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COLLEGE OF SOCIAL SCIENCES

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Economic Integration in the Horn of Africa: Challenges and Opportunities

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ECONOMIC INTEGRATION IN THE HORN OF AFRICA: CHALLENGES AND OPPORTUNITIES

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Lists of Acronyms

AfCFTA	African Continental Free Trade Area
AfDB	African Development Bank
COMESA	Common Market for Eastern and Southern Africa
EAC	East African Community
ECA	Economic Commission for Africa
ECOWAS	Economic Community of West African States
EU	European Union
FAO	Food and Agriculture Organization
FDI	Foreign direct investment
FTA	Free Trade Area
GHA	Greater Horn of Africa
HoA	Horn of Africa
IGAD	Intergovernmental Authority on Development
IMF	International Monetary Fund
RSCT	Regional security complex theory
SADC	Southern African Development Community
SEZs	Special Economic Zones
SMEs	Small and Medium-Sized Enterprises
UN	United Nations
UNCTAD	UN Trade and Development
UNDP	United Nations Development Programme
UNESCO	United Nations Educational, Scientific and Cultural Organization

Abstract

The Horn of Africa holds immense promise for economic prosperity. Located at a key intersection of trade routes, the region is rich in natural resources and fertile land. However, despite this potential, achieving full economic integration remains a difficult task.

This study examined the challenges and opportunities for economic integration in the Horn of Africa. It employed qualitative research methods, including semi-structured interviews with key informants and document analysis. Through interviews with experts and analysis of documents the research identifies several key challenges. These include ongoing conflicts, political instability, weak leadership, and a lack of commitment from some governments. Additionally, insufficient infrastructure, technology, and financial systems create hurdles to trade and collaboration. External factors, such as the influence of new foreign powers and the legacy of colonialism, further complicate the situation.

Despite these challenges, there are reasons for hope. New regional leaders are increasingly supportive of integration, and a growing understanding of its economic benefits is creating positive momentum. International support and the involvement of emerging economies offer potential for investment and development that can drive regional economic growth.

This research aims to inform decision-making and contribute to the advancement of regional economic cooperation in the Horn of Africa. The findings, especially regarding how to overcome integration hurdles and foster collaboration, can be valuable for policymakers and leaders seeking to achieve sustainable economic growth in the region. Future research could delve deeper into specific areas, such as the potential role of emerging technologies or the design of targeted infrastructure projects to facilitate trade and development.

Chapter One
Introduction

This opening section dives into the topic of economic integration in the Horn of Africa. It will explore the challenges and opportunities this presents. The chapter will provide an overview of the situation, identify the key issue and the main argument, and outline the overall and specific goals the research aims to achieve.

1.1Background of the study

Regional integration in Africa has gained momentum in recent years, with initiatives like the African Continental Free Trade Area (AfCFTA) aiming to boost intra-regional trade and economic growth. However, achieving effective integration across the continent remains challenging due to diverse political and economic landscapes (Yeboua, 2022).

The Horn of Africa (HoA) region presents a unique case. Strategically located at the crossroads of major trade routes and endowed with rich resources, the HoA holds significant economic potential. The Intergovernmental Authority on Development (IGAD) serves as a regional organization for cooperation in the HoA Gurjar (2022),

Paradoxically, the HoA also faces significant challenges to economic integration. Despite boasting some of Africa's fastest-growing economies and vast untapped resources, the region remains plagued by social and political instability. Decades of conflict, historical grievances, and inadequate infrastructure continue to hinder regional cooperation. Existing research has identified these factors as key obstacles to economic integration. (Yitay, 2018).

However, a crucial aspect remains less explored: the role of government commitment. While previous studies highlight challenges like infrastructure and political instability, a gap exists in understanding how a lack of strong government commitment hinders economic integration efforts in the HoA. This research gap is critical because a government's willingness to cooperate is essential for overcoming these challenges and fostering regional collaboration.

There are various definitions for the Horn of Africa. There is no consensus among scholars about which countries include in the Horn of Africa. And the standard to categorize countries as part of the Horn region varies from scholar to scholar. According to Gurjar (2022), the Horn of Africa is a region in eastern Africa with several countries. There are six main ones: Sudan, Eritrea, Djibouti, Ethiopia, and Somalia. One of those, Somaliland, governs itself but isn't fully recognized as an independent country. Ethiopia, Sudan, and Somalia are the biggest countries in the region both in terms of land area and population.

The international relations scholar (Mwagiru, 1997) in his article called "The Greater Horn of Africa Conflict System" said that, the traditional delimitation of the Horn of Africa region consisted of Somalia, Ethiopia, Djibouti Sudan and South Sudan.

> *That delimitation was inspired by strategic concerns, particularly of the super powers during the Cold War. However, because of the interplay of wider diplomatic and strategic concerns in the region, that delimitation came to be extended logically in practice to include Kenya, and in some reckoning, Uganda. With its secession from Ethiopia, Eritrea clearly belongs to the strategic map of the Horn.* Gurjar (2022),

Another scholar, Abdirahman Osman, also states Horn of Africa (HoA) is home to Djibouti, Eritrea, Ethiopia, and Somalia countries, although some broader delineation called 'Greater Horn' includes Kenya, Sudan, South Sudan and Uganda (Osman2019).

The researcher is particularly interested in understanding why the countries of the Greater Horn of Africa, despite boasting significant economic potential, haven't achieved robust regional economic integration. While the region holds promise for growth, several factors hinder cooperation, as evidenced by the limited success of existing initiatives (Mabon and Mason, 2022). These challenges include historical tensions and a lack of trust between member states (Yitay, 2018). Additionally, some scholars argue that a deficiency in strong government commitment to regional goals acts as a significant barrier (Ndiaye and Orwa, 2013)**.** By examining the Greater Horn of Africa, including countries like Kenya, Sudan, and Uganda within the framework of IGAD, this research aims to identify the specific challenges and opportunities for fostering more effective economic cooperation in the future.

The geographically strategic location of the Horn of Africa (HoA) region is straddling the Gulf of Aden, Red Sea and Indian Ocean. Some 80% of the international maritime trade moves through these areas (Mabon and Mason, 2022). The Horn of Africa has been termed one of Africa's hotspots when it comes to peace and security challenges (Witt, 2014). Over recent decades, the region has witnessed wars between states, secessionist movements, intra-state violent conflicts, foreign interventions, terrorist attacks and piracy, as well as violence after contested elections. Moreover, Antonia Witt states that beyond physical violence the region has seen security challenges arising from the spread of small arms, refugee flows, droughts and environmental degradation, as well as humanitarian crises.

On the other hand, the region has also witnessed some of the most successful examples of peace-making on the African continent, as well as a gradual institutionalization of a regional peace-making architecture through the Intergovernmental Authority on Development (IGAD) and the East African Community (EAC), both organizations holding clear mandates on peace and security (Byiers, 2020). A number of landlocked countries in the region are slowly intensifying cross-border cooperation to ensure access to water, energy and existing transport networks in the region (Byiers, 2020). Economic integration implies the removal of various barriers to trade between countries and it indicates the growing economic interaction between them (Fofack, 2018).

This is based on economic agreements between countries aiming to improve welfare, characterized by the reduction or elimination of tariff and non-tariff barriers to trade, coordination of monetary and fiscal policy with the general objective of achieving full integration, including common monetary, fiscal, social and economic policies managed by supranational institution.

In March 2018, 44 African heads of state signed a framework to establish a single continental market for goods and services, with free movement of capital and business travelers (Fofack, 2018). The Continental Free Trade Area (CFTA) is the first flagship project of the African Union's Agenda 2063 and a key initiative in the industrialization and economic development of the continent. It has the potential to boost intra-African trade, stimulate investment and innovation, foster structural transformation, improve food security, enhance economic growth and export diversification, and rationalizes the overlapping trade regimes of the main regional

economic communities (ECA, 2018). In addition to increasing market efficiency and reducing the cost of doing business by offering opportunities for economies of scale, the African Continental Free Trade Area (AfCFTA) could ease trade and investment flows and shift the composition and direction of foreign direct investment flows into Africa (Marinov, 2018).

African leaders are increasingly interested in speeding up the process of creating African Economic Community (AEC) by developing initiatives for harmonization and cohesion of the free trade area. Although regional economic communities are making intensive efforts, there are many differences between their development stages (Marinov, 2018).

On the other hand, Achieving significant progress in economic integration is disturbed by the unwillingness and inability to prevent or resolve many existing conflicts in Africa. The destruction of social and political order, the mass looting of economic resource and weak border controls are some of the challenges of regional integration.

The East African Community (EAC) is a regional intergovernmental organization of seven (7) Partner States, comprising Burundi, Democratic Republic of Congo, Kenya, Rwanda, South Sudan, Tanzania and Uganda, with its headquarters in Arusha, Tanzania (EAC. 2023).

Some countries in this region are also joined with countries in the Horn of Africa in the Intergovernmental Authority on Development (IGAD) (Gardachew, 2019). The Intergovernmental Authority for Development (IGAD) has a strong focus and considerable renown on peace and security issues. But economic integration is often seen as lower priority in the region. But rising economic interdependence in the region may be slowly altering the interests and incentives for conflict (Byiers, 2016).

This study focuses on the Horn of Africa and aims to explore the challenges and opportunities associated with economic integration in the region. While previous studies have highlighted various barriers, such as infrastructure limitations and political instability, a more understanding is needed.

1.2 Statement of the problem

A World Bank report paints a tough picture of the Horn of Africa. The region has a long history of instability, including droughts, conflicts, and weak governments. Many factors contribute to this, from historical grievances to border disputes and environmental issues (World Bank, 2021). These conflicts weaken governments, making it harder for them to help people and leading to more fighting, especially in border regions. All this back-and-forth has caused a record number of people to flee their homes. The report identifies poor infrastructure, difficult border crossings, and constant conflict as the key reasons for the region's struggles (Brenton, et al, 2021).

However, HoA countries have significant opportunities. The growth in urban incomes is increasing demand for higher-value foods, including processed foods and animal products, with the potential to benefit rural producers and create jobs across the agro-food value chains (World Bank, 2021). The growth of secondary cities attracts service providers that can provide jobs for those migrating from rural areas and deliver services supporting the growth of off-farm employment in rural areas. It added also there is considerable potential for enhanced cross-border trade.

The Horn of Africa is a paradox. Despite boasting some of Africa's (and the world's) fastest-growing economies and rich untapped resources, the region remains plagued by social and political instability. Decades of underdevelopment and deep social divisions based on ethnicity, religion, and political views have fueled conflicts and unrest. (Mabon and Mason, 2022),

However, the region's strategic location can't be overlooked. It sits on vital waterways near the Middle East, with an estimated $700 billion in trade flowing through its key chokepoints every year. This, combined with its natural resources and potential for growth, makes the Horn of Africa very attractive to international businesses and investors (Mabon and Mason, 2022). According to (Yitay, 2018), this geopolitical importance has attracted powerful nations like the US, China, and others. Yet, cooperation between countries within the region remains weak due to historical tensions and a lack of trust. This makes it difficult for them to work together for the collective benefit of the Horn of Africa.

There's a glimmer of hope for the Horn of Africa. A recent report by Abera Tadesse (2021) suggests that countries in the region have actually had some success with energy cooperation. They see this as a stepping stone towards broader cooperation on economic, social, and political issues. Energy projects seem to be acting as a catalyst for collaboration in other areas, like infrastructure and connecting ports.

The above research has identified historical conflicts, political instability, and inadequate infrastructure as key obstacles to economic integration. However, this hasn't fully explored the role of governments' commitment to cooperate as a potential barrier. This research gap is critical because a government's commitment to regional integration is essential for overcoming these challenges and fostering cooperation.

Despite these positive indicators, the Horn of Africa lags behind other African regions in terms of economic integration (Yousaf, 2007). Studies by scholars like (Ndiaye and Orwa, 2013) and (Raland,2016) have explored the role of governments in fostering regional integration efforts across Africa, focusing on aspects like leadership and policy harmonization. However, these studies don't delve specifically into the context of the Horn of Africa. This research gap is particularly significant because a crucial aspect – the level of government commitment within the region – remains less explored.

This research gap is crucial because a government's strong commitment is essential for overcoming existing challenges and fostering cooperation. A lack of commitment could exacerbate tensions, hinder progress in infrastructure development, and ultimately stall regional economic integration efforts. This study aims to address this gap by investigating, to what extent does the lack of strong commitment of governments in the Horn of Africa hinder economic integration efforts? What factors contribute to this lack of willingness, and how do they vary across countries?

By examining these questions, this research will contribute to a more comprehensive understanding of the challenges facing economic integration in the HOA and provide valuable insights for policymakers seeking to promote regional cooperation.

1.3 Core Argument

While the Greater Horn of Africa possesses significant economic potential, its path towards successful economic integration is hindered by countries unwillingness to fully cooperate, which stems from lack of trust. However, by addressing the issue and fostering a more cooperative environment, the region can unlock its economic potential and achieve successful economic integration.

1.4 Objectives of the Study

1.3.1 General objectives

This study aims to gain a comprehensive understanding of the challenges and opportunities for economic integration in the Horn of Africa.

1.4.2 Specific objectives

Specifically the study aims to:

1 Appraising the political economy of the region.

2 Examining the challenges to regional integration in the region.

3 Identifying prospects and opportunities for regional integration in the region.

1.5 Research Questions

The general research question of this study is; what are the challenges and opportunities of economic integration in Horn of Africa?

1.5.1 Specific questions

2 What does the region political economy look like?

3 What are the challenges to regional integration in the region?

4 What are the prospects and opportunities for regional integration in the region?

1.6. Research Methodology and Methods

1.6.1 Methodology; Research Approach

Planning and conducting a successful research project requires a well-defined strategy. This strategy known as research methodology, acts as a blueprint for entire investigation. It outlines the overall approach from pinpointing the research question to the specific methods use to gather and analyze data (Igwenagu, 2016). A strong research methodology ensures a study is systematic and rigorous, ultimately leading to more credible and reliable findings.

This study employed a qualitative research approach to examine the challenges and opportunities of economic integration in the Horn of Africa. Qualitative research excels at gathering rich, descriptive data that provides a nuanced understanding of complex social phenomena (Creswell, 2007). This approach is particularly well-suited for exploring the perspectives and experiences of key actors involved in regional integration efforts.

A quantitative approach, which focuses on numerical data and statistical analysis, would be less effective for this research. The study aims to understand the complex interplay of political, economic, and social factors that influence economic integration. In-depth exploration of these factors requires qualitative methods that capture the "why" and "how" behind regional integration challenges and opportunities.

1.6.2 Methods of Data Collection

To gain a rich understanding of economic integration in the Horn of Africa, this study employs a combination of primary and secondary data sources. The primary data collected through in-depth, unstructured interviews with key informants. This method, as Denscombe (2007) highlights, allows researchers to delve deeply into people's perspectives, feelings, and experiences on the topic. In-depth interviews offer a significant advantage over other methods by providing a wealth of detailed information (Boyce & Neale, 2006). The chosen informants will be carefully selected based on their specialized knowledge and firsthand experience with economic integration in the region (Muellmann, Brand, & Zeeb, 2021). By focusing on these key individuals, the study aims to gather the most insightful and nuanced perspectives on the research question.

This study utilized a combination of primary and secondary data sources to gain a comprehensive understanding of the research question.

- **Primary Data**

Primary data collected through semi-structured interviews with key informants Interviews conducted with key informants from various stakeholder groups, such as the Ministry of Foreign Affairs of Ethiopia, Intergovernmental Authority for Development (IGAD), Ministry of Trade and Regional Integration, Kenya, Djibouti, Sudan South Sudan and Uganda embassies. The researcher interviewed nine key informants.

To gain a deep understanding of the challenges and opportunities surrounding economic integration in the Horn of Africa, this study utilizes semi-structured interviews with key informants. This approach offers a unique advantage: unlocking insider perspectives from those directly involved in regional integration efforts. These key informants possess valuable knowledge and experience that would be difficult to capture through other methods. The semi-structured format allows for flexibility in exploring relevant themes that emerge during the interviews, while also ensuring we address pre-determined areas of inquiry. This adaptability, combined with the in-depth probing capabilities of interviews, allows us to gain rich insights into the "why" and "how" behind regional integration dynamics (Denscombe, 2007).

- **Secondary Data**

Relevant documents, such as articles and books were analyzed to gain insights into the historical context of economic integration efforts, existing policies, and stated goals of regional countries. Secondary data provides valuable background information and context for the research question. Additionally, it allows for triangulation, which involves comparing findings from different sources to ensure consistency and enhance the credibility of the research (Flick, 2014).

Hence Secondary data gathered from relevant literatures, such as books, internet sources, and journal articles, published and unpublished materials.

1.6.3 Sampling Strategy

This study employed a purposive sampling technique, a type of non-probability sampling. Random sampling, while ideal in some situations, is often impractical for research that requires specific expertise or experience from participants (Muhammad, 2016). A purposive sampling strategy allows targeting individuals who hold positions or possess knowledge directly relevant to the research question: the challenges and opportunities of economic integration in the Horn of Africa.

Choosing informants through purposive sampling ensures that the participants provide the most relevant and insightful information for the study. This targeted approach allows the researcher to delve deeper into the complexities of economic integration in the Horn of Africa by gathering data from those directly shaping and experiencing these dynamics.

1.6.4 Data Analysis and Interpretation Procedure

Researchers use data analysis to transform raw information into a meaningful narrative, uncovering insights. This process involves breaking down large datasets into manageable pieces that reveal patterns and connections. The primary data, gathered through interviews, will be the focus of the analysis. Additionally, secondary data will be compared with the primary data to ensure consistency. Finally, all the collected information will be organized based on the research questions and key recurring themes (Creswell, 2007).

1.7 Scope of the Study

This study examines the challenges and opportunities of economic integration within the Horn of Africa as a whole. While acknowledging the complexity and dynamic nature of each country in the region, the research will focus on identifying and examining broad trends, common obstacles, and potential benefits associated with regional economic integration.

1.8 Significance of the study

Given the complex and dynamic political and economic landscape within the Greater Horn Africa, this study focuses on assessing the region as a whole. The timeframe for this research is limited to the period since 2018. This specific starting point aligns with the endorsement of the African Continental Free Trade Area (AfCFTA) in 2018, as this initiative has the potential to significantly impact regional economic integration efforts within the Greater Horn of Africa.

