



**REPUBLIC OF KENYA
THE NATIONAL TREASURY AND ECONOMIC PLANNING**

THE HORN OF AFRICA INITIATIVE (HOAI)

15th MINISTERIAL MEETING

HELD

AT

RADISSON BLU HOTEL, NAIROBI,

8TH MARCH, 2023

**WELCOME REMARKS BY THE HORN OF AFRICA INITIATIVE
CHAIRPERSON**

**HON. PROF. NJUNGUNA NDUNG’U, CBS,
CABINET SECRETARY, NATIONAL TREASURY AND ECONOMIC**

8TH MARCH, 2023

Your Excellencies, Honourable Ministers for Finance from the Horn of Africa Initiative Member States;

- H.E Ahmed Shide, Minister of Finance, Ethiopia
- H.E. Ilyas Dawaleh, Minister of Economy and Finance, Djibouti
- H.E. Dr Elmi Mohamud Nur, Minister of Finance and Economic Planning, Somalia
- H.E. Dr. Dier Tong Ngor, Minister of Finance & Planning for South Sudan
- H.E. Mr. Beyene Russom, Eritrea Ambassador to Kenya- Representing the Minister for Finance, Eritrea

Our Development Partners Present;

- Ms. Marie-Laure Akin-Olugbade, Acting Vice President (Regional Development, Integration and Business Delivery), African Development Bank
- Ms. Boutheina Guerhazi, Director Regional Integration Department, World Bank
- Ms. Annette Weber, EU Special Representative for the Horn of Africa
- Dr. Workneh Gebeyehu, IGAD Executive Secretary

Distinguished Delegates and Observers;

All Protocols observed;

Ladies and Gentlemen, Good Morning

1. Allow me to take this opportunity to thank you the Ministers and senior representatives from our Development Partners for joining today's 15th Ministerial Meeting of the Horn of Africa Initiative. I also welcome as observers, representatives from Japan and UK.
2. I am glad to welcome you to Nairobi and to chair this Ministerial meeting for the first time since my appointment as the Cabinet Secretary, National Treasury & Economic Planning. I recall attending the 14th Ministerial Roundtable meeting at the margins of the World Bank/ IMF Annual Meetings in Washington DC on 13th October, 2022 as an observer before my confirmation as Cabinet Secretary, National Treasury and Economic planning in Kenya.
3. Kenya has indeed been honored to Chair this Initiative since taking over the chairmanship in December 2021. I wish to salute my predecessor, Hon. (Amb) Ukur Yatani for his leadership and invaluable contribution towards the Horn of Africa Initiative.
4. I am greatly encouraged by your strong commitment to advancing the Agenda of the Horn of Africa Initiative. The Initiative has provided an effective platform for the member states to pursue

regional priorities in a decisive and coordinated manner. The Initiative has also provided us with a common platform to address the regional challenges facing the Horn.

Ladies and Gentlemen;

5. At this 15th Ministerial Roundtable, we will:
 - a. discuss and agree on initial steps to widen private sector engagement in Regional Infrastructure Networks, Regional Energy, Digital Market, Trade and Economic Integration in view of further increasing financing needs for their implementation
 - b. discuss the key policy actions needed for advancing digital policy convergence and integration in the Horn of Africa.
 - c. formalize the rotation of Horn of Africa Initiative Chairmanship from Kenya to Ethiopia

Ladies and Gentlemen;

6. There has been significant progress in the Horn of Africa Initiative since its founding and despite the compounding global and regional challenges brought about by the COVID-19 pandemic, persisting drought and the war in Ukraine.
7. We have achieved important milestones during the current tenure of the Kenyan Chairmanship. Over the last one year, the Initiative has continued to focus in areas of Trade Facilitation, Digital Convergence and Energy.

8. From the outset, I would like to extend my sincere gratitude to the African Development Bank, European Union the World Bank, and IGAD for supporting the Initiative in advancing the agenda of regional integration and strengthening the social ties that hold us together.
9. During the year 2022, the resource mobilization efforts increased significantly. The year 2022 witnessed to more than doubling of commitments from US\$4 billion by end of year 2021 to about US\$8.7 billion by February 2023. This leaves a financing gap of close to around US\$7 billion. In other words, about 55 percent of the priority package identified in 2020 and described in “project profiles” finalised in 2021 are being funded
10. In this regard, we welcome the interest being shown by our Development Partners from Japan and the UK present here today as observers to support the Initiative within the framework for Participation for New Development Partners adopted by the Horn of Africa Ministers in October 2022.

Ladies and Gentlemen;

11. The Horn of Africa Member States from Kenya, Ethiopia, Djibouti and Somalia signed a joint Ministerial Declaration on Trade

Facilitation on 8th August, 2022. Similarly, South Sudan signed the Declaration on 13th October, 2022 after joining the Initiative.

12. The adoption of Trade Facilitation Roadmap and signing of Joint Ministerial Declaration on trade facilitation by the Horn of Africa member states paved way for the formation of the Regional Trade Facilitation Task Force. All HoA countries have now nominated task force members and is ready to commence operations and implement the roadmap.

