



Development prospects for the Horn of Africa countries to 2040

Background

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Background

The Horn of Africa has experienced many social, political and economic transformations since independence, resulting in military coups, inter-state and civil wars, revolutions, ethnic and religious disputes, and complex humanitarian crises, among others. Every country in the region has faced at least one civil war during the postcolonial era.

The Horn of Africa has also experienced more inter-state wars than any other region in Africa, most significantly Ethiopia-Somalia, 1977–78 and 2006–2009; Ethiopia-Eritrea, 1998–2000; and Eritrea-Djibouti, 2008.[1]

These inter-state wars were fought mostly over territorial and border disputes. The poorly demarcated borders between competing pre-colonial empires, and subsequently defined by colonialists, have played a major role in these conflicts. And they continue to resonate—e.g. the Kenya-Somalia dispute on their maritime border in the Indian Ocean, thought to be rich in oil and gas reserves,[2] and the Sudan-Ethiopia al-Fashaga triangle farming dispute.

The region is not only plagued by inter-state tensions but also intra-state conflicts and other local and national grievances. There is also a host of identity politics such as the crisis in Darfur, between clans in Somalia, within South Sudan, and among various ethnic groups in Ethiopia.

Violent conflicts and military coups are political tactics that many leaders in the region have used to come to power and weaken their opponents. Countries in the Horn of Africa frequently interfere in their neighbours' disputes either by sending troops directly or by supporting rebel groups. Some of these disputes have resulted in national borders being redrawn in the region,[3] such as Eritrea in 1993, South Sudan in 2011, and Somaliland's ongoing attempts to separate from Somalia.[4]

There are also ethnic overlaps and affinities that transcend national borders (e.g. the Afars in Djibouti-Eritrea-Ethiopia, Somalis in Somalia and Ethiopia and other transnational ethnicities in the region). Such overlaps serve as a conduit for a significant amount of informal trade and are often seen as a potential source of insecurity by state authorities.

The borderland populations in each of these nations are also generally economically and politically marginalised. Consequently, this ethnic overlap in poorly governed spaces is often used by neighbouring countries as an entry point for cross-border destabilisation.[5]

War, conflict and insecurity, famine, environmental factors such as droughts, governance failures, and lack of economic conditions cause substantial displacement within countries and across borders. This makes the Horn one of the main regions producing refugees and internally displaced people globally.

Specific border areas such as the Sudan-Ethiopia, South Sudan-Uganda and Somalia-Ethiopia borders have been in an intermittent state of crisis with the back-and-forth movements of refugees for the past 40 years.[6] About 8.5 million forcibly displaced people, including over six million internally displaced people and around 2.5 million refugees and asylum seekers, are currently hosted within the Horn of Africa.[7] Ethiopia, for example, is the second largest refugee-hosting country in Africa, after Uganda, while Sudan is the third largest country of asylum in Africa.[8]

The current unrest in Ethiopia's Tigray region is, for example, causing substantial numbers of refugees to cross into Sudan, further increasing the economic and demographic pressure on the host communities. The COVID-19 pandemic has further compounded the pre-existing difficulties in the region, including food insecurity, extreme poverty, social unrest, security concerns and political instability.[8]

Despite its manifold challenges, the Horn of Africa is one of the most important geostrategic sites in the world given its proximity to the trade artery that runs from the Indian Ocean to Europe via the Red Sea and the Suez Canal, passing through the Strait of Bab el-Mandeb between Djibouti and Yemen.[9]

The combination of economic, political and security interests of foreign powers in the region has led to a proliferation of foreign military bases, often accompanied by the provision of military and development assistance.[10] Thus the United States (US) installed a military base in Djibouti after the 9/11 attacks to prosecute its war against terrorism (al-Qaeda and al-Shabaab). The first overseas military base of China since the Second World War is also in Djibouti as the country has moved to protect its growing investments in Africa.

Together with a French military base (that includes troops from Germany), tiny Djibouti with a population of less than a million people is also home to military bases from Italy, Japan and Spain. The country relies heavily on the associated rents. And in December 2020, Russia signed a deal with Sudan to establish a military base in Port Sudan on the Red Sea coast.