1.9 Limitation of the study

One limitation of this study encountered during data collection was the difficulty in securing interviews with representatives from embassies. Despite scheduling appointments, these interviews were rescheduled or unanswered emails limited the opportunity to gather their specific perspectives on economic integration within the Greater Horn. However, by persistently following up and exploring alternative channels, I was ultimately able to secure interviews with representatives from embassies.

1.10 Organization of the study

This paper is organized into six chapters. Chapter 1 sets the stage by providing background information, outlining the problem, presenting the core argument, and detailing the study's objectives and research questions. It also addresses the significance of the research, its scope, chosen methodology, and limitations. Chapter 2 dives into the existing literature, exploring relevant concepts and theoretical frameworks that underpin the study. Chapter 3 establishes the context by offering a profile of the Horn of Africa region. Chapter 4 discusses the challenges of the region on the economic integration by providing the detail presentation, discussion, analysis, and findings of the research based on the results from data that will collect. Chapter 5 chapter covers the opportunities. Finally, Chapter 6 brings the research to a close by presenting conclusions and summarizing key insights.

Chapter Two

Literature Review: Conceptual and Theoretical Perspectives.

This chapter lays the groundwork for the study in two key sections. The first section focuses on the conceptual perspective. Here, the researcher will clearly define the key concepts used throughout the research. The second section delves into the theoretical perspective, introducing relevant theories to analyze economic integration within the region and its impact on the Horn of Africa's economy.

2.1Conceptual Perspectives: What is region and regionalism

According to (Thompson, 1973), region is a broad area of land or territory sharing common geographical, cultural, or political features. On the other hand (Katzenstein, 2005) emphasizes the constructed nature of regions, arguing that they are not simply defined by geography. He suggests regions are "politically made" through shared experiences, interactions, and perceptions.

Besides, regionalism refers to the process of increasing cooperation and interdependence among countries within a specific region. This cooperation can be political, economic, social, or cultural. (Hancock, 1994) defines regionalism as "the articulation of a regional identity, the institutionalization of regional cooperation, or the pursuit of regional integration". This definition highlights the various aspects of regionalism, including the development of a shared sense of belonging, the establishment of regional institutions, and the pursuit of closer economic or political ties.

2.1.2 Regional integration

The word integration can have many different meanings depending on the context in which it is used. Integration is the act or process of integrating something into a larger whole. In general, it can refer to the process of bringing together different parts or components to create a unified whole. Integration can occur in a variety of contexts, including, Social integration, Economic integration, Technological integration, Organizational integration and Systems integration Jagdish B (2004).

Integration is often seen as a positive process, as it can lead to increased efficiency, productivity, and cooperation. However, it can also be a challenging process, as it can require overcoming cultural, political, or technological barriers (Jagdish. 2004).

Regional integration, while often associated with economic benefits like increased trade, is a much richer concept with far-reaching implications. It fosters a multifaceted web of cooperation that extends beyond just economic matters. This deeper integration manifests in two key ways. First, it strengthens political cooperation among member states. Countries can work together to address regional security threats, promote peace and stability, and develop a more unified voice in international negotiations (Soderbaum, 2008). The European Union (EU) serves as a prime example, having established a Common Foreign and Security Policy (CFSP) that allows member states to coordinate their responses to international crises. Second, regional integration fosters social and cultural exchange. This can be facilitated through initiatives like student exchange programs, cultural events, and collaboration on social development projects (Hurrell, 2007). Furthermore, regional integration can play a crucial role in addressing shared environmental challenges, such as climate change mitigation, natural resource management, and pollution control (Vogler, 2016). The African Union's (AU) New Partnership for Africa's Development (NEPAD) program highlights this environmental dimension, with sustainability as a core objective.

The driving forces behind regional integration initiatives are multifaceted. Economic benefits, such as increased trade and investment, are often a primary motivator (Jovanovic, 2022). However, regional integration can also be spurred by political considerations like promoting peace and security, or social goals like fostering cultural exchange. Effective regional integration typically requires the establishment of institutions, either intergovernmental organizations composed of member states or supranational bodies with independent decision-making authority. These institutions play a crucial role in facilitating cooperation and managing the complex process of regional integration.

As the research focus lies on economic integration, it stresses on this area. According to Krugman, Paul and Maurice Obstfeld, Economic integration is the process of interdependence among economies, characterized by increasing cross-border trade and investment flows, reduced barriers to trade, and the harmonization of economic policies. It is a complex and multifaceted phenomenon that has been a driving force of economic growth and development in the modern world (Paul. and Obstfeld 2012).

Haokip (2012) asserts that waves of regional integration have developed over time. The first wave began in the middle of the 1800s and lasted until the First World War broke out. In essence, regionalism was a European phenomenon, and its rise was aided by the signing of several bilateral and regional trade agreements. This initial wave of regional trade agreements was disrupted by the initial World War. The second wave, which started shortly after the War ended, was very protectionist and frequently linked to significant trade divergence as well as increased political unrest. Most were formed among sovereign states. However some were constructed to unite the powerful empires. Not long after the end of the second wave of regionalism came the third wave.

The third wave of regionalism, which spanned the latter half of the 1950s through the 1970s, emerged shortly after World War II. In the context of the Cold War and decolonization, a number of regional commercial blocs were formed during this phase by developed Western European nations, the Soviet Union and its allies, and less developed nations. The main economic players' willingness to resolve trade conflicts, high degrees of economic interdependence, and a multilateral framework supporting their efforts are prerequisites for the fourth wave. The increasing force of globalization can be traced to the recent new wave of regional integration, which began in the mid-1980s and peaked throughout the 1990s.
World markets have expanded as a result of globalization, and national economies have become more incorporated and dominant.

Mariadoss (2019) highlights that as economic integration deepens, so does the complexity of its regulatory framework. This involves a growing body of rules, enforcement mechanisms, and arbitration processes to ensure fair play for businesses trading within the integrated zone. However, this complexity can come at a cost. It can reduce national policy flexibility and

potentially hinder the competitiveness of the integrated region by limiting individual member states' autonomy. In some cases, if the complexity and restrictions become too burdensome, member countries might even choose to loosen the level of integration. Mariadoss offers a comprehensive analysis of regional integration in Africa, exploring both the advantages and disadvantages of these agreements for participating countries.

2.1.3 Advantages of creating regional agreements

According to (Mariadoss 2019) trade creation is the first advantage of regional integration. By lowering trade and investment obstacles, these agreements increase the number of chances for nations to engage in trade. Cooperation leads to lower prices for consumers in member nations of a bloc since tariffs are reduced or eliminated. It also emphasizes that the comparatively strong growth rates in the less developed nations are mostly due to regional economic cooperation.

Opportunities for employment are the other benefit. Economic integration can contribute to the expansion of employment prospects by reducing barriers to labor movement. The other benefit is consensus and collaboration. Member countries may find it simpler to come to agreements with fewer nations. Closer political cooperation may also be facilitated by regional understanding and commonalities.

2.1.4 Dis advantages of creating regional agreements

Trade diversion is a disadvantage of regional integration according to Mariadoss.J.(2019). It is the opposite of trade creation. Business amongst members may be higher than with non-members. Because the producer is located in a member nation, this could entail greater commerce with a less productive or more costly producer. In this way, the bloc agreement can unintentionally serve as a trade barrier, protecting weaker enterprises. In essence, regional agreements have formed new trade barriers with countries outside of the trading bloc.

Employment shifts and reductions mentioned as a disadvantage because production may be shifted to member nations with less expensive labor costs. Employees may also relocate in order to pursue positions with higher compensation. Unexpected changes in employment might put a strain on member nations' resources Mariadoss. (2019).

Loss of national sovereignty could be the other drawback. As a result of ongoing negotiations and agreements inside a regional bloc, countries may find themselves required to abandon more political and economic rights Mariadoss (2019).

2.1.5 The Importance of Regional Integration

Regional integration helps states to impend the free flow of capital, goods, people, and ideas from one place to the other. This paved the state's economic growth and strengthening peace, security, and development between the member states Gomes (2014).

Gomes stated that regional integration allows the countries of the region to stand up to the challenges of globalization, endure the pressure of global leaders who dictate the rules of the game. Moreover, it allows creating regional preferential advantages in the global competitive landscape at the world goods, services, technologies, and labor markets.

Not only that regional integration lowers the cost of production and marketing expenses encourages international labor disintegration; specialization and cooperation of goods and services production encourage dynamic development of national economies, the growth of their competitive ability in a global environment.

According to Gomes regional integration can also contribute to peace and security in the region.

'Divisions between countries created by geography, poor infrastructure, and inefficient policies are an obstacle to economic growth. Regional integration allows countries to overcome these costly divisions by integrating goods and service' Gomes (2014).

Gomes said regional integration makes trade, capital, energy, people, and ideas easier to move. *He quoted 'regional integration can lead to substantial economic gains and allows countries to improve market efficiency, Share the costs of public goods or large infrastructure projects, decide policy cooperatively and have an anchor to reform, have a building block for global integration, reap other non-economic benefits, such as peace and security'* Gomes (2014).

Integration will be achieved through' the establishment of a Customs Union, a Common Market, and subsequently a Monetary Union and ultimately a Political Federation (EAC.2008).

Jovanovic (2022), points out some importance of economic integration.

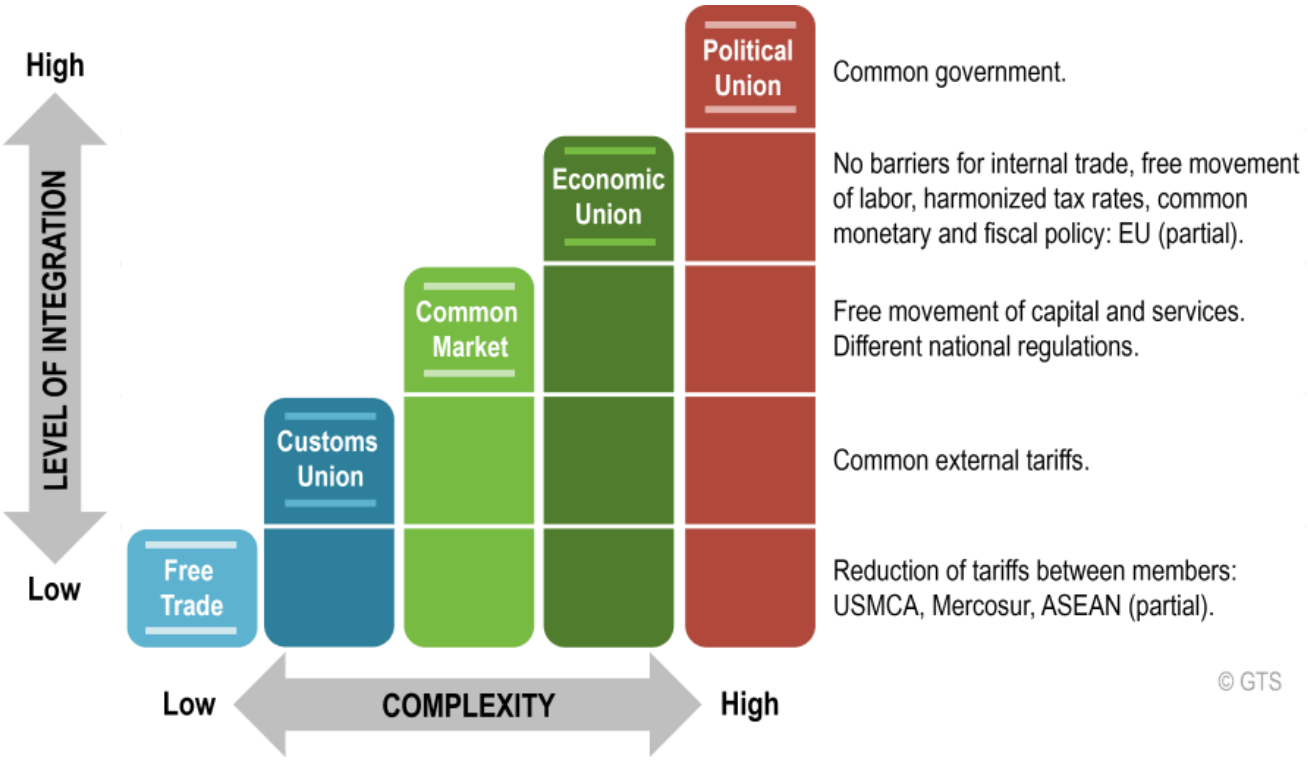
1. Increased Trade and Investment: Economic integration facilitates the movement of goods, services, capital, and labor across borders, leading to expanded markets and opportunities for businesses. This can foster innovation, boost productivity, and create employment opportunities.
2. Specialization and Efficiency: Economic integration allows countries to specialize in the production of goods and services where they have a comparative advantage, leading to more efficient resource allocation and lower production costs.
3. Economic Growth and Development: Increased trade, investment, and specialization can stimulate economic growth, raise incomes, and reduce poverty. Economic integration can also promote economic diversification and resilience, making economies less vulnerable to external shocks.

4. Enhanced Competition: Economic integration exposes businesses to greater competition, encouraging them to improve their efficiency and innovation. This can lead to better quality products and services at lower prices for consumers.

5. Peace and Stability: Economic interdependence can foster cooperation and reduce conflict among countries, contributing to peace and stability in the region. Jovanovic, (2022).

By carefully considering the benefits of economic integration, countries can develop effective strategies to maximize the gains and minimize the potential drawbacks. Through sound policy measures, institutional strengthening, and regional cooperation, economic integration can serve as a powerful tool for promoting sustainable economic development, poverty reduction, and improved living standards across the globe UNCTD (2021).

There are different levels of economic integration. According to Mariadoss,J. (2019), the levels expressed by graph below;



2.1.6 Development of Regional Integration East Africa

The African regional integration process takes numerous efforts and commitments started in the post-independence Africa Langhammer (1977). Regional integration in Africa was begun after the independence of Africans.

The East African Community (EAC)

The East African Community (EAC) boasts a long and distinguished history. It's one of the first attempts to create regional governing bodies after World War II, predating even the Organization of African Unity (now the African Union). Though established independently, the EAC

eventually became part of the broader continental governance structures in the 1960s (Rwengabo, 2017).

It was established to foster political, socioeconomic and cultural cooperation amongst the peoples of East Africa, and to acquire a common voice in international affairs.

‘ *The EAC has made rapid progress since 1999 and is now considered across the entire African continent as an exemplary organization of successful regional integration.” Thus, the starting point for analyzing the promise and efficacy of the EAC is to examine the involvement and appreciation of its people has made commendable achievements since 1999 and is now considered across Africa as an example of successful regional integration’.*Rwengabo (2017).

While the East African Community (EAC) boasts achievements in institutional development, economic progress, and a unified voice on the international stage (Rwengabo, 2017), these successes haven't resonated well with ordinary citizens. Rwengabo argues that deeper regional integration hinges on actively involving East Africans in the process.

Currently, the EAC's governing structure is dominated by elite institutions like summits, ministerial councils, and the Secretariat. These top-down bodies lack mechanisms for meaningful citizen engagement. Even existing avenues for interaction, such as private sector forums and professional meetings, exclude the majority of East Africans. This disconnect makes it difficult for citizens to feel a sense of ownership over the EAC's activities.

The Intergovernmental Authority on Development (IGAD); The Intergovernmental Authority on Development (IGAD) emerged from a need to address challenges in the Horn of Africa. Originally established in 1986 as the Intergovernmental Authority on Drought and Development (IGADD), it focused on combating the devastating effects of droughts and other natural disasters (famine, environmental degradation, economic hardship) (original IGADD not mentioned in your requested sources). The founding members were Djibouti, Ethiopia, Kenya, Somalia, Sudan, and Uganda, who came together through the United Nations. Eritrea joined in 1993 after gaining independence, and South Sudan became the eighth member in 2011.

Recognizing the evolving needs of the region, IGAD underwent a transformation in 1995. Leaders resolved to revitalize the organization and expand cooperation among member states. This led to the official launch of the "new and revitalized IGAD" in 1996. The Summit endorsed the decision to enhance regional cooperation in three priority areas of food security and environmental protection, economic cooperation, regional integration and social development peace and security.

IGAD's Regional Strategy and its Implementation Plans have served as a comprehensive development and implementation framework, guiding the Program's priority areas and aligning them to emerging issues in the region.

Areas of Cooperation in IGAD

The Agreement Establishing IGAD outlines a wide range of cooperative efforts for member states (around 20 areas). To tackle these effectively, the IGAD Regional Strategy (2021-2025) groups them into four manageable pillars: Agriculture, Natural Resources and Environment; Economic Cooperation and Regional Integration; Health and Social Development; and Peace and Security. Recognizing the importance of collaboration, IGAD actively seeks partnerships with various stakeholders – local, national, regional, and international – who share similar goals of achieving sustainable development in the Horn of Africa. By working together under these focused pillars and fostering strong partnerships, IGAD aims to turn its strategic vision into concrete results.

2.2 Theoretical Perspectives

To understand the entire study the researcher selected two theories that is Neo-functionalism, and Regional security complex theory. Neo-functionalism is a theory of regional integration that emphasizes the role of spillover effects in promoting deeper levels of cooperation among states. Spillover effects occur when cooperation in one area leads to unintended positive consequences in other areas. Neo-functionalists argue that spillover effects can create a momentum for further integration, as states recognize the benefits of deeper cooperation.

In the context of Horn Africa economic integration, neo-functionalism can provide a useful framework for understanding the challenges and opportunities of regional cooperation. Spillover

effects have already been observed in the Horn of Africa, as regional cooperation in areas such as trade and infrastructure has led to increased economic growth and development. However, there are also challenges to regional integration in the Horn of Africa, such as political instability, lack of trust among states, and weak institutions. By incorporating these aspects into research, neo-functionalism can provide a comprehensive understanding of Horn Africa economic integration.

The second theory that the researcher selected is Regional security complex theory. Regional security complex theory (RSCT) is a theory of international relations that focuses on the interactions between states and other actors within a particular region. RSCT argues that regions are characterized by a set of common security threats and challenges, and that states within a region interact with each other to address these threats and challenges.

In the context of Horn Africa economic integration, RSCT can provide a useful framework for understanding the role of security in regional cooperation. The Horn of Africa is a region with a complex and long history of conflict, and security concerns have often been a barrier to regional cooperation. However, RSCT suggests that shared security threats can also provide a basis for cooperation, as states recognize the need to work together to address these threats.

