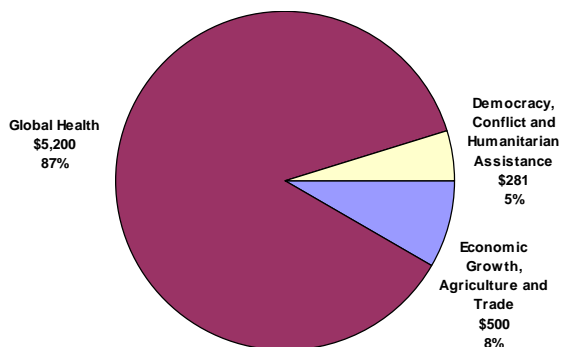
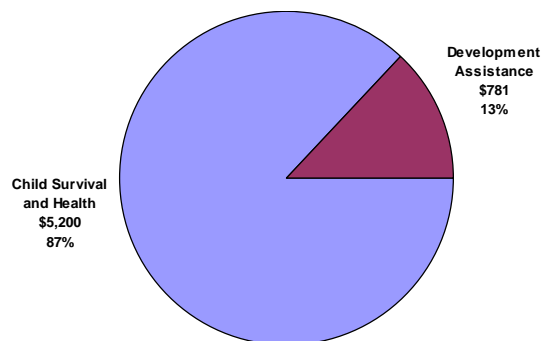


Eritrea

FY 2006 Assistance by Sector



FY 2006 Assistance by Account



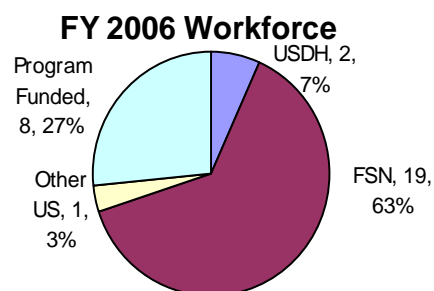
Objectives and Budget

Objective	SO Number	FY 2004	FY 2005	FY 2006
Rural Enterprise Investment Partnership	661-002	639	451	500
Health and HIV/AIDS	661-004	5,000	5,300	5,200
Developing Human and Institutional Capacity	661-006	1,100	600	281
Total (in thousands of dollars)		6,739	6,351	5,981

Excludes P.L. 480. See Program Annex.

Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
Mission Allocation	1,247	1,200	1,229
USDH Salaries & Benefits	390	360	367
Program Funds	223	205	205
Total (in thousands of dollars)	1,860	1,765	1,801



Mission Director: Jatinder Cheema

Eritrea

The Development Challenge: Eritrea is suffering through the fourth straight year of drought as it struggles to revive the economy and restore infrastructure damaged during the 1998-2000 border conflict with Ethiopia. Household coping mechanisms and safety nets have been eroded as a consequence of the drought and the continued military mobilization that deprives tens of thousands of households of able-bodied family members. An estimated 66% of households live below the poverty level. Life expectancy at birth is only 53 years. Key U.S. 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 program in Eritrea supports the joint State-USAID strategy. USAID's development strategy in Eritrea (FY 2003-FY 2007) will achieve results in three areas: 1) to improve rural livelihoods through micro-lending; 2) to improve primary health care; and 3) to increase public participation in growth and development through capacity building of grassroots organizations.

To spur rural economic growth and improve rural livelihoods, USAID provides loans, grants, and business consulting services to rural small and medium enterprises. In addition, USAID improves access to safe water, rebuilds key infrastructure in border areas, and helps small-scale farmers to improve their animal husbandry and water management practices.

USAID's health program supports the Ministry of Health in improving child health through vaccinations, and assisting in the improvement of the delivery of maternal and reproductive health services. Following the resolution of the border demarcation, the resulting large-scale demobilization and return of internally displaced persons (IDPs) will endanger progress that has already been achieved by placing additional strain on an already taxed health services sector. As a response, USAID's health program will focus on expanding the Eritreans' demand for primary health care, especially at the community level and improving the quality of primary health services. Additional priorities of the health program include improving the Ministry's capacity for the allocation and management of scarce resources. USAID will also assist the Ministry to improve the quality of HIV/AIDS prevention services and the public's demand for those services.

USAID's capacity-building program continues to enhance the Eritreans' ability to actively participate in their country's growth and development. Activities provide skill-based training to improve access to basic education, enhance access to information through the Internet, improve mobile phone services, assist with social and economic reintegration of demobilized ex-combatants and strengthen community-based organizations. Recent assistance to the University of Asmara, including a new Digital Learning Center for distance learning, includes the provision of 400 desktop computers and computer-related equipment, enabling the networking of four departments. Students now have far greater access to information.