Ladies and Gentlemen;

13. There has been consensus on the importance of complementing investments with policy actions to ensure that highest impact can be achieved in terms of development and on reducing poverty. We therefore look forward to accelerated progress in the next few months on digital integration.
14. A regional dialogue on Digital Policy involving national stakeholders and Development Partners was held in March 2022; These exchanges not only served to bring regional stakeholders together but also contributed to better alignment and complementarity between national activities and regional ones. This dialogue is still ongoing and today we are receiving a periodic update on its advancement.
15. The Government of Kenya views Digital Integration as unique opportunity to strengthen relationships among our economies;

currently we are rolling out Digital Transformation plan to migrate all government service from manual operations to the online e-Citizen platform.

- 16.** Similarly, the Government is scaling up the Financial Inclusion Fund popularly known as the 'Hustler's Fund' through the digital platform to ensure that it is successful and help to uplift the livelihoods of the targeted group in the bottom of the pyramid. The success of this initiative borrows from the fact that once a country has a working retail electronic platform, it will be a game changer.
- 17.** A further learning event is also planned for this afternoon and I would encourage the delegates present today to participate in it or in the parallel event concerning the livestock value chain.

Ladies and Gentlemen,

- 18.** Despite the aforementioned achievements, this Ministerial Roundtable meeting comes at a critical moment when the Horn of Africa continues to experience the impact of climate change and drought for the fifth consecutive failed rainy season. About 36 million people in Somalia, Ethiopia, Kenya and Djibouti are severely affected by the impact of this drought and food security is a major constraint.
- 19.** The Horn of Africa Initiative priority package, notably the World Bank-Funded De-risking, Inclusion and Value Enhancement

(DRIVE) and Underground Water projects, African Development Bank's resilience projects, and other support provided by Development Partners are intended to alleviate this situation.

20. Nevertheless, much of this support, notably livestock insurance, will only become operational during 2023. In addition, the resilience and climate change nexus were discussed at all Horn of Africa Initiative Ministerial Meetings held in 2022. The exchanges were intended to help strengthen the response in the medium-term and mobilise additional resources, at both national and regional level. Furthermore, in December 2022, the Heritage Institute brought together regional thought leaders to Djibouti for a 3-day conference around this topic that may help further inform future priority actions.

Ladies and Gentlemen,

21. The impact and incidence of COVID-19 pandemic abated progressively in 2022, making travel and in-person meetings increasingly feasible during the year – most if not all travel and in-person meeting restrictions were lifted. Fortunately, while new variants of the virus emerged, there was remarkable improvement in vaccination rates. Nevertheless, bottlenecks due to weakened supply chains remain partly unresolved and negatively impacts the economic prospects for the Horn of Africa region. More recent

changes in China's zero COVID policy should further alleviate this constraint.

22. Due to lower-than-expected growth and reduced fiscal space arising from the need to address persistent shocks, debt sustainability has become a major concern for most Horn of Africa economies. In the short to medium term, the Horn of Africa Initiative member states will focus more on grants support and concessional financing to finance the development priorities in the region.
23. The process of crowding-in new donors has continued to be a challenge even though contacts with potential partners have persisted throughout 2022, including individually and in the form of an exchange in Brussels with EU Member States.
24. Furthermore, a framework for the formal participation in HoAI of new financial partners has been adopted at the 13th Ministerial meeting in June 2022. Public-Private Partnerships may in future provide a potential source of funding that would need to be developed as part of a strategy for private sector engagement in the Horn. I propose that based on discussions today a comprehensive private sector engagement developed and presented to us at the latest by the planned HoAI Ministerial in October 2023.

Ladies and Gentlemen,

25. There has been commendable progress of establishing and operationalizing the Horn of Secretariat in Kenya and appointment of the focal persons, key personnel and thematic team leaders in the member states to steer the activities of the Horn of Africa Initiative. We thank our development partners for supporting the operations of the secretariat.
26. In May, 2022, we welcomed South Sudan as the newest member of the Initiative. The National Adviser for South Sudan Focal Point came on board in November 2022. The Secretariat undertook an on-boarding mission in Juba, South Sudan between September 11-16, 2022. The visit aimed at accelerating the integration of Republic of South Sudan into Horn of Africa Initiative agenda. The mission included a series of high-level consultations with Ministers, government agencies and key stakeholders. We welcome hearing from them how this integration may be facilitated further.

Ladies and Gentlemen,

27. The most immediate event in terms of the governance of the Initiative concerns the rotation of the Chair to Ethiopia following today's meeting. This process is being formalized and should be relatively smooth.

28. Kenya is the second country to assume the Chairmanship of the initiative after Djibouti. This afternoon, I will hand over the mantle of chairmanship to my brother **Hon Ahmed Shide**, Minister of Finance for Ethiopia, I would like to express my most sincere appreciation for the opportunity you accorded us for working with you all over the last year. Together we have strengthened the Initiative and improved dialogue among our nations in view of achieving a stronger integration.

Ladies and Gentlemen,

29. As I conclude, let me thank you once again for the continued support to the Initiative as I look forward to a candid discussion on the agenda items that include Innovative Pathways under the Initiative, Digital convergence and policy harmonization.

******* THANK YOU*******