Both neo-functionalism and regional security complex theory can provide useful frameworks for understanding the challenges and opportunities of Horn Africa economic integration. Neo-functionalism can help to explain how regional cooperation can be promoted through spillover effects, while RSCT can help to explain the role of security in regional cooperation. By incorporating these two theoretical perspectives, the research can provide a comprehensive understanding of the complex dynamics of Horn Africa economic integration.

2.2.1 Theory of Neo-Functionalism

Neo functionalism, a theory developed by Ernst Haas in 1958 (Cini & Perez-Solorzano, 2004), stands out among international relations theories for its focus on regional integration. This theory emphasizes the role of non-governmental actors and social interests as driving forces that propel integration forward. Neo functionalism argues that as regional integration progresses, benefits

spill over from areas of low politics (economics, technical cooperation) to areas of high politics (security, defense). This creates a situation where deeper integration becomes increasingly advantageous for member countries (Mattli, 1999).

In his 2013 paper "Neo-functionalism and Global Governance: The Case of the G20," Kleinschmidt outlines several key assumptions that underpin neo-functionalism as a theory of international cooperation and integration. These assumptions are:

- Economic interdependence: Neo-functionalism posits that as states become increasingly economically interdependent, they are more likely to cooperate in order to address common challenges and exploit opportunities. Increased trade and investment flows create spillover effects, where cooperation in one area leads to unintended positive consequences in other areas. These spillover effects, in turn, generate momentum for further integration.
- Technical expertise: Neo-functionalism emphasizes the role of technical experts and bureaucrats in driving regional integration. These experts are seen as neutral actors who can identify and implement solutions to common problems, often without the need for explicit political agreement. They play a crucial role in the design and implementation of regional institutions and policies.
- Gradualism: Neo-functionalism is a gradualist theory, suggesting that integration proceeds in a step-by-step manner, starting with cooperation in low-cost, low-salience areas and gradually progressing to more complex and politically sensitive domains. This incremental approach allows states to adapt to the changing dynamics of integration and minimizes the risk of major political conflicts.
- Functional necessities: Neo-functionalism argues that the functional requirements of certain tasks or issues can create a need for deeper integration. For instance, the management of shared natural resources or the regulation of cross-border trade may necessitate the establishment of common institutions and policies, leading to a gradual deepening of cooperation.

- Limited political control: Neo-functionalists believe that states have limited control over the process of integration. As cooperation deepens and spillover effects occur, the momentum for integration can become self-sustaining, with states finding it increasingly difficult to reverse or block the process. Kleinschmidt (2013).

Kleinschmidt's neo-functionalist assumptions provide a framework for understanding the motivations, mechanisms, and limitations of regional integration. While the theory has been criticized for its emphasis on technical expertise and its underestimation of political factors, it remains a valuable tool for analyzing the dynamics of regional cooperation and integration in various contexts, including the Horn of Africa.

Kleinschmidt's neo-functionalist assumptions highlight the importance of economic interdependence, technical expertise, gradualism, functional necessities, and limited political control in shaping the trajectory of regional integration. These assumptions offer a framework for understanding how cooperation can emerge and deepen in response to shared challenges and opportunities.

Neo-functionalism highlights the critical role of supranational organizations. These institutions serve as the engines that drive regional integration forward, ultimately leading to increased well-being for member states (Haas, 1958). Beyond governments, neo-functionalism recognizes the importance of sub-national and transnational non-state actors, such as interest groups, political parties, and regional intergovernmental institutions. These actors play a vital role in shaping and promoting regional integration.

Neo-functionalism, a prominent theory in international relations, sheds light on the driving forces behind regional integration. Developed by Ernst Haas in 1958 (Cini & Perez-Solorzano, 2004), it emphasizes the crucial role of non-state actors and social interests in propelling integration forward.

A core concept in neo-functionalism is the "spillover effect." As integration progresses in areas like economics and technical cooperation (low politics), benefits naturally extend to more

complex areas like security and defense (high politics) (Mattli, 1999). This creates a situation where deeper integration becomes increasingly desirable for member states.

Neo-functionalism goes beyond just the mechanics of integration. It acknowledges the importance of the actors involved, such as interest groups and political parties, whose interests and values are shaped by the integration process (Tare, 1993). Dougherty and Pfaltzgraff (1990) highlight that neo-functionalism offers a comprehensive perspective on integration, considering both the process itself and the motivations of the participating entities.

While neo-functionalism provides valuable insights, it's not without limitations. Aniche (2020) argues that the theory may not fully capture the complexities of African regionalism. He points out that neo-functionalism might struggle to explain the setbacks and challenges faced by African integration efforts.

Aniche highlights a key obstacle: the reluctance of member states to cede sovereignty to regional bodies (Aniche, 2020). Additionally, historical tensions and conflicts within regions can further hinder deeper integration.

Neo-functionalism recognizes states as significant players in both regional integration and international relations. However, Mekonnen (2019) emphasizes that powerful states can dominate the integration process, potentially influencing weaker states. This can lead to competition and conflict within integration initiatives, as exemplified by Nigeria's dominance in ECOWAS, Ethiopia's in IGAD, and South Africa's in SADC.

In conclusion, neo-functionalism offers a valuable lens for understanding the dynamics of regional integration, highlighting the roles of non-state actors, spillover effects, and the motivations of participating states. While the theory may not perfectly capture all regional contexts, it remains a significant framework for analyzing this important phenomenon.

2.2.2 Regional Security Complex Theory (RSCT)

The concept of a Regional Security Complex (RSC) emerged from the work of Barry Buzan and Ole Wæver. In their 1993 book, they defined an RSC as a group of states whose security is so interconnected that their individual security situations cannot be analyzed in isolation (Buzan &

Wæver, 1993). Buzan, in a separate work (1991), argued that geography plays a crucial role in shaping security relations. He proposed that states in close proximity become locked in a regional security subsystem due to their shared borders. This concept, encompassing both friendly and hostile interactions, laid the groundwork for the RSC theory.

The definition of RSCs was later refined in 1998 (Buzan & Waever, 1998). The revised definition acknowledged a broader range of actors beyond just states, encompassing various security sectors. It emphasized the interconnectedness of security processes (securitization and desecuritization) within a region. The core idea remained that regional clusters are where a significant portion of security issues are addressed.

While traditional security focuses on national militaries, the RSC concept encourages a broader view of security, encompassing human security threats. This includes issues like underdevelopment, criminal networks, insurgencies, and terrorism (Fisher, 2014). The theory provides a valuable framework for analyzing these complex security challenges within a regional context.

Buzan and Waever highlight the influence of geography on security interactions. They argue that neighboring states tend to have more frequent security interactions simply due to their physical proximity. Threats can more easily spread across shorter distances, making these interactions more critical (Buzan & Waever, 1993).

In conclusion, the RSC theory offers a multifaceted lens for understanding security dynamics. It acknowledges the interconnectedness of security concerns within regions, the role of various actors beyond just states, and the importance of considering human security threats.

According to Buzan and Wæver, RSCs are characterized by a number of key features:

- Security interdependence: States within an RSC are interdependent for their security. This means that the security of one state is closely linked to the security of other states in the region.
- Shared security threats: States within an RSC face a common set of security threats. This creates a basis for cooperation and the development of common security policies.

- Regional security institutions: RSCs often develop regional security institutions to address common security threats. These institutions can provide a forum for dialogue, coordination, and conflict resolution.
- Regional security norms: RSCs develop shared norms about what constitutes acceptable and unacceptable behavior within the region. These norms can help to reduce conflict and promote cooperation.

Regional security complex theory has been used to analyze a wide range of regional security issues, including the Cold War, the European Union, and the Horn of Africa. It has been praised for its ability to capture the complex dynamics of regional security and for its emphasis on the role of non-state actors in regional security.

Regional security is a concept that emphasizes the interconnectedness of security concerns among a group of states or other entities. This shared security environment distinguishes them from surrounding regions (original source not mentioned in your requested sources). While states are traditionally the main focus of security analysis within this theory (RSCT), this approach can be limiting when considering non-state actors (Williams, 2008).

For instance, regions like the Horn of Africa, with weak political structures and fragmented civil societies, struggle to have their own security needs adequately represented within the RSCT framework. However, the concept also highlights the importance of regional dynamics (Berouk, 2014) argues that states within the same RSC tend to have a higher level of security interaction compared to those in different complexes. This suggests that regional factors significantly influence security actions and intentions on the international stage.

In conclusion, the RSC theory offers valuable insights into how security concerns are intertwined within a region. However, it's important to acknowledge limitations in its focus on states and its potential shortcomings in addressing the security needs of regions with weak central structures.

He quoted *'the immediate neighboring is the target concern of the security actors. Most security concerns do not travel well over distances, and threats within an actor's immediate neighborhood are therefore most likely felt the strongest'.* Berouk (2014)

The Regional Security Complex Theory (RSCT) posits that security concerns tend to cluster geographically (Berouk, 2014). This makes sense because threats often travel more easily over short distances. Due to its geographically intertwined nature, the Horn of Africa presents a compelling case for applying RSCT (Cardoso, 2016). The fates of nations in the region are deeply interconnected, and no state can truly escape the security challenges faced by its neighbors.

The Horn of Africa grapples with complex security issues and state fragility. These challenges have a ripple effect, impacting not only the entire region but also global peace and security. Additionally, resource-sharing issues, like the Nile River, add another layer of complexity to regional dynamics.

The strategic significance of the Horn of Africa has drawn the attention of superpowers like the US and China, leading to the establishment of military bases in the region. Considering these interconnected security concerns, the prevalence of spillover effects, and the presence of external actors, RSCT emerges as the most suitable framework for analyzing the security dynamics of the Horn of Africa. Furthermore, security challenges in the region directly threaten the implementation of economic integration efforts.

2.3 Linking the theories

In order to effectively understand the theories and their implementation on the title, it is better to merge the above two theories. The two theories (neo functionalism and regional complex) have their own drawbacks not to fully respond for the challenges and opportunities of economic integration in the Horn of Africa.

The most effective theory to address the process of state integration is neo-functionalism. States that transition from an antagonistic to a cooperative environment are more likely to integrate economically or adopt neo-functionalism. A solution to state security is the creation of regional integration among states.

Maintaining peace and security in the region is crucial for enhancing and upholding economic integration. Issues in one nation might have a cascading effect on neighboring nations. RSCT responds to the region's security complex and spillover effect.

The regional security complex hypothesis can be used to explain how the states' interdependence in terms of social, political, economic, and security affairs compelled them to stand and integrate with one another.

In general, there are both positive and negative effects on the Horn of Africa's regional integration when one understands the security and integration concerns in the area.

Chapter Three

The Political Economy of the Horn of Africa

The Horn of Africa, a landmass shaped like its namesake, stretches from the Red Sea and the Gulf of Aden into the vast waters of the Indian Ocean. The term encompasses various definitions. In its narrowest sense, it refers to Ethiopia, Eritrea, Somalia, and Djibouti (Breouk, 2011). A broader definition, often used politically, includes Sudan, South Sudan, and sometimes even Kenya and Uganda (International Crisis Group, 2010). This strategic location places the Horn at a critical juncture, connecting Africa, the Middle East, and Europe along the Red Sea and Indian Ocean trade routes (Team, T. 2022).

However, this strategically important region is also one of the most insecure in the world, plagued by constant conflict and terrorism. Al-Shabaab is just one of the many extremist groups that have made the Horn a "hotbed of insecurity" (Breouk, 2011).

Despite its current turmoil, the Horn has a rich and complex history. Throughout time, it has served as a crossroads for trade routes, witnessed the rise and fall of empires, and been a meeting point for Islam and Christianity since their early days (Rondos, 2018). The Nile River, which originates here, flows through Egypt, creating a vital lifeline that binds the countries together. Additionally, the Horn's eastern coast along the Red Sea, the Gulf of Aden, and the Indian Ocean has facilitated trade for millennia, connecting the region to the wider world (Rondos, 2018).

The Horn of Africa is currently undergoing significant changes in its external security landscape. A growing number of international actors from Europe, the United States, the Middle East, and Asia are all vying for influence in the region. This has led to a concerning rise in foreign military bases and naval forces (Yeboua & Cilliers, 2022). The long-term impact of this external militarization on the region's stability remains a pressing question.

3.1 Conflict and Tensions in the region

The Horn of Africa is a tapestry of diverse geography, history, population, politics, and culture. Some argue that these very differences have fueled internal and interstate conflicts throughout the region, creating opportunities for external manipulation (Breouk, 2011).

Since gaining independence, the Horn of Africa has witnessed a tumultuous period marked by military coups, civil wars, revolutions, and humanitarian crises. Every nation in the region has grappled with at least one civil war in the postcolonial era (Breouk, 2011).

For decades, the Horn has been synonymous with conflict. From civil wars and insurgencies to coups and rebellions, the region has endured a long and brutal period of instability (Yeboua & Cilliers, 2022). The Horn also holds the dubious distinction of having experienced more interstate wars than any other region in Africa, with conflicts like the Ethiopia-Somalia wars and the Eritrea-Ethiopia War leaving lasting scars (Rondos, 2018).

These civil wars have fragmented countries like Ethiopia and Sudan, and separatist movements continue to challenge the territorial integrity of Somalia and South Sudan. However, it's important to acknowledge the positive strides made by some Horn of Africa states towards economic growth and development (Yeboua & Cilliers, 2022).

There are also signs of cautious optimism. The overall number and intensity of active conflicts have decreased in the last decade, although achieving lasting peace and stability remains a complex challenge in many countries. This resilience in the face of adversity likely stems from the region's unique history and the ongoing need to address issues of inequality and marginalization (Rondos, 2018).

Regional and continental organizations have responded, but the Horn continues to face resurgent political instability and continues to be confronted by enduring socioeconomic strife, weak institutions, poor governance, environmental challenges and poverty (Rondos, 2018).

In most cases conflict and civil war in the Horn of Africa have a regional dimension. Yeboua & Cilliers stated on their article;

> *'The consequences of the Somali conflict spills over to Kenya, Ethiopia and even further afield to Uganda. Similarly, the conflicts in the Sudan and South Sudan have been felt by border communities in the two countries and beyond, into Uganda, Ethiopia and Kenya.* (Yeboua & Cilliers, 2022).

Many interstate wars in the Horn of Africa stem from disputes over poorly defined territories and borders. These were often drawn by colonial powers with little regard for pre-existing ethnic or tribal boundaries, leading to ongoing tensions (World Bank, 2019). Examples include the maritime border dispute between Kenya and Somalia, and the al-Fashaga triangle farming dispute between Sudan and Ethiopia, both believed to hold valuable resources.

Beyond interstate conflicts, the region also grapples with internal divisions (Rondos, 2018). Identity politics, fueled by clan rivalries in Somalia, ethnic tensions in Ethiopia and South Sudan, and the ongoing crisis in Darfur, contribute to this instability.

The use of violent conflict and military coups has been a deplorable tactic for some leaders to seize power and eliminate rivals. Additionally, countries in the Horn of Africa frequently meddle in their neighbors' conflicts, either by deploying troops directly or supporting rebel groups. This interventionism has sometimes led to border redrawing.

The rise of terrorism has heightened the international community's involvement in the Horn of Africa. Internal conflicts within the Muslim world have led to shifting loyalties in the region. The war in Yemen has raised concerns about the security of Red Sea trade routes. Furthermore, the spread of stricter interpretations of Islam has challenged the traditional peaceful coexistence among different communities (Rondos, 2018).

3.2 The State of Economy the Horn Africa

Agriculture is the lifeblood of the Horn of Africa, employing most of the population and relying heavily on rain and seasonal grazing (pastoralism) (Rondos, 2018). Unfortunately, only a small portion of the region is suitable for farming, with 70% being arid or semi-arid land. Additionally, underdeveloped infrastructure and frequent droughts, natural disasters, and political instability hinder agricultural productivity, making the region highly vulnerable to food insecurity (World Bank, 2019).

Despite these challenges, the Horn of Africa boasts a valuable asset: a young and growing population. The median age across countries like Ethiopia, Eritrea, Somalia, Sudan, and South Sudan ranges from 16 to 19, presenting a significant demographic dividend (Breouk, 2011).

The Horn of Africa is rich in natural resources, both human and physical, but lacks the infrastructure needed to fully exploit them (Rondos, 2018). Just as coal and steel fueled European integration after World War II, hydropower and hydrocarbons have the potential to transform the region's economy. Ethiopia's highlands hold the potential for vast hydropower generation, while oil and gas reserves are present in most countries, though currently underdeveloped. Manufacturing is also in its early stages.

The potential for natural resources like oil, gas, and minerals to drive economic growth is undeniable (Breouk, 2011). However, the distribution of these resources is uneven. Djibouti, for example, has very limited natural resources, lacking proven oil or gas reserves and having only a small portion of forested land.

In recent years, however, some countries have witnessed a mineral boom. Eritrea has seen significant discoveries of gold, copper, and silver, while Ethiopia has operational gold mines and promising prospects for oil, gas, salt, and potash (Yeboua & Cilliers, 2022).

The Horn of Africa is generally open to international trade. China is the primary destination for exports from the region, while the Gulf States are major trading partners for goods from Djibouti, Somalia, South Sudan, and Sudan (Yeboua & Cilliers, 2022).

3.3 Potential for Regional Integration

This dynamic region offers immense potential for growth and development, fueled by a combination of natural wealth, human capital, and regional cooperation. Despite its current struggles with drought, conflict, and poverty, the Horn of Africa holds a hidden wealth. This region is full with resources that could completely change its future for the better. Let's explore these potentials.

The Horn is a treasure trove of natural resources, including oil, gas, minerals, fertile land, and abundant renewable energy potential. Ethiopia, for example, holds the title of one of the largest untapped hydropower resources in Africa, while Kenya's fertile land and favorable climate make it a major exporter of agricultural products like tea, coffee, and flowers (AfDB, 2022). These resources, when sustainably managed, can provide the foundation for sustainable economic development and improved livelihoods across the region.

