

Eritrea

The Development Challenge: Eritrea remains one of the world's poorest countries, ranking 157th out of 173 countries in the UN Human Development Index. In 2003, the Government of the State of Eritrea (GSE) faced the worst drought in the country's 10-year history as it continued its attempts to revive the economy and restore infrastructure damaged by the 1998-2000 conflict with Ethiopia. International Monetary Fund (IMF) data show a gross domestic product (GDP) per capita of \$153 in 2002. Macroeconomic indicators show GDP declining by 1.2% in 2002, consumption in local currency (nakfa) falling since 2002 to below the 1997 level, and the budget deficit (excluding grants) at 42.5% of GDP in 2002. According to the IMF, Eritrea currently has minimal foreign exchange reserves. Household coping mechanisms and safety nets have been eroded as a result of the drought and the continued large-scale military mobilization that deprives tens of thousands of households of able-bodied family members.

Eritrea faces a number of daunting social challenges. An estimated 66% of households live below the poverty level. Illiteracy rates are high at 42% of the population. Life expectancy is only 51 years. The HIV/AIDS prevalence is moderate at around 3%, but the disease already strains Eritrea's limited trained human resource base and fledgling institutional capacity. Without vigorous preventive programs, demobilization could spread HIV/AIDS very rapidly.

The border demarcation has been delayed and the 200,000 soldiers are yet to be demobilized causing serious shortages of skilled labor across all sectors of the economy. Peace with Ethiopia remains fragile until the Eritrea Ethiopia Boundary Commission's decision is finally and fully implemented by both countries.

Eritrea remains chronically food insecure, and is likely to remain so for the foreseeable future, as severe drought conditions persist. Some 80% of recently surveyed households received some form of food aid in 2003. Domestic food production is a very low fraction of total consumption requirements. For example, in 2002, the worse year for agriculture since independence, cereal production amounted to only 57,000 metric tons vs. a national consumption requirement of 612,000 metric tons; although meteorological conditions improved in 2003, cereals production increased to less than 120,000 metric tons.

The ruling People's Front for Democracy and Justice (PFDJ) is the only legal political party and also dominates commercial activities. In addition, since 2001, the GSE has controlled domestic media outlets.

Key United States' interests in Eritrea are fostering regional stability, combating terrorism, promoting a democratic system of governance where human rights and religious freedom are respected, providing humanitarian relief and encouraging economic development.

The USAID Program: The USAID/Eritrea strategic objectives support the joint State-USAID strategic goals. USAID/Eritrea's development strategy (2003-2007) will achieve results in three areas: health, education capacity building, and increasing familial resiliency to reduce chronic food insecurity in rural areas.

The health program has achieved dramatic gains in child survival that will be challenging to sustain during the post-conflict transition. Maternal health has improved more slowly than child health. Planned demobilization of soldiers makes the next two years the critical time for preventing an explosion of the HIV/AIDS epidemic. Therefore, the health program will increase quality and demand for HIV/AIDS prevention services, expand active demand for primary health care, especially at the community level, continue to improve the quality of primary health services, and improve institutional capacity for resource allocation and management.

To improve rural livelihoods, USAID/Eritrea will continue to provide credit and consulting services to small and medium enterprises, improve access to safe water, rebuild key infrastructure in border areas, and assist the most vulnerable populations through a micro-lending activity.

USAID/Eritrea will also continue to enhance the capacity of Eritreans to participate more actively in the growth and development of their country. Activities under this program will provide skill-based training in targeted sectors, improve access to basic education, strengthen institutions of higher learning, enhance access to information through the Internet, and develop community-based organizations.

Other Program Elements: In FY 2003, USAID's Education for Development and Democracy Initiative implemented a pilot girls' education program through which 80 middle-school girls, who otherwise would have dropped out of school, received scholarships and access to tutoring services. USAID/Eritrea has also received funds from the Africa Bureau's Conflict and Peace Building Fund to undertake activities for conflict prevention. These funds are used to create new income generation opportunities for the youth population and develop new business and vocational skills in productive sectors to facilitate the reintegration of the large displaced and refugee populations returning from Sudan and, thereby, avert potential internal conflict. Funding from the Muslim Education Initiative will support activities to improve access to basic education in underserved and minority populations. In response to the drought, USAID's Office of Foreign Disaster Assistance (OFDA) and Food for Peace (FFP) provided resources to mitigate the impact of drought. OFDA funding has been critical for rehabilitation and expansion of rural water systems. USAID/Eritrea is using Economic Support Funds (ESF) received in FY 2003 to support reconstruction of infrastructure in war-affected border areas.