Other Program Elements: In FY 2004, the Eritrea program received funds from USAID's Africa Bureau's Conflict and Peace Building Fund for conflict prevention activities. USAID's basic education program will support activities to improve access to basic education in underserved and minority populations.

USAID provided resources through its Offices of U.S. Foreign Disaster Assistance (OFDA) and Food For Peace (FFP) to mitigate the worst impacts of the ongoing drought. USAID funding to Eritrea has been critical for the rehabilitation and the expansion of Eritrea's rural water systems. In addition, this program has improved the livelihoods of many farm families, through the creation of rural water markets and seed fairs. Food aid contributions in FY 2004 helped to sustain approximately 1.9 million Eritreans, roughly 50% of the country's population.

USAID's Bureau for Economic Growth, Agriculture and Trade (EGAT) supports two Collaborative Research Support Programs -- The International Sorghum and Millet (INTSORMIL) Collaborative Research and Support and the Integrated Pest Management (IPM) -- which included Eritrea in their joint research programs in FY 2004. In addition, EGAT manages The John Ogonowski Farmer-to-Farmer

Program which awarded Virginia State University \$1.5 million to field volunteers to provide technical assistance to Eritrean farmers and cooperatives. In Eritrea, the USAID-managed FEWSNET program distributes regular food security bulletins to the Government of the State of Eritrea (GSE), bilateral and multilateral donors, NGOs, and others.

Other Donors: The World Bank and the European Union are Eritrea's largest donors, in addition to the United States. Other major bilateral donors, in order of importance are: Italy, the Netherlands, China, Germany, Japan, France, Ireland, and Cuba. The World Bank supports education, health, demobilization, road-building, and the energy sector. The European Union provides humanitarian assistance to war-affected and drought-prone areas, supporting agricultural production, energy, water and sanitation. United Nations (UN) agencies, including the United Nations Children's Emergency Fund (UNICEF), the Joint United Nations Programme on HIV/AIDS (UNAIDS), and the World Health Organization (WHO), support health/nutrition, education, water/sanitation, refugee/IDP/expellee support and resettlement, and a variety of humanitarian programs.

USAID collaborates 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 (specifically UNICEF and UNAIDS) and WHO, to implement health/nutrition, water/sanitation, and HIV/AIDS activities.

**Eritrea
PROGRAM SUMMARY**

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Child Survival and Health Programs Fund	5,600	5,000	5,300	5,200
Development Assistance	4,560	1,739	1,051	781
Economic Support Fund	700	0	0	0
PL 480 Title II	65,160	64,584	35,328	13,137
Total Program Funds	76,020	71,323	41,679	19,118

STRATEGIC OBJECTIVE SUMMARY

661-002 Rural Enterprise Investment Partnership				
DA	2,613	639	451	500
ESF	700	0	0	0
661-004 Health and HIV/AIDS				
CSH	5,600	5,000	5,300	5,200
661-006 Developing Human and Institutional Capacity				
DA	1,947	1,100	600	281

Mission Director,
Jatinder Cheema

Data Sheet

USAID Mission:	Eritrea
Program Title:	Rural Enterprise Investment Partnership
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	661-002
Status:	Continuing
Planned FY 2005 Obligation:	\$451,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$500,000 DA
Year of Initial Obligation:	1997
Estimated Year of Final Obligation:	2006

Summary: This objective's goal is to improve rural livelihoods and reduce chronic food insecurity in rural areas through activities that provide credit and technical assistance, and support infrastructure reconstruction. The program has three main components to achieve its goals. Under the first component, USAID's rural enterprise program in Eritrea provides medium-term loans and technical assistance to rural small and medium enterprises, with a particular focus on increasing domestic sales of key agricultural commodities and employment in rural private sector enterprises. Under the second component, the program supports the economic security of vulnerable households through community-based associations that channel household savings into small-scale economic activities. Finally, the third component finances the provision of safe water, sanitation, and small-scale irrigation for vegetable gardens to rural communities, while supporting the reconstruction and rehabilitation of the infrastructure, especially water and shelter, in border zones for resettled, internally displaced persons.