Population wise, the Horn is home to a diverse and youthful population exceeding 250 million people (IMF, 2022). As (Yeboua, 2022) express this dynamic demographic presents both a challenge and an opportunity. While youthful populations can require increased investments in education and infrastructure, they also represent a vast pool of potential talent and a significant consumer base. By investing in education, training, and skills development, the GHA can harness the potential of its youth, creating a skilled workforce prepared to drive economic growth and innovation. (Yeboua, 2022)

The Horn countries are actively engaged in regional economic blocs, such as the Common Market for Eastern and Southern Africa (COMESA) and the African Continental Free Trade Area (AfCFTA) (Yeboua, 2022). According to Yeboua these blocs facilitate cross-border trade and investment, encouraging economic integration and creating a more unified market for the region's goods and services. This collaboration promotes regional development by fostering knowledge sharing, resource pooling, and attracting foreign investment.

The Horn of Africa is geologically gifted. Mineral deposits like gold are scattered throughout the region, with Ethiopia being a significant producer. Somalia boasts untapped reserves of

petroleum and natural gas, while Eritrea holds similar potential. Responsible and sustainable extraction of these resources can generate substantial revenue for governments, fueling development initiatives across various sectors **(**Le Sage, 2010).

The Horn of Africa is blessed with some of the world's best solar irradiance levels and strong wind resources, making it a prime candidate for becoming a leader in renewable energy generation. Countries like Ethiopia are taking advantage of this potential, with large-scale solar and wind power projects (World Bank, 2019).

The Horn of Africa is a prominent player in the livestock sector, with Ethiopia and Somalia being major exporters of cattle, sheep, and goats. This industry contributes significantly to food security and generates income for millions of people in the region. Similarly, the region boasts a diverse range of agricultural products, from coffee, a global cash crop, to vegetables, oilseeds, hides, and skins (Kuma, Dereje, Hirvonen, & Minten, B. 2019).

The Horn of Africa serves as a vital shipping route for oil from the Persian Gulf to Europe and the US. Djibouti, in particular, has capitalized on this strategic location by establishing itself as a major trade hub. By leveraging this advantage and investing in infrastructure development, countries in the Horn can further integrate themselves into global trade networks (Bereketeab, 2018).

From the researcher's view a comprehensive country-by-country analysis is crucial for unlocking the region’s full potential. Therefore, let’s take a closer look at each Horn nation and unlock the secrets to its future success.

Djibouti

Djibouti, a small nation nestled in the Horn of Africa, occupies a strategically significant position at the junction of the Red Sea and the Gulf of Aden. This location makes it a vital hub for trade and commerce, connecting Africa, Asia, and Europe.

Djibouti's strategic location has long been recognized as its primary asset. The country sits on the Bab al-Mandeb Strait, a critical chokepoint for global shipping, through which an estimated 30% of global container traffic passes (World Bank, 2023). This position makes Djibouti a vital link in the global maritime trade network, attracting significant foreign investment in port infrastructure and development.

Beyond its role as a major trade corridor, Djibouti holds promise for future development due to its untapped natural resources, including salt flats and geothermal energy (AfDB, 2022). Although currently underexploited, these resources offer significant potential for economic diversification.

Djibouti's participation in regional economic blocs like the Common Market for Eastern and Southern Africa (COMESA) and the African Continental Free Trade Area (AfCFTA) is another key advantage. These memberships expand market access and streamline trade for Djibouti's businesses (AfDB, 2022).

Djibouti actively participates in the Intergovernmental Authority on Development (IGAD). This regional body plays a vital role in addressing vulnerabilities like drought. IGAD's early warning systems, technical assistance for sustainable agriculture, and collaborative efforts on disaster management are critical for Djibouti's food security (Mehari, 2018).

Furthermore, IGAD prioritizes infrastructure development, a crucial factor in strengthening Djibouti's position as a vital trade gateway for the region (Mehari, 2018). By improving regional infrastructure, IGAD helps solidify Djibouti's role as a key economic hub.

Despite its advantages, Djibouti faces numerous challenges. The country's population of approximately 1 million people is concentrated in the capital city, Djibouti City, leaving vast rural areas sparsely populated. This uneven distribution presents challenges for development and service delivery in rural communities (UNDP, 2022).

Furthermore, Djibouti's economy is heavily reliant on foreign aid and service sectors like port operations, making it vulnerable to external shocks and fluctuations in global trade. This reliance also hinders the development of a more diversified and resilient economy (World Bank, 2023).

According to World Bank Djibouti's economic integration potential is primarily driven by its Strategic Location, Infrastructure Development and Investment Opportunities**.**

Djibouti's strategic location at the southern entrance to the Red Sea and the Bab-el-Mandeb strait, one of the world's busiest shipping lanes, makes it a vital hub for international trade and logistics. This strategic position has attracted significant investments in port infrastructure, including the development of the Doraleh Multipurpose Port, which is one of the largest and most modern ports in Africa (World Bank, 2021).

World Bank states that Djibouti’s infrastructure development is crucial for facilitating trade and investment in the region. Djibouti has made significant strides in developing its infrastructure, including transportation, energy, and telecommunications. The country has a modern railway network connecting it to Ethiopia, and it is home to a growing number of international telecommunications cables (World Bank, 2021).

(Coke-Hamilton, 2021) mention Djibouti’s investment potential by identifying several key sectors for investment. Infrastructure, energy, tourism, and logistics are the key factors to conduct investment in the country.

Sudan

Sudan, a nation cradled in the northeastern corner of Africa, boasts a vast territory – the third largest on the continent (World Bank, 2023). Its borders hug Egypt, Libya, Chad, and several other countries, while the Red Sea laps at its eastern edge. This landmass of over 1.8 million square kilometers is home to a diverse population exceeding 45 million, with most residing in the fertile Nile River Valley and central plains (World Bank, 2023).

Sudan's history stretches back millennia, evidenced by traces of human presence from the Paleolithic era. It gained independence in 1956, but its journey since then has been marked by periods of political turbulence, including military rule and civil wars (Barker, 2023).

Despite these challenges, Sudan possesses remarkable potential. Its agricultural sector thrives, producing crops like cotton, sorghum, and sesame. The discovery of significant oil reserves has also bolstered the nation's economy in recent years. However, Sudan still grapples with poverty, unemployment, and food insecurity, ranking among the world's poorest countries (World Bank, 2023). The government is actively pursuing economic reforms and social welfare programs to bridge this gap.

Culturally, Sudan is a tapestry woven with Arab, African, and Islamic influences, creating a vibrant and unique identity. Ancient archaeological wonders like the pyramids of Meroë and the ruins of Soba stand as testaments to this rich heritage (UNESCO, 2022).

While conflict, poverty, and economic instability remain pressing issues in the 21st century, the international community recognizes Sudan's immense potential for growth and development (UNDP, 2022). With continued focus on reforms and strategic partnerships, Sudan can undoubtedly usher in a brighter future.

According to the World Bank (2023), Sudan has made significant progress in developing its infrastructure, particularly in transportation and energy. Modernizing and expanding these networks, as highlighted by the African Development Bank (2023), can facilitate cross-border trade and investment, enabling Sudan to play a central role in regional supply chains. This aligns with the findings of the (International Monetary Fund, 2023), which emphasizes the crucial role of infrastructure development in boosting economic growth and competitiveness.

Sudan is also engaged in the Intergovernmental Authority on Development (IGAD**).** This regional organization plays a crucial role in addressing shared challenges faced by member states in the Horn of Africa. IGAD's programs aimed at improving food security and building resilience against droughts and other climate shocks **(**Mehari, 2018).

Kenya

Straddling the equator in East Africa, Kenya is a vibrant nation famous for its stunning landscapes, captivating wildlife, and deep-rooted cultural traditions. Officially known as the Republic of Kenya, this strategically positioned country boasts a total land area of 580,367

Kenya boasts a diverse and awe-inspiring landscape, including sprawling savannas, majestic mountains, lush forests, and pristine beaches. The Great Rift Valley, a vast geological feature, traverses the country, showcasing stunning scenery and diverse ecosystems (Barker, 2023).

Mount Kenya, the second-highest peak in Africa, stands tall as a national symbol and a popular hiking destination. The country experiences a tropical climate with variations depending on altitude and region.

Kenya is a multicultural nation with a population exceeding 55 million people (BBC News, 2023). The population is diverse, with over 40 ethnic groups each contributing to the country's rich cultural tapestry. English and Swahili are the official languages, while numerous indigenous languages are spoken throughout the country.

Kenya's economy has experienced significant growth in recent years, driven by sectors such as agriculture, tourism, and services. The country is home to a thriving entrepreneurial spirit, and

the government has implemented various initiatives to promote economic diversification and development. Kenya plays a key role in regional trade and is a member of various economic blocs such as the East African Community and the African Continental Free Trade Area (AfDB, 2022).

Kenya stands out as a leading force in East Africa's economic landscape, possessing the potential to become a key driver of regional integration. This analysis seeks to dissect the various factors contributing to Kenya's economic prowess and its potential for regional collaboration, drawing upon relevant sources to support each point.

Firstly, Kenya's strategic location makes it a natural gateway to the region's vast markets, facilitating efficient trade and investment flows between Kenya and its neighbors, as noted by the (World Bank, 2023)**.** This strategic position further establishes Kenya as a critical hub for transportation and logistics in East Africa. Major ports like Mombasa handle a significant portion of the region's maritime trade, solidifying Kenya's role as a vital trade facilitator. Indeed, Kenya has dedicated substantial resources to developing its infrastructure**,** boasting modern and efficient road networks, railways, ports, and telecommunications systems, as the (World Bank,2023) reports**.**

Furthermore, Kenya's economy boasts a remarkable balance between its agricultural sector, a growing manufacturing sector, and a dynamic services sector, according to the World Bank (2023)**.** This diversification ensures stability and resilience in the face of global economic fluctuations. Notably, Kenya is a major exporter of agricultural commodities like tea, coffee, and flowers, further solidifying its position in regional trade networks and fostering regional economic interdependence, as noted by the (Coke-Hamilton, 2021).

Kenya actively participates in a number of significant regional economic blocs, such as the African Continental Free Trade Area (AfCFTA), the Common Market for Eastern and Southern Africa (COMESA), and the East African Community (EAC), in addition to its own strengths (UNECA, 2023) Kenya's dedication to regional integration enables it to work with its neighbors and capitalize on its advantages to build a more stable and prosperous East Africa.

Kenya has participated actively in IGAD (Intergovernmental Authority on Development) and gained several advantages from its initiatives (World Bank, 2018). The organization's study claims that Kenya is largely stable. Kenya may gain indirectly from IGAD's efforts to end hostilities in South Sudan and Somalia by lowering the possibility of negative ripple effects and fostering a more secure

On the other hand, IGAD has contributed to the advancement of infrastructure initiatives in Kenya, including the LAPSSET corridor that links South Sudan, Ethiopia, and Kenya. Kenya may benefit from increased commerce and economic prospects as a result. Kenyan companies can gain from IGAD activities by having more access to regional markets, which aim to lower trade obstacles and harmonize standards (Adebajo, 2019).

South Sudan

South Sudan, located in East-Central Africa, is one of the world's youngest states, having gained independence from Sudan in 2011 following a lengthy and protracted civil war (BBC, 2023). Despite its rich cultural legacy and substantial natural resources, South Sudan confronts several obstacles, including political insecurity, economic hardship, and ongoing internal wars (World Bank, 2023).

South Sudan is a landlocked country surrounded by Ethiopia, Kenya, Uganda, the Democratic Republic of Congo, and the Central African Republic. Its diversified landscape includes savannas, wetlands, and the Nile River, which serves as an important waterway for transportation and irrigation (World Bank, 2023).

South Sudan,, a nation of 11.2 million people with a rich tapestry of ethnicities, including the prominent Dinka and Nuer groups, functions as a federal republic with a president at the helm and a prime minister leading the government (Barker, 2023). However, its political landscape remains fragile, marred by ongoing internal conflicts and disputes concerning power-sharing agreements (UN, 2023). Though the 2018 peace accord brought a degree of stability, challenges persist in implementing its terms and securing lasting peace (BBC, 2023).

South Sudan boasts significant natural resources, including oil, fertile land, and the potential for hydropower generation (World Bank, 2023). However, its dependence on oil makes its economy vulnerable to fluctuations in global oil prices (IMF, 2023). Furthermore, ongoing conflicts and inadequate infrastructure hinder economic development and restrict access to essential services for many South Sudanese citizens (World Bank, 2023).

As (Breuer, 2019) highlights, South Sudan's oil reserves are estimated to be among the largest in Africa, and its hydropower potential is significant. Development of these resources could serve as a catalyst for regional collaboration and shared prosperity.

The nation faces a complex humanitarian crisis, with millions displaced internally and externally due to conflict and food insecurity (UN, 2023). Access to healthcare, education, and other essential services remains limited, particularly in rural areas and conflict zones (UNICEF, 2023). The international community plays a crucial role in providing humanitarian assistance and supporting efforts to address these challenges.

South Sudan's economy has experienced significant growth in recent years, fueled by oil production and the expansion of other sectors such as agriculture and services. The country's gross domestic product (GDP) grew by an average of 8.5% between 2011 and 2016, indicating its economic potential, as explained by Yeboua (2022). This growth lays a strong foundation for further economic integration with neighboring countries.

According to (Breuer, 2019) the country's membership in regional economic blocs such as the Common Market for Eastern and Southern Africa (COMESA) and the African Continental Free Trade Area (AfCFTA) further enhances its economic integration potential. These blocs provide access to a wider market and facilitate trade and investment, allowing South Sudan to leverage its resources and capabilities to contribute to regional economic development and prosperity

Ethiopia

Ethiopia's location at the crossroads of Africa's most populous regions provides it with a unique opportunity to serve as a trade and logistics hub for the continent, as noted by (Soderbaum, 2019)**.** Ethiopia, situated in the Horn of Africa, a region with a rich history of trade and cultural exchange, borders with Eritrea, Somalia, Djibouti, Kenya, South Sudan, and Sudan. Addis Ababa, Ethiopia's capital further solidifies its position as a regional hub by housing the headquarters of the African Union, the African Development Bank, and several other regional organizations (Soderbaum, 2019)

Ethiopia boasts the second largest population in Africa, with over 115 million people, as the (AfDB, 2022) points out**.** This large population provides a significant consumer base and a source of labor for businesses operating in the country. Moreover, Ethiopia's young and growing population presents a "demographic dividend" that can be harnessed to drive economic growth and development, **as** the (AfDB, 2022) further explains**.**

Moreover, Ethiopia has experienced one of the fastest economic growth rates in Africa in recent years, with an average annual GDP growth rate of over 10% between 2010 and 2020, as noted by the International Monetary Fund (IMF, 2022)**.** This impressive growth is driven by a diversified economy, with agriculture, services, and industry all playing significant roles. As the (IMF, 2022) explains**,** Ethiopia's agricultural sector is one of the largest in Africa, and the country is a major exporter of coffee, flowers, and other agricultural products. The services sector is also growing rapidly, fueled by tourism, telecommunications, and financial services. The industrial sector is also expanding, with Ethiopia becoming a manufacturing hub for textiles, leather goods, and agro-processed products, as further reported by the (IMF, 2022)

Ethiopia's economic integration potential is further enhanced by its membership in several regional economic blocs, including the Common Market for Eastern and Southern Africa (COMESA), the Intergovernmental Authority on Development (IGAD), and the African Continental Free Trade Area (AfCFTA), (Gebreegziabher & Assefa, 2018) These blocs provide Ethiopia with access to a wider market and facilitate trade and investment, solidifying its position as a key player in Africa's economic integration.

Eritrea

Eritrea possesses significant economic integration potential, driven by its strategic location, natural resources, and entrepreneurial population. This analysis delves into these factors, highlighting Eritrea's potential to become a key player in regional trade and development.

Eritrea's position on the Red Sea, a vital global trade route, provides it with access to international markets and opportunities for regional cooperation, as noted by (AfDB, 2022). The country's ports, particularly Massawa and Assab, have the potential to become major transshipment centers for goods and services destined for Africa, Europe, and the Middle East.

Eritrea boasts a wealth of natural resources, including gold, copper, zinc, marble, and potash, as reported by the (World Bank, 2023). These mineral deposits are estimated to be among the largest in Africa, and their exploitation could significantly boost economic growth and generate revenue for regional infrastructure development and cooperation, as the (World Bank, 2023) further explains.

Eritrea has a population of over 3.5 million people, characterized by a strong work ethic and entrepreneurial spirit, as highlighted by the (UNDP, 2022). This human capital can be a valuable asset for economic development and integration, particularly in sectors such as services, tourism, and manufacturing.

Eritrea's economic integration potential is further enhanced by its membership in regional economic blocs, including the Intergovernmental Authority on Development (IGAD) and the African Continental Free Trade Area (AfCFTA), as outlined by (UNECA, 2023). These blocs provide Eritrea with access to a wider market and facilitate trade and investment.

Somalia

Somalia is a nation bordered by Djibouti to the northwest, Ethiopia to the west, Kenya to the southwest, the Gulf of Aden to the north, and the Indian Ocean to the east (World Bank, 2023). It boasts a diverse landscape, including rugged mountains, fertile river valleys, and vast stretches of arid plains. The country's strategic location along the Gulf of Aden, a key global shipping lane, presents significant opportunities for trade and maritime development (AfDB, 2023).

Somalia has a young and growing population of approximately 17.5 million people, with a median age of 17.5 years (World Bank, 2023). This demographic dividend presents a potential advantage for economic development, provided the necessary investments are made in education, training, and job creation (UNDP, 2022).

Despite facing significant challenges due to decades of conflict and instability, Somalia's economy has shown signs of resilience in recent years. The country's GDP grew by an average of 2.3% between 2015 and 2020 (World Bank, 2023). The economy is primarily driven by the agricultural sector, which accounts for approximately 60% of GDP and employs a large portion of the workforce (FAO, 2022). Other key sectors include livestock, fisheries, and remittances from the Somali diaspora.

The country is endowed with abundant natural resources, including oil, gas, minerals, and fisheries. The development of these resources could generate revenue for infrastructure development and economic diversification UNECA (2023).Somalia's strategic location along the Gulf of Aden offers potential for development in maritime sectors like shipping, logistics, and tourism (AfDB ,2023).

Somalia collaborates with other countries in the Horn of Africa through The Intergovernmental Authority on Development (IGAD). IGAD is an important platform for Somalia's engagement in regional affairs (Francis, 2003).

It has played a critical role in Somalia's peace process. It facilitated negotiations that led to the formation of the Transitional Federal Government (TFG) in 2004, a significant step towards stability (Francis, 2006).

