

15th Ministerial Meeting of the Horn of Africa Initiative

8 March 2023: Nairobi, Kenya

We, the Finance Ministers of Djibouti, Ethiopia, Kenya, Somalia, and South Sudan, held the 15th Ministerial Meeting of the Horn of Africa Initiative (HoAI). We also welcomed the participation of Eritrea's Ambassador to Kenya. The Initiative continues to benefit from a high level of support of our Development Partners (DPs) — the African Development Bank (AfDB), the European Union (EU) and the World Bank Group, – which is essential to its success. We also expressed our appreciation of the continued technical support and participation of the Intergovernmental Authority on Development (IGAD) and welcomed observers representing Japan and the U.K., which reflects the interest being shown by other donors in the Initiative. We look forward to their full involvement in the Initiative in line with the Framework for Participation for New Development Partners.

We noted with satisfaction, continued progress attained under the Initiative during the Kenya Chairmanship as summarised in the Chair's 2022 Annual report. Notable achievements include increased emphasis and significant progress on policy harmonisation, notably trade facilitation for which we adopted mid-2022, a joint approach based on an ambitious roadmap, and close to doubling of the mobilised resources. In May 2022, we also welcomed South Sudan as the most recent country joining the Initiative.

Yet challenges remain. Past HoAI Ministerial meetings have devoted significant time to discuss the international context and its impact on the Horn, as well as challenges resulting from the Covid-19 pandemic, drought, desert locust invasion, and climate change. Though risks associated with Covid-19 have abated and there is greater stability in the region, the international situation remains challenging, including disruption of the global supply chains, high levels of inflation world-wide, and high debt burden faced by our countries. Furthermore, climate issues remain quite concerning. We reiterated these concerns, but also focused on other outstanding issues such as policy harmonisation in the digital space and expanding private sector engagement. These issues were further discussed with a broader range of stakeholders through two “knowledge and learning” sessions held after the meeting.

During our meeting we listened with interest on progress being achieved in trade and livestock value chains and various avenues through which greater private sector engagement is being promoted under HoAI. We took note of the broader context related to opportunities under the Africa Continental Free Trade Agreement (AfCFTA), and discussed the benefits of greater private sector involvement in the Initiative. We have requested that a more complete approach supporting private sector engagement within HoAI be presented to us at a future HoAI Ministerial Meeting. We also look forward to being briefed on progress towards that goal our next Ministerial Meeting.

In December 2021, we decided to give priority to policy actions complementing investments. The initial areas to be covered were trade, digital integration, and energy. We were briefed on the issues and progress made in these areas during previous Ministerial meetings. We were provided with an update on digital integration during this meeting, covering digital payments, digital trade,

developing the digital economy, and digital security, which complement other national level programmes such as e-government. We support the proposed way forward and expressed our commitment to work at the regional level and with our sectoral ministries and consider policy actions related to improving data protection, developing the legal framework for electronic communication, promoting digital financial services, and promoting PPPs in the digital sector. We look forward to receiving periodic progress reports related to these areas.

The basic framework of the Initiative and its priority package was agreed upon over three years ago. It remains relevant today and has been validated at various Ministerial meetings. Furthermore, resource mobilization has been successful, and according to the latest information, there is a financial commitment by DPs around US\$8.7 billion on approved projects or those under pipeline. was announced by the during the meeting.

We still need to take into account the evolving external and internal situation within the Horn, and how to better integrate the additional countries that have joined the Initiative. Specifically, we heard again from South Sudan reconfirming the relevance of the HoAI in terms of approach and priority programmes. The need was highlighted for adjustments to the priority package in order to accommodate specific regional projects covering South Sudan, such as power interconnection with Ethiopia and the extension of transport corridors from Kenya and Ethiopia to South Sudan, as well as the country being covered under some regional projects which have been already approved or are under preparation. We decided that a review and updating of the approximately US\$15 billion HoAI package of priority projects and programs approved in October 2019 be undertaken during 2023.

As part of the review of the priority package and its financing, it seems important to secure additional sources of financing. Greater outreach to the private sector thus needs to be given priority, as should crowding-in additional development partners. We support continued efforts to crowd-in other development partners to augment the current investments and increase the available resources for implementation, while preserving the country-led focus of HoAI. We also reconfirm the need to replenish the Multi-Donor Trust Fund, which provides essential resources for analytics, project preparation and the operations of the HoAI Secretariat that provide essential support to the HoAI Chair and Ministers.

In line with our decision to rotate periodically the Chairmanship of the Initiative, we welcomed H. E. Mr Ahmed Shide, Minister of Finance for Ethiopia as the new Chair of the Initiative. We take this opportunity to recognise the excellent work done by Kenya in steering the Initiative during the past 15 months, and convey our sincere thanks to H.E. Prof. Njuguna Ndung'u, Cabinet Secretary, National Treasury and Economic Planning for Kenya and his predecessor Hon. (Amb) Ukur Yatani for their leadership during this period.

Moving forward, we reconfirmed that the 16th and 17th HoAI Ministerial Meetings will be held on or about 12 April and 24th May 2023 on the margins of the IMF/World Bank's Spring Meetings in Washington DC, and AfDB's Annual Meetings in Sharm-el-Sheikh, Egypt. They will be co-chaired by Ethiopia, with World Bank and AfDB respectively.