ADVANCING PRIORITY REGIONAL PROJECTS TO STRENGTHEN CRISIS RECOVERY

Joint Presentation by AfDB, EU, and World Bank
$3.3bn.

Of the agreed $15bn package, a first wave of $3.3bn expected to be supported by the three DPs.

$1.02 bn has already been approved by DPs, and $1.29 bn is under preparation for approval by the end of 2021. Additionally, the 30mn Euro MDTF is being prepared for technical support including advancing feasibility studies, support to the Chair and others.

MAINTAINED DIALOGUE DURING THE PANDEMIC

3 Ministerial Meetings
(Feb 2020 @Djibouti, May and Oct 2020 virtually)

7 technical workshops
(Mar 2020 for Pillars 3&4, Oct 2020 for Pillars 2, 3, and 4, Mar 2021 for Pillar 1: Digital and Energy)

taken place since Oct 2019 to strengthen regional dialogue for policy harmonization and advance preparation for prioritized projects.

SUPPORT ENGAGEMENT & OUTREACH

High-level support from the Ministers and HoA focal points and IGAD are essential to advance project preparation.

Further engagement of additional donors are needed. We welcome Ministers’ view on advancing further donor outreach.
PRINCIPLES AND CRITERIA FOR IDENTIFYING PRIORITY PROJECTS

1. PRIORITY PACKAGE AGREED
Projects are picked up from the priority list of projects worth $15bn that were identified through country-led discussions and cleared by Ministers in the Oct 2019 Ministerial Meeting.

2. READINESS
Readiness of delivery has been assessed to demonstrate early deliverables. While projects with advanced readiness have been prioritized for investment projects, feasibility studies are also to be supported through various resources including the MDTF.

3. BALANCE
Balance between 4 Pillars and countries have been considered to maximize the impact of projects and regional spillover benefits.
Economic Corridors, Energy Trade, Digital Markets
## Economic Corridors

### Isiolo-Mandera Corridor ($1.02bn)
Will improve the transport and digital connectivity, cutting down transport time by half.

### Djibouti-Addis Corridor ($570mn)
Will develop a new Southern route from Addis to Djibouti Port, reducing almost 100km compared to the existing Northern route.

### Feasibility Studies in Somalia
To identify priority sections, addressing the challenges of roads in Somalia of which 87% are unpaved.

### Projects and Details

<table>
<thead>
<tr>
<th>Projects</th>
<th>Development Partner</th>
<th>Status</th>
<th>Target Approval</th>
<th>Total ($mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2. Horn of Africa Kismayo, Lamu and Mogadishu Corridor (Elwak-Rhamu-Mandera Road Upgrading Project)</td>
<td>World Bank</td>
<td>Under Preparation</td>
<td>Sep, 2021</td>
<td>278</td>
</tr>
<tr>
<td>5. Somalia HoA Infrastructure Integration Project</td>
<td>World Bank</td>
<td>Under preparation</td>
<td>Jun, 2021</td>
<td>38</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td>1,636</td>
</tr>
</tbody>
</table>

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**Total 1.6bn.**

**$750mn** Approved

**$886mn** To be delivered in 2021
$581mn. TOTAL

**THE 2ND ETHIOPIA- DJIBOUTI INTERCONNECTOR $131MN**

will bring three-fold increase of reliable and affordable electricity trade from the current 80MW to 220MW.

**THE ETHIOPIA- SOMALIA INTERCONNECTOR $450MN**

Is expected to improve energy access in Ethiopia and Somalia, including the borderland areas. It is in the early-stage planning, while FS is ongoing under EAPP grant.