Somalia continues to face humanitarian challenges. IGAD helps coordinate humanitarian responses during crises; ensuring aid reaches vulnerable populations (Abdikadir 2019).

Somalia has a vibrant entrepreneurial culture, with a growing number of small and medium-sized enterprises (SMEs) contributing to economic activity. Supporting and nurturing this entrepreneurial spirit can be crucial for driving job creation and economic growth, (World Bank, 2023).Remittances from the Somali diaspora represent a significant source of income for the country, contributing approximately 20% of GDP. Encouraging further investment from the diaspora can play a vital role in economic development (UNDP, 2022).

Uganda

East Africa's Uganda captivates with its stunning natural beauty. Diverse wildlife roams its mountains, rainforests, savannas, and the shores of vast Lake Victoria (Nyadoi et al., 2024). This landlocked nation boasts a rich cultural heritage and a history etched across its diverse landscapes. The Bwindi Impenetrable National Park, a UNESCO World Heritage Site, shelters a renowned gorilla population, while Murchison Falls National Park thunders with the world's most powerful waterfall by volume (Nyadoi et al., 2024). This overview dives deeper into Uganda's story, exploring its geography, history, economy, and the challenges it faces.

Uganda's history is complex and rich, marked by ancient kingdoms, colonial rule, and independence struggles. Scholars like (Mamdani, 1976) and (Low, 2013) have extensively explored the country's' pre-colonial past, highlighting the rise and fall of powerful kingdoms, such as Buganda and Bunyoro. The colonial era, under British rule, brought significant changes to Uganda's political and social landscape, as documented by historians like (Kiwanuka, 1967). After gaining independence in 1962, Uganda faced challenges like political instability and civil war, but it has also witnessed periods of relative peace and economic growth.

Uganda's economy is primarily driven by agriculture, which employs a significant portion of the population. Coffee, tea, and cotton are major exports, contributing to foreign exchange earnings. The (World Bank, 2023) reports that the country has experienced consistent economic growth in recent years. It improved infrastructure, healthcare, and education. However, poverty and inequality remain significant challenges, requiring continued efforts to achieve sustainable development for Ugandans.

The Intergovernmental Authority on Development (IGAD) has taken a positive approach to supporting Uganda in harnessing the potential of the Blue Economy. A recent example of this commitment is the February 2024 meeting held in Entebbe, Uganda, to strengthen the country's National Blue Economy Coordination Platform (NBECP). Funded by the Swedish government, this initiative aims to develop a sustainable Blue Economy strategy for the Horn of Africa, benefiting Uganda's fisheries, water resources, and potential for eco-tourism (IGAD. 2024).

According to (IGAD, 2024), it has also established Marketing Information Systems for agricultural products, including a user-friendly website and networking points in member states like Uganda. This initiative helps Ugandan farmers to access market data and improve their competitiveness in regional trade.

The Horn of Africa is a region rich in history, diversity, and untapped potential. Encompassing countries like Ethiopia, Somalia, Djibouti, Eritrea, and sometimes Kenya, Sudan, South Sudan, and Uganda. The Horn is a home for different cultures, languages, and landscapes. From the scorching deserts of Somalia to the fertile highlands of Ethiopia, the region is rich in natural resources, including minerals, fertile lands, and strategic coastlines.

Despite its geographic proximity, the Horn of Africa hasn't always enjoyed a smooth path towards economic integration. However, recent efforts by regional organizations like the Intergovernmental Authority on Development (IGAD) and a growing recognition of shared economic benefits are fostering a renewed spirit of collaboration. The next chapter explore deeper into the opportunities and challenges that place ahead the Horn of Africa’s path towards a more integrated economic future

Chapter Four

Opportunities of economic integration in the Horn Africa

Introduction

According to (Rwengabo, 2017), the Horn of Africa has long been a region of immense potential, blessed with fertile land, strategic waterways, and a resilient population. Yet, political instability and fragmented economies have hampered its growth.

However, a new wave of optimism is emerging, driven by the understanding that economic integration holds the key to unlocking a brighter future for the region's nations. By tearing down trade barriers, fostering infrastructure development, and creating a more unified economic bloc, countries in the Horn of Africa have the opportunity to achieve (Chauvin and Gaulie, 2018).

This chapter discusses the potential opportunities for economic cooperation in the region. For the purpose of this research, the institutions and professionals that I interviewed shared their professional observations and ideas. I have included the opinions of diplomats working in each embassy and the experts in the sector. Their ideas will be discussed in this chapter and sub-chapters.

4.1 Potentials for integration in the region

The Horn of Africa boasts a wealth of young people. Research by Breouk (2011) confirms this youthful demographic, a point further emphasized by interviews with key informants like Sheikh[1] (Interview, December 2023). He argues there is immense resource potential in the region, a young, growing population and a strategic location linking Africa to the Middle East and Asia. This fosters optimism for regional economic integration and shared prosperity.

The Horn of Africa's economic and political success hinges on leveraging its existing advantages. One strategy lies in combining Sudan's plentiful labor force with Ethiopia's skilled workforce and expanding industries (ibid).

[1] Jamal El Sheikh is Sudan's ambassador to Ethiopia. Interview, December 19, 2023.

This could create collaborative projects and knowledge exchange, leading to mutually beneficial outcomes for both nations. Abdi [2](interview, December, 2023) also highlighted that Djibouti is a vital trade gateway. He said 'Our strategic location and growing port infrastructure position the country to play a key role in this economic transformation.'

Agriculture is the backbone of the economies of the Horn and the source of livelihoods for the majority of the population. The livelihood of the majority of the population in the region highly depends on rain-fed agriculture and pastoralism (Rondos, 2018). The informant strengthens the above issue by saying the region's economic disparities are further reflected in its agricultural sector, which serves as the backbone of many economies (ibid).

The countries in the Horn of Africa region have significant potential for economic integration due to their diverse resources and complementary strengths. The Horn is a treasure trove of natural resources, including oil, gas, minerals, fertile land, and abundant renewable energy potential (AfDB, 2022).

The Horn of Africa possesses a wealth of natural resources - oil, gas, fertile land, minerals, and renewable energy potential that can be the foundation for economic integration. Bogale[3](interview, 2023,October), explains the Horn of Africa region is endowed with a wealth of natural resources that can serve as a foundation for economic integration. These resources span various sectors, including agriculture, energy, minerals, and fisheries.

4.1.1 Agricultural Resources

The region boasts extensive arable land, particularly in Ethiopia, Somalia, and Sudan, offering immense potential for agricultural production and food security. The region cultivates a variety of crops, including coffee, tea, oilseeds, and fruits, providing a diverse base for agricultural

[2] Osman Abdi is a Counselor in Embassy of Republic of Djibouti in Addis-Ababa, Ethiopia. Interview, December 15, 2023.

[3] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

exports (ibid). Ethiopia and Somalia, major exporters of cattle, sheep, and goats, position the Horn of Africa as a prominent player in the livestock sector (Scientific & Innovative Research, 2018)

Sheikh[4] (interview, 2023, December), added Sudan's vast agricultural land in Alfashega presents a golden opportunity for joint ventures with Ethiopia. Sudanese land could be utilized for food production, catering to Ethiopia's growing population and creating export potential. He also mentions that livestock rearing plays a significant role in the region's economies, with cattle, sheep, and goats being important sources of meat, milk, and hides.

Semachew[5] **(**interview, 2023, November) similarly emphasized the region's diverse agricultural sector, identifies opportunities for value chain development and specialization. He mentions livestock production, various agricultural products, and the region's diverse climatic conditions as potential sources of comparative advantage and trade within the region.

He said these resources (agricultural land, livestock, and fisheries) create opportunities for regional trade and specialization. For example, Ethiopia's vast arable land can be used to grow food for import by neighboring countries with less arable land. According to the informant, developing value chains within agriculture (processing, packaging, and marketing) can further enhance regional trade and economic activity.

[4] 1 Jamal El Sheikh is Sudan's ambassador to Ethiopia. Interview, December 19, 2023.

[5] Habtamu Semachew is a legal and policy advisor at the Ethiopian Investment Commission**.** Interview, November 7, 2023.

4.1.2 Water Resources

As the informant Bogale[6](interview,2023, October) argues the region's abundant water resources, particularly in Ethiopia, offer significant hydropower potential. Several countries in the region possess oil and gas reserves, including Sudan, South Sudan, and Eritrea, providing energy sources for both domestic use and export.

According to him geothermal energy resources are present in various parts of the region, particularly in Ethiopia and Kenya, offering a renewable and sustainable energy source. The regions abundant water resources (hydropower) and geothermal energy offer the potential for a shared electricity grid, promoting energy security and trade within the region (ibid).

The other informant Kaikara[7] (interview, 2024, January) mentions Horn of Africa shares several river basins, including the Nile, Juba, and Shabelle. As he argues cooperative management of these resources is crucial for ensuring equitable water distribution and promoting regional development. Collaboration on dam construction, irrigation projects, and flood control can foster economic interdependence.

Kaikara[8](interview, 2024, January) points out that groundwater represent a vital resource across the Horn, especially in arid and semi-arid regions. Sustainable management of shared aquifers can support agriculture, livestock rearing, and domestic water needs, contributing to regional food security and poverty reduction. Abundant water resources offer immense potential for expanding irrigated agriculture. The informant on the other hand argues the Nile Basin Initiative

[6] 4 Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

[7] William Kaikara, is a diplomat at the Embassy of Uganda in Addis Ababa, Ethiopia. Interview, January 29, 2024.

[8] William Kaikara, is a diplomat at the Embassy of Uganda in Addis Ababa, Ethiopia. Interview, January 29, 2024.

(NBI) brings together Nile basin countries, including Ethiopia, Sudan, South Sudan, Kenya, Uganda, etc. to cooperate on managing the Nile River's resources. This collaboration aims to ensure equitable water sharing for irrigation, hydropower generation, and other uses, fostering regional stability and development (ibid).

4.1.3 Mineral Resources

The Horn of Africa is geologically gifted. Mineral deposits like gold are scattered throughout the region, with Ethiopia being a significant producer. Somalia boasts untapped reserves of petroleum and natural gas, while Eritrea holds similar potential. Responsible and sustainable extraction of these resources can generate substantial revenue for governments, fueling development initiatives across various sectors **(**Le Sage, 2010).

[9] (Bogale, interview, December 2023,) similarly indicates gold deposits are found in several countries in the region, including Ethiopia, Eritrea, and Sudan, offering valuable export commodities. The Horn Africa region possesses a variety of other minerals, including copper, zinc, tantalum, and potash, which can contribute to industrial development and export earnings. Ethiopia is known for its gemstone resources, including opal, tourmaline, and sapphire, providing opportunities for jewelry production and export.

According to the informant, mineral deposits like gold and untapped oil & gas reserves can generate revenue for governments, but responsible extraction is crucial to avoid environmental damage and ensure long-term benefits. These resources can also contribute to regional industrial development (ibid).

4.1.4 Fisheries Resources

The region's extensive coastline along the Red Sea and Indian Ocean provides access to abundant marine resources The region's waters support a variety of fish species, including tuna, shrimp, and lobster, offering potential for commercial fishing and export. Aquaculture, the

[9] Ibid

farming of fish and other aquatic organisms, holds promise for sustainable fisheries development in the region. . (ibid)

As [10](Bogale, interview, October, 2023) describes, these diverse resources, coupled with the region's growing population and increasing demand for goods and services, present significant opportunities for economic integration. The ongoing integration process has yielded valuable insights into the region's capabilities and the potential benefits of further integration. He highlights the Horn of Africa's expanding market potential, fueled by its large and growing population and diverse resource endowments.

The geographically strategic location of the Horn of Africa (HoA) region is straddling the Gulf of Aden, Red Sea and Indian Ocean. Some 80% of the international maritime trade moves through these areas (Rondos, 2018). [11](Semachew, interview, November 2023) views this positioning as a magnet for foreign direct investment (FDI), given the region's potential to serve as a gateway to Africa. He underscores the crucial role of infrastructure development in facilitating trade, investment, and economic integration. The informant acknowledges the region's progress in constructing roads, railways, and ports, which are paving the way for increased connectivity and economic cooperation.

4.2 Opportunities for economic integration in the horn of Africa

4.2.1 Trade and Economy Cooperation

Africa has been experimenting with economic integration for a long time now. The continent records around 11 economic blocs Chauvin and Gaulie (2018). The Horn of Africa has the potential to greatly benefit from increased trade and economic cooperation. Africa boasts a long history of regional economic blocs, with organizations like the East African Community (EAC)

[10] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

[11] Habtamu Semachew is a legal and policy advisor at the Ethiopian Investment Commission. Interview, November 7, 2023.

and the Intergovernmental Authority on Development (IGAD) paving the way for further integration (Rwengabo, 2017). These existing structures provide a foundation for building stronger economic ties within the Horn.

The Horn of Africa countries are participating in broader initiatives like the African Continental Free Trade Area (AfCFTA) (Yeboua, 2022). Established in 2018, AfCFTA aims to create a single market for goods and services across most African nations (Songwe, V, 2020). Participation in AfCFTA opens doors for increased trade opportunities within the continent and beyond. Bogale[12] indicates there are various Progresses in Regional Economic Integration Regional trade agreements can significantly lower tariffs, the taxes levied on imported goods. This makes it cheaper and easier for countries in the Horn to trade with each other, boosting cross-border commerce. He also argues that Investment agreements can encourage joint ventures between businesses in different Horn of Africa countries. This facilitates knowledge sharing and fosters innovation, leading to a more dynamic regional economy.

The Moyale One-Stop Border Post between Ethiopia and Kenya demonstrates the effectiveness of border trade facilitation. This initiative streamlines customs procedures and reduces waiting times, significantly promoting cross-border trade activity. Replicating this model across the region can significantly ease trade flows (ibid)

Semachew[13](interview,November,2023) highlights the benefits of trade and economic cooperation by using Ethiopia's electricity grid as an example. He points out that Ethiopia has successfully connected its power lines with neighboring countries like Sudan and Kenya. This is a prime illustration of how regional cooperation in energy can be achieved. By leveraging its vast hydropower resources, Ethiopia has the potential to become a central source of electricity for the entire region. This would significantly improve energy security for all countries involved.

[12] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

[13] Habtamu Semachew is a legal and policy advisor at the Ethiopian Investment Commission. Interview, November 7, 2023.

He argues Ethiopia has a significant advantage in terms of hydropower generation. By cooperating with its neighbors, it can export this excess electricity, generating revenue and strengthening regional ties. Therefore, this demonstrates a win-win situation for all parties involved. He also argues trade and economic cooperation can bring significant benefits to the entire Horn of Africa region.

Kaikara[14](interview,January,2024) underscores the significant opportunity for the Horn of Africa to become a more integrated region. He highlights the region's past attempts at integration, its growing population, and its strategic location as strong indicators of this opportunity. He mentions the East African Community (EAC**)** as a prime example. He argues it brings together six countries, including Kenya and Uganda all part of the Horn of Africa region. The EAC aims for economic and political integration, with initiatives like a common market and a customs union. While challenges remain, the EAC demonstrates a history of regional cooperation efforts.

Significantly, there's a growing trend towards collaboration not just on economic matters, but also on peacebuilding initiatives. Efforts to resolve conflicts and foster regional peace and stability are seen as essential for creating a conducive environment for robust economic integration to flourish (ibid).

According to Abdi [15](interview, December, 2023)achieving successful integration requires ongoing collaboration. Fostering regular dialogue and cooperation among regional leaders, businesses, and civil society can help identify common challenges**,** develop mutually beneficial strategies**,** and promote regional ownership of integration efforts**.** By working together, stakeholders across the region can ensure that integration serves the needs of all citizens.

[14] William Kaikara, is a diplomat at the Embassy of Uganda in Addis Ababa, Ethiopia. Interview, January 29, 2024.

[15] Osman Abdi is a Counselor in Embassy of Republic of Djibouti in Addis-Ababa, Ethiopia. Interview, December 15, 2023.

4.2.2 Infrastructure Development

The above informants agree that developing infrastructure across borders is crucial for the Horn of Africa's economic success. These projects, including roads, railways, and power grids, would connect countries, making it easier to move goods and people. Kariuki [16](interview.november,2023) highlights the LAPSSET project as a prime example. This massive network would link landlocked South Sudan and Ethiopia to Kenya's Lamu port, providing a modern highway for Ethiopian exports to reach the coast at lower costs. South Sudan would also benefit from easier access to imports.

Abdi[17] (interview, December, 2023) repeats this sentiment, emphasizing the importance of the existing railway between Ethiopia and Djibouti, a key Red Sea port. Upgrading this line would expedite trade, allowing Ethiopian goods to reach international markets faster and solidifying Djibouti's position as a regional hub. Additionally, this railway could be extended to connect with others, creating a seamless network across the region. Beyond just goods, improved infrastructure benefits people too. Easier and cheaper travel within the Horn of Africa, as envisioned by Osman, would foster cultural exchange, knowledge sharing, and collaboration, ultimately leading to a more vibrant and unified region.

Bogale[18](interview, October, 2023) sheds light on another crucial aspect: a unified electricity grid connecting countries like Ethiopia, Kenya, Uganda, and Djibouti. Ethiopia, with its abundant hydropower, could export electricity to its neighbors with limited resources. This would enhance regional energy security and potentially lower costs for everyone. Additionally,

[16] Joshua Kariuki is a diplomat & Second Secretary at the Embassy of Kenya in Addis Ababa, Ethiopia. Interview, November 21, 2023.

[17] Osman Abdi is a Counselor in Embassy of Republic of Djibouti in Addis-Ababa, Ethiopia. Interview, December 15, 2023.

[18] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

this initiative could pave the way for future energy projects, like geothermal exploration in Djibouti, further diversifying the region's energy mix.

In essence, investing in transboundary infrastructure is a key ingredient for unlocking the Horn of Africa's economic potential. From smoother trade flows and enhanced energy security to increased collaboration and a stronger regional identity, these projects hold the promise of a brighter future for all the countries involved.(ibid)

4.3.3 Investment opportunities

Foreign direct investment (FDI) holds immense opportunity for the Horn of Africa's economic integration. The rise of economic giants like China, India, and Gulf countries presents a unique opportunity to tap into these resources. These nations possess the capital and expertise to invest in crucial infrastructure projects like roads and railways, which are the backbone of any thriving regional economy ([19]Semachew, (interview, November, 2023).

