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AN OPPORTUNE JUNCTURE IN THE HORN OF AFRICA: GCC IGAD MARKET ENGAGEMENT

With several members counted among the world's most failed and least developed states burdened by a regional security complex, the Greater Horn of Africa – here represented by the regional community of the Intergovernmental Authority on Development (IGAD) – market engagement assessments tend to overlook this Sub-Saharan African sub-region. The following brief captures the market potential presented by IGAD in relationship to its current critical junctures. It does so by identifying the nature of this juncture form the perspective of external market entrants' engagement impact on the juncture's immediate and medium-term trajectory. Entrants will affect IGAD's: ***a)*** *already difficult intra-regional economic integration and* ***b)*** *Individual IGAD member markets' evolution that will depart from collective IGAD membership. This brief operationalizes external entrants' effect by means of their established networks and their impact on other existing or emerging networks. Examined entrants are the Gulf Cooperation Council (GCC), its member states, and relevant regional institutions.*

Key Words: Greater Horn of Africa, IGAD, Gulf Cooperation Council, Formal Market Development, Gulf-IGAD Trade and Investment Relations, Infrastructure, Livestock, Downstream Sectors

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This brief begins with a current state analysis of the juncture. It does so by combining two forms of analyses – political economic and circumscribed network analyses – with foundational market analyses. It considers the region's security complex relevant to its juncture and the market entrants' historically institutionalized relationship with the Horn. It then examines IGAD market characteristics, including those of informality. The brief concludes with a review of relevant IGAD market characteristics and network development prime for GCC entrants. The four categories of greatest relevance are: **1.** physical infrastructure; **2.** livestock production and trade infrastructure; **3.** financial system institutionalization and expansion; and **4.** industrial development. It summarizes this categorical review with a set of relevant take-away points for continued GCC engagement of IGAD member states at this critical point of the community's and individual member states' market trajectories. Their targeted GCC engagements of IGAD markets, based on these four categories, are:

1 Transport Infrastructure

Increased build-out of IGAD ports of entry with extended networks into landlocked members facilitated by Gulf entrants (contractors, infrastructure managers, or investors such as the Arab Coordination Group) diversifying the region from traditional firms as well as entrants' increased participation in regional innovative partnership programs such as Power Africa

2 Livestock Production and Export Infrastructure

Increased Gulf support to IGAD's livestock sector targeting: 1. ongoing or new veterinary measures to pre-empt future bans and **2.** investment in infrastructure associated with livestock export, including that supporting livestock health and safety, with emphasis on the graduate development of downstream opportunities ranging from meat production to tanning

3 Financial Systems

Continued Gulf expansion into the regional commercial banking sector coupled with its involvement in microcredit opportunities as well as the increasing formalization and institutionalization of essential money transfer organizations (MTOs)

4 Market Diversification

Gulf investment innovative new sectors offering IGAD markets high value-add returns for products complimenting GCC strengths or demands including unique livestock downstream value add and green industrialization

In addition to these targeted forms of engagement, the brief also emphasizes GCC entrants' role on the evolution of IGAD markets from necessary informality to increased formality as well as the need to use, under monitoring, their potential for flexibility.

1 The IGAD Critical Juncture

The Greater Horn of Africa is undergoing an insufficiently-noted critical market juncture. The

Greater Horn encompasses the Horn states of Djibouti, Ethiopia, Eritrea, and Somalia along with the additional states of Kenya, Sudan, South Sudan, and Uganda. These eight states are member to the Intergovernmental Authority on Development (IGAD), the African Union-backed regional economic community (REC) covering the Horn of Africa. This juncture therefore has implications for the REC, which ranks among the Sub-Saharan Africa (SSA) region's poorest, most conflict-ridden, and least economically integrated of the African Union's eight communities' members to the African Economic Community. Political economic studies of IGAD tend to overlook this critical market juncture or market opportunity space. They instead emphasize the Community's specific qualifications as a security complex that weakens individual and collective markets, generally recommending the Community focus on its first pillar of Peace and Security.[1] Studies of individual IGAD member states often overlook their IGAD membership and tend to concentrate on domestic drivers facilitating underdevelopment. Taken together, general Greater Horn descriptions are best demonstrated by the World Bank's:

> Conflict remains endemic, compounded by population growth and migration, high youth unemployment, imbalanced service provision, competition for scarce natural resources, and harsh climatic conditions, with increasingly frequent and severe droughts and floods.[2]

Even if having some merit, such descriptions overlook relevant political economic dynamics relevant to the market trajectories of these conflict, post-conflict, and least developing states individually as well as IGAD as a whole.

This article emphasizes the concept of the critical market juncture and its relevance to IGAD and IGAD member states. IGAD's critical market juncture has the potential to both benefit and detract from two of the Horn's prioritized trends. First is the gradual stabilization of the region following the Somali civil war, the independence of Eritrea, and the Ethiopian-Eritrean war of 1998-2000. The juncture will affect the economic stability of these states and the gradual formalization of their markets including trade patterns and finance access. The African Union recognized the market dynamics of this stabilization process. It therefore recommended against IGAD's institutional focus solely on security and agricultural threats. The Union therefore expanded the REC's economic integration pillar. International donors joined with this focus to launch the US$89 billion regional Horn of Africa Initiative alongside the EU's post-2011 regional strategic framework funding portfolio for business development and economic growth.[3] Such support is designed to assist the Greater Horn's ability to adopt a positive trajectory in this juncture as demonstrated by the UN Secretary General's statement that: 'now is a crucial moment to support these efforts, end the cycles

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[1] This suggestion is supported by IGAD's maintenance of one of SSA's most sophisticated Conflict and Early Warning Systems, the Conflict Early Warning and Response Mechanism considered as a model or benchmark in SSA and beyond.

[2] WB, 'Horn of Africa: World Bank $175million financing supports regional initiative on communities hosting refugees', 31 May 2016, <http://www.worldbank.org/en/news/press-release/2016/05/31/horn-of-africa-world-bank-175-million-financing-supports-regional-initiative-on-communities-hosting-refugees> (18 June 2016).

[3] WB, 'Leaders commit billions in major new development initiative for the Horn of Africa', 27 October 2014, <http://www.worldbank.org/en/news/press-release/2014/10/27/leaders-commit-billions-major-new-development-initiative-horn-africa> (9 July 2016).

of conflict and poverty and move from fragility to sustainability'.[4] Second is the nature and degree of intra-regional economic integration currently focused on infrastructure development. Given the condition of member markets, any integration progress will provide all member markets with greater shared capacity. However, regional integration must overcome members' weak political will for regional over individual market development.

Dynamics of this critical juncture, marked by positive and negative characteristics, include the indicators detailed in Table One.

