

22nd Ministerial Meeting of the Horn of Africa Initiative

23 October 2024, Washington DC

We, the Finance Ministers of Djibouti, Ethiopia, Kenya, Somalia, South Sudan and Sudan held the 22nd Ministerial Meeting of the Horn of Africa Initiative (HoAI) today in Washington, DC, USA on 23 October 2024. The Meeting was co-chaired by H.E. Mr Ahmed Shide, Minister of Finance for Ethiopia and Ms. Victoria Kwakwa, Vice President, Eastern & Southern Africa, World Bank.

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 United Kingdom (UK) and the World Bank Group. This support is reflected in around US\$11.8 billion having been already mobilised or being programmed towards direct and indirect implementation of the HoAI strategic pillars. We also expressed our appreciation for the continued support and participation of the Intergovernmental Authority on Development (IGAD). We also noted with satisfaction continued presence of observers, today representing the United States, Japan, the European Investment Bank, the Arab Bank for Economic Development in Africa, and Trade and Development Bank Group and ZEP-Re Reinsurance Company. Their subsequent contributions to the exchanges help inform the debates.

The Horn of Africa is a dynamic region with an enterprising young population, rich in natural resources, geographically strategic and part of the world's largest free trade area. It is a region united by a shared culture, history and geography. With the right policies and regulations, sustainable investments, robust growth and efficient institutions, the Horn can optimize its economic potential, lift millions out of poverty and serve as a growth engine for Africa. Despite the region's remarkable progress, stubborn challenges continue to persist. The deteriorating crisis unfolding in Sudan and lingering disputes among some countries pose challenges that must be addressed with urgency. As we work through these challenges, as highlighted by the Finance Minister of Djibouti in the meeting, we renew our pledge to work together for fighting poverty and building prosperity on a liveable planet.

We have seen significant success in mobilising resources during the first half of the Initiative, we had previously recognised the importance of mobilising complementary resources, especially grants and concessional ones, to complement what is provided from traditional sources of development finance. During the meeting, we explored some of the innovative funding sources that may supplement climate and development financing in the Horn. This discussion was timely as debt sustainability ratios for most Horn countries exceed sustainable levels. Meanwhile, the need for new, additional and non-debt creating resources remains a top priority as the development priorities are urgent and immediate.

Consequently, we listened with great interest to the presentation of various schemes and facilities supporting non-traditional finance, including trade and climate and other types of potential partnerships that constitute sources of funding that that could contribute to supplementing the financing of the priority package, including catalytic grants, climate funds, and sustainability-linked instruments. The presentation drew extensively on contributions from

and experience of all the DPs supporting the Initiative, and helped identify additional potential partners. We were further informed by elaborations made by observers, as well as representatives of DPs and other specialised institutions (e.g.; EIB, MIGA and IFC).

During our discussions, we recognised that the presentation made was a starting point of a process that needed to be broadened, deepened and made operational at programme level. We underscored the importance of crowding-in and supporting our regional institutions as part of the Initiative's outreach. We also requested future consideration on how the Initiative might best take advantage of possibilities offered by Islamic Finance.

Exchanges in closing also covered other topics of importance, including a reminder from South Sudan concerning the need accelerate the processing of projects already in the pipeline and the advancement of feasibility studies needed to advance regional economic integration through provision of infrastructure under Pillar 1 of the Initiative. It was also noted that while tapping innovative and climate finance would be very important, successful replenishment of traditional sources, notably under IDA 21 and ADF-17, would be essential.

In conclusion, the Meeting:

- (a) Reiterated 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) Requested the operationalization of the opportunities identified through discussions of innovative finance, including funding of corridors and other infrastructure, additional funding of ongoing operations, such as ground water and livestock value chains, and trade and investment, and Borderlands flagship operations under preparation. Furthermore, the opportunities provided by Islamic Finance should be considered further. The Secretariat was requested to follow-up on updating the study along these lines.
- (c) Confirmed that the next Ministerial Meeting, will be held around mid-February 2025 in Addis Ababa, prior to the next rotation of the Chair. Topics for discussion will include a 5-year retrospective of the Initiative, trade and private sector, greater focus on women and youth in the regional context.
- (d) Engagement with observers should continue with a view to secure their formal participation in the Initiative.