He argues stronger infrastructure facilitates the movement of goods and people across borders, fostering trade and economic exchange. This interconnectedness creates a more attractive environment for further investment, creating a positive ripple effect throughout the region. The Horn of Africa can leverage its strategic location and position itself as a vital trade corridor by attracting investment in infrastructure development, energy projects, and other key sectors. This economic integration, fueled by FDI, can pave the way for a more prosperous and stable Horn of Africa, as highlighted in studies by the Institute for Peace and Security Studies.(ibid)

Bogale[20] (interview, October,2023) strengthens Semachew's argument. According to him China has emerged as a major player in infrastructure development across Africa. In Ethiopia, for instance, Chinese firms are heavily involved in constructing the Addis Ababa-Djibouti Railway,

[19] Habtamu Semachew is a legal and policy advisor at the Ethiopian Investment Commission. Interview, November 7, 2023.

[20] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

a critical link for regional trade. This improved connectivity not only benefits Ethiopia's export sector but also creates a smoother flow of goods between Djibouti's port and landlocked countries like South Sudan.

Gulf countries like Dubai are showcasing their expertise in developing a Special Economic Zone (SEZ), which attract foreign businesses through tax breaks and streamlined regulations. Djibouti, strategically located on the Red Sea, is a prime example. Its SEZ, partially funded by Dubai, is attracting international companies, boosting its economy, and potentially positioning Djibouti as a trade and logistics hub for the region (Bogale, interview, October 2023[21]).

These examples highlight how FDI acts as a catalyst for regional integration. Improved infrastructure creates a more efficient trade network, facilitating the movement of goods and people across borders. The above informants argue The Horn of Africa has a unique opportunity to leverage its strategic location and natural resources to attract further FDI. By prioritizing projects that promote regional connectivity and collaboration, the countries in the region can foster a more integrated and prosperous economic zone. This economic integration, in turn, can contribute to greater political stability and cooperation [22](ibid).

4.2.4 Economic growth

The Horn of Africa presents a compelling case for economic integration, fueled by the rapid economic growth of several countries in the region. Data from Sidra (2018) suggests the Horn is home to some of the fastest-growing economies not just in Africa, but globally. This economic dynamism creates fertile ground for deeper regional cooperation.

The IMF (2022) highlights Ethiopia's remarkable success in driving economic growth within Africa. Between 2010 and 2020, its average annual GDP growth rate surpassed 10%. This remarkable expansion is fueled by government investments in infrastructure, agriculture, and industrial development.

[21] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

[22] Ibid

As Mulugeta[23](interview,November,2023), points out, a significant portion of this investment has gone towards vast energy infrastructure projects, including power generation and transmission networks. This not only supports Ethiopia's internal growth but also presents an opportunity for regional integration. A robust and interconnected energy grid across the Horn of Africa would ensure a reliable energy supply for all nations, optimizing resource utilization and promoting sustainable development.

As Kariuki and Sheikh (interview, 2023) explain Ethiopia's story is not unique. Kenya, Uganda, Sudan, and Djibouti are all experiencing significant economic growth, though at varying paces. Kenya, for instance, boasts a well-developed service sector and a strong entrepreneurial culture, making it a regional hub for trade and finance. Uganda, on the other hand, is rich in natural resources and is witnessing increased investment in its oil and gas sectors. Sudan, with its vast agricultural potential, presents an opportunity for regional food security collaboration. Djibouti, strategically located on the Red Sea, is rapidly developing its infrastructure and logistics sector, positioning itself as a vital trade gateway for the region.

The combined economic growth of these countries creates a compelling case for regional integration. Increased trade, knowledge sharing, and infrastructure development across borders can unlock the full potential of the Horn of Africa's economic boom (ibid).

As Mulugeta[24] (interview, November 2023) emphasizes, human capital development is also crucial for reaping the benefits of economic integration. Investing in education, healthcare, and skills training across the Horn of Africa will create a more productive and resilient regional workforce. A skilled workforce is essential for attracting foreign investment, fostering innovation, and participating effectively in regional trade agreements. Collaboration on

[23] Tages Mulugeta is the leading executive of international and regional trade relations in the Ethiopian Ministry of Trade and Regional Relation. Interview, November 17, 2023.

[24] Tages Mulugeta is the leading executive of international and regional trade relations in the Ethiopian Ministry of Trade and Regional Relation**.** Interview, November 17, 2023.

educational programs, healthcare initiatives, and vocational training can equip the region's population with the tools they need to thrive in an integrated economy.

Abdi [25](interview November, 2023) identifies several key opportunities to further strengthen economic integration in the Horn of Africa. He emphasizes that creating a secure and stable environment is paramount. Resolving ongoing conflicts and promoting peace and stability across the region are essential for fostering trust and encouraging economic cooperation.

He argues diversifying the economies of Horn of Africa countries beyond primary goods exports can create new opportunities for trade and investment within the region. This diversification would reduce reliance on volatile global commodity prices and allow countries to specialize in areas where they have a comparative advantage (ibid).

Streamlining trade regulations is another key step. Harmonizing trade policies, reducing non-tariff barriers, and establishing a regional customs union can facilitate cross-border trade and promote regional economic cooperation**.** Similarly, promoting regional financial integration, including harmonizing banking regulations and facilitating cross-border payments, can reduce transaction costs and encourage investment flows within the Horn of Africa. This would create a more efficient and attractive environment for regional economic activity (ibid). By capitalizing on these opportunities, the Horn of Africa can achieve more effective regional economic integration. This will lead to a more prosperous, resilient, and interconnected region for all, fostering shared social and economic benefits.

4.3 What countries do so far for integration?

Ethiopia's economy is experiencing a significant transformation, driven by a rapidly growing services sector and an expanding industrial base. Tourism, telecommunications, and financial services are flourishing, while the country is establishing itself as a major manufacturing hub for textiles, leather goods, and processed agricultural products (IMF, 2022).

[25] Osman Abdi is a Counselor in Embassy of Republic of Djibouti in Addis-Ababa, Ethiopia. Interview, December 15, 2023.

Bogale[26](interview,October,2023) points out this economic dynamism creates a strong foundation for regional economic integration in the Horn of Africa. Recognizing the importance of infrastructure for seamless trade and integration, Ethiopia has made significant strides in developing key projects. Well-maintained highways now connect Ethiopia with its neighbors, Djibouti and Kenya, facilitating the movement of goods and people. This improved road connectivity plays a vital role in promoting regional trade and transportation.

[27]The key informant mentions the Moyale border post, established along the Kenyan border, serves as a model for efficient border management in Africa. This innovative system streamlines customs procedures, security checks, and trade-related processes, allowing for a much smoother flow of goods across the border. Ethiopia aims to replicate this success story at other key border crossings, further easing trade within the region.

[28]Bogale emphasizes Ethiopia is actively involved in developing crucial railway projects. The LAPSSET corridor, featuring a railway line connecting Lamu port to Ethiopia and South Sudan, offers immense potential for regional integration. Additionally, discussions regarding a railway line linking Port Sudan with Addis Ababa highlight the commitment to better connectivity. While these discussions were challenged by the conflict in Sudan, they represent the long-term vision for a well-connected Horn of Africa. Exploring the possibility of initiating public transportation services between Addis Ababa and Djibouti demonstrates Ethiopia's commitment to improving regional connectivity. This initiative would further enhance trade facilitation and economic integration within the Horn of Africa.

Ethiopia's growing economy has increased its demand for port access to export and import goods. The informant also argues this has led to increased utilization of existing ports in neighboring countries, such as Djibouti's Port of Djibouti and Eritrea's ports of Assab and Massawa. Additionally, it has spurred the development of new port facilities, such as the Port of Berbera in Somalia, which is expected to further enhance regional trade and connectivity. Ethiopia's economic growth has also created opportunities for neighboring countries to enhance their capacity to serve the Ethiopian economy. This includes developing infrastructure, such as

[26] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

[27] Ibid
[28] Ibid

roads and railways, to facilitate trade and movement of people, as well as improving customs (Bogale Interview, October, 2023)

Mulugeta[29] on his side highlighted Ethiopia's efforts to promote regional economic integration in the Horn of Africa. As he is the leading executive of international and regional trade relations in the Ethiopian Ministry of Trade and Regional Relation, he points the ministry has undertaken various initiatives to foster economic cooperation within the region, guided by the belief that economic ties can contribute to peace and stability. (interview, November,2023)These initiatives include:

- **Establishing the Horn of Africa Initiative (HAI):** The HAI is a regional platform for collaboration on trade, investment, and infrastructure development. It is a collaborative effort between countries in the Horn of Africa region. It is headquartered in Nairobi, Kenya, and has a secretariat supported by the World Bank.
- **Addressing infrastructure bottlenecks:** The ministry recognizes that inadequate infrastructure impedes trade and economic activity. It is working to reduce non-tariff barriers and improve infrastructure connectivity, including road networks and border crossings.
- **Enhancing productivity in key sectors:** The ministry is identifying and addressing trade restrictions that hinder cooperation in key sectors, such as livestock. For instance, it is supporting a project to improve cattle productivity and streamline livestock trade between Ethiopia, Djibouti, and Somalia.
- **Addressing road infrastructure challenges:** The ministry acknowledges that the current road infrastructure poses obstacles for businesses. It is working to upgrade roads to accommodate heavier vehicles and harmonize traffic regulations, such as steering wheel placement.

[29] Tages Mulugeta is the leading executive of international and regional trade relations in the Ethiopian Ministry of Trade and Regional Relation**.** Interview, November 17, 2023.

Kenyan diplomat [30]Kariuki (interview, October, 2023) on his side explains Kenya's role in promoting regional economic integration, the key informant said the country has been actively involved in promoting regional integration in the Horn of Africa. He Argues the country has played a leading role in IGAD and has contributed to various regional initiatives, including infrastructure development, trade promotion, and conflict resolution. Kenya, another key player, contributes to regional integration through its involvement in institutions like IGAD. Besides, Kenya also plays a key role in regional trade and is a member of various economic blocs such as the East African Community and the African Continental Free Trade Area (AfDB, 2022).

Kenya has mobilized international support to consolidate regional peace and stability. The country has hosted peace talks and mediation efforts, providing a neutral platform for dialogue and resolution of conflicts. Kenya has also strengthened its capacity to effectively address regional issues. The country has invested in training and capacity building for its diplomats and policymakers, enhancing their ability to engage in regional cooperation and integration efforts [31](ibid).

South Sudan, though facing challenges of internal conflict, demonstrates its commitment to integration through participation in regional initiatives and trade agreements. As Tito (interview January, 2024)[32] indicates there's a growing desire for regional cooperation, but challenges like internal conflicts can hinder progress. South Sudan is actively participating in regional initiatives to build trust and address shared concerns. South Sudan is committed to regional integration efforts. And also participate in regional trade agreements and are working to improve infrastructure to connect with neighboring countries.

Furthermore, IGAD's efforts to establish protocols and conventions (Free Movement, Trans-Border Trade, etc.) and cross-border initiatives (Moyale One Stop Border Post, LAPSSET

[30] Kuol Tito is a diplomat in Embassy of South Sudan in Addis-Ababa, Ethiopia. Interview, January 26, 2024.

[31] ibid

project) highlight the organization's role in facilitating trade, movement, and legal cooperation among member states Kariuki (interview, October, 2023).

[33]Muluneh (interview, November.2023) explains IGAD's activities to actualizing economic integration in the region. He emphasizes the organization's efforts in developing the Minimum Integration Plan (MIP), which outlines strategies for enhancing cross-border trade, infrastructure development, and investment promotion. According to IGAD (2020), achieving the goals outlined in its strategy requires strong collaboration with various partners. For this reason, IGAD has forged alliances with relevant organizations at local, national, regional, and international levels. These partners share IGAD's commitment to achieving sustainable development in the region.

The key informant underscores IGAD's contributions in establishing various protocols and conventions, such as the Free Movement Protocol, the Trans-Border Trade Protocol, and the Mutual Legal Assistance Convention. These initiatives aim to facilitate trade, movement of people, and legal cooperation among member states. IGAD has also initiated cross-border initiatives, such as the Moyale One Stop Border Post, which streamlines customs and border procedures, and the LAPSSET project, a multimodal transport network encompassing roads, railways, and ports. These endeavors aim to enhance connectivity and facilitate trade within the region. South Sudan-Ethiopia-Kenya (LAPSSET) Corridor, (The Lamu Port) aiming to improve connectivity and facilitate trade and movement of people (ibid).

There is implication of Ethiopia's economic growth for improving economic integration of the region. Semachew[34] mentions a scenario where Ethiopia's growth stimulates market expansion, trade flows, infrastructure development, and regional cooperation. According to the expert, Ethiopia's economic growth will attract manufacturers and service providers to the region,

[33] Commander Abebe Muluneh is the director of IGAD security sector program and IGAD head of mission to Ethiopia. Interview, November 3, 2023.

[34] Habtamu Semachew is a legal and policy advisor at the Ethiopian Investment Commission. Interview, November 7, 2023.

creating a larger and more diverse market for goods and services. This increased market demand will drive the need for improved infrastructure, including roads, railways, and air transport, further facilitating trade and connectivity within the Horn of Africa (interview December, 2023)

He also highlights the potential for Ethiopia's growth to foster bilateral agreements with neighboring countries, promoting market diversification and investment opportunities. He envisions a scenario where investments made in Ethiopia spill over into neighboring countries, creating a regional investment network (ibid).

The Neo-functionalist theory, as proposed by Kleinschmidt (2013), suggests that economic interdependence between states fosters cooperation. Increased trade and investment create "spillover effects," where collaboration in one area leads to unintended benefits in others. This momentum propels further integration. [35]Semachew (interview, November, 2023) offers real-world evidence supporting this theory. They highlight the development of vertically integrated companies within the region, driven by Ethiopia's growing manufacturing sector. These companies, seeking raw materials, are likely to source from neighboring countries, creating a mutually beneficial economic interdependence.

[36]The key informant further emphasizes specialization as a driver of regional integration. They posit that Ethiopia's economic growth can present opportunities for neighboring countries to specialize in specific industries or products. This specialization would enhance their competitiveness within the region and promote regional trade. He recognizes the importance of reducing trade restrictions to fully harness the benefits of Ethiopia's economic growth for regional integration. He views the African Continental Free Trade Area (AfCFTA) as a promising initiative in this regard, aiming to eliminate tariffs and create a single market for goods and services across Africa.

[37]Neo-functionalism, as described by (Tare, 1993) emphasizes the role of supra-national organizations and non-state actors **i**n driving regional integration. They argue that economic

[35] Habtamu Semachew is a legal and policy advisor at the Ethiopian Investment Commission. Interview, November 7, 2023
[36] Ibid

integration creates a ripple effect, leading to political and institutional cooperation. The informant strengthens this notion by highlighting the importance of local institutions for effective regional integration. He emphasizes that strong institutions are essential for enforcing trade agreements, facilitating cross-border investments, and managing regional cooperation initiatives. This directly aligns with the Neo-functionalist view that successful integration relies on robust institutions beyond just national governments.

The informant further builds on this idea by presenting Ethiopia's economic growth as a potential catalyst for regional integration. He envisions a scenario where Ethiopia's growth stimulates market expansion, trade flows, and infrastructure development. This, in turn, would necessitate stronger regional cooperation and institutional capacity, leading to a more prosperous and integrated Horn of Africa. This aligns with the Neo-functionalist concept of "spillover effects," where economic interdependence creates momentum for further integration across various sectors (ibid).

The concept of Regional Security Complexes (RSCs), as presented by Buzan and Waever (1998), highlights that security threats and solutions are increasingly addressed within regional clusters. This suggests that regional economic cooperation can have a positive impact on security within a specific region.

[38]Kariuki (interview, November, 2023) strengthens this concept by focusing on the link between economic growth and de-securitization in the Horn of Africa. He argues that enhanced economic growth and cooperation can foster a shift from viewing each other as adversaries to seeing each other as partners. This aligns with the RSC concept, where regional economic ties can contribute to a more secure environment.

[39]The informant further uses Kenya's economic growth as an example. They explain how Kenya's growth creates opportunities for investment and knowledge transfer within the region.

[38] Joshua Kariuki is a diplomat & Second Secretary at the Embassy of Kenya in Addis Ababa, Ethiopia. Interview, November 21, 2023.

[39] Ibid

This economic interdependence fosters a sense of shared prosperity, potentially reducing tensions and promoting regional stability. This again aligns with the RSC theory, where economic cooperation within a region can contribute to de-securitization.

[40]The informant goes a step further by suggesting strategies for Kenya to promote regional economic integration. Highlighting the potential for mutually beneficial partnerships through trade fairs and investment conferences can attract neighboring countries, fostering a more secure regional environment based on shared economic interests.

With the groundwork laid for a potentially successful economic integration, the path forward is not without its difficulties. Chapter 5 digs into the challenges of economic integration in the Horn of Africa, exploring the obstacles that need to be overcome to translate this vision into a tangible reality. While challenges remain, the combined efforts of these countries and regional organizations demonstrate a growing desire and concrete actions towards a more integrated and prosperous Horn of Africa.

[40] Ibid

Chapter Five

Challenges of Economic Integration in the Horn Africa

Introduction

Economic integration offers the Horn of Africa a path towards shared prosperity and stability. However, the region faces numerous challenges that hinder progress. This chapter explores the significant challenges hindering economic integration in the Horn of Africa. By outlining these obstacles**,** the research tries to pave a way for solutions that create a more unified and thriving region.

5.1 Insecurity and Instability

The Horn of Africa faces a significant challenge to economic integration. Since gaining independence, the region has grappled with numerous challenges, including military coups, inter-state and civil wars, revolutions, and complex humanitarian crises (Breouk, 2011). Every nation has experienced at least one civil war, creating a pervasive sense of instability.

This instability, as highlighted by Bogale,[41](interview, October, 2023) directly hinders economic cooperation and development. Political turmoil breeds uncertainty, discouraging vital investments and making collaboration on economic initiatives difficult. The informant's point is further reinforced by Yeboua and Cilliers (2022) who emphasize that the region's extensive experience with intra and interstate conflicts created long-lasting climate of insecurity.

The issue extends beyond individual countries. As Rondos (2018) points out, the Horn of Africa has the highest number of inter-state wars compared to any other region in Africa. According to Abdi,[42](interview,December,2023) this volatile environment, exemplified by ongoing conflicts within Sudan, diverts resources and destabilizes entire regions, ultimately impacting cross-border

[41] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

[42] Osman Abdi is a Counselor in Embassy of Republic of Djibouti in Addis-Ababa, Ethiopia. Interview, December 15, 2023.

trade and investment. Beyond the broader regional context, domestic challenges also impede economic integration.