Inputs, Outputs, Activities:

FY 2005 Program: Increase Agricultural Productivity (\$451,000 DA). To help stimulate domestic sales and employment generation of rural small and medium enterprises (SMEs), USAID will add resources to its long-standing program of loan provision and training to rural SMEs. These resources will create approximately 56 new loans, averaging \$8,000 each. This lending activity will generate an estimated \$620,000 in new domestic sales revenue and the creation or retention of about 60 permanent employees by the following year. The activity functions in a direct government-to-government manner and is co-implemented by the parastatal Rural Enterprise Unit (REU) and the state-owned Commercial Bank of Eritrea (CBER).

P.L. 480 Title II food assistance will focus on direct distribution of commodities and activities such as supplementary feeding for children under five, pregnant and lactating mothers in high-risk communities, surveying and monitoring nutritional status, and providing equipment to community health centers. These activities will be implemented by the World Food Program (WFP). P.L. 480 Title II activities will be expanded in FY 2005 to encompass developmental relief programs (DRPs). In addition to the direct distribution of commodities, the DRPs will include activities working in the areas of nutrition, water, hygiene, sanitation, drought early warning, agriculture and fishing. Principal grantees: Catholic Relief Services (CRS), Mercy Corps and Africare.

FY 2006 Program: Increase Agricultural Productivity (\$500,000 DA). In order to stimulate domestic sales and employment generation of rural SMEs, USAID will add resources to its long-standing program of loan and technical assistance provision to these activities. Approximately 62 new loans, with a projected average loan size of \$8,000 each, will be generated. This lending activity will lead to the generation of \$695,000 in new domestic sales revenue and similar results over each of the remaining years of the loans' five-year terms.

P.L. 480 Title II food assistance will continue along the same lines as in FY 2005, with the World Food Program implementing emergency food aid activities. Principal grantees: same as above.

Performance and Results: In FY 2004, under the water and sanitation small-scale irrigation activities

financed by USAID, CARE International, Catholic Relief Services and Community Habitat Finance formed 11 water/sanitation committees at the community level which provided 42,994 people access to potable water. Since FY 2002, this brings the total number of people assisted through USAID's activities to 166,719. Under the small-scale irrigation and market gardening activity implemented by CARE International, 572 households were able to grow and eat their own vegetables for the first time and another 638 households were taught proper nutrition. Through the livestock development component implemented by Mercy Corps, USAID enabled 2,000 herder families, between 8,000 to 10,000 people, to maintain their animals during the ongoing drought by providing feed and parasiticides. This program enabled USAID to conduct successful feed trials on new types of blended feeds based on halophytes, a family of plants that can be irrigated with seawater.

In FY 2003 and FY 2004, a total of 218 loans worth \$3,888,554 were made to rural SMEs through USAID's lending program implemented with the Commercial Bank of Eritrea. This activity resulted in total sales revenues of \$4,878,014 and total jobs created of 583.

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

US Financing in Thousands of Dollars

Eritrea

	DA	DFA	ESF
661-002 Rural Enterprise Investment Partnership			
Through September 30, 2003			
Obligations	25,995	565	2,909
Expenditures	19,336	565	1,959
Unliquidated	6,659	0	950
Fiscal Year 2004			
Obligations	640	0	0
Expenditures	4,466	0	312
Through September 30, 2004			
Obligations	26,635	565	2,909
Expenditures	23,802	565	2,271
Unliquidated	2,833	0	638
Prior Year Unobligated Funds			
Obligations	0	0	0
Planned Fiscal Year 2005 NOA			
Obligations	451	0	0
Total Planned Fiscal Year 2005			
Obligations	451	0	0
Proposed Fiscal Year 2006 NOA			
Obligations	500	0	0
Future Obligations	1,550	0	2,000
Est. Total Cost	29,136	565	4,909

Data Sheet

USAID Mission:	Eritrea
Program Title:	Health and HIV/AIDS
Pillar:	Global Health
Strategic Objective:	661-004
Status:	Continuing
Planned FY 2005 Obligation:	\$5,300,000 CSH
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$5,200,000 CSH
Year of Initial Obligation:	2003
Estimated Year of Final Obligation:	2007

Summary: USAID's health and HIV/AIDS objective is aimed at increasing the demand for and the quality of priority primary health and HIV/AIDS services and improving the Ministry of Health's capacity to make decisions about the allocation of scarce resources. USAID support is primarily in the form of long-term technical advisors to the Ministry of Health in the areas of behavior change communication, quality assurance, health systems strengthening, voluntary counseling and testing, home-based care, monitoring and evaluation, HIV prevention and treatment, and malaria.