Other Donors: The World Bank and the European Union (EU) are Eritrea's largest donors, in addition to the United States. The World Bank supports education, health, and demobilization. The EU provides humanitarian assistance to war-affected and drought-prone areas for agriculture production, energy, water and sanitation. Other donors are Italy, the Netherlands, Denmark, China, Germany, Japan, France, Ireland, and Cuba. The UN agencies support health, education, and humanitarian recovery programs.

USAID/Eritrea collaborates closely with the World Bank and the European Commission in responding to needs in the health, education, and agriculture sectors, as well as those of a humanitarian nature. In addition, the Mission works closely with UN agencies, including UNICEF, UNAIDS, and WHO, to implement health, nutrition, and HIV/AIDS activities.

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.

Data Sheet

USAID Mission:	Eritrea
Program Title:	Health and HIV/AIDS
Pillar:	Global Health
Strategic Objective:	661-004
Proposed FY 2004 Obligation:	\$5,050,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$5,605,000 CSH
Year of Initial Obligation:	2003
Year of Final Obligation:	2008

Summary: USAID's health objective seeks to improve demand for, quality of, and resource allocation to priority primary health and HIV/AIDS prevention services. USAID funds training of health workers, technical assistance to strengthen Ministry of Health resource management systems, and the provision of equipment, supplies, and health education materials for primary health care and HIV/AIDS prevention. Building on experience, the new health objective will increase the emphasis on improved health practices, community involvement, resource allocation, and HIV/AIDS prevention.

Inputs, Outputs, Activities:

FY 2004 Program:

Reduce maternal and child mortality (\$2,250,000 CSH). USAID will provide technical assistance and training to the Ministry of Health to improve the quality of integrated management of childhood illness, prenatal care, and emergency obstetric care in health facilities. USAID will help to complete training at the health station level and begin training to extend these services from health facilities to the community level. Technical assistance and training will also be provided to strengthen health communications, the health information system, the pharmaceutical logistics system, financial management, and malaria surveillance. Principal contractors/grantees: University Research Corporation (prime), Abt Associates, Inc. (sub).

Prevent the spread of HIV/AIDS (\$2,300,000 CSH). USAID will support training and technical assistance to expand and improve voluntary counseling and testing services, behavior change communications, HIV surveillance, and condom marketing for HIV prevention. These activities will help to strengthen voluntary counseling and testing in preparation for demobilization of combatants. USAID will provide training and technical assistance to personnel from five Eritrean ministries, four faith-based organizations, and six non-governmental organizations implementing Eritrea's multi-sectoral HIV prevention program. Principal contractors/grantees: Family Health International (prime), Population Services International (prime).

Improve reproductive health services (\$500,000 CSH). USAID will support training and technical assistance for health care providers in family planning service provision, supervisory skills, and management. This technical support will improve family planning services provided at Ministry of Health clinics and also upgrade inventory and information systems for essential medicines and supplies, including contraceptives. Principal contractors and grantees: University Research Corporation (prime), and Abt Associates (sub).

FY 2005 Program:

Reduce maternal and child mortality (\$2,800,000 CSH). USAID will conduct training to upgrade the quality of maternal and child health services, extend these services from health facilities to the community level, and provide technical assistance and training for managers on the use of health statistics and resource data in program management. Principal contractors/grantees: Implementers are the same as in 2004.

Prevent the spread of HIV/AIDS (\$2,300,000 CSH). USAID anticipates strengthening the voluntary counseling and testing program as well as behavior change communications and condom distribution. Principal contractors/grantees: Implementers are the same as in 2004.

Improve reproductive health services (\$505,000 CSH). USAID will continue to support training and technical assistance for health care providers in service provision to improve family planning services at Ministry of Health clinics and to improve inventory systems for essential medicines, including contraceptives. Implementers are the same as in 2004.

All family planning assistance agreements will incorporate clauses that implement the President's directive restoring the Mexico City policy.