However, the challenges extend beyond the broader regional context. Domestic issues within each nation also hinder the path towards economic integration. The informant identifies several critical barriers:

- **Peace and Security:** As evidenced by the ongoing conflicts in Sudan, wars act as a resource drain and disrupt cross-border activity, hindering economic cooperation.
- **Political Instability:** Frequent political transitions and internal struggles create an environment of uncertainty, making it difficult for countries to develop and implement long-term economic plans that require stability.
- **Weak Rule of Law:** Ineffective governance and widespread corruption create a climate of distrust. Businesses become hesitant to invest or engage in cross-border transactions due to the lack of a robust legal framework and fear of unfair practices. Abdi,[43](interview,December,2023)

The Horn of Africa grapples with a complex web of internal and external challenges. Countries in the region frequently interfere in their neighbors' disputes, either by directly deploying troops or by backing rebel groups. As noted by Jamal El Sheikh, this meddling exacerbates existing domestic issues. A prime example is the simmering tension between Ethiopia and Sudan. Disputes over unresolved border and alleged support for each other's internal conflicts (Ethiopia backing the Sudanese Rapid Support Forces and Sudan supporting the Tigray People's Liberation Front during the recent war) strain diplomatic relations and disrupt crucial trade flows. This regional instability strengthens Rondos' argument (2018) that such interventions can have lasting consequences, even leading to redrawing national borders.

[43] Osman Abdi is a Counselor in Embassy of Republic of Djibouti in Addis-Ababa, Ethiopia. Interview, December 15, 2023.

Ethiopia, for instance, as a key player in the Horn of Africa, embodies the concept of the Regional Security Complex Theory (RSCt). This is particularly relevant in Ethiopia's case, where its security is deeply linked to the stability of its neighbors. The RSCT framework, while focusing on states, acknowledges limitations in addressing non-state actors. In Ethiopia's context, this translates to challenges posed by armed groups and rebellions that can destabilize the entire region. The Horn of Africa's political landscape, characterized by weak institutions and fragmented civil societies, hinders the articulation of a unified regional security agenda. This presents a challenge for Ethiopia, which has traditionally played a leading role in promoting regional stability.[44] (Mulugeta interview, November, 2023)

The informant also highlights smuggling as a challenge. From an RSC perspective, smuggling undermines regional economic cooperation and weakens the overall security complex by diverting resources and fostering instability. The informant emphasizes fragile peace and security as a hurdle. Regional security is a prerequisite for economic prosperity. He highlights the importance of fostering regional peace for economic integration (ibid).

Tito[45](interview January,2024) similarly underline domestic instability in one country can spill over, impacting its neighbors through refugee flows, border insecurity, and disrupted trade routes. Political tensions between nations can hinder regional cooperation efforts, jeopardizing joint infrastructure projects and economic partnerships. The informant highlighted the precarious security situation in the Horn of Africa, where domestic instability in one country can have a domino effect, impacting its neighbors in several ways. Political unrest or civil war can trigger mass exoduses, creating a burden on neighboring countries struggling to accommodate and support large refugee populations. This can strain resources, lead to social tensions, and even destabilize the host countries.

[44] Tages Mulugeta is the leading executive of international and regional trade relations in the Ethiopian Ministry of Trade and Regional Relation. Interview, November 17, 2023.

[45] Kuol Tito is a diplomat in Embassy of South Sudan in Addis-Ababa, Ethiopia. Interview, January 26, 2024.

Weak central governments and ongoing conflicts created security vacuums in border regions. This fosters instability, allows the proliferation of armed groups and criminal activity, and makes it difficult to control cross-border movements. Infiltration by armed groups or weapon smuggling can further destabilize neighboring countries. Conflict zones often disrupt vital trade routes, hindering the movement of goods and people. Hence, this lead to shortages of essential supplies, price hikes, and cripple regional trade flows, impacting economies across the Horn of Africa. Tito[46](interview January,2024)

[47]The informant goes a step further by highlighting how political tensions between nations can hinder regional cooperation efforts. Mistrust and suspicion can make it difficult for countries to collaborate on crucial initiatives. He added that Addressing internal challenges like peacebuilding, political stability, and good governance is crucial for creating a favorable, environment for regional integration to thrive (ibid).

The informants identify conflict and insecurity as the primary barrier to regional economic integration. Muluneh[48](interview, November 2023) identifies conflicts as the primary obstacle, stating that the region's history of conflict has hindered progress towards economic cooperation. Despite its efforts, IGAD faces numerous challenges in advancing regional economic integration. He explains that the organization's focus has primarily been on peace and security initiatives, diverting attention from economic integration efforts.

He mentions particularly in Ethiopia and Sudan, as a major obstacle. These conflicts disrupt trade, hinder infrastructure development, and create a climate of insecurity that undermines economic cooperation. He highlights the presence of conflicting interests among member states, citing instances of past and recent conflicts that have hindered progress (ibid).

46 Kuol Tito is a diplomat in Embassy of South Sudan in Addis-Ababa, Ethiopia. Interview, January 26, 2024.

[47] Ibid

[48] Commander Abebe Muluneh is the director of IGAD security sector program and IGAD head of mission to Ethiopia. Interview, November 3, 2023.

Besides, **(**Muluneh[49]interview, November 2023) the informant indicates the protracted conflicts among IGAD member states have consumed the organization's resources, expertise, and political capital. This has limited IGAD's ability to devote sufficient attention and resources to developing and implementing effective economic integration strategies. To overcome these challenges, he advocates for a renewed focus on economic integration within IGAD's mandate and activities. He suggests prioritizing trade facilitation measures, infrastructure development, and intra-regional investments to foster economic interdependence and cooperation.

Furthermore, the informant emphasizes the need for IGAD to engage in conflict resolution and peacebuilding efforts to create an enabling environment for economic integration to thrive. By addressing the root causes of conflicts and promoting regional stability, IGAD can pave the way for sustainable economic cooperation and prosperity in the Horn of Africa region (ibid).

5.2 Lack of Economic Complementarity

A significant obstacle to economic integration in the Horn of Africa is the lack of economic complementarity between countries. The economies of the Horn of Africa countries are heavily reliant on exporting raw materials like coffee (Ethiopia), oil (South Sudan), minerals (Eritrea), or agricultural products (Somalia). (Yeboua & Cilliers, 2022). According to Bogale[50](interview, October, 2023) lack of economic complementarity, where countries produce similar goods, limits opportunities for trade and investment within the region. The economies of the region are largely similar, relying heavily on primary commodity exports. This lack of complementarity limits the opportunities for trade and investment within the region. Countries with similar export profiles compete rather than complement each other.

Since everyone is selling the same products, they're all competing for the same buyers (other countries). This can lead to price wars, where countries lower their prices to try and attract

[49] Commander Abebe Muluneh is the director of IGAD security sector program and IGAD head of mission to Ethiopia. Interview, November 3, 2023.
[50] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

customers, hurting everyone's profits. The informant indicates, if each country needs things the others don't have (manufactured goods, technology, etc.), there's more opportunity for trade. But when everyone relies on similar exports, there's less reason to buy from each other (ibid).

Kariuki (interview, November 2023)[51]has also similar idea. According the informant economic integration can be a powerful tool for growth and development, but for the Horn of Africa, a significant internal obstacle stands in the way: limited industrial diversification and a heavy reliance on primary commodities. Many countries in the Horn of Africa have economies heavily reliant on a limited number of industries, often focused on the extraction and export of primary commodities like oil, minerals, or agricultural products.

While these resources can generate revenue, this lack of diversification creates several problems. Therefore, this lack of economic diversification hinders the growth of the entire region. [52]Bogale (interview, October, 2023) indicates some potential consequences as well.

- Price Volatility: The global prices of primary commodities can fluctuate wildly. When everyone relies on those exports, the whole region becomes vulnerable to economic downturns.
- Limited Development: Without a strong foundation of diverse industries, it's harder for these countries to develop their economies and create new jobs.

The solution lies in diversification. If countries in the Horn of Africa can develop different specializations (e.g., Ethiopia focusing on textiles, Kenya on tourism), they can create a more complementary regional economy. This would lead to increased trade, investment, and overall growth for everyone involved (ibid).

[51] Joshua Kariuki is a diplomat & Second Secretary at the Embassy of Kenya in Addis Ababa, Ethiopia. Interview, November 21, 2023.

[52] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

However, achieving this requires a shared vision for development. The AfDB's 2020 report ("Integration in Africa: Trade, Investment, and Finance") highlights the disparity in regional integration priorities, making it difficult to establish cohesive trade policies and infrastructure plans. Sheikh[53] (interview December 2023) underscores this point, arguing that without a shared vision, it's challenging to create a regional integration plan that benefits all. He exemplifies this by highlighting the differing priorities of Ethiopia (focusing on manufacturing and export infrastructure) and Somalia (concerned with developing its agricultural sector and food security).

These contrasting priorities illustrate the need for open communication and a collaborative approach to crafting a shared vision that fosters economic complementarity and paves the way for a more integrated and prosperous Horn of Africa (ibid).

This lack of a shared vision extends beyond simply identifying areas for specialization. Challenges arise when IGAD member states have different ideas about the ideal path towards economic development, as highlighted by Muluneh[54] (interview, November 2023). For instance, Ethiopia might prioritize rapid industrialization to become a manufacturing hub, while Somalia might focus on developing its agricultural sector to achieve food security. These contrasting goals can create friction and hinder progress on establishing a regional economic integration strategy that benefits all countries within the IGAD bloc.

Additionally, concerns about equity and fairness can further complicate economic integration. Smaller, less developed countries might worry that they will be dominated by larger economies within the regional bloc. This could lead to situations where they are flooded with cheap imports from their neighbors, hindering the development of their own domestic industries. Addressing these concerns and establishing mechanisms to ensure a fair distribution of benefits will be crucial for achieving successful economic integration within IGAD (ibid)

[53] 1Jamal El Sheikh is Sudan's ambassador to Ethiopia. Interview, December 19, 2023.

[54] Commander Abebe Muluneh is the director of IGAD security sector program and IGAD head of mission to Ethiopia. Interview, November 3, 2023.

5.3 Inadequate Finance, Technology and System

[55]Bogale (interview, October, 2023) identifies the lack of strong cross-border mechanisms as a fundamental issue. This absence acts like dysfunctional communication hormones. Without a comprehensive investment framework, a unified tariff system, and visa-free movement, the region struggles to create a cohesive economic body. Trade, investment, and the flow of skilled labor (labor mobility) are all hampered by these missing regulations.

Besides, Mulugeta[56] (interview, November, 2023) highlights the need for skilled personnel, similar to the importance of growth hormones in an organism. Without enhancing technical expertise among civil servants and technical experts, the region lacks the capacity to effectively implement regional trade agreements and initiatives. This creates a knowledge gap hindering progress. The key informant explains the Horn of Africa faces a significant technological gap that hinders economic integration. He also points out Ethiopia's technological shortcomings as a significant hurdle. When Ethiopia lags behind neighbors like Kenya in using technology for trade facilitation, the entire region loses out on potential gains in efficiency, transparency, and connectivity. While Ethiopia's situation is mentioned as an example, this problem affects the entire region.

Without tools like online trade platforms or digital customs clearance systems, processing transactions becomes slow and cumbersome. This increases costs and discourages trade. Outdated record-keeping and manual processes make it harder to track goods and ensure they meet regulations. This can lead to corruption and delays. Additionally, without robust communication infrastructure, it's difficult for businesses in different countries to connect and share information effectively (ibid).

[55] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

[56] Tages Mulugeta is the leading executive of international and regional trade relations in the Ethiopian Ministry of Trade and Regional Relation. Interview, November 17, 2023.

This hinders collaboration and cross-border partnerships. Mulugeta[57] (interview, November, 2023) argues Regional integration relies on smooth trade flows between all countries. If one nation struggles with technology, it creates bottlenecks and delays for everyone involved. Without a strong foundation of technology, it's harder for the region to develop innovative new products and services, hindering overall economic growth. As the informant suggests, in order to narrow the technological gap investing in technology infrastructure and training programs across the Horn of Africa is crucial. This will empower businesses to operate more efficiently, improve regional transparency, and strengthen connectivity. By bridging the tech gap, the entire region can unlock its full economic potential.

On the other hand Bogale[58] explains the financial systems of the Horn countries are not sufficiently integrated, making cross-border transactions cumbersome and expensive. It is often easier to transfer funds to Europe than to neighboring countries within the region. This lack of financial integration impedes regional trade and investment.

Regional economic integration requires significant investment in infrastructure, such as roads, railways, and ports. He mentions Ethiopia as an example. Ethiopia is a poor country, and it does not have the resources to finance all of the infrastructure projects that would be needed for regional economic integration [59]Semachew, (interview, November 2023).

While technology and skilled personnel is a significant hurdle to economic integration in the Horn of Africa, Kaikara [60] (interview, January, 2024) sheds light on another critical challenge:

[57] Tages Mulugeta is the leading executive of international and regional trade relations in the Ethiopian Ministry of Trade and Regional Relation. Interview, November 17, 2023.

[58] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

[59] Habtamu Semachew is a legal and policy advisor at the Ethiopian Investment Commission. Interview, November 7, 2023.

[60] William Kaikara, is a diplomat at the Embassy of Uganda in Addis Ababa, Ethiopia. Interview, January 29, 2024.

non-tariff barriers. These are obstacles to trade that go beyond traditional tariffs on imported goods. Non-tariff barriers can take many forms. The informant specifically mentions "trade restrictions" and "difficult bureaucracy." Trade restrictions might include quotas or limitations on the quantity of certain goods that can be imported from neighboring countries. Difficult bureaucracy refers to complex regulations, excessive paperwork, and slow administrative processes at borders (ibid).

The complexities of navigating trade restrictions and bureaucratic hurdles add time and expense to cross-border transactions. This discourages businesses from engaging in regional trade, hindering economic exchange. Trade restrictions can limit the ability of businesses to access essential goods or services from neighboring countries. This reduces competition and innovation within the region. Moreover as the key informant noted, unpredictable regulations and bureaucratic delays create an uncertain business environment. This discourages investment and makes it difficult for businesses to plan for the future.(ibid)

As mentioned by Muluneh[61] (interview, November 2023), IGAD itself faces limitations due to a lack of resources and expertise. This can hinder its ability to effectively coordinate and implement regional economic integration initiatives. Furthermore, overlapping memberships in other regional economic blocs like COMESA or EAC create additional institutional complexities. These overlapping memberships can lead to confusion and conflicting trade policies. Countries might need to comply with different regulations and standards depending on which regional bloc they are trading with, creating an administrative burden for businesses.

[62]IGAD's limited supranational authority weakens its ability to drive economic integration. IGAD lacks the power to enforce decisions or levy sanctions on member states that fail to comply with regional agreements. This can create a situation where countries cherry-pick which aspects of economic integration they choose to participate in, hindering progress towards a truly unified economic bloc (ibid).

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[61] Commander Abebe Muluneh is the director of IGAD security sector program and IGAD head of mission to Ethiopia. Interview, November 3, 2023.

[62] Ibid

5.4 Leadership and Political Commitment

The path towards regional economic integration in the Horn of Africa centers on a crucial factor: political leadership and unwavering commitment. While there are differing perspectives, the key informants offer their understanding.

Both Mulugeta and Muluneh[63] (interview, 2023) acknowledge a general political willingness for integration among IGAD member states. Addressing these challenges proactively and fostering cooperation through IGAD can pave the way for a more prosperous region.

Mulugeta[64] (interview, November, 2023) delves deeper, highlighting Ethiopia's specific commitment. The Ethiopian government views regional economic integration as a cornerstone of its foreign policy, recognizing the interconnectedness of the region. As the informant aptly states, a neighbor's prosperity or instability spills over, making strong economic ties strategically beneficial. Ethiopia's foreign policy, emphasizing regional cooperation and partnership, reflects this commitment. Additionally, its investment in infrastructure projects connecting the country to its neighbors demonstrates concrete action.

[65]However, a critical challenge emerges – the gap between policy and action. While political will exists, the informant reveals a hurdle – the lack of effective implementation. Delays and even failures to implement policies can undermine the best intentions. For true progress towards economic integration, addressing this implementation gap is crucial. Consistent and effective execution of policies will be the key to transforming political will into tangible benefits for the entire Horn of Africa (ibid).

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[63] Tages Mulugeta is the leading executive of international and regional trade relations in the Ethiopian Ministry of Trade and Regional Relation. Interview, November 17, 2023.

Commander Abebe Muluneh is the director of IGAD security sector program and IGAD head of mission to Ethiopia. Interview, November 3, 2023.

[64] Tages Mulugeta is the leading executive of international and regional trade relations in the Ethiopian Ministry of Trade and Regional Relation. Interview, November 17, 2023.

[65] Ibid

Marinov's (2018), observation about the disruptive nature of ongoing conflicts in Africa highlights a crucial aspect of the leadership issue. Unwillingness or a lack of commitment from regional leaders can be a significant root cause of these conflicts. (Yitay, 2018), reinforces this notion by pointing to the lack of cooperation among member states due to tense relationships. This lack of trust hinders regional progress. As Sheikh[66](interview, December, 2023) emphasizes, "political factors also play a crucial role." Frequent leadership changes lead to policy inconsistencies, disrupting long-term integration plans. Additionally, diverging political views on the benefits and priorities of regional economic integration create barriers.

Bogale,[67](interview October ,2023) indicate the detrimental leadership styles and tendencies in some Horn of Africa countries. These leaders often prioritize self-preservation and engage in "zero-sum thinking," prioritizing national interests over regional ones. This stifles cooperation and prevents prioritizing regional economic well-being. The informant further describes some leaders as "arrogant, puppet, dictatorial, or old-fashioned," highlighting how their leadership styles hinder progress.

Similarly, Kariuki [68](interview, November, 2023) points to the prevailing "realist mentality" among many leaders, emphasizing national interests over regional cooperation. This creates a zero-sum game that hinders mutually beneficial economic partnerships. Additionally, as the informant suggests, leaders' personal ambitions and domestic political contexts can take precedence over regional integration. This prioritization of power weakens collaboration and undermines common goals.