TABLE ONE: ***INDICATORS OF THE CRITICAL MARKET JUNCTURE***

Juncture Indicators	Positive Characteristics	Negative Characteristics
Regional/member physical infrastructure	Aggressive pursuit of expanded regional infrastructure, including transport corridors, creating networks from coastal ports to urban centres of landlocked states facilitating market exchanges.	Extensive infrastructure gaps and developmental constraints complicating essential market-related logistics with concerns including: • Continued coastal IGAD members' dependence on revenues from import duties and landlocked states' dependence on limited coastal ports with added political complexity from internal-coastal diplomatic relations. • Debilitating infrastructure gaps despite goals with insufficient finance to cover even essential infrastructure.
Regional/member political stabilization	Circumscribed political stability allowing for market recovery, stabilization, and formalization as well as reduced contagious instability	Continued internal and intra-state tensions associated with the underlying regional security complex exemplified by:

[4] IISD, 'UN, Development Bank leaders launch Horn of Africa Initiative on high-level visit', 27 October 2014, <http://africasd.iisd.org/news/un-development-bank-leaders-launch-horn-of-africa-initiative-on-high-level-visit/> (9 July 2016).

		• Continued cross-border and other localized conflict. • Increased complexity associated with internal, intra-regional, extra-regional, and reverse migration. • Continued post-1998 economic fall-out of the Ethiopian-Eritrean war .
Regional/member Financial system development	Evolution of policies, institutions, and institutions necessary for functioning financial systems with inputs including: • Evolving status of formal money transfer organizations (MTOs) into formal banks. • Continuing entry of private banks • Strengthening or reviving of central banks and possible macroeconomic policy coordination.	Limitations on intra-regional macroeconomic coordination, private banking sector development, and access to essential finance with constraints including: • Applied currency restrictions. • Continued central bank state Interventions. • Limited MTOs via global terror laws. • Limited market interests of foreign entrants.
Regional/market product value-add and diversification and complementarity	Gradual sophistication of the agricultural sector coupled with diversification agriculture, including: • Developing agribusiness by means including IFC-backed programs to transition small-scale agricultural and create PPPs. • Increasing export diversification and regional complementarity.	Overlap of export baskets, limiting complementarity, given IGAD members': • Continued dependence on small-scale agriculture. • Regionalized coffee export dependence creating intra-regional competition. • Limited development of value-add downstream production excepting Kenya, with Ethiopia exhibiting infant industry development and extensive state ownership.

Regional/market energy portfolio expansion	Continuation of hydrocarbon exploration, hydro- or other alternative energy creation, or new/planned extractionassociated with: • Ongoing discoveries and potential exploration/extraction of regional hydrocarbons, especially from Kenya and Uganda as well as the re-opening of Somalia with the Horn potentially representing the 'hydrocarbon province of the 21st Century'. • Increasing Ethiopian hydropower production and cross-border trade. • Continuing diversification of Sudan/South Sudan's energy dominance.	Potential contribution of hydrocarbon exploration to domestic and regional violence as well as controversial use of the Nile for hydropower.

Such indicators collectively suggest the juncture's undetermined trajectory.

This juncture incorporates multiple levels of analysis as the involved states and their economic trajectories are inextricably linked yet their markets remain relatively independent within that interdependence. Healy's regional description implies multiple levels of analysis with her statement that 'this vast area…is linked not only by a shared history of conflict but also by a complex web of economic ties'.[5] This 'web of economic ties' complicates juncture assessments. This article establishes the juncture's levels as the: **1.** collective behaviour of IGAD as a unified institution; **2.** collective IGAD extra-regional exchanges; **3.** intra-regional IGAD exchanges and market space among member states.

A primary driver affecting the juncture at each of these levels of analysis is external entrants' juncture engagement. Entrants' engagement may be operationalized by their engagement networks that include those created by the juncture or those affecting the nature of the network. The external entrants of interest are associated with the Gulf Cooperation Council (GCC): **1.** the Council as a collective institution, **2.** the Council's individual member states, and **3.** relevant institutions associated with the Council. GCC members include Bahrain, Kuwait, Qatar, Oman, Saudi Arabia, and the United Arab Emirates (UAE). In addition to what this brief defines as foundation networks, networks of interest include:

1. Hard and soft infrastructure;
2. Livestock production and export-related infrastructure;

[5] Sally Healy, 'Hostage to conflict: prospects for building regional economic cooperation in the Horn of Africa' (Chatham House Report, 2011), p.1.

3. financial networks;
4. Industrial networks emphasizing value-add.

Relevant to all of these networks is the extent of their formality and informality.

The brief begins with a current state analysis of IGAD's critical juncture. This analysis combines political economy institutional and informal network analyses with traditional market analyses of the REC and its member states. It then examines IGAD market characteristics relevant to GCC entry. It concludes with a brief review of the primary network categories relevant to GCC entrants' potential impact on the region's critical market trajectory.

2 IGAD Markets

IGAD collectively, and at the member level, is at a critical juncture related in part to its institutional evolution. IGAD's origin did not include economic integration. The institution began as the issue-specific Intergovernmental Authority on Drought and Development (IGADD) established in 1986 by the contemporary six states of the Greater Horn. Situated in eastern Africa, the Greater Horn encompasses the Horn of Africa (Djibouti, Ethiopia, and Somalia), the Nile Valley (Sudan), and the African Great Lakes (Kenya and Uganda). Driving IGADD's formation was the need for a coordinated institutional response to the Horn's 1984-1985 drought, the decade's most damaging with at least eight million affected individuals excluding approximately one million dead (FAO Technical Cooperation Department 2000, Natural Hazards). IGAD addressed regional market development only indirectly in terms of environmental causes of food insecurity and smallholder agricultural damage. IGADD broadened its foundational purpose in the 1990s with its new institutional identity of IGAD. It did so again in 2008, under direction of the African Union, with the explicit incorporation of economic factors premised on five of seven objectives contained in the IGAD Agreement's Article Seven.

Change also came to IGAD with altered membership driven by new states in the Greater Horn, one of the only SSA regions to undergo such extensive shifts in post-colonial borders with the addition of Eritrea (1993) and South Sudan (2011). In terms of the resulting markets, Eritrea retained the valuable coast and port, central nodes of regional transport and trade networks. Eritrea, however, is among the lowest-ranked members of least developed countries; has posted real GDP growth rates of only two percent or less for the last three years, after its spike to a 9 percent growth rate in 2011;[6] and is generally dependent on the mining and agricultural sectors. South Sudan, currently locked in intra-national conflict, retained Sudanese hydrocarbon resources yet lacks the pipeline or port access necessary to leverage these resources' full market potential. These states evolution affected neighbors' markets. These states, with their struggling markets, complicate regional economic integration and development.