Performance and Results: Under the prior strategy, child survival and the use of primary health services increased significantly since 1995. These results are at least in part attributable to sustained USAID involvement in the sector. According to the 1995 and 2002 Eritrea Demographic and Health Surveys, the infant mortality rate has been reduced from 72 deaths per 1,000 live births in 1995 to 48 per 1,000 in 2002. Under-five child mortality fell from 136 deaths per 1,000 live births to 93 during the same period. Coverage of children 12-23 months old with both DPT-3 and polio-3 immunizations increased from 42% to 79%. An assessment of integrated management of childhood illnesses (IMCI) care conducted in 2003 demonstrated that correct diagnosis of pneumonia, dehydration, and other conditions had improved since the baseline assessment in 2000 as a result of USAID-supported IMCI training. Use of antenatal care increased from 49% in 1995 to 70% in 2002, and birth deliveries by trained health personnel rose from 21% percent in 1995 to 28% in 2002. However, modern contraceptive prevalence remained unchanged at 5.1%. The 2002 Demographic and Health Survey showed the importance of better birth spacing for reducing infant mortality: the lowest infant mortality rates are found when intervals between births are at least three years.

Continued USAID involvement in this sector will mean that, by FY 2008, the percent of children 12-23 months old who receive the DPT-3 immunization by their first birthday will increase to 82%, percentage of births attended by trained health personnel will increase to 37%, the percentage of households in target areas that own two or more insecticide-treated nets will increase to 90%, and other key health indicators will continue to improve. The goals are to reduce infant mortality to 43 per 1,000, reduce under-five child mortality to 84 per 1,000 and maintain the prevalence of HIV/AIDS below 5% among Eritreans aged 15-24 years.

Data Sheet

USAID Mission:	Eritrea
Program Title:	Developing Human and Institutional Capacity
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	661-006
Proposed FY 2004 Obligation:	\$600,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2005 Obligation:	\$281,000 DA
Year of Initial Obligation:	2003
Year of Final Obligation:	2007

Summary: This new program provides training, consulting services, and limited commodities to develop human and institutional capacity of selected Eritrean government and non-governmental organizations. The program is designed to train individuals from different sectors to help them assume leadership roles in their respective institutions (e.g., ministry departments, universities, local governments, local non-governmental organizations) and to undertake income generating activities (e.g., agricultural and livestock production, small-scale trading). In addition, USAID provides consultants to assist selected institutions to undertake priority activities.

Inputs, Outputs, Activities:

FY 2004 Program:

Improve basic education opportunities in underserved areas (\$600,000 DA). USAID will expand this activity, for which resources were obligated in fiscal year 2003, to improve education resources and instruction in rural areas. This activity will include teacher training and provision of equipment for rural schools. (A contractor or grantee will be selected in FY 2004.)

FY 2005 Program:

Support to local community-based organizations (\$281,000 DA). USAID may expand its training, technical assistance, and small grant activities to improve the ability of local community-based organizations (e.g., water associations, parent-teacher associations) to undertake successful community-based activities.

Performance and Results: Under the prior strategy, USAID's program achieved several important results in FY 2003 including: 1) five long-term academic trainees returned to Eritrea with advanced degrees in political science, law, archeology, and anthropology, and are teaching full-time at the University of Asmara; 2) three long-term academic trainees completed advanced degree programs and are working in their respective ministries (National Development, Tourism, and Foreign Affairs); 3) the Ministry of Education developed new national education curricula materials and is prepared to launch the curriculum in 2004; and 4) the government-owned telecommunications service announced the corporatization of its operations in preparation for privatization. In addition, in FY 2003, a total of 157 Eritreans (41 female) received training in various fields including health, small business management, information technology, leadership development, agriculture, and water resources management.

USAID's support for building skills of individual Eritreans in selected sectors; strengthening institutions, including the only university and ministries; and improving citizens' access to information is vital for achieving the U.S. Government's long-term goal of developing a more educated, informed, and democratic Eritrea.

**Eritrea
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2002 Actual	FY 2003 Actual	FY 2004 Current	FY 2005 Request
Child Survival and Health Programs Fund	5,350	5,600	5,050	5,605
Development Assistance	5,558	4,560	1,240	781
Economic Support Fund	0	700	0	0
PL 480 Title II	5,564	66,245	12,032	6,283
Total Program Funds	16,472	77,105	18,322	12,669

STRATEGIC OBJECTIVE SUMMARY				
661-001 Health and Population				
CSH	5,350	0	0	0
661-002 Rural Enterprise Investment Partnership				
DA	3,318	2,613	640	500
ESF	0	700	0	0
661-003 Developing Human Potential				
DA	2,240	0	0	0
661-004 Health and HIV/AIDS				
CSH	0	5,600	5,050	5,605
661-006 Developing Human and Institutional Capacity				
DA	0	1,947	600	281

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