[66] Jamal El Sheikh is Sudan's ambassador to Ethiopia. Interview, December 19, 2023.

[67] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

[68] Joshua Kariuki is a diplomat & Second Secretary at the Embassy of Kenya in Addis Ababa, Ethiopia. Interview, November 21, 2023.

Sheikh[69] (interview, December 2023) raises the critical issue of "undermining and power plays" within IGAD, particularly between Kenya and Ethiopia. These rivalries and struggles for dominance impede progress on regional development. Similarly, the informant suggests many leaders treat economic integration as "mere lip service," paying lip service to the idea without concrete action. This lack of commitment weakens the entire integration process. The informant further emphasizes the issue of prioritizing immediate political gain over long-term economic benefits. This short-sighted approach jeopardizes regional cooperation by focusing on immediate wins at the expense of long-term development. Bogale[70] (interview October, 2023) highlights the issue of "weak government commitment." Effective regional cooperation requires strong political will and a commitment from participating governments. Additionally, addressing "corrupt practices" that hinder business activities and erode trust in regional trade initiatives is crucial.

Abdi[71] (interview, December, 2023) on his side identifies the absence of a robust regional body with policy-setting and oversight capabilities as a significant hurdle to economic integration in the Horn of Africa. This lack of coordination makes it difficult for countries to agree on common goals and strategies. The Intergovernmental Authority on Development (IGAD) serves as a regional platform for cooperation, but its current focus leans more towards security issues.

[72]Without a central entity empowered to drive economic integration, countries might pursue individual economic goals that clash with a broader vision for the region. This creates a fragmented approach, where each nation builds its own piece of the economic puzzle without a clear picture of how it fits together. Reaching common ground on crucial issues like trade policies or infrastructure development becomes a challenge. Even if some policies are agreed upon, the absence of a central authority to enforce them can lead to inconsistent or ineffective

[69] Jamal El Sheikh is Sudan's ambassador to Ethiopia. Interview, December 19, 2023.
[70] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

[71] Osman Abdi is a Counselor in Embassy of Republic of Djibouti in Addis-Ababa, Ethiopia. Interview, December 15, 2023.

[72] Ibid

implementation. He argues, to address this gap, two potential approaches exist. One approach is to empower IGAD to play a more robust role in coordinating regional economic integration efforts. Alternatively, a new regional body specifically focused on economic integration could be established. This new entity would require clear mandates, resources, and the political backing of all member states (ibid).

5.5 External Influences

The growing influence of new players like the UAE adds another layer of complexity. These new actors may have their own interests and priorities, potentially fueling competition and power struggles within the region. This can lead to countries aligning themselves with different external powers, hindering regional unity and making it difficult to agree on common goals for economic integration [73]Bogale (interview, October, 2023).

However, existing trade patterns offer some clues about potential alignments. As Yeboua & Cilliers (2022) point out, the region is relatively open to trade with a diverse set of partners. While China is the main destination for Horn of Africa exports overall, the Gulf States are the main trading partners for specific countries like Djibouti, Somalia, South Sudan, and Sudan.

[74]This suggests that some Horn of Africa nations already have established economic ties with the UAE and other Gulf States. Additionally, the key informant says the legacy of historical Western influence adds another layer of complexity. Past colonial ties or interventions can create lingering distrust or resentment between some countries. These historical burdens can make it difficult for countries to move forward with a clean slate and build genuine regional cooperation. These external influences create a complex geopolitical landscape that hinders regional cooperation. Countries aligning with different external powers can create competing interests and make it difficult to find common ground on economic integration initiatives (ibid). Competition between external powers can spill over into the region, exacerbating existing tensions and hindering efforts to build trust and cooperation.

[73] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.
[74] Ibid

Bogale[75](interview, October, 2023) argues external actors are exploiting existing weaknesses or challenges within the region to manipulate situations for their own benefit, further undermining regional unity. To overcome these challenges, countries in the Horn of Africa need to focus on building trust and cooperation among themselves, putting regional economic well-being above short-term gains offered by external actors. They also need to develop a unified approach to dealing with external powers, ensuring their interests are aligned with regional goals for economic integration.

5.6 Inadequate infrastructure

One of the biggest challenges the Horn of Africa faces is a lack of proper infrastructure, as highlighted by Rondos (2018). According to Kaikara,(interview, January, 2024)[76] it is hard to run a successful business without good roads, bridges, or reliable power supplies. It's incredibly difficult to produce goods or get them to market efficiently. This lack of infrastructure hinders economic development in the region.

(Brenton, etal, 2021) pinpoint to specific infrastructure issues – weak transport networks and "thick borders." This means it's difficult to move goods and people around the region. Heavily guarded checkpoints with complex paperwork, long wait times, and limited crossing point make trade and travel slow and expensive, further hindering economic integration.

[77]Kaikara (interview, January, 2024) provides further support for the previous point. Without good infrastructure and smoother borders, it's challenging for countries in the Horn of Africa to collaborate and build a strong regional economy. They need to invest in better roads, bridges, power grids, and streamline border procedures to unlock their full economic potential.

As the informant explains poorly maintained roads, unreliable railway systems, and limited air connections create a significant bottleneck. Deliveries take longer, transportation costs soar, and

[75] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

[76] William Kaikara, is a diplomat at the Embassy of Uganda in Addis Ababa, Ethiopia. Interview, January 29, 2024.

[77] ibid

the overall efficiency of trade drops. This is a reality faced by many countries in the Horn of Africa. According to [78] Kaikara (interview, January, 2024) the consequences of poor infrastructure extend beyond individual countries. It creates effect that hinders regional economic integration in several ways.

Increased Trade Costs: high transportation costs due to inadequate infrastructure make regional trade less attractive. Businesses might choose to source goods or services from outside the region if local options are less cost-effective.

Limited Market Access: Poor transportation networks restrict access to regional markets. Ugandan businesses, for example, struggles to reach potential customers in neighboring countries due to logistical challenges.

Hindered Communication and Collaboration: Limited communication infrastructure, like unreliable internet connectivity, makes it difficult for businesses and governments across the Horn of Africa to collaborate effectively. This stifles regional economic planning and coordination. Kaikara (interview, January, 2024)

A lack of proper storage facilities and inefficient logistics systems can lead to spoilage of goods and increase transportation costs, further dampening regional trade. These infrastructural shortcomings create a ripple effect that undermines economic integration efforts. Businesses struggle to reach potential customers in neighboring countries due to logistical challenges. This restricts market size and hinders economic growth. The informant also indicates lack of proper infrastructure lead to investment Discouragement. Investors might be hesitant to invest in the region due to concerns about unreliable power supplies and inefficient logistics, further stifling economic development[79] Tito (interview, January, 2024)

[78] William Kaikara, is a diplomat at the Embassy of Uganda in Addis Ababa, Ethiopia. Interview, January 29, 2024.

[79] Kuol Tito is a diplomat in Embassy of South Sudan in Addis-Ababa, Ethiopia. Interview, January 26, 2024.

Overcoming these challenges requires a significant investment in infrastructure development. Upgrading transportation networks, including roads, railways, and potentially regional air hubs, would significantly improve connectivity within the Horn of Africa (ibid).

To conclude, the researcher questioned the key informants that whether the region has a future. Most of the interviewed key informant said despite the challenges, the future of economic integration in the Horn of Africa appears promising. They mention that there are several encouraging signs that suggest a growing momentum towards regional cooperation and economic interdependence.

According to [80]Bogale (interview, October , 2023) the emergence of new leaders like Prime Minister Abiy Ahmed of Ethiopia, who has championed regional integration initiatives, and President William Ruto of Kenya, who has emphasized economic cooperation, provides a positive outlook for regional collaboration. The key informant explains the growing recognition among Horn of Africa countries of the potential benefits of economic integration is fueling a desire for closer ties and cooperation. The international community, including organizations like the World Bank, the African Development Bank, and the Intergovernmental Authority on Development (IGAD), are actively supporting regional integration initiatives in the Horn of Africa.

The adoption of emerging technologies, such as digital platforms, mobile money, and e-commerce, can facilitate cross-border trade, financial transactions, and communication, fostering economic integration. Likewise [81]Semachew **(**interview, November 2023) indicate the increasing engagement of emerging economic powers like China, India, and Gulf countries in the Horn of Africa presents opportunities for investment, infrastructure development, and technological

[80] Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

[81] Habtamu Semachew is a legal and policy advisor at the Ethiopian Investment Commission. Interview, November 7, 2023.

advancements, which can further enhance regional integration. [82]Kariuki (interview, November, 2023)said, while there are still obstacles to overcome, the positive developments and growing commitment to regional integration suggest that the Horn of Africa is on a promising path towards deeper economic interdependence and shared prosperity. The collective efforts of governments, businesses, civil society, and international partners will be crucial in realizing this vision for a more integrated and prosperous Horn of Africa.

Whereas, achieving this goal is far from easy, as highlighted by [83]Sheikh (interview, December, 2023). His pessimism reflects the significant challenges that must be addressed before true economic cooperation can flourish. As the key informant describes the future of economic integration in the Horn of Africa appears uncertain. The informant pinpoints several key obstacles. Differing government interests create friction, hindering efforts to establish cohesive regional policies. Political instability further complicates matters, fostering an environment of uncertainty that discourages investment and cross-border collaboration.

[84]He believes most concerning is the lack of trust between countries. This deep-seated skepticism creates a barrier to cooperation, making it difficult to establish the necessary foundations for a unified economic bloc. The key informant perspective underscores the need for a multi-pronged approach if economic integration is to be achieved. Fostering regional peace and stability through conflict resolution and good governance initiatives is crucial. Additionally, establishing a shared vision for the future, one that prioritizes regional development over individual agendas, would be a significant step forward. Building trust through open communication and collaborative projects can help bridge the gap between nations (ibid).

[82] Joshua Kariuki is a diplomat & Second Secretary at the Embassy of Kenya in Addis Ababa, Ethiopia. Interview, November 21, 2023.

[83] Jamal El Sheikh is Sudan's ambassador to Ethiopia. Interview, December 19, 2023.

[84] ibid

Given these significant hurdles, the informant expresses a lack of optimism for swift progress. While the journey towards economic integration will undoubtedly be long and arduous, [85]Sheikh (interview, December,2023) insights serve as a powerful reminder of the importance of perseverance in the face of significant challenges.

As stated in this chapter, the Horn of Africa's dream of economic integration faces a harsh reality: insecurity, lack of diverse economies, and inadequate infrastructure create a tangled web of challenges. Frequent conflicts and political instability scare away investment and cooperation. Countries, heavily reliant on similar exports like raw materials, struggle to find trade opportunities within the region.

Furthermore, weak cross-border systems, limited expertise, and technological gaps make trade expensive. Despite some political will, inconsistent implementation and a focus on national interests often stall progress. Only through strong regional leadership, a commitment to shared prosperity, and investments in infrastructure and diversification can the Horn of Africa unlock its true economic potential.

This journey will undoubtedly be long and difficult, requiring the collective efforts of governments, businesses, civil society, and international partners. However, by acknowledging the central problem and taking a multi-pronged approach, the Horn of Africa can unlock its true economic potential and achieve a future of shared prosperity.

[85] Jamal El Sheikh is Sudan's ambassador to Ethiopia. Interview, December 19, 2023.

Chapter Six

Conclusion and Recommendation

6.1. Conclusion

This study has appraised the political economy of the Horn of Africa, examining the challenges and opportunities for achieving regional economic integration. While the region boasts abundant natural resources, a young population, and a strategic location, historical, political, and infrastructural roadblocks hinder full integration.

Economic integration in the Horn of Africa presents a powerful opportunity for the region to flourish. By removing trade barriers and fostering deeper economic cooperation between countries, the Horn can unlock its true potential in several ways.

Economic integration paves the way for increased trade**.** With fewer restrictions, businesses across the region can trade goods and services more easily. This stimulates economic activity, creates new jobs, and fosters a larger, more diverse market for producers. Additionally, it fosters investment**.** When countries work together, they create a more stable and predictable environment for investors. This attracts much-needed capital for infrastructure development, resource exploration, and new businesses. Deeper cooperation allows countries to share their resources more effectively. A unified Horn of Africa, achieved through economic integration, presents a much stronger player in the global trade arena. Generally economic integration acts as a powerful engine for economic growth, peace, and global influence in the Horn of Africa.

Existing economic blocs like the Common Market for Eastern and Southern Africa (COMESA) and the African Continental Free Trade Area (AfCFTA) provide a legal and institutional framework for collaboration. These frameworks can facilitate trade, movement of labor, and joint investments in infrastructure development, all crucial aspects of regional economic integration. Additionally, collective efforts are needed to address regional threats like food insecurity and political instability, fostering a more stable environment for economic prosperity.

The most critical challenge is the prevailing insecurity and political instability in the region. Ongoing conflicts, civil wars, and weak governance create an environment of uncertainty that discourages investment and regional cooperation. Additionally, the lack of economic complementarity between countries within the region poses another hurdle. Economies heavily reliant on similar primary commodity exports limit trade opportunities within the region and hinder the diversification needed for sustainable growth.

Further compounding these challenges are inadequate infrastructure, technology, and financial systems. Weak cross-border infrastructure, limited technical expertise, and underdeveloped financial institutions create bottlenecks for trade and collaboration. Furthermore, inconsistent policy implementation, political rivalries, and a lack of strong leadership committed to regional integration efforts present additional obstacles.

The growing influence of new external actors and the lingering effects of colonialism further complicate the regional integration landscape, potentially creating competing interests and undermining regional unity.

Despite the challenges, there are reasons for optimism. New leaders emerging in the region are increasingly championing the cause of regional integration. A growing recognition of the economic benefits of cooperation, coupled with international support for regional integration initiatives, creates a positive momentum. Additionally, the increasing engagement of emerging economies offers opportunities for investment and development that can fuel regional economic growth.

6.2. Recommendations

To achieve full economic potential, the Horn of Africa needs to employ a multi-pronged approach. Firstly, fostering regional peace and stability is paramount. This involves addressing the root causes of conflicts, promoting good governance and democratic institutions, and establishing a culture of peace through dialogue and conflict resolution mechanisms.

Secondly, building trust and a shared vision among member states is crucial. Open communication, collaborative projects that showcase the benefits of integration, and prioritizing regional well-being over narrow national interests are essential for fostering this trust and sense of purpose.

Thirdly, significant investments in infrastructure are necessary. Upgrading transportation networks, ensuring reliable power grids across borders, and establishing efficient communication infrastructure will facilitate the movement of goods, services, and people within the region.

Fourthly, developing the region's human capital is vital. Investing in education and training programs will equip the workforce with the skills needed to thrive in a regionalized economy. Additionally, fostering knowledge transfer and collaboration between institutions in the region can further strengthen this human capital base.

Finally, strengthening financial systems is essential. Establishing strong financial institutions that support regional trade and investment, streamlining cross-border transactions, and promoting financial inclusion will create a more robust and inclusive economic environment.

By addressing these key recommendations, the Horn of Africa can overcome the challenges to economic integration and unlock its full potential for prosperity and stability.

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Appendixes

Appendix: Interview Questions Prepared for Key Informants

Questions for Djibouti, Kenya, Uganda, Sudan and South Sudan embassies

1. How do you explain the state of the political economy of the Horn of Africa Region?
2. What resource base does the region have to push for regional integration?
3. Given the state of affairs in terms of political economy, do you think regional integration is a necessity for countries in the region?
4. Do you think there is political willingness on the part of governments in the region including yours?
5. What has your country been doing so far in regard to bringing bout regional integration?
6. What are the challenges that you face in this regard?
7. Do you see opportunities from regional integration for your country and the region at large?
8. How do you plan to tackle the challenges and use opportunities in order to make regional economic integration happen?
9. What solution do you suggest for effective regional economic integration?

Questions for IGAD

1. Can you enlighten me of the necessity of regional integration in the HoA?
2. Do you think there is political willingness of governments in order to make regional economic integration happen?
3. What has been the role of IGAD for effective economic integration?
4. What challenges does IGAD face in this regard?
5. Do you think there are opportunities for regional integration given the state of affairs in the region now?
6. How do you think outstanding challenges can be overcome to bring about regional integration?

Questions for foreign ministry of Ethiopia

1 What are the major economic integration activities Ethiopia has undertaken so fa?
2 What kind of political willingness and commitment does the Ethiopian government have in order to make regional economic integration happen?
3 What are the potential resources in the region that may serve as a basis for economic integration?
4 What are the challenges of and opportunities for economic integration in the region?
5 What opportunities are there for effective regional economic integration?
6 What does the future look like in terms of bringing about meaningful integration?

Questions for Ethiopian trade regional integration ministry

1 How do you evaluate the performance of regional integration in the HoA so far?
2 What has been the ministry doing towards regional integration in the HoA?
3 Do you believe that the Ethiopia government has political willingness and commitment for regional integration in the HoA?
4 What are the major challenges that Ethiopia is facing in this area?
5 What opportunities are available for regional integration in the HoA?
6 What resources does the region have that serve as basis for economic integration?
7 What do you think the prospect for regional integration look like given the current dynamics in the region?

Interviewees

Key informant 1 Jamal El Sheikh is Sudan's ambassador to Ethiopia. Interview, December 19, 2023.

Key informant 2 Osman Abdi is a Counselor in Embassy of Republic of Djibouti in Addis-Ababa, Ethiopia. Interview, December 15, 2023.

Key informant 3 Joshua Kariuki is a diplomat & Second Secretary at the Embassy of Kenya in Addis Ababa, Ethiopia. Interview, November 21, 2023.

Key informan 4 Befikadu Bogale is a Researcher of African affair at Ethiopian foreign affairs institute. Interview, October 12, 2023.

Key informant 5 Habtamu Semachew is a legal and policy advisor at the Ethiopian Investment Commission. Interview, November 7, 2023.

Key informant 6 Tages Mulugeta is the leading executive of international and regional trade relations in the Ethiopian Ministry of Trade and Regional Relation. Interview, November 17, 2023.

Key informant 7 Kuol Tito is a diplomat in Embassy of South Sudan in Addis-Ababa, Ethiopia. Interview, January 26, 2024.

Key informat 8 Commander Abebe Muluneh is the director of IGAD security sector program and IGAD head of mission to Ethiopia. Interview, November 3, 2023.

Key informant 9 William Kaikara, is a diplomat at the Embassy of Uganda in Addis Ababa, Ethiopia. Interview, January 29, 2024.