ethiopia. The satellite which weighs 70kg was built by Ethiopian and Chinese aerospace engineers in China.



## HESPI Forthcoming Events

- HESPI will organize a forum together with the African Union High Implementation Panel (AUHIP) to explore possible synergies between the RWGs and possibility of creating synergy and alignment between the Horn of Africa New Initiative by the AfDB, EU and the WB and the AUHIP Research Working Group activities.
- HESPI will organize Validation workshops on the preliminary findings of the AUHIP/RWGs project thematic areas in June 2020. The thematic areas will include.
  - \* Developing a security community in the HoA and the Red Sea Arena.
  - \* Economic integration and trade, infrastructure development, and addressing environmental and financial resource challenges.
  - \* Democratization, diversity and state fragility, with a particular focus on gender and women's activism.
- HESPI will hold a policy forum on selected thematic issue (public private partnership vis-à-vis changing economic policy reforms in the IGAD member countries) of regional policy importance with the selected chambers of commerce in the region in March 2020.
- HESPI will hold its board of Director Meeting in the 2nd week of February 2020 to address emerging strategic, institutional and corporate management issues.
- HESPI and the bilateral partners program will hold a review meeting during the second week of February 2020 to assess the implementation progress since July 2019.
- HESPI will hold a training session for selected senior and middle level audit staff members from the Office of Auditor General of Somalia in April 2020.

## Research Outputs

### Annual Report on IGAD Economies

HESPI's flagship annual report on IGAD economies has been published. The first part of the report discusses the recent macroeconomic developments across countries in the region. The report revealed uneven economic growth among countries in recent years. While Ethiopia, Djibouti, and Kenya continued to show a relatively stable growth, Eritrea, Somalia, South Sudan, Sudan, South Sudan and Uganda experienced growth fluctuations. Except in South Sudan, inflation has been moderate during 2014-2017. Current account and fiscal deficits remain a challenge.

The second part of the report features a discussion on climate shocks, their effects on food security, and the level of institutional capabilities to build resilience to the effects of climate change in the region. Recurrent drought is a typical characteristics of most of the countries in the region. As most livelihoods depend on climate sensitive agriculture, drought has been a leading cause of natural crisis for most of the countries in the IGAD region. The report shows improvements in implementing a regional approach to the proactive management of climatic risks in the areas of preparedness, drought mitigation and early warning mechanisms.

### Forthcoming Publications

HESPI is currently conducting research on the Horn of Africa (HoA) to support the activities of the African Union High-Level Implementation Panel (AUHIP) in the preparation for convening a conference on peace, security, stability, economic cooperation and development in the Horn of Africa (CPHA). The research program that HESPI is conducting comprises of the following components: (i) Economic Integration and Trade Development in the HoA, (ii) Regional Infrastructure Development, (iii) Food Security, and Climate Change Challenges in the HoA, and (iv) Financing Foreign Trade and Regional Investment in the HoA. The study is expected to deepen understanding of the dynamics of food security and climate change, infrastructure development, economic cooperation and integration and financing issues in the region. The evidence and findings from the study will serve as inputs into the AUHIP's 'proposal towards a comprehensive and inclusive approach to enhancing sustainable prosperity in the HoA.



# The 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.

Kirkos Sub City, Kebele 15, Churchill Road, Teklu Desta Building /H.No. 288/10-13

P. O. Box 2692 Code 1250, Addis Ababa,

Tel. +251 011 515 0521/84, +251 011 515 3262/ 65; Fax. +251 011 515 0763

Email: [contacthespi@hespi.org](mailto:contacthespi@hespi.org)

[www.hespi.org](http://www.hespi.org)