

**Countries Come Together to Launch Horn of Africa Initiative**  
**Communique following Side Event During the World Bank Annual Meetings**

1. We, the Finance Ministers and representatives of Djibouti, Eritrea, Ethiopia, Kenya and Somalia, met on 18 October 2019 in Washington, DC, during the World Bank Group / IMF Annual Meetings to take forward our discussions on fostering economic integration and regional cooperation in the Horn of Africa. Today's discussion builds upon our earlier meetings in Washington in April and in Addis Ababa in June 2019 and the various official-level discussions involving our countries. We would like to acknowledge the technical support and commitment that our development partners, i.e. African Development Bank, European Union and the World Bank, have provided our countries during this process. This effort is to complement other ongoing initiatives.
2. We represent countries with a population of 180 million people and a combined GDP of \$170 billion. A stable and prosperous sub-region is a priority for our countries and our Heads of State have reiterated their strong commitment in this regard. We look at a stable Horn and deepening of economic integration as mutually reinforcing drivers which can transform the future of the sub-region. We believe that deeper regional integration is vital for the economic transformation and for creation of jobs that is a priority for all our countries. At today's meeting, we have recommitted our resolve to take steps individually and collectively to help realize these aspirations. The development contexts vary significantly between countries of the sub-region and while each country will chart its own course, this regional initiative allows us the space to come together and act collectively keeping the best interests of all countries in mind.
3. Today's meeting marks an important milestone in our discussions under this Horn of Africa Initiative. The package of priorities that we have agreed fall under four thematic areas: (i) improving regional infrastructure connectivity; (ii) promoting trade and economic integration; and (iii) building resilience; and (iv) strengthening human capital development. These initiatives are expected to, *inter alia*, promote: greater energy trade and thus lower domestic unit costs of electricity and promote energy access; better connect small and medium producers to regional and global markets; allow our countries to take the next steps on digital transformation; increase intra-regional trade, economic diversification and creation of regional value chains; address resilience to weather shocks and mitigate its impact on pastoralists and other vulnerable groups; and help build a stronger human capital base for the jobs of tomorrow. These are innovative and transformative initiatives but taken together, they constitute a package which responds to domestic and regional aspirations of our people.
4. The attached table comprises the agreed package of initial priorities.
5. The priority proposals that we have agreed today require significant financing of the order of \$15 billion. We are committed to doing all that it takes to ensure that the package is effectively implemented and delivers visible development results. We have requested our three development partners to help take this Initiative to the next stage, by supporting the hosting of a financing forum to raise private and concessional financing to supplement our own domestic

resources to finance the priorities. We call upon the wider international community and other interested stakeholders to step up to help finance and implement the package and deepen the process of integration and creation of prosperity in the Horn. Further details of the package will be available in time for a Ministerial financing forum, expected to be organized in early 2020. We also expect this new Horn of Africa regional initiative to be launched at a high-level event during the first half of 2020.

6. Besides agreeing the package of priority proposals, we have committed ourselves to a set of principles and actions to ensure the effective implementation of the Initiative. We will take steps to address in a coordinated manner the key barriers that are currently hindering deeper integration. While the package is balanced and responds to priorities of all countries, we would adopt a principle of 'variable geometry' to allow countries to step up their engagement with this regional initiative when they are most ready. We also recognize the linkages with other neighboring countries. We view improved physical connectivity as being a necessary condition for promoting integration, but it needs to be supplemented by addressing barriers which prevent creation of bigger regional markets. We are committed to ensure continued close coordination between our countries during the implementation phase of the Initiative and encourage the technical and operational arms of our Governments to bring to the attention of our leadership if there are obstacles which hinder achievement of the overall goals of this Initiative. We are committed to meeting on a bi-annual basis to take stock of progress with implementation and to use effective national and regional coordination arrangements.

**Washington, DC**

**18 October 2019**

### Horn of Africa Initiative: Agreed Package of Priority Proposals

Priority Proposals	Likely Countries	Estimated Costs
<b>Pillar 1: Regional Infrastructure Networks</b>		<b>\$12.5bn</b>
<b>Economic Corridors</b>		<b>\$9bn</b>
1. Four priority corridors covering 6,000km of upgradation. <ul style="list-style-type: none"> <li>a. Kismayo, Lamu and Mogadishu Corridor</li> <li>b. Assab and Djibouti Corridor</li> <li>c. Berbera and Djibouti Corridor</li> <li>d. Mogadishu, Berbera and Bossasso Corridor</li> </ul> [Please note recommendation to add Kismayo to Liboi to Garissa section in Corridor]		\$9bn
<b>Regional Energy Trade</b>		<b>\$1.84bn</b>
2. Power integration connectivity program <ul style="list-style-type: none"> <li>a. Ethiopia-Djibouti 2nd line</li> <li>b. Somalia Transmission Backbone</li> <li>c. Feasibility Studies for:               <ul style="list-style-type: none"> <li>- Ethiopia – Somalia Interconnection</li> <li>- Ethiopia – Eritrea Interconnection</li> <li>- Kenya – Somalia Interconnection</li> <li>- Djibouti – Somalia Interconnection</li> <li>- 2nd line for Kenya – Ethiopia Interconnection</li> </ul> </li> </ul>		\$1.57bn
3. Enabling Power Trade (East Africa Power Pool, Somalia, Eritrea, Ethiopia, Djibouti, Kenya)		\$0.15bn
4. Other Energy Supports: Regional Oil Jetty - Damerjog New Oil Jetty (Potential PPP Project)		\$0.12bn
<b>Single Digital Market</b>		<b>\$1.7bn (plus private financing)</b>
1. Priority Regional Infrastructure <ul style="list-style-type: none"> <li>a. Submarine festoon cable along the coast</li> <li>b. Terrestrial links and backbone connections</li> </ul>		\$0.9bn
2. Single regional data market <ul style="list-style-type: none"> <li>a. Data Infrastructure</li> <li>b. Cyber security</li> </ul>		\$0.3bn

c. Regulatory Harmonization		
3. Single Data Service Market		\$0.5bn
a. E-government		
b. Cross-border digital payment facilitation		
<b>Pillar 2: Trade and Economic Integration</b>		<b>\$0.5bn</b>
1. Regional Trade Facilitation		\$0.45bn
a. TA (e.g. corridor approach, tackle NTBs, harmonization of products standards)		
b. 13 one-stop border posts		
c. Dry ports		
2. Regional Value Chain Development		\$0.03bn + Private Sector Investments
3. Investment Climate		\$0.02bn
<b>Pillar 3: Building Resilience</b>		<b>\$1.3bn</b>
1. Pastoralist Livestock Insurance		\$0.4bn (of concessional, to leverage \$1.6bn from private sector)
2. Strengthening the resilience of pastoral production system to climate change		\$0.9bn
<b>Pillar 4: Strengthening Human Capital</b>		<b>\$1.55bn</b>
1. Strengthening Human Capital Delivery Systems and Networks		\$0.7bn
2. Building Skills for Future Employment and empowering women and youth		\$0.6bn
3. Strengthening Identification for Development (ID4D)		\$0.25bn
<b>Total</b>		<b><u>\$15.89bn</u></b>