

19th Ministerial Meeting of the Horn of Africa Initiative

15 December 2023, Brussels: Communique

We, the Finance Ministers of Djibouti, Ethiopia, Kenya, Somalia, and South Sudan, and the representative from Eritrea, held the 19th Ministerial Meeting of the Horn of Africa Initiative (HoAI) today in Brussels, Belgium. The meeting was co-chaired by H.E. Mr Ahmed Shide, Minister of Finance for Ethiopia and Mr. Margaritis Schinas, Vice-President of the European Commission. The meeting was also attended by various HoA Ambassadors to the EU.

Building on discussions from previous meetings in March 2023 and October 2023, and subsequent deepening of the analysis in collaboration with national and regional counterparts and partners, the objectives of the Meeting were to exchange views on how to promote the convergence of regional digital policies and to attract complementary investments from Development Finance institutions (DFIs) and the international private sector. The dialogue on digital integration built on preliminary technical discussions held on 14 December 2023, which covered both policy actions and gaps in investments, including last mile connectivity and also requirements of soft infrastructure and skills for ICT. Following the Ministerial Meeting, we also participated in a roundtable with select private sector representatives, European DFIs, including the European Investment Bank (EIB), and the International Finance Corporation (IFC).

We expressed our appreciation for the continued high-level support and commitment of our Development Partners (DPs) — the African Development Bank (AfDB), the European Union (EU), the Federal Ministry of Cooperation and Development (BMZ, Germany) and the World Bank Group. We recognise the continued technical support and participation of the Intergovernmental Authority on Development (IGAD). The Meeting was also attended by representatives from the United Kingdom Foreign, Commonwealth and Development Office (FCDO), the Netherlands and France as observers. We listened with interest to the UK's statement confirming their request in becoming fully involved in the Initiative. Based on information provided which confirmed that criteria under the Participation Agreement had been fully met, we welcomed UK as a full member. We have asked the HoAI Secretariat to undertake the follow-up needed to complete the onboarding process. We also intend to continue the engagement with the Netherlands and France, as well as with Gulf countries, in order to gain their support.

We listened with interest to the presentation of the updated digital policy matrix. We appreciate the extensive upstream consultations that increased stakeholder ownership of this important area. We also noted the need to enhance the impact of investments past and future, fill remaining gaps, and ensuring implementation of actions by Governments that contribute to policy convergence at the regional level. This includes investing in ICT skills and education to prepare our workforce and entrepreneurs to participate effectively in the digital economy. In conclusion, the Ministers adopted the policy matrix and requested that a roadmap for its implementation be developed, and needed funding to be provided under ongoing or future operations.

We appreciated the presentation on investments, anchored around the EU “Global Gateway” approach which leverages financing through guarantee and blending instruments, notably through European Development Institutions (DFIs) such as EIB, and other multilateral development banks such as AfDB under the EU Pillar-Assessed Grant or Delegation Agreement (PAGoDA) framework. We had the opportunity to discuss these complementary sources of financing in a subsequent round table in which DFIs, the Private Sector, and the IFC also participated. We highlighted the fact that future

collaboration would need to be consistent with debt sustainability objectives. The dialogue having been initiated, it needs to be sustained and deepened.

Mobilisation efforts are also continuing. We welcomed continued progress reflected in the total financial resources approved reaching US\$8.94 billion with an additional pipeline of US\$0.92 billion under preparation. Furthermore, projects financing is becoming more concrete, and we witnessed the signature of the EU Alliance programme. There is continued need to strengthen the lending pipeline, including to integrate specific projects proposed by South Sudan. We also reconfirmed that, given the significant level of commitments achieved, we look forward to a sufficiently detailed portfolio review at country levels be undertaken during the first quarter 2024. We look forward to discussing the outcome of this review at a Ministerial Meeting during the first half of 2024, and to be presented with specific actions and decisions that need to be taken to enhance the impact of the funding that has been secured.

In conclusion, the meeting:

- (a) Expressed solidarity with the people of Sudan and called for all parties to seek a peaceful solution to the conflict.
- (b) Congratulated the Somali Federal Government on its implementation of the IMF Program and reaching the HIPC completion point on 13 December 2023.
- (c) Highlighted the fact that traditional resource allocation formula used by donors was not appropriate for small states (Djibouti and Somalia) that had to make large investments in infrastructure to ensure economies of scale and serve much larger landlocked neighboring economies. Related to this, there is need to fund economic corridors, including those linking South Sudan to the rest of the region.
- (d) Requested that a review of relevant HoAI projects be undertaken and, following discussions, actions requiring Ministerial decisions be present at a future Ministerial meeting.
- (e) Confirmed that engagement and resource mobilization efforts should be continued, notably with Gulf States.
- (f) Noted that certain issues such as security and migration fell somewhat outside the scope of the Initiative and would require the development of complementary partnerships.

Moving forward, we confirmed that the next Ministerial Meeting, co-chaired respectively by the World Bank and AfDB will be held respectively on 17 April 2024 in Washington, D.C. (side event on the margins of the World Bank / IMF Spring Meetings) and around end-May 2024 Nairobi (side event at the AfDB Annual Meeting). Consultations will also continue to find a suitable date for a potential Heads of State meeting during 2024 in Ethiopia.