<table>
<thead>
<tr>
<th>Projects</th>
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<th>Status</th>
<th>Target Approval</th>
<th>Total ($mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 2nd Ethiopia-Djibouti Power System Interconnection Project (Djibouti)</td>
<td>World Bank</td>
<td>Under preparation</td>
<td>2021</td>
<td>45</td>
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<tr>
<td>2 2nd Ethiopia- Djibouti Power System (Ethiopia and Djibouti)</td>
<td>AfDB</td>
<td>Under preparation</td>
<td>2021</td>
<td>86</td>
</tr>
<tr>
<td>3 HoA Regional Integration for Sustainable Energy Supply (Ethiopia-Somalia Interconnector)</td>
<td>World Bank</td>
<td>Early Stage Planning</td>
<td>2022</td>
<td>450</td>
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<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>$581</strong></td>
</tr>
</tbody>
</table>
DIGITAL MARKETS

$147mn. TOTAL

HOA GATEWAY DEVELOPMENT PROJECT
Under the corridor HoA Gateway Development Project in Kenya, 750km of fiber optic cables are being installed to increase digital access along the Isiolo-Mandera Corridor.

REGIONAL DIGITAL INTEGRATION PROJECT
$135MN, TBC
Under preparation to fill the access gaps and advance single digital market.

DIGITALIZATION 4 DEVELOPMENT
EU support being planned through European Digitalization 4 Development, kick-off workshop with HoA countries conducted in Mar 2021.

<table>
<thead>
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<th>Target Approval</th>
<th>Total ($mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HoA Gateway Development Project Kenya: Isiolo-Mandera</td>
<td>World Bank</td>
<td>Approved</td>
<td>Sep-2020</td>
<td>Included in (1) Economic Corridors</td>
</tr>
<tr>
<td>East Africa Regional Digital Integration</td>
<td>World Bank</td>
<td>Early Stage Planning</td>
<td>tbc</td>
<td>135 (tbc)</td>
</tr>
<tr>
<td>Digitalisation with the European Digitalisation 4 development</td>
<td>EU</td>
<td>Funding approved, identification activities ongoing</td>
<td>tbc</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>147 (tbc)</td>
</tr>
</tbody>
</table>
PILLAR 2
TRADE AND ECONOMIC INTEGRATION
Trade Facilitation, Regional Value Chains
TRADE AND MARKET INTEGRATION

$255mn. TOTAL

TRADE INTEGRATION IN THE DJIBOUTI CORRIDOR
Is being supported by the EU to promote harmonized trading and regulatory frameworks between Djibouti and Ethiopia.

DE-RISKING AND UPGRADING REGIONAL LIVESTOCK VALUE CHAINS
$210MN, TBC
Is under preparation, which aim to de-risk and enhance financial inclusion of pastoral production groups, and connect them better to markets by upgrading livestock value chains and facilitating cross-border trade. $1 of public sector investment is expected to leverage at least $2 of private sector capital.

<table>
<thead>
<tr>
<th>Projects</th>
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<th>Target Approval</th>
<th>Total ($mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development of the Djibouti Corridor</td>
<td>EU</td>
<td>Approved</td>
<td>-</td>
<td>38</td>
</tr>
<tr>
<td>COMESA Trade Facilitation Program</td>
<td>EU</td>
<td>Approved</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Livestock finance and regional value chains</td>
<td>World Bank</td>
<td>Early Stage Planning</td>
<td>2022</td>
<td>210 (tbc)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>255 (tbc)</strong></td>
</tr>
</tbody>
</table>
PILLAR 3
BUILDING RESILIENCE
Agropastoralism, Locusts, Groundwater, Borderlands
BUILDING RESILIENCE

$721mn. TOTAL

LOCUST RESPONSE
$232MN
Has been delivered in the midst of the desert locust upsurge in 2020, to scale up surveillance and control measures, and rehabilitate crop and livestock productions systems.

GROUNDWATER FOR RESILIENCE
$200MN, TBC
Will foster combined use of groundwater resources which can significantly augment agriculture and food production, reducing the region’s dependence on rainfall.

FORCED DISPLACEMENT
$130MN
Additional Finance to Development Response to Displacement Impacts Project (DRDIP) ($130mn), will additionally support refugees and host communities in Ethiopia.

AGRO-PASTORALISM
$151MN
Will support interventions for sustainable management of agro-pastoral land, development of climate resilient infrastructure, promotion of climate-smart innovations and technologies, supporting agribusiness development and strengthening the adaptive capacity to climate change.

