Data Sheet

USAID Mission:	Eritrea
Program Title:	Rural Enterprise Investment Partnership
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	661-002
Proposed FY 2004 Obligation:	$640,000 DA
Prior Year Unobligated:	$0
Proposed FY 2005 Obligation:	$500,000 DA
Year of Initial Obligation:	1997
Year of Final Obligation:	2007

Summary: The overall purpose of this program is to improve rural livelihoods and reduce chronic food insecurity in rural areas through activities that provide credit, technical assistance, and support to infrastructure reconstruction. The program has three main components. Under the first component, USAID/Eritrea's rural enterprise program provides medium-term loans and technical assistance to rural small and medium enterprises (SMEs). The focus is on increasing domestic sales of key agricultural commodities and employment in private sector enterprises in rural areas. Under the second component, the program supports the improvement of the economic security of vulnerable households through community-based associations that channel household savings into small-scale economic activities. Finally, the program finances the provision of safe water, sanitation, and small-scale irrigation for vegetable gardens to rural communities, and supports the reconstruction and rehabilitation of infrastructure in border zones.

Inputs, Outputs, Activities:

FY 2004 Program:
Rural SMEs Developed ($240,000). In order to stimulate domestic sales and employment generation at rural SMEs, USAID will add resources to this long-standing activity, expanding it to ensure coverage of all of Eritrea's six regions. Priorities during 2004 will be loans to smaller borrowers (under $60,000) and to rural enterprises in regions (such as Southern Red Sea) that have produced few borrowers in the earlier years of the program.   This is a direct government-to-government program that is managed by the parastatal Rural Enterprise Unit (REU).

Water/Sanitation Activity ($400,000). Support will be provided to small-scale water/sanitation activities that provide safe water supplies, sanitation, micro-irrigation, and livestock watering. Principal contractors and grantees include: CARE International, Concern Worldwide, Community Habitat Finance, the International Rescue Committee, Mercy Corps International (MCI), and the UN Food & Agriculture Organization (FAO).

P.L. 480 Assistance will help food-insecure families maintain nutrition levels. Specific interventions will include supplementary feeding for children under five and pregnant and lactating mothers in high-risk communities, surveying and monitoring nutritional status, and provision of equipment to community health centers. In addition, P.L. 480 funds will support a commodity monetization program to implement a large-scale activity involving spate irrigation and nutritional surveying, monitoring, and evaluation. Principal contractors and grantees include: the World Food Programme (WFP), Catholic Relief Services (CRS), MCI and Africare.

FY 2005 Program:
Rural SMEs Developed ($150,000). In order to stimulate domestic sales and employment generation at rural SMEs, USAID will add resources to this activity. The priority will again be on smaller borrowers and ones in underserved zones. Implementers remain the same as noted above.

Water/Sanitation Activity ($350,000). Support will again be provided to a small-scale water/sanitation activity that provides safe water supply, sanitation, micro-irrigation, and livestock watering. Implementers are the same as noted above.

P.L. 480 Assistance will move toward development-oriented programming and away from providing emergency assistance using proceeds from the monetization of commodities. Currently anticipated activities will concentrate on the water sector, with smaller efforts devoted to improving animal husbandry techniques and on community health promotion, crop sector recovery, and community-level water projects. The large-scale activity involving spate irrigation and nutritional surveying, monitoring, and evaluation indicated in the FY 2004 program will be continued. Implementers remain the same as noted above.

Performance and Results: USAID's rural enterprise development program achieved several important results in 2003. These results include: (i) 160 small and medium rural enterprises that borrowed under a loan program achieved over $1,750,000 in domestic sales of products including field crops, horticulture, dairy, fish, poultry, beef, mutton, and plastic sandals, enabling those enterprises to hire 383 new employees (180 of them women); (ii) a project created 23 community-level micro-finance associations, benefiting 738 households (80% woman-headed), and mobilized over $32,000 in savings; (iii) under two projects, ten water/sanitation committees were formed at the community level and 45,675 persons gained access to safe water; and (iv) an agricultural technical assistance project provided training and technical assistance in poultry production, horticulture production and marketing, and banana production and marketing to 400 individuals (68 of them women).

By providing credit and technical assistance to the rural enterprise sector, by the end of 2005, small and medium rural enterprises will have sales of $2.74 million. In addition, by that date there will be 52 community-level micro-enterprise associations, with a membership of 1,040. In 2005, some 55,000 persons will obtain access to safe water.

US Financing in Thousands of Dollars

661-002 Rural Enterprise Investment Partnership	DA	ESF
Through September 30, 2002		
Obligations	23,063	1,959
Expenditures	14,887	1,959
Unliquidated	8,176	0
Fiscal Year 2003		
Obligations	2,763	950
Expenditures	4,280	0
Through September 30, 2003		
Obligations	25,826	2,909
Expenditures	19,167	1,959
Unliquidated	6,659	950
Prior Year Unobligated Funds		
Obligations	0	0
Planned Fiscal Year 2004 NOA		
Obligations	640	0
Total Planned Fiscal Year 2004		
Obligations	640	0
Proposed Fiscal Year 2005 NOA		
Obligations	500	0
Future Obligations	1,550	2,000
Est. Total Cost	28,516	4,909