

21st Ministerial Meeting of the Horn of Africa Initiative 28 May 2024, Nairobi: Draft Final Communiqué

We, the Finance Ministers of Djibouti, Ethiopia, Kenya, Somalia, South Sudan held the 21st Ministerial Meeting of the Horn of Africa Initiative (HoAI) today in Nairobi, Kenya on 28 May 2024. The Meeting was co-chaired by H.E. Mr Ahmed Shide, Minister of Finance for Ethiopia and Ms. Marie-Laure Akin-Olugbade, Vice President, Regional Development, Integration & Business Delivery.

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), the Foreign, Commonwealth & Development Office (UK, FCDO) and the World Bank Group. This support is reflected in around US\$10 billion having been already mobilised towards direct and indirect implementation of the HoAI strategic pillars. We also expressed our appreciation of the continued support and participation of the Intergovernmental Authority on Development (IGAD).

We listened with interest and very much appreciated the participation of, and remarks by Rt. Hon Andrew Mitchell, Minister of State in the FCDO and the high level of support reflected in his presence and the UK's expressed commitment to a long-term relationship with HoA. Furthermore, we welcomed the announcement by Germany whereby BMZ intends to make a €10 million contribution to the Multi-Donor Trust Fund (MDTF). MDTF funds are essential for sustaining ongoing activities, notably preparatory and analytical work underpinning the Initiative, as well as the operations of the HoAI Secretariat with additional co-funding of five National Advisers provided by AfDB. The contribution is also expected to unlock additional resources from other DPs to the MDTF for the HoAI priorities.

We also noted the continued interest of other development partners, notably through participation in our Meeting as observers by their representatives. We welcomed the announcement by the President of BADEA to formally join the Initiative and directed the Secretariat to undertake follow-up and due diligence on the basis of the process outlined in the Participation Framework <https://www.hoainitiative.org/partnership-framework-for-new-development-partners-dps/>). We heard from the representatives of Japan and Netherlands regarding their continued interest in the Initiative, and more specifically the close alignment between the HoAI and Japan priorities. We look forward to their full involvement in the near future in the Initiative. Finally, we appreciated the Islamic Development Bank and Canada's participation in the Meeting.

Building on discussions from previous Meetings during 2023, and subsequent deepening of the analysis in collaboration with national and regional counterparts and partners, as we had requested the objectives of the Meeting were to be updated on: (i) the performance of the HoAI portfolio; and (ii) progress the implementation of the Borderlands roadmap. The initial presentations were followed by lively exchanges and subsequent guidance, as summarised below.

We listened with interest to the presentation of the review of the HoAI portfolio funded by AfDB, EU and World Bank, covering 27 projects with sufficient implementation track record (typically at least a year) to justify inclusion in the review. Total funding of these project amounts to about one-quarter of the portfolio. These projects covered the four pillars of the Initiative. BMZ and FCDO operations were not included within the present exercises, as these partners only recently joined the Initiative. We noted that while above 75% of the portfolio performed adequately or better, there was room for improvement in order to ensure timelier implementation and deliver the highest development impact possible. Furthermore, projects experiencing difficulty would need to be supported in order to ensure timely turn-around and that overall fiduciary systems would need to be strengthened as would other aspects of implementation capacity. In

order to achieve these goals, close collaboration between Governments, DPs and implementation partners and agencies would need to be continued and strengthened. We stand ready to lead these efforts and facilitate the adoption and implement further policy actions where needed in the framework of country ownership. This includes ensuring domestic structures are in place to regularly engage DPs on portfolio performance and to address implementation bottlenecks in a timely fashion. We also took good note of the other key findings, lessons and recommendations. We requested the Secretariat to further disseminate these findings with project implementation units and stakeholders through the National Focal Points and National Advisors, while also addressing specific implementation issues, notably in the case projects experiencing difficulties. We also unanimously resolved to undertake internal portfolio reviews and troubleshooting exercises at our level in the respective countries. Looking ahead, we decided that portfolio reviews should become a periodic undertaking, covering all DPs' funding the Initiative, and shall contribute to further sharpening the focus of the portfolio and its contribution to the HoAI strategic goals.

We adopted the Borderlands roadmap at our Meeting of October 2023: <https://www.hoainitiative.org/roadmap-for-accelerating-development-in-the-borderlands-of-the-horn-of-africa/>. Since then, notably at our last Meeting in April 2024, we discussed closely related topics, notably trade and energy, where we highlighted their high relevance and links to the socio-economic development in Borderlands. Climate also remains a main concern, not only due to drought, but also recent abundant rain leading to floods, which affected most of the region including South Sudan. Improved water management should remain a focus at both regional and national levels. We noted with satisfaction that during the past nine months or so progress had been achieved in the implementation of the roadmap, albeit less rapidly that had been hoped due in part to absence of sufficient short-term funding. Work on social cohesion has been initiated and we look forward to the analytical work being finalised and disseminated. The inclusion in an African voice representing borderlands' stakeholders, especially and women, provided additional reality check and underscored the relevance of this topic. We reiterated our endorsement of the roadmap and requested that it evolves into a full-fledged flagship regional programme, designed hand-in-hand with HoA countries and regional stakeholders. Such a programme would be financed under the Initiative and should address gaps, notably in infrastructure.

Our exchanges also covered other topics of importance, including the need to closely monitor borrowing in line with debt sustainability, not only by accessing concessional, but also other sources such as climate funds and other forms of innovative finance, including trade finance. To this effect we requested a specific analytical work related to finance to be undertaken in the next few months. We are also in agreement that the Initiative, notably through its Borderlands programme, should help alleviate the impact of climate change reflected in recent floods by investing in sanitation and water management.

In conclusion, the Meeting:

- (a) Expressed continued solidarity with the people of Sudan and called for all parties to seek a peaceful solution to the conflict, significantly impacting the region and South Sudan.
- (b) Undertook to ensure regional priorities, notably flagship trade and investment and borderlands programmes, are reflected in programming of national resources with donors.
- (c) Confirmed that the next Ministerial Meeting, co-chaired by the World Bank will be held during the second half of October in Washington DC (side event at the IMF-World Bank Annual Meeting). We requested that discussions at that Meeting be focused on climate and innovative finance.