Inputs, Outputs, Activities:

FY 2005 Program: Improve Child Survival, Health and Nutrition (\$600,000 CSH). USAID will continue to provide technical advisors and training to improve the quality of Integrated Management of Childhood Illness (IMCI) and the treatment and management of neonatal emergencies in health facilities at both the central and zoba (provincial) levels. USAID will strengthen the continuum of care for child health services through the development of a strategy with the Ministry of Health (MOH) to provide these essential services at the community level and by strengthening the referral system and improving the quality of care provided in referral hospitals. USAID provides technical consultants and training to the MOH for all the above components. Principal contractors: University Research Corporation (prime) and Abt Associates (sub).

Improve Maternal Health and Nutrition (\$600,000 CSH). USAID will continue to provide technical advisors and training to improve the treatment and management of obstetric and neonatal emergencies in health facilities at both the central and zoba levels. USAID will strengthen the continuum of care for maternal health services through the development of a strategy with the MOH to provide these essential services at the community level and by strengthening the referral system and improving the quality of care provided in referral hospitals. USAID provides technical consultants and training for this component. Principal contractors: Same as above.

Build Health Systems Capacity (\$500,000 CSH). Technical advisors and training will be provided to strengthen health communications, the health information system, the pharmaceutical logistics system, and financial management systems. In addition, training will be provided to ensure the use of data being collected in planning for future MOH program activities. USAID will also help establish a partnership to support the School of Medicine. Principal contractors and grantees: Same as above, plus American International Health Alliance.

Reduce Transmission and Impact of HIV/AIDS (\$2,300,000 CSH). USAID will continue to provide technical consultants and training to strengthen local capacity in the areas of strategic planning, monitoring and evaluation, voluntary counseling and testing, home-based care, sexually transmitted infections (STI) treatment and prevention, and HIV clinical care and treatment. USAID will support training and quality improvements in the above areas. In addition, USAID's support will leverage other donor funds, such as the World Bank HAMSET Project and the Global Fund for AIDS, Tuberculosis (TB) and Malaria. Principal contractors and grantees: Family Health International (prime), Program for Applied Technology in Health (sub), Population Services International (prime).

Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$500,000 CSH). USAID will support training and provide consultants for reproductive health services provision. USAID will also support the strengthening of a logistics management system to ensure the consistent supply of reproductive health commodities. Principal contractors and grantees: University Research Corporation (prime) and Abt Associates (sub).

Prevent and Control Infectious Diseases of Major Importance (\$800,000 CSH). USAID will continue to provide full-time staff to support the National Malaria Control Program to further reduce malaria morbidity and mortality and to establish the long-term systems and resources that will enable Eritrea to sustain its control over malaria in an efficient, cost-effective and sustainable manner. USAID will also provide support for preparing the 2005-2009 five-year plans for Roll Back Malaria. Principal contractors and grantees: Research Triangle Institute.

FY 2006 Program: Improve Child Survival, Health and Nutrition (\$650,000 CSH). USAID will continue to provide technical advisors to the MOH at both the central and zoba levels to improve the continuum of care and the quality of care from the community to the hospital levels. Principal contractors/grantees: University Research Corporation (prime) and Abt Associates (sub).

Improve Maternal Health and Nutrition (\$650,000 CSH). USAID will continue to provide technical advisors to improve the quality of and demand for key maternal health services. Principal contractors and grantees: Same as above.

Build Health Systems Capacity (\$500,000 CSH). USAID will develop and strengthen the necessary health systems to improve the use of scarce human, pharmaceutical and financial resources. Principal contractors and grantees: Same as above.

Reduce Transmission and Impact of HIV/AIDS (\$2,300,000 CSH). USAID will support training and consulting services to improve the quality of HIV/AIDS services. USAID will expand its support to improving the clinical care and use of antiretroviral medications (ARVs) for people living with HIV/AIDS. Principal contractors and grantees: Family Health International (prime), Program for Applied Technology in Health (sub), Population Services International (prime).

Reduce Unintended Pregnancy and Improve Healthy Reproductive Behavior (\$500,000 CSH). USAID will support training and technical advice for improving the use of birth spacing services in Eritrea. Principal contractors and grantees: University Research Corporation (prime) and Abt Associates (sub).

Prevent and Control Infectious Diseases of Major Importance (\$600,000 CSH). USAID will continue to provide full-time staff to support the National Malaria Control Program in order to sustain improvements made in the treatment and prevention of malaria. Principal contractors and grantees: Research Triangle Institute (prime).

