

17th Ministerial Meeting of the Horn of Africa Initiative

24 May 2023: Sharm-el-Sheikh

Communique

We, the Finance Ministers of Djibouti, Ethiopia, Kenya, Somalia, and South Sudan, and the representative from Eritrea, held the 17th Ministerial Meeting of the Horn of Africa Initiative (HoAI) today in the margins of the African Development Bank (AfDB) Annual Meetings. The meeting was co-chaired by H.E. Mr Ahmed Shide, Minister of Finance for Ethiopia, and Ms. Marie-Laure Akin-Olugbade, AfDB Vice President for Regional Development, Integration and Business Delivery.

The objectives of the Meeting were to exchange on opportunities for greater private sector engagement, and to receive updates on various matters and challenges pertaining to the Initiative.

We expressed our appreciation of the continued high-level support and commitment of our Development Partners (DPs) — the African Development Bank, the European Union (EU) and the World Bank Group. We acknowledge the continued technical support and participation of the Intergovernmental Authority on Development (IGAD). We also welcomed as observers, the Federal Ministry of Cooperation and Development (BMZ, Germany), Islamic Development Bank, Saudi Fund for Development, and AFREXIM Bank. We welcomed and endorsed the request by BMZ, Germany to formally join the Initiative and look forward to their full involvement in it in line with the HoAI Framework for the participation of new development partners adopted on 30 June 2022. We expect the HoAI Secretariat to work closely with BMZ to formalise this process very soon.

We listened with interest to the presentation on private sector engagement, which resulted in a vibrant exchange. In particular, we recognised that current international circumstances, increasing debt and the limited available fiscal space, make private sector led development where appropriate, more important than ever. We remain committed to mobilising greater private sector investments in support of HoAI programmes and benefiting various sources of funding including for green projects. Furthermore, private sector has the potential to bring its knowledge and practical understanding of policy issues and should be integrated in the public-private sector dialogue, formally and informally, including through a regional platform. The platform would also include private sector representatives and prominent investors who could participate in a future meeting and propose actions by the HoAI countries.

Consultations with the private sector will also inform additional work that will be undertaken to develop an operational, implementation-oriented roadmap for private sector engagement, in order to facilitate cross-border investments in key sectors. Consideration should also be given to implementation of special regimes, such as cross-border Special Economic Zones to leverage member countries' respective comparative advantage. We look forward to discussing such operational implications at our future meeting, as well as pursuing funding opportunities by tapping into the European Fund for Sustainable Development Plus (EFSD+) facility supported by the EU.

We also heard from the Minister of Finance of South Sudan regarding the country's specific proposals for further integration into HoAI investment package. We support the proposed approach, which consists of extending the coverage of ongoing and already planned regional operations to South Sudan, as well as including additional operations in line with the thrust of the Initiative, primarily under the regional infrastructure connectivity Pillar. We have noted that the latter proposals require significant financing, which may exceed US\$2 billion and would raise the overall funding envelope envisaged for the Initiative close to US\$18 billion. We have requested DPs to review and further develop these proposals, and where appropriate, to prepare additional "project profiles." The advancement of this work will be discussed at a subsequent ministerial meeting.

We noted with satisfaction that work on the preparation of a roadmap to support borderlands was advancing, in part thanks to funding provided through the Multi-Donor Trust Fund (MDTF) and through the initiation of a multi-country consultative process. The framework for the approach towards borderlands was agreed to at the 16th Ministerial and we look forward to the presentation of a fully developed roadmap at our next meeting.

Mobilisation efforts are also continuing. The total financial resources approved have reached US\$4.8 billion, with an additional pipeline of projects worth US\$3.4 billion under consideration for concessional financing under the priority package. Projects financing is becoming more concrete, and we are pleased to have witnessed the signature today by the Ministers of Djibouti and the Federal Republic of Somalia, of the Financing Agreement for the Djibouti-Somalia transport corridor for the "Nagad-Loyada/Lowyaddo-Borama Phase I Project," which was approved by the AfDB for about US\$72 million. We also welcomed the continued technical support provided through the National Advisers and requested the AfDB to consider renewing their position when existing contracts expire.

We support continued outreach efforts to other development partners, which is yielding results as we welcome BMZ as the fourth DP and continue to receive additional interest and support in the form of the participation of observers in our various meetings, including those represented at the meeting today. The necessity to augment the current investments and increase the available resources for implementation, while preserving the country-led focus of HoAI, remains pressing. Moreover, there is also a need to replenish the MDTF, which provides essential resources for analytics, project preparation and the operations of the HoAI Secretariat. A "lessons learned" exercise for the MDTF will be conducted in the coming months and its outcome and recommendations will be shared early 2024, to inform future activities and funding needs.

We noted the need to update ourselves on progress in various policy areas. We also took note of Kenya's proposal to include HoAI representation at the September 2023 summit on Climate change to be held in Nairobi, and have asked the HoAI Secretariat to follow-up on this.

Moving forward, we confirmed that the 18th Ministerial Meeting will be held in Addis Ababa late September. We also welcomed the reiteration of the proposal by the EU to hold the 19th Ministerial Meeting in Brussels late 2023. This will offer an opportunity to engage with EU Member States and potential EU-based donors on the HoAI. We also agreed to plan for a Heads of State meeting towards early 2024 in Ethiopia.