In its present form, IGAD is an African Union-recognized SSA regional economic community (REC) attempting to realize several difficult goals in the complex social, political, and economic contexts of

[6] AfDB, OECD, and UNDP, 'African Economic Outlook 2015: Regional development and spatial inclusion', (Paris, OECD Publishing, 2015), p.xxx.

an institutionalized security complex. This brief defines a security complex according to Buzan's conceptualization as 'a group of states whose primary security concerns link together sufficiently closely that their national securities cannot realistically be considered apart from one another'.[7] The nature of the Greater Horn's security complex includes the early drivers of liberation, secessionist, irredentist, and Cold War interests. Its ongoing drivers include irredentism, rival regime change interests, intra-regional interventions, border or resource disputes, extremism, political vacuums, and territorial disputes. Several cross-border conflict configurations affect the security complex with instability remaining relatively consistent at specific regional borders including those tracked by IGAD's CEWARN.[8] These relations increase tendencies towards informal trade and hinder the emergence of formal sectors; limit intra-regional trade causing IGAD to lag behind the SSA trend of higher intra-regional growth[9]; and add logistics costs to trade processes.

The regional security complex and its component conflicts inevitably affect the critical market juncture given the close relationship between violence and economic development. As expressed by Love, these dynamics include those of an economic nature:

> Disagreements over territorial integrity, cultural nationalism and international factionalism all have economic elements that either fuel the conflict or are critical to its outcome, and that are thereby in a continual process of adaptation and reformulation.[10]

That said, the security complex is highly influential to Greater Horn markets but is not the sole perspective from which to assess the region's critical market juncture trajectory. The deeper contexts of the juncture must be understood in order to understand the juncture's trajectory.

IGAD's critical market juncture is related in part to the institution's relevance to regional economic development, including integration. Economic integration became central – at least discursively – to the REC with its 2008 institutional reconfiguration yet has achieved little tangible progress to date. IGAD is considered one of the least effective of eight AEC communities in terms of intra-regional economic integration prescribed as a means for SSA to overcome low levels of intra-African trade. Primary among the unachieved integration commitments is that of the free trade agreement (FTA) the REC was to have begun by 2009. A barrier to integration even before IGAD's 2008 economic turn was the Ethiopian-Eritrean war of 1998-2000, which affected the broader array of intra-regional economic exchanges given highly variable alliances. Additional factors affecting IGAD integration and the critical market juncture include

***TABLE TWO*: INTEGRATION AND JUNCTURE FACTORS**

1 Intra-Regional Longitudinal Relational Trajectories

[7] Barry Buzan, *People, states and fear: An agenda for international security studies in the post-cold war era* (Harvester Wheatsheaf, London, 1991), p.190.
[8] IGAD, 'IGAD's Conflict Early Warning and Response Mechanisms (CEWARN): IGAD CEWARN brochure', 2016, <http://www.cewarn.org/attachments/article/51/CEWARN_Brochure.pdf> (4 July 2016), slide 6.
[9] AfDB, OECD, and UNDP, 'African Economic Outlook 2015: Regional development and spatial inclusion', p.vi.
[10] Roy Love, 'Economic drivers of conflict and cooperation in the Horn of Africa: A regional perspective and overview', (Chatham House Briefing Paper AFP BP 2009/01), p.2.

Relationship of specific IGAD member states' historically institutionalized relational patterns

2	**Geo-Strategic Positioning** Physical positioning within the region – such as landlocked versus coastal access – as well as with neighboring regions and maritime passages relevant to trade and security interests.
3	**Placement and Permeability of Borders** Extent of cross-border trade and movement of people, both formal and informal.
4	**Cross-border Identities** Extent of identity formation beyond or despite of borders.
5	**Import-export portfolio complementarity** Limited complementarity of trade demands within the IGAD region.
6	**Trade and investment-facilitating domestic or intra-regional institutions and other structures** Limited development of IGAD institutions relevant to the development of domestic markets and their integration.
7	**Public systems including taxation and regulatory controls** Extent of domestic systems facilitating formal market development.

IGAD member states' attempts at economic integration are not solely linked to this REC: several of the eight AU RECs include central, eastern, and southern African states. IGAD members, excepting Somalia, are member to COMESA. Kenya and Uganda are member to the EAC. IGAD then includes a commitment to harmonization with COMESA and Ethiopia, the dominant IGAD economy alongside Kenya, represents a dominant role in COMESA although it has not yet adopted the REC's FTA. In 2008, the three RECs of COMESA, the EAC, and SADC agreed to pursue a 'grand' FTA. These other regional actions stand to crowd-out IGAD and potential positive trajectory of the IGAD-related critical juncture. It is unlikely IGAD will pursue greater policy alignment much less enter into an FTA to become a 'truly Regional Economic Community'.[11]

The critical juncture represents an essential moment for progress. If progress is not achieved, the juncture will limit the Horn's ability to maximize intra-regional trade development. Greater Horn entrants will therefore not benefit immediately from regional economic integration in the same manner that they will from IGAD member states' membership to international preferential trade agreements, such as the United States' African Growth and Opportunity Act. Entrants will, however, affect the critical juncture's trajectory and IGAD's economic integration.

[11] Ali Abdi and Edris Said, 'Assessment of economic integration in IGAD,' (The Horn Economic and Social Policy Institute Policy Papers No. 13/2, August 2013), p.11.

IGAD's limited integration speaks to its inability to leverage member states' markets. The World Bank defined some of these markets as 'some of the world's most buoyant economies' with Ethiopia posting average growth rates over 8 percent for several years after 2011, and other member states posting over 4 percent on average.[12] These states offer promising potential for economic development including extensive natural resources ranging from ongoing hydrocarbon finds to renewable energy, untapped agricultural capacity, sufficient groundwater, and highly resilient entrepreneurship.[13] Member states' individual markets have extensive intra-regional impact outside of IGAD as an institution. Ethiopia exemplifies this impact. The state is central to IGAD's regional trade dynamics given its high-growth economy; geopolitical positioning in international organizations and other regional institutions; and physical positioning, sharing borders with all IGAD members excepting Uganda. This state is part of ongoing divisions regarding border demarcations and logistics partnerships associated with port access. Despite intimate connection to regional markets, Ethiopia pursues individual market sophistication over increased regional integration excepting inter-state transport infrastructure and corridor development. As stated by Healy when summarizing an Ethiopian government source, 'economic nationalism is a much stronger thread than regionalism and Ethiopia's main regional aspiration is to displace Kenya as the strongest IGAD economy'.[14] The same priorities hold true for other IGAD members.

