

Horn of Africa Initiative Communique from Finance Ministers Meeting

We, the Finance Ministers of Djibouti, Ethiopia, Kenya, Somalia and Sudan, met in the afternoon today, 26 June 2021. The Djibouti, Ethiopia and Sudan Ministers, together with the Director-General of AfDB was physically present in Djibouti – our first semi face-to-face meeting since the Covid crisis set in – while others joined virtually. As in previous gatherings, IGAD participated as an observer, continuing to bring its knowledge to enhance the programme. This meeting was preceded by a morning working breakfast attended by Djibouti, Ethiopia and Sudan ministers, additional development partners and others as well as various media organisations. This meeting aimed at promoting greater awareness of and support towards the Initiative by a broader range of stakeholders, and help to raise its visibility.

At today's meeting, we welcomed the participation of Sudan, now a full HoAI member. Priorities involving Sudan will be developed in line with the Initiatives' priority programme, and the first project involving Sudan is expected to be approved in the next year. Furthermore, Sudan already benefits from HoAI projects, fighting Covid-19 and periodic pests, such as locusts. We are pleased to note that some of the projects planned for 2021, such as the agro-pastoralism project, already include Sudan.

We would like to acknowledge the continued support and commitment of our development partners — the African Development Bank, the European Union, and the World Bank Group — in helping advance the Horn of Africa Initiative. The HoA Initiative has so far mobilized over \$4bn after the inclusion of priority projects involving Sudan from the three development partners to finance critical regional priorities in transport connectivity, energy trade, digital economy, trade facilitation, agro-pastoralism, locust control and building resilience. Over the coming months, we also, propose to continue reaching out to other partners and the private sector to join efforts to finance the remainder of the \$15bn HoA Initiative priority financing package developed in October 2019, as amended to include Sudan.

Covid-19 remains a challenge for the African subcontinent and a source of fragility, especially with the rise of new variants. We reiterate the call from the World Health Organization, Africa Centre for Disease Control and Prevention and others to accelerate the supply of Covid-19 vaccines for African countries. As long as greater vaccine coverage and higher immunity levels are not achieved, the advancement of the Initiative will in all likelihood continue to be hindered by difficulties in organizing physical meetings and rolling out projects on the ground. In light of the threat of a new wave of

Covid19 infections, we welcome the recent confirmation of World Bank financing for 400 million doses of vaccines under AVAT. Our countries could potentially get over 65 million doses under this and we are getting organized to ensure effective deployment and address vaccine hesitancy issues. A parallel effort is also supported by the EU through COVAX. Getting the vaccinations beyond the target 60 percent will be critical in ensuring that normal economic and social activities can be resumed in our sub-region. Food security is an additional challenge in our region. We discussed whether the Initiative should be expanded to include a new fifth pillar. However, it also seems that this priority may be embedded within the resilience pillar.

Our region stands to benefit significantly through greater economic integration and regional cooperation in the Horn. This requires investments. The recently signed Multi-Donor Trust Fund funded by the EU and executed by the World Bank should help accelerate project preparation where additional feasibility studies are needed. We have noted with satisfaction that the preparation of various projects by the Development Partners is advancing visibly. In some cases, we would soon need to make decisions as a group on institutional and policy matters. To facilitate future dialogue on projects within pillars, each country will identify or confirm thematic leaders working closely with country Focal Points to ensure better cooperation with and between known regional counterparts.

We reiterate that that physical investment alone will not yield the full impact expected from development projects. We, therefore, discussed the broader policy, regulatory and institutional harmonization agenda needed to complement investments. We took special note of challenges in energy and trade areas, as well as bottom-up approaches to develop the digital economy, which was discussed today. We, as Finance Ministers, are committed to continuing to support harmonisation efforts under the HoA Initiative. We reiterate our strong commitment to a balanced approach between hard and soft investments and will support the nomination of working groups in July 2021 to work on broad policy issues, especially in the area of trade. The starting point for this would be various workshops planned for the first half of July.

We thank Minister Ilyas Dawaleh for effectively leading the HoA Initiative over the past two years. We confirm that as discussed at our last meeting, the rotation of the chairmanship should take place towards the year's end. The Chair will continue to be supported by an adequately staffed Secretariat to be financed under the newly established HoAI Multi-Donor Trust Fund. We also thank AfDB for responding to the earlier request by the Chair to support Focal Points through funding local experts to provide technical and administrative support for each country.

We will continue scheduling HoAI Ministerial Meetings on the basis of a predictable quarterly timetable. The next one is planned for October 2021, during the World

Bank-IMF Annual Meetings. Subject to the feasibility of travel, we will aim to organize a Heads of State event later in the year to update our leaders on the progress so far made and to seek their guidance and support in taking forward the next phase of economic integration priorities under the HoA Initiative.