

## **18<sup>th</sup> Ministerial Meeting of the Horn of Africa Initiative**

### **3 October 2023: Addis Ababa: Communique**

We, the Finance Ministers of Djibouti, Ethiopia, Kenya, Somalia, and South Sudan, and the representative from Eritrea, held the 18<sup>th</sup> Ministerial Meeting of the Horn of Africa Initiative (HoAI) today in Addis Ababa Ethiopia. The meeting was chaired by H.E. Mr Ahmed Shide, Minister of Finance for Ethiopia. For the first time, we also invited private sector representatives as we seek to promote the role of the private sector in the Initiative.

Building on discussions from previous meetings and subsequent deepening of the analysis at national and regional levels, the objectives of the Meeting were to exchange on how to promote more impactful development around the borderlands, identify opportunities for greater private sector engagement (PSE), and to receive updates on various matters pertaining to the Initiative. The PSE dialogue was continued through an afternoon roundtable between Ministers and representatives of private organisations following the Ministerial Meeting.

We expressed our appreciation for the continued high-level support and commitment of our Development Partners (DPs) — the African Development Bank, the European Union (EU), the Federal Ministry of Cooperation and Development (BMZ, Germany) and the World Bank Group. We acknowledge and appreciate the continued technical support and participation of the Intergovernmental Authority on Development (IGAD). The Meeting was also attended by representatives of France and UK (FCDO) as observers. We welcomed their statements regarding their interest in becoming more involved in the Initiative and extended an invitation to them to become full members. We also intend to continue the dialogue with Gulf Cooperation Council countries in order to gain their support.

We listened with interest to the presentation on the development of borderlands, which was followed in a vibrant exchange leading to the adoption of the roadmap. In particular, we recognised the importance of stability and increased prosperity in these areas as they tend to be falling behind in terms of investments despite offering inherent potential for regional trade and economic integration. We further recognized that **unpredictable** weather patterns occasioned by Climate Change have in recent years exacerbated poverty, inequality and vulnerability in the borderlands. These call for concerted efforts between Governments, regional bodies and Development Partners, while ensuring local communities have a significant voice in this process. The proposed three-phased approach seems appropriate and all necessary actions should be taken in order to meet a fairly ambitious implementation schedule. In addition to political support, which we intend to provide including by working effectively together, funding of early implementation is also required so as not to demotivate stakeholders and respond to their expectations. Initial support may be provided by drawing on existing donor support as well as limited targeted resources such as the Multi-Donor Trust Fund (MDTF). Beyond that, we request DPs supporting the Initiative to consider broader programmatic support, as an addition to HoAI priority package that would be fully in line with its approved framework. Finally, beyond the medium-term, we recognise that certain activities, notably funding of recurrent costs and data collection, will eventually become Governments' responsibility and should be progressively built into national budgets.

We appreciate the presentation of the roadmap on private sector engagement, which was followed by a roundtable involving direct discussions between delegates of organisations representing the private sector and ourselves. We are pleased to note that the consultative approach in preparing the roadmap

was responsive to our guidance at the 17<sup>th</sup> Ministerial meeting. We are in agreement with the approach calling for greater involvement of our national, regional and international private sector in both policy formulation and investments and in the four pillars of the Horn of Africa Initiative. In the same breath, we encourage policy dialogue between Governments and respective private sector associations to strengthen the business environment. Fundamentally, we recognize the potential of the private sector in improving households' incomes through value addition and creation of employment, especially amongst the youth and women in the borderlands. While these aspects should be pursued at all programmatic and project levels, we also endorse the proposal to hold yearly consultations around the Initiative with private sector representatives, complemented by periodic surveys of a much larger group of stakeholders. In terms of the diagnostic presented and way forward, we note that improving private sector engagement at the regional level is complementary to efforts to improve the investment climate at the national level. In conclusion, we are satisfied with the actions being proposed and are committed to support them. Furthermore, we emphasised that implementation of this roadmap, which we formally adopted, will require funding in the short to mid-term. Beyond that, we propose that given the closely interrelated issues, the PSE and the already approved trade facilitation roadmaps should be managed jointly and implemented under a broader trade and investment programme, to be funded by DPs as part of the priority package under HoAI Pillar 2.

Mobilisation efforts are also continuing. We noted with satisfaction that the total financial resources approved have reached US\$8.14 billion. Projects financing is becoming more concrete, and we witnessed the signature today by the Minister of Ethiopia of the Financing Agreement for the "Djibouti-Ethiopia Transport Corridor Project" which was approved by the World Bank in September for US\$730 million. An additional pipeline of projects worth US\$1.43 billion is under consideration for concessional financing by the DPs in 2023/2024 under the priority package. There is now the need to build up the lending pipeline, including to integrate projects proposed by South Sudan, as approved at the 17<sup>th</sup> Ministerial meeting, and to accelerate the preparation of projects covering Somalia and revisit their scope, including the corridor to Djibouti. Furthermore, given the significant level of commitments achieved, we endorse the proposal in the workplan to also focus on implementation by undertaking a sufficiently detailed portfolio review at country levels. We look forward to being informed of the outcome of such a review, informed by discussions with various government counterparts, at a Ministerial meeting during the first half of 2024.

In conclusion, we congratulate the Somali Federal Government on its implementation of the IMF Program and are hopeful that this will lead to the cancellation of most of Somalia's external debts after the country reached the HIPC Completion Point in December 2023. We also request that greater focus be accorded to the human capital pillar of the Initiative and wish to discuss the way forward on this topic at a future HoAI Ministerial meeting. We expressed our concern over remaining instability in the region and expressed our solidarity with the people of Sudan and call upon parties in the conflict to cease fire, and upon DPs to provide needed humanitarian aid.

Moving forward, we confirmed that the 19<sup>th</sup> Ministerial Meeting co-chaired by the EU will be held in Brussels during the first half of December 2023. We also agreed to move forward with a Heads of State meeting during 2024 in Ethiopia, and requested the HoAI Secretariat to undertake consultations with HoA countries to find a suitable date.