3 Networked Trajectory

Given economic dynamics of IGAD and its members, even minor external engagement at this critical juncture stands to have extensive regional and member ramifications. GCC states' networked engagement of the Horn's current juncture is logical given literal and figurative inter-regional proximity. Figurative proximity includes shared historical trajectories, established political relations, institutionalized migration patterns, and other relational perceptions. Literal proximity includes the Greater Horn's geo-strategic position relative to the Peninsula, its historical exchange networks with individual GCC member states and increasingly the GCC as an institution, and its relationship to an essential maritime chokepoint of the twenty-mile wide Mandeb Strait (Bab-el-Mandeb).

Such proximity lends itself to the natural proliferation of inter-regional networks. For the Horn's juncture, identifying networks' potential impact is important as interventions in the networks' formation and operation may be possible. Donors are already attempting to do by means of official donor aid and program influxes. Unfortunately these influxes are not only uncoordinated but may also bring negative impacts. Formal network analysis is well established in the Social Sciences, including Political Economy. The depth, breadth, and density of intra-regional and inter-regional Greater Horn economic networks is important but difficult to establish. There is insufficient data given limited data collection and release, the dominance of informal networks, and the complexity of

[12] WB, 'Regional initiative in support of the Horn of Africa', (Draft, WB Regional Integration Department Africa Region, Washington DC, 23 October 2014), <http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2014/10/23/000456286_20141023120806/Rendered/PDF/917830WP0Horn00Box385358B00PUBLIC0.pdf> (19 June 2016), p.iv.
[13] Ibid.
[14] Sally Healy, 'Hostage to conflict: prospects for building regional economic cooperation in the Horn of Africa', p.19.

operating networks. That said, foundational networks and targeted network categories highlight GCC networks' impact.

Most observable of the GCC's foundational engagement networks are those of a physical nature, such as the proposed trans-regional bridge that remains a random proposal yet to be achieved. More realistic and relevant is the GCC's relationship to the Mandeb Strait. Mandeb is among the busiest of the global chokepoints with approximately 3.8 million barrels of oil passing through it in 2015. This passage, threatened by Somali pirates over the last decade, is now threatened by the movement of Houthi rebels in Yemen following the March 2015 taking of a Yemeni base close to the chokepoint. A destabilized Strait would change trade logistics networks, forcing Persian Gulf tankers to take the alternative route around the Cape of Good Hope and blocking western tankers bound for Asia through the Suez Canal. It would also increase already heightened security and economic concerns regarding the Greater Horn states.

Another set of physical foundational networks is that of inter-regional security, best demonstrated by the involvement of Greater Horn states in the Yemeni conflict. Especially involved is Eritrea, which potentially embedded its own troops with those of the UAE in Yemen and opened its strategic Assad port, along with its airspace, to the Saudi and Emirati militaries in exchange for fuel and funds it requires as one of the world's least developed countries.[15] Such networks supplement deteriorating Greater Horn-GCC networks, exemplified by the UAE's deteriorating Djibouti networks. Competitive developments of physical and diplomatic security networks directly contribute to regional security and, as a result, economic development given increased stability. GCC security networks in the Horn are increasing in terms of physical proximity as well as challenges by the growing international security presence. This presence includes western militaries, especially the American regional security networks based at Fort Lemonnier in Djibouti coupled with the French and Japanese use of the Djibouti-Ambouli airport as a regional platform. This security presence complicates regional contexts and introduces external divisions into the Horn's already tangled regional security complex in ways that challenge economic development indirectly.

Transnational trade networks are foundational drivers in most critical market junctures. To date, GCC members maintained comfortable trade surpluses with the Horn based on the latter's low value-add commodity exports and higher value-add processed imports. These trade patterns demonstrate basic inter-regional trade complimentary. Such complementarity has yet to be maximized despite proximity and both regions' increasing attention to product diversification. Livestock and agriculture are dominant exports from the Horn to the Middle East and North African (MENA) region including the GCC; livestock represents the major historical and contemporary driver of Greater Horn-GCC trade. IGAD estimated that, by 2014, its member states collectively exported approximately 10 million live animals to the MENA region.[16] This export is vital for markets of the Greater Horn. They are, however, limited by factors IGAD and the UN Food and Agricultural Organization identify as

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[15] UN Security Council, 'Report of the Monitoring Group on Somalia and Eritrea pursuant to Security Council Resolution 2181(2014): Eritrea'. (S/2015/801, 19 October 2016), <http://www.un.org/ga/search/view_doc.asp?symbol=S/2015/802>, p.3.

[16] IGAD, 'The regional project on meat and livestock export launch', 27 December 2015, <http://igad.int/index.php?option=com_content&view=article&id=1258:the-regional-project-on-meat-and-livestock-export-launched&catid=95:icpald&Itemid=155> (4 June 2016).

the markets' inability to meet regulatory standards, provide value-add or additional downstream production, check cross-border animal disease transmission or the reputation for such transmission, and implement marketing strategies.[17] The way in which the GCC engages the Horn's critical juncture stands to affect the development of IGAD members' markets for all products, especially livestock. For example, GCC states' import restrictions have hobbled regional livestock markets. However, GCC entrants may invest in livestock-related health services at points of export or establish downstream production facilities such as tanning.

Migratory movement represents another foundational network both signaling and affecting IGAD's trajectory. Movement from the Horn to the Gulf is exemplified by Sudan, with the state's Gulf migration increasing to levels seen in the 1970s given interest in infrastructure jobs following resolution of rifts related to Iraq's invasion of Kuwait. Migration and follow-on remittance networks are essential for Sudan, as they are for other Greater Horn states. Specifically, remittances are the largest source of inward funding flow for SSA generally and the Greater Horn specifically, outstripping continued official development assistance and quadrupling of foreign direct investment.[18] Regional economies depend on these remittances. That said, the networks provide the host countries with leverage over migrants and their originating state's diplomatic and trade networks. Saudi Arabia demonstrated this leverage in its response to Sudan's Iranian relationship. Its threats included expulsion of Sudanese laborers and restrictions on the Sudanese banking sector to induce Sudan to cut its Iranian networks.[19]

Central to the survival of many IGAD markets to date are informal exchange networks. Facilitating this informality is the sub-region's extensive cross-border identity networks surviving a variety of contexts. These identity networks are both beneficial and debilitating in that 'the existence of ties of community across national boundaries is both an asset and liability'.[20] Assets include trade facilitation and management even in conflict. Liabilities include informality and all that comes with it, such as risk. Given the extent of informal exchanges in IGAD member markets, governments and REC governance structures potentially leave untouched 40 percent of GDP-contributing exchanges. Formal exchanges will therefore inevitably be incorporated into formal exchanges. Informality is an issue as it raises concern for market as well as political and security instability. These concerns are especially great for informality associated with the borders.[21] Informal trade, especially informal cross-border trade, is common throughout IGAD as it is throughout the region. Concern is related to IGAD member states' inability to rule to their borders and cross-border identity networks.[22] One of the primary sectors involved in informal networks is livestock with the Horn's facilitation of 'one of the largest live animal export movements in the world'.[23] Movement of those livestock within the region often apply informal exchanges driven by informal drivers.

