



1.0 **BACKGROUND**

The Horn of Africa Initiative (HoAI) is country-led regional initiative launched in October 2019 to promote regional economic integration as a way to foster peace, stability and sustainable development in the region.

Five Countries (Djibouti, Eritrea, Ethiopia, Kenya and Somalia) initially established the HoAI with the support of African Development Bank, European Union and the World Bank Group. The Sudan and Republic of South Sudan, later joined the Initiative in March 2021 and June 2022 respectively. The HoAI also welcomed the Federal Ministry of Co-operation and Development, Germany (BMZ) as a new Development Partner in June 2022

HoAI provides an open forum for region at Finance Ministers levels to discuss and agree on collective action to promote economic integration. It is anchored on a solid development package along 4 pillars:

- **Pillar 1: Regional Infrastructure**

Works towards improving regional infrastructure connectivity (transport corridors, energy and digital integration). Activities include:

- ✓ The Horn of Africa Gateway Development Project (HoAGDP) – and Single Digital Market approved and on-going with supported of WB, AfDB and GoK.
- ✓ **Regional Energy Trade:** HoA Regional Integration for sustainable energy supply – under preparation.

Pillar 2: Trade and Economic Integration

Promotes trade and economic integration (trade, growth, and regional value chains). Activities include:

- ✓ Trade Facilitation with the support of WB, AfDB and EU
- ✓ De-RISK Project: Livestock De-Risking, Inclusion and Value Enhancement of Rural Economies Project – approved with the support of WB

Pillar 3: Building Resilience

Works to build resilience (climate change and related shocks, including droughts, floods, the current locust crisis and conflict in the region's borderland areas). Activities hereunder, include

- Groundwater for Resilience – under preparation with support of WB

Pillar 4: Human Capital Development

Committed to strengthening human capital development (boost skills and improve access to social services for the people of the Horn of Africa).

The **Vision of HoAI** is to work together to build a prosperous, integrated and peaceful Horn of Africa. Its funding principles among others are:

- National ownership and regional integration
- Focussed on regional priorities while strengthening synergies with national effort
- Political commitments, policy alignment and implementation

The initiative calls for USD 18 billion over the next decade, for supporting the development of the 4 pillars. So far, it has mobilized USD 4.5 billion of concessional financing projects under the priority pillars

2.0 HOAI IMPLEMENTATION ARRANGEMENTS

The HoAI is led by the Group of Finance Ministers of participating countries and they have agreed on a rotating chairmanship for the execution of the initiative. The Chair is intended to be rotated every two years among the Finance Ministers of the member countries. The current Chair is the Minister for Finance, Federal Democratic Republic of Ethiopia, who took over from the Cabinet Secretary, National Treasury and Planning of Kenya; in March 2023. The Secretariat is currently based in Addis Ababa, Ethiopia.

The Multi Donor Trust Fund (MDTF) provides support to the HoA Chair through a small Co-ordination Support Team (CST). The main areas for providing support include:

- the overall coordination of HoA Initiative in the region;
- facilitating strategic dialogue among the participating countries and with Development Partners;
- reporting on progress in implementation of the overall HoA programs;
- follow-up on agreed actions from meetings and workshops;
- and communication on the HoAI.

The CST is comprised of the Head of Secretariat, Team Leader, Short Term Expert, Communications Specialist and the Administrative Assistant.

As an extension of the HoAI Secretariat, each Minister of Finance of the participating countries has designated a Focal Point (FP) whose main task is to liaise with the Secretariat on issues relating to implementation of the HoAI-related activities and to ensure the coordination of stakeholders at national level.

Noting that the FPs are currently overwhelmed since they carry out HoAI roles in addition to their daily tasks, the Secretariat appealed to the DPs for support for FPs by providing additional human resources. Through the support of AfDB, National Advisor to the FPs were recruited in July 2021 to provide technical and administrative support to the Secretariat

For each pillar national Thematic Leaders (at Director Level) have been appointed for preparations of pillar related concept developments and drive discussions on various pillar of HoAI and linkages / coordination with FPs, NA and the Secretariat.

3.0 ACHIEVEMENTS

- Accelerated Regional Policy harmonization exchanges and actions, notably on trade for launching potential areas where regional projects can be launched;
- The Ministers in the 13th Ministerial Meeting, reviewed and approved unanimously partnership framework aimed at bringing new DPs on board for crowding in new financing and leveraging
- Development and adoption of Trade Facilitation Roadmap and, and signing of Joint Ministerial Declaration on trade facilitation by Djibouti, Ethiopia, Kenya and Somalia in agreement with Ministers responsible for trade in their respective countries
- Endorsement of the appointment of Regional Trade Facilitation Task Force comprising the HoAI national thematic leaders for Trade and key stakeholders at national level, for the preparation of specific concept notes to be submitted to the Developing Partners for launch of programmes and projects aimed at supporting the implementation of the activities described in the roadmap.

4.0 CHALLENGES

- Even as the COVID-19 appears to be abating, climate change is aggravating droughts and food insecurity situation in the Horn African Countries affecting the lives of about 49 million people;
- Enhanced targeted investments for resilience building, water, agriculture, value chains and strengthening of disaster risk financing to ensure preparedness in dealing with contingencies
- Project preparations and implementation are at different stages
- Continued instability in the HoA region
- Frequent change overs of Ministers of Finance in the HoA Member States impacting pace of intended acceleration of priority areas of the Initiative.

4.0 WAY FORWARD

- The April 2022 Ministerial Meeting placed the Climate change and food insecurity affecting HoA region on the agenda to accelerate and expand regional programs to benefit the border lands with a view to improve food security and help combat effects of successive droughts / vulnerabilities
- Enhanced focus on Policy Actions on Energy to promote regional integration
- Accelerate Regional “soft” Policy harmonization, exchanges and actions, to enhance enabling environment for investment operations where specific regional projects are being launched.
- Updates on the implementation of all priority pillar activities and their status in different countries
- Enhanced involvement / integration of Private
- Updates on the implementation status of the HoAI regional projects and how regional cooperation will benefit implementing
- Need to accelerate project preparation in countries that are lagging behind in implementation to ensure countries move together.