<table>
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<th>Total ($mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Locust Response</td>
<td>World Bank</td>
<td>Approved</td>
<td>-</td>
<td>152</td>
</tr>
<tr>
<td>Locust Response</td>
<td>EU</td>
<td>Approved</td>
<td>-</td>
<td>88</td>
</tr>
<tr>
<td>Groundwater for Resilience</td>
<td>World Bank</td>
<td>Early Stage Planning</td>
<td>2021-22</td>
<td>200 (tbc)</td>
</tr>
<tr>
<td>Additional Finance: Development Response to Displacement Impacts Project (Ethiopia)</td>
<td>World Bank</td>
<td>Under preparation</td>
<td>2021</td>
<td>150</td>
</tr>
<tr>
<td>Agro-pastoralism: Strengthening the resilience of pastoral production system to climate change</td>
<td>AfDB</td>
<td>Under preparation</td>
<td>Sep. 2021</td>
<td>151</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>721 (tbc)</td>
</tr>
</tbody>
</table>
PILLAR 4
HUMAN CAPITAL DEVELOPMENT
Epidemics, Skills, Women’s Empowerment, ID4D
DISEASE SURVEILLANCE FOR HOA $8.5MN
EU supported Disease surveillance for HoA ($8.5mn) in response to the COVID-19 pandemic.

HEALTH SECURITY, DISEASE SURVEILLANCE, PREPAREDNESS AND RESPONSE
Early-stage discussion proceeding in the WB to consider a project for Health Security, disease surveillance, preparedness and response.

<table>
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<th>Target Approval</th>
<th>Total ($mn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disease surveillance for the HoA</td>
<td>EU</td>
<td>Approved</td>
<td>-</td>
<td>8.5</td>
</tr>
<tr>
<td>Health Security, disease surveillance, preparedness and response</td>
<td>World Bank</td>
<td>Early Stage Planning</td>
<td>tbc</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
<td></td>
<td>8.5</td>
</tr>
</tbody>
</table>
EU and WB have reached agreement on setting up an MDTF and hope the soon sign the agreement. EU has allocated Euro 30m to the MDTF, which will be administered by the WB. A Partnership Council will ensure the participation in decision making on the MDTF, comprising of HoA countries and partners. Work continues in reaching out to other interested partners for contributing to the MDTF.

THE HOA MDTF WILL FINANCE FOUR BROAD TYPES OF ACTIVITIES

1. ADVISORY SERVICES AND ANALYTICS
   On RI Priorities such as research, analysis, surveys, studies, policy notes.

2. TECHNICAL ASSISTANCE AND FEASIBILITY STUDIES
   Such as project preparation or identification, support for capacity building, e.g. feasibility and design; social and environmental and social safeguards studies, assessments and action plans, etc.

3. CONVENING OF COUNTRIES AND STAKEHOLDERS
   such as through conferences and workshops on thematic areas related to regional integration.

4. SUPPORT TO A SMALL SECRETARIAT TO SUPPORT THE HOA CHAIR
TECHNICAL ASSISTANCE, ADVISORY SERVICES AND ANALYTICS

1. TECHNICAL ASSISTANCE TO SUPPORT THE HORN OF AFRICA INITIATIVE SECRETARIAT (EU)

2. FROM ISOLATION TO INTEGRATION - THE BORDERLANDS OF THE HOA (WB, COMPLETED)
   focuses on borderlands perspectives in the HoA, areas with challenges and of economic potential. Significant collaboration with IGAD and reference to its identified clusters.

3. HOA REGIONAL ECONOMIC MEMORANDUM (WB)
   aims to strengthen the economic analysis on the challenges and opportunities for regional economic integration to support job creation and economic transformation in the HoA.

4. HOA REGIONAL RISK AND RESILIENCE ASSESSMENTS (WB)
   aims to strengthen the understandings of Fragility, Conflict & Violence (FCV) drivers and resilience factors in the HoA.

5. STRENGTHENING RESILIENCE IN THE HORN OF AFRICA (WB)
   aims to strengthen the foundations for regional approaches to resilience building in the HoA, through working closely with IGAD.
THANK YOU