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[17] Ibid.

[18] AfDB Group, 'Annual report: 2014', (AFDB Ivory Coast, 2014), *p.8 and 25.*

[19] Magnus Taylor, 'Horn of Africa states follow Gulf into the Yemen war', (International Crisis Group the Africa Report, 2016), <http://www.crisisgroup.org/en/regions/africa/horn-of-africa/sudan/op-eds/taylor-horn-of-africa-states-follow-gulf-into-the-yemen-war.aspx>, (30 June 2016).

[20] Sally Healy, 'Hostage to conflict: prospects for building regional economic cooperation in the Horn of Africa' (Chatham House Report, 2011), p.2.

[21] Ibid., p.2.

[22] Ibid., box 2.

[23] FAO (Date Unknown). 'The economic impact of informal cross-border livestock trade', *RISPA,* Date Unknown, <http://www.fao.org/fileadmin/user_upload/drought/docs/ICBLT%20article_FINAL.pdf>.

In addition to and in association with these foundational networks, the current Greater Horn-GCC networks that are either proliferating or stand to play an influential role on IGAD markets' trajectory are: transport infrastructure and other cross-border corridors; livestock production and export infrastructure; financial systems; and industrialization. GCC incorporation in these networks assume various forms that range from the GCC as an institution, individual GCC members, and GCC institutions such as the Arab Coordination Group.[24] The following sub-sectors address these network categories.

3.1 Transport Infrastructure, Hubs, and Corridors

Expanded infrastructure networks represent an IGAD priority with regional need outstripping greater SSA's significant infrastructure gap. As stated by Abdi and Aragie:

> Infrastructure provision is inherently difficult in the tropics with its disbursed population and varied topography making the Horn of Africa a structurally high-cost region for infrastructure development.[25]

SSA infrastructure network development requires vast investments, suggesting the need of IGAD markets. Donors and development banks are attempting to respond to the infrastructure financing gap, estimated at $93 billion annually,[26] by means of the African Development Bank's (AfDB) Program for Infrastructure in Development and Africa 50. This gap increases SSA transport costs by 100 percent or greater, with higher values posted for the Greater Horn. Resolving this gap will enable the region to:

> …facilitate increased intra-regional and international trade, reduce the cost of doing business and enhance Africa's competitiveness within itself and in the global economy as well as act as a catalyst to Africa's economic transformation and diversification through industrialization and value addition and sustainable and inclusive growth.[27]

The region's deficit is especially great in the energy sector. Programs such as Power Africa are attempting to establish creative partnerships for both on- and off-grid solutions to this gap.

The Greater Horn presents additional infrastructure development constraints to those of SSA. These constraints affect infrastructure development, access, and management. They include more depressed – albeit growing – economies, ongoing intra- and inter-state political rivalries that subsume infrastructure, higher risk levels, and greater barriers to finance sources. Of relevance are both hard

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[24] Primary ACG members reporting their African investments with regional interests include the Islamic Development Bank, the OPEC Fund for International Development, and Saudi Fund for Development. These members have dedicated increased resources to their African portfolios.

[25] Ali Abdi and Emerta Aragie, 'Financial sector development in the IGAD region', (The Horn Economic and Social Policy Institute Policy Papers No. 12/2, September 2012), p.18.

[26] Jeffrey Gutman et al., 'Financing African infrastructure: Can the world deliver?' (Brookings, Washington DC, March 2015).

[27] PIDA, 'Closing the infrastructure gap vital for Africa's transformation,' No Date, <http://www.afdb.org/fileadmin/uploads/afdb/Documents/Generic-Documents/PIDA%20brief%20closing%20gap.pdf> (7 July 2016).

and soft infrastructures, with the former including physical logistics or transport structures and the latter ICT systems.

Physical infrastructure networks, currently prioritized by IGAD and its members, represent ground-level networks essential for market development. Transport infrastructure and corridors establish a backbone for regional economies connecting them to each other – necessary to develop intra-regional trade – and to external trade networks – necessary for integration into transnational trade and GVCs. Colonial infrastructure networks demonstrate the economic impact of transport infrastructure. Priorities include the handful of regional ports of coastal members offering anchors for trade logistics into landlocked members.

A contributor to the IGAD infrastructure development portfolio is associated with the European Union-IGAD HOAI. Established in the 2000s, HOAI is meant to facilitate increased regional peace, security, and economic development with infrastructure – transport, energy, and ICT – a primary tool for doing so. HOAI transport infrastructure applies the 'corridor approach' (IGAD 2012) defined by the AfDB as identifying:

> regional transport routes not only as a means of transporting goods and services or as a gateway for land-locked countries, but also as a tool for stimulating social and economic development in the areas surrounding the route.[28]

Corridors may cover hard or soft infrastructure although transport corridors are considered foundational networks for intra-regional economic development as they facilitate multiple forms of intra-regional exchange and, subsequently, inter-regional exchange. For this reason, the AfDB began targeting cross-border networks of transport corridors.[29] The Horn of Africa Initiative missions planned to connect IGAD member states' trading hubs to the coastal ports by means of a ring corridor as a backbone infrastructure with feeder networks followed by cross-border priority corridors linking the ring corridor to regional ports.[30] These corridors follow the AfDB's strategic developmental recommendations regarding the build-out of this infrastructure category.

Djibouti and Ethiopia represent two ideal hubs in terms of opportunities for infrastructure network development or entry. Ethiopia lies at the center of extensive cross-border infrastructure development, especially rail, and drives a majority of the emerging or targeted formal corridors given its physical centrality to the region. Djibouti, given its proximity to the GCC and its role as a major point of entry for regional trade and security networks, represents an important opportunity for

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[28] Gadzeni Mulenga, 'Development economic corridors in Africa: Rationale for the participation of the African Development Bank', (AfDB Rational Integration Brief, NEPAD, Rational Integration and Trade Department No. 1, 1 April 2013).

[29] Ibid, p.1.

[30] IGAD, 'About Horn of Africa Initiative', 1 February 2011, <http://igad.int/index.php?option=com_content&view=article&id=340&Itemid=188>, (20 May 2016) and
IGAD, 'Concept note: Cooperation under the Horn of Africa Initiative', 11 February 2012, <http://igad.int/index.php?option=com_content&view=article&id=397:concept-note-cooperation-under-the-horn-of-africa-initiative-hoai&catid=69:hoa-initiative&Itemid=187> (22 May 2016) and
IGAD, 'IGAD infrastructure projects based on Horn of Africa Initiative infrastructure projects, (EDF 11 Infrastructure Workshop Presentation, 2 June 2014).

infrastructure development. Of greatest relevance are its ports. In the early 2000s, UAE firm Dubai Port World (DP World) won the concession for a container and oil terminal in Djibouti. The UAE therefore has institutionalized networks in the region. DP World of Dubai began its regional engagement in Djibouti. This port altered the REC's intra-member trade dynamics. Subsequent corruption concerns created weariness in terms of IGAD reception of GCC contract-related entry.