The Horn of Africa seems to have ‘become a laboratory where different foreign policy approaches and aid modalities meet.[11]’ Middle East countries, particularly the Gulf countries (Saudi Arabia, United Arab Emirates (UAE), Kuwait and Qatar), and Turkey have a long history in the Horn of Africa. Turkey’s presence in the region dates back to the Ottoman Empire. But in the modern era its engagement in the region dates to 2011, with Somalia as the entry point.

Gulf and Turkish assistance, including direct budgetary support, humanitarian aid, infrastructure development, and funding for Somali security forces, has been critical for the Somali people. Turkey has established its largest overseas military facility in Mogadishu to assist with training for the Somali National Army. The country has also significantly increased trade, investment and aid in Sudan and Ethiopia. For instance Ethiopia’s trade with Turkey increased by a hundredfold, from US\$40 million in 2003 to about US\$4 billion in 2013.[12]

The Arab Gulf states have also in recent years increased their influence in the Horn of Africa. From 2000 to 2017, they collectively made investments worth approximately US\$13 billion and provided official development assistance (ODA) amounting to US\$6.6 billion[13] (see Chart 2).

The challenge is that the Horn governments face constant pressure to pick sides in geopolitical rivalries often between the Gulf Arabs and Iran or among the Gulf states. For instance Eritrea, which used to support Qatar, has switched its orientation to the UAE, and now hosts a military base that is used to prosecute the war in Yemen. The European Union (EU) and Russia also have a critical influence on a number of Horn countries such as Ethiopia and Sudan, among others.

This external involvement in the region means that the Horn countries are often instrumentalised against each other instead of in pursuit of collective security. They politically back different Gulf states or serve foreign interests, undermining the prospects for regional economic integration and development. In the process, the rivalries among the Gulf powers—particularly between the UAE on the one hand and Qatar and, by extension, Turkey on the other—have fuelled instability in Somalia.[14]

Chart 2: Summary of Gulf interests and policy instruments in the Horn of Africa

	Saudi Arabia	United Arab Emirates	Qatar	Kuwait
Main partners in the Horn of Africa	Sudan, Ethiopia	Eritrea, Somaliland, Ethiopia	Sudan, Somalia, Ethiopia	Sudan

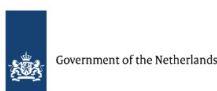
Main political interest	Isolating Iran	Isolating Iran, pushing back against political Islam	Leverage relating to Saudi Arabia	Regional stability
Main economic interest	Food production	Regional trade, port expansion	Financial diversification	Food production
Key policy instruments	Budgetary support Multilateral funds	Budgetary support	Central Bank of Qatar, Qatar Foundation	Bilateral and multilateral development funds

Source: Adapted from J Meester et al, *Riyal Politik, The political economy of Gulf investments in the Horn of Africa*, CRU Report, Netherlands Institute of International Relations, Clingendael, 2018.

Endnotes

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3. S Healy, *Hostage to Conflict: Prospects for Building Regional Economic Cooperation in the Horn of Africa*, 2011, London: Chatham House.
4. Somaliland's story is somewhat complex given the fact that the territory attained independence but rejoined Somalia a few days later. Following tensions with Mogadishu and the outbreak of conflicts, Somaliland has attempted to secede.
5. Somaliland's story is somewhat complex given the fact that the territory attained independence but rejoined Somalia a few days later. Following tensions with Mogadishu and the outbreak of conflicts, Somaliland has attempted to secede.
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Dr Kouassi Yeboua is a senior researcher in African Futures and Innovation programme in Pretoria. He recently served as lead author on ISS studies on the long-term development prospects of the DR Congo, the Horn of Africa, Nigeria and Malawi. Kouassi has published on various issues relating to foreign direct investment in Africa and is interested in development economics, macroeconomics, international economics, and economic modelling. He has a PhD in Economics.

Dr Jakkie Cilliers is the ISS's founder and former executive director of the ISS. He currently serves as chair of the ISS Board of Trustees and head of the African Futures and Innovation (AFI) programme at the Pretoria office of the ISS. His 2017 best-seller *Fate of the Nation* addresses South Africa's futures from political, economic and social perspectives. His three most recent books, *Africa First! Igniting a Growth Revolution* (March 2020), *The Future of Africa: Challenges and Opportunities* (April 2021), and *Africa Tomorrow: Pathways to Prosperity* (June 2022) take a rigorous look at the continent as a whole.

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