There is notable room for additional entrants. Of special interest are entrants able to rival the expanding work of the Chinese. Arab Coordination Group members are suited to address this gap. The Arab Coordination Group (ACG) invested an estimated $3.5 billion in African infrastructure in 2014 with the International Development Bank (IDB) representing over $1 billion of this value.[31] The Arab Coordination Group's infrastructure investments, and that of the IDB, logically focus on North Africa. Only a small shared is dedicated to the Horn.[32] Of their investment, energy takes the largest share (almost 50 percent) followed by transport and water that collectively represent Greater Horn priorities.

3.2 Livestock Infrastructure for Production and Export

Greater Horn-GCC livestock networks – from grazing to extra-regional export – are essential to the region's juncture given the Greater Horn's dependence on livestock export. IGAD members, collectively and individually, confront a range of infrastructure-related barriers to livestock trade. As Love summarized, regional livestock trade is 'dependent on overland supply chains' and is therefore 'prone to disruption where routes pass through volatile conflict zones, and is subject to a range of unofficial fees, bribes, commissions, and protection charges'.[33] These barriers are related to infrastructure gaps as well as limited access to, and control over, physical infrastructure. Physical control is affected by restrictions of conflict, overlapping and varied power claims, or formal and informal management.

IGAD's livestock-related export infrastructure networks represent opportunities for investment. As noted by FAO, Somalia recorded record livestock exports in 2014. This export, which represents over 40 percent of the post-conflict state's GDP, requires increased facilitating infrastructure.[34] Donors have contributed to this infrastructure in the last decade, as well as health-related infrastructure and other input infrastructures such as that related to fodder. At some point, donor support needs to pass into private sector investment. Donors have also supported increased capacity and infrastructure development relevant to downstream livestock production including butchered meat products, soap, and tanned leather.[35] These areas require increased investor attention relevant to the GCC's own complementarity service expertise and livestock demand patterns.

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[31] ICA Africa, 'Infrastructure financing trends in Africa – 2014', (ICA c/o African Development Bank, Ivory Coast, 2014), <http://www.icafrica.org/fileadmin/documents/Annual_Reports/ICA_2014_annual_report.pdf> p.72.
[32] Ibid.
[33] Roy Love, 'Economic drivers of conflict and cooperation in the Horn of Africa: A regional perspective and overview', p.4.
[34] FAO, 'Somalia registers record exports of 5 million livestock in 2014', 2015, <http://www.fao.org/news/story/en/item/283777/icode/>, (17 June 2016).
[35] Ibid.

GCC states' occasional bans on livestock exports from the Horn demonstrated the essential sectoral networks between the regions and the need for greater investment in quality assurance infrastructure. Demonstrating the devastation of GCC bans were those implemented in 1998 and 2001 in response to Rift Valley Fever (RVF) outbreaks. The 1998 ban, applied by Saudi Arabia to a handful of Horn states, caused a 30 percent decline in the latter's essential livestock market. The 2001 ban inflicted greater market damage as it was applied to nine states, mostly those of the Horn in which RFV is endemic. This ban came in response to the outbreak of the disease in Saudi Arabia and Yemen, the first such outbreak outside of the African continent.[36] Complicating this ban was its implementation by all six GCC states, blocking the traditional livestock exporters on the Horn – especially Ethiopia, Eritrea, Somalia, and Sudan using the ports of Port Sudan, Massawa, Assab, Berbera, and Bassasso – from using broader network entry into traditional markets.[37] Such bans also increased the use of informal networks to facilitate livestock trade that contributed to further development of regional shadow economies. Complicating health safety and other quality assurance infrastructure is the extensive network of regional cross-border livestock trade. Estimates suggesting anywhere between 50 percent and 70 percent of livestock exported from Somalia originates from illegally transported along informal networks originating in Ethiopia.[38]

Several Saudi Arabian investors are active in Somaliland, a preferred port of export for Ethiopian livestock, in quarantine yards.[39] This investment supports the Horn's livestock trade to Saudi Arabia, the largest importer of livestock for the region. Investment in quarantine yards and other health infrastructure may also be accompanied by investment in infrastructure associated with halal compliance meeting the UAE's 2015 release of a new halal mark covering a product's entire production chain from farm to packaging. These production chains require monitoring of entire networks. Given the UAE's livestock imports and the GCC's estimated 2020 halal market size valued at $53 billion or greater,[40] the Horn must acquire the production chain for all exported food products to the GCC meet the Emirates Authority for Standards and Metrology's (ESMA) new, rigorous standards. In so doing, Somalia and other Greater Horn states may enter evolving halal food trade networks.

3.3 FINANCIAL SYSTEMS

The trajectory of the Horn's juncture depends in large part on the development of national and intra-regional financial systems. If transport infrastructure is the backbone of IGAD and its members, financial systems are the circulatory system. The latter are networks in their own right and are needed to establish or expand other networks such as infrastructure financing. These systems' establishment is as important as their function for regional market trajectories: those that 'function more effectively in providing the full range of financial services' facilitate 'high sustainable economic growth'.[41] A

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[36] FAO, 'Rift valley fever threatens livelihoods in the Horn of Africa, (*EMPRESS Transboundary Animal Disease Bulletin* **16**(1):1-23, 2001), pp.15-17.
[37] Ibid., p.16.
[38] Peter Little et al., 'Formal or informal, legal or illegal: The ambiguous nature of cross-border livestock trade in the Horn of Africa', *Journal of Borderlands Studies* 30, 3 (2015), pp.405-421, p.406.
[39] Ibid., p.413.
[40] Dahlia Rahaimy, 'GCC halal food imports set to jump to $53billion by 2020', *Arab News*, 9 November 2014, <http://www.arabnews.com/economy/news/657091>, (2 June 2016).
[41] Ali Abdi and Emerta Aragie, 'Financial sector development in the IGAD region', p.2.

notable share of trade and business development in the Horn – with the latter usually driven by small and medium sized enterprise development – depends on private funds given the lack of such systems and supportive institutions. Institutions of finance networks include retail, investment, and participation banks; insurance companies or agencies; pension funds; brokerage firms; mortgage companies; stock exchanges; and microfinance institutions. Central banks, theoretically operating as relatively independent institutions from their respective governments, manage financial institutions on behalf of governments and provide other necessary financial system services including national interest rate oversight and serving as the lender of last resort. A majority of IGAD members' financial systems are dominated by retail and participation banking as well as require additional institutionalization of their central banks.

Djibouti offers a more functional banking sector following its strengthened regulatory environment in the mid-2000s and its relative openness.[42] By 2016, the Djibouti banking sector hosted ten retail banks, with two beginning the liquidation process and four qualifying as Islamic banks.[43] Djibouti may increase its regional and transnational financial networks, especially given the state's continuing regulatory development, including 2015 draft policies, and its target to become a regional financial hub. This latter interest reflects its strategy to establish financial networks accompany its growing infrastructure networks including its role as COMESA's primary transhipment hub. Equally important for potential GCC entrants is the state's growing Islamic banking sub-sector following 2011 regulatory changes, after which the sub-sector achieved a 25 percent share of the Djibouti banking sector.[44] Gulf banks including Isithmar are already active in the Greater Horn's green banking sub-sector. Djibouti, however, encounters the same problem of low banking penetration rate.

Ethiopia, although a stronger regional market, limits the entry of foreign and private banks. This sector maintains a tight public network with public banks dominating the financial system, representing over 75 percent of the state's total banking assets,[45] dedicating a majority of banking resources to the public sector with credit distributions to state owned enterprises enjoying a majority of the state's broad money growth.[46] Ethiopia also applies foreign investment restrictions to maintain control over most domestic economic networks. These restrictions include financial services sector along with the media and telecommunications.[47] Kenya stands in contrast to Ethiopia in terms of the openness of its banking sector, with several Gulf investors already active in local institutions. Somalia, the single IGAD member state still reconstructing its central bank, has yet to re-establish a functioning domestic banking sector but is attracting increased attention from states traditionally maintaining networks with the post-conflict state. That said, the Somali state is in an especially acute

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[42] Oxford Business Group, 'Djibouti's financial sector boosted by competition and improving regulations', (Oxford Business Group, Djibouti, 2016).

[43] Ibid.

[44] Ibid.

[45] WB, '4th Ethiopia economic update: Overcoming constraints in the manufacturing sector, (WB Group, Washington DC), 8 July 2015, <http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2015/09/11/090224b0830cfd0f/2_0/Rendered/PDF/Fourth0Ethiopi0manufacturing0sector.pdf>, p.5.

[46] Ibid., p.3.

[47] Mulenga Gadzeni, 'Development economic corridors in Africa: Rationale for the participation of the African Development Bank'.

market juncture in its gradual post-conflict recovery. Even South Sudan has an opening banking sector, with the Gulf bank QNB Group already maintaining a branch in the young country.

The complicated political and economic history of the region, coupled with the relevance of identity-based networks, maintains dependence on the informal finance networks of the hawala system. This system is premised on deep social networks. Money transfer organizations (MTOs) represent a formal offshoot from the networks associated with hawala system. GCC states are fundamental to MTO networks as many operate out of the Gulf with greatest density in Dubai. The evolution of MTOs is symbolized by the Dubai-based Dahabshiil. Dahabshiil is an African-created firm established by Somali entrepreneurs operating in approximately 40 African states and representing the Horn's largest money transfer organization, which currently maintains a bank branch with Islamic banking services in Djibouti. Dahabshiil provides extensive services in those states and compensates for the Greater Horn's generally low banking penetration rates in Djibouti, Eritrea, Ethiopia, Somalia, and Sudan. Such MTO networks offer ideal entry opportunity space in terms of: **1.** their continued operations from which other programs and institutions may learn in terms of effective, affordable reach to otherwise unbanked populations and **2.** their evolution into formalized, institutionalized commercial banking networks.

3.4 Industrialization and Other Market Diversification Networks

The region's commodity and service sectors increased intra- regional trade complementarity and value-add export baskets. Attention to this need is demonstrated by Ethiopia's 2025 Growth and Transformation Plan (GTP) to minimize growth dependence on the agricultural, service, and construction sectors. Such interests are not unique to the Horn. The GCC is itself is a suitable partner for increased attention to trade complementarity and value-add considerations. This partnership reflects the GCC's collective and individual attempt to diversity from hydrocarbons.

To facilitate directed industrialization, several IGAD member states are developing industrial and special economic zones. Such zones offer focused space for network development. The GCC may support the development of such zones, as China has done, or may enter into them. In addition to China's regional competition regarding special economic zones in recent years, it is now positioned to build the Greater Horn's largest such zone in Djibouti, adding to its already notable network of constructed railway, airport, and port infrastructure in the coastal state. Clear opportunity space is generally crowded in Djibouti, although the state's openness to such networks is sizable. That said, there was potentially longstanding agreement between the UAE Jebel Ali Free Zone and Djibouti's port that was developed by a UAE firm, demonstrating the interrelationship of zone and infrastructure networks. Ethiopia has pursued several zones in recent years, in association with its development strategy; a priority sector is that of textiles and garments.[48]

Certain Greater Horn member states are pursing increased industrial value-add throughout their markets. Private equity is investing in manufacturing, although in stronger markets such as Kenya and Ethiopia. A more notable share of the accomplished industrial growth has focused on mining and

[48] Aaron Maasho, 'Ethiopia to launch four more industrial parks within two years,' *Reuters*, 9 November 2015, <http://www.reuters.com/article/ethiopia-industrialoutput-idUSL8N1343EO20151109>, (3 June 2016).

construction as opposed to manufacturing, as demonstrated by Ethiopia[49] and the Eritrean GDP spike after 2011 reflected the expansion of mining. Such expansion or more central positioning in GVC networks lacks greater value-add and other benefits necessary for sustainable economic development.

The UN has suggested that, when pursuing this industrialization, African states pursue 'green industrialization' given resource limitations and other environmental concerns. Networks associated with green industrialization notably differ from those of other industrialization patterns. Factors supporting the case for SSA's green industrialization, especially in the Horn, are relevant to GCC states' own economic growth and diversification strategies.[50] GCC investors are investing in agricultural land and agribusiness to provide their domestic markets with stable food sources given their own environmental limitations. Qatar and other GCC states, as well as GCC-based private equity firms, are investing in developing states' agricultural land with added agribusiness development. These investments have included Ethiopia but may continue to increase in other members of the Greater Horn facing less severe drought-related constraints. Although often criticized by the international community, these investments may be beneficial by increasing the efficiency and effectiveness of regional agricultural land use. The Greater Horn, if correctly monitoring these green investments, may also benefit GCC members' innovative research regarding agricultural development in drought-challenged contexts. They may do so by means of institutions such as the Qatari-led Global Dry Lands Alliance.

4 THE CRITICAL JUNCTURE'S TRAJECTORY

Existing GCC networks and the potential entrance of additional Gulf actors in IGAD members' critical market juncture will affect the trajectory of that juncture for member states individually and collectively. Of immediate importance will be if and how the Gulf's networks will integrate into or otherwise affect the Greater Horn's informal networks, especially in states such as Somalia that maintained their markets by means of informal exchanges and the spread of informal networks to regions including the GCC. This brief does not categorize informal trade or trade networks as automatically destructive in nature. It recognizes the essential role of such trade and trade networks in sustaining regional livelihoods in instances of formal market failure for political, social, and/or economic reasons. The brief agrees with recent policy recommendations such as those of AfDB's that certain informal trade should continue, at least at present, in those instances in which it supports or improves regional livelihoods. For example, as articulated by Little et al., 'informal cross-border trade fuels the exports and links local traders and pastoralists to a range of national region, and global, actors'.[51] The links referred to in this quote include transnational trade and investment networks between the IGAD livestock exporting states and GCC member states, especially that of Saudi Arabia in demand during the Haj. Informality in livestock trade diminished, to a certain degree, after the lifting of a Greater Horn livestock ban that in turn offered more formal market opportunities

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[49] WB, '4th Ethiopia economic update: Overcoming constraints in the manufacturing sector, (WB Group, Washington, DC), 8 July 2015, p.24.
[50] UNECA, 'Greening Africa's industrialization: Economic report on Africa' (Addis Ababa, Ethiopia: Economic Commission for Africa, Addis Ababa, 2016), p.23.
[51] Peter Little et al., 'Formal or informal, legal or illegal: The ambiguous nature of cross-border livestock trade in the Horn of Africa', p.405.

such as the development of IGAD livestock export infrastructure. Somalia, however, was and remains adapted to informal livestock trade. According to Healy:

> The extended network of Somali trading communities and the efficiency of their clan-based financial and marketing systems have enabled them to conduct this large-scale livestock trade on an informal basis, while extending over great distances and successfully penetrating overseas markets.[52]

The GCC is inevitably involved in informal livestock trade given the extent of networks associated with this trade in the Greater Horn. Such informality applies beyond livestock trade. It will either continue to grow or diminish base in part on GCC and other foreign entrants. Although essential, this brief does support guided intervention in which the juncture trajectory facilitates the gradual transition from informal to formal market development.

This brief emphasizes Gulf entrants in IGAD's critical juncture given its potential to facilitate increased informality or to support the gradual shift to not only increased market formality but market diversification and value add with increased infrastructure linkages. This brief therefore emphasizes the following as the ideal entry of GCC states individually and collectively into IGAD markets with the need for IGAD markets to monitor that entry:

TABLE THREE: ***INTEGRATION AND JUNCTURE FACTORS***

1	**Transport Infrastructure** Increased build-out of IGAD ports of entry with extended networks into landlocked members facilitated by Gulf entrants (contractors, infrastructure managers, or investors such as the Arab Coordination Group) diversifying the region from traditional firms as well as entrants' increased participation in regional innovative partnership programs such as Power Africa.
2	**Livestock Production and Export Infrastructure** Increased Gulf support to IGAD the livestock sector targeting: **1.** ongoing or new veterinary measures to pre-empt future bans and **2.** investment in infrastructure associated with livestock export, including that supporting livestock health and safety, with emphasis on the graduate development of downstream opportunities ranging from meat production to tanning.

[52] Sally Healy, 'Hostage to conflict: prospects for building regional economic cooperation in the Horn of Africa', p.27.

3 Financial Systems

Continued Gulf expansion into the regional commercial banking sector coupled with its involvement in microcredit opportunities as well as the increasing formalization and institutionalization of essential money transfer organizations (MTOs).

4 Market Diversification

Gulf investment innovative new sectors offering IGAD markets high value-add returns for products complimenting GCC strengths or demands including unique livestock downstream value add and green industrialization.

Related to the issue of transitioning informality and the realization of the above recommendations is entrants' flexibility. Gulf entrants tend to be more flexible than more traditional regional entrants given less rigorous transparency and related requirements. This flexibility offers increased opportunity to work within less stable markets to identify and realize new opportunities with partners that may be less controversial – or at least less known – in their regional approaches. GCC financial engagement of the region tends to be relatively direct in nature, generally assuming the form of FDI but increasingly assuming the form of loans. Such funds offer IGAD markets with additional options to those of traditional western investors as well as complex Chinese loans and other funding sources. At the same time, such flexibility also stands to indirectly support informal or other undesired market trajectory development. Controlling for flexibility requires monitoring on the side of IGAD and/or individual member state markets on the part of the state or other observers. Increased demands for transparency may draw upon the depth and breadth of discourse and indicators available from international organizations and local actors as well as donor partners. The issue of follow-up to applied discourse and indicators remains an issue.

ANNEX ONE:

TABLE FOUR	***ACRONYMS***
ACG	Arab Coordination Group
AfDB	African Development Bank
AU	African Union
CEWARN	Conflict Early Warning and Response Mechanisms
ESMA	Emirates Authority for Standards and Metrology
FAO	United Nations Food and Agricultural Organization
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
GDP	Gross Domestic Product
GCC	Gulf Cooperation Council
GVC	Global Value Chain
HOAI	Horn of Africa Initiative
IDB	International Development Bank
IGAD	Intergovernmental Authority on Development
IGADD	Intergovernmental Authority on Drought and Development
MENA	Middle East and Northern Africa
MTO	Money Transfer Organization
REC	Regional Economic Community
RVF	Rift Valley Fever
SSA	Sub-Saharan Africa
UN	United Nations
WB	World Bank

About the Author

Catherine Long has a diverse background with experience in the public and private sectors. Her development experience included country assignments in various parts of Sub-Saharan Africa, India, and East Asia for programs including the US government PEPFAR Mission in East Africa for the inter-institutional Health Systems Strengthening division. She also worked with various foundations and consulting firms on projections ranging from donor program transition plans and national pharmaceutical programs. Dr. Long is currently a faculty member at Kadir Has University Political Science and Public Policy Department, with emphasis on Public Policy and Political Economy. She is also the CIES' Deputy Director. She completed her MA with a focus on International Political Economy and Comparative Politics specialized in development policies and political economy in developing countries, especially Sub-Saharan African Anglophone states and regional institutions (RECs, etc.). She completed her PhD while a United States Government FLAS Fellow for African Studies with specialization in International Political Economy, Comparative Politics, and Public Policy. Her Graduate African Studies Certification included East African languages and the political economy of Sub-Saharan African countries (Anglophone) and RECs. She also completed a Masters of Public Health (MPH) in International Public Health with an emphasis on pharmaceutical policy, health systems and policies of developing and mid-developing countries, and methods. Dr. Long went on to serve as the American Schools of Public Health International Fellow in East Africa.

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