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

Performance and Results: USAID's support to the Eritrean health sector over the past five years has contributed to decreasing morbidity due to malaria by 86.5% and mortality due to malaria by 85%. Substantial improvements in immunization coverage and an apparent stabilization of HIV prevalence has also occurred through USAID support. Support in FY 2004 has contributed to maintaining these achievements and addressing leading childhood killers - malaria, diarrhea and acute respiratory infections - by increasing the use of child health and malaria services. Continued USAID involvement in this sector will mean that, by FY 2008, 82% of children 12-23 months old will receive the DPT-3 immunization by their first birthday, 37% of births will be attended by trained health personnel, 90% of households in target areas will own two or more insecticide treated bed nets, and other health indicators will continue to improve.

US Financing in Thousands of Dollars

Eritrea

661-004 Health and HIV/AIDS	CSH
Through September 30, 2003	
Obligations	5,600
Expenditures	172
Unliquidated	5,428
Fiscal Year 2004	
Obligations	5,000
Expenditures	3,092
Through September 30, 2004	
Obligations	10,600
Expenditures	3,264
Unliquidated	7,336
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2005 NOA	
Obligations	5,300
Total Planned Fiscal Year 2005	
Obligations	5,300
Proposed Fiscal Year 2006 NOA	
Obligations	5,200
Future Obligations	12,949
Est. Total Cost	34,049

Data Sheet

USAID Mission:	Eritrea
Program Title:	Developing Human and Institutional Capacity
Pillar:	Economic Growth, Agriculture and Trade
Strategic Objective:	661-006
Status:	Continuing
Planned FY 2005 Obligation:	\$600,000 DA
Prior Year Unobligated:	\$0
Proposed FY 2006 Obligation:	\$281,000 DA
Year of Initial Obligation:	2003
Estimated Year of Final Obligation:	2007

Summary: This program provides training, consulting services and limited commodities to develop the human and institutional capacity of selected Eritrean government and non-governmental organizations. The majority of programmatic opportunities involve training individuals in different sectors to help them assume leadership roles in their respective institutions, ministry departments, universities, local governments, local non-governmental organizations, as well as undertaking income generating activities, such as agricultural and livestock production, and small-scale trading.

Inputs, Outputs, Activities:

FY 2005 Program: Improve the Quality of Basic Education (\$600,000 DA). USAID will support the Government of the State of Eritrea's (GSE) Basic Education Strategy through one or more of the following identified priority activities: curriculum development, teacher training, procurement and distribution of textbooks, and improved access to information and communication technology. Support of these activities will improve overall access and quality of basic education as well as expand access for girls, women and underserved populations. Principal contractors and grantees: to be determined.

FY 2006 Program: Strengthen Civil Society (\$281,000 DA). USAID may expand its training, technical consulting services and small grants activities to improve the ability of local community-based organizations to undertake activities such as community-based water and sanitation management. Principal contractors and grantees: Mercy Corps, International.

Performance and Results: Activities under this Strategic Objective trained a total of 1,170 Eritreans in various fields including leadership development, water resources management, accounting, and computing and information technology in order to support Eritrea's incipient grass-roots civil society through the formation and training of 136 community-based organizations that work in areas such as micro-enterprise development and water and sanitation management. This program also assisted the Ministry of Education to develop a new national education curriculum and materials. USAID aided the Ministry to launch the curriculum in 2004. Another activity supported by USAID was the Government of the State of Eritrea's preparation of the government-owned telecommunications service, EriTel, for privatization. This program also supported six long-term academic trainees who returned to Eritrea with advanced degrees in political science, law, archeology, and anthropology; they are currently teaching full time at the University of Asmara. Four other long-term academic trainees completed advanced degree programs and are now working in their respective ministries: Ministry of National Development, Ministry of Tourism, and Ministry of Foreign Affairs.

In FY 2004, the following major results were achieved as a result of activities sponsored by USAID. EriTel and the Ministry of Transport and Communications (MoTC) rolled out a country-wide cellular telephone network with technical assistance from USAID and investment from an international mobile service operator. EriTel and MoTC have tripled the country's internet bandwidth with technical assistance from USAID, providing citizens with increased access to information otherwise unavailable in Eritrea's underdeveloped media environment. Finally, USAID doubled the University of Asmara's computer technology capacity when it arranged for the delivery and installation of 400 desktop computers, 15 laptops, and 10 servers.

By the end of 2005, USAID will have supported skill building of individual Eritreans in selected sectors; strengthened institutions, including ministries and the only university; and improved citizens' access to information.

US Financing in Thousands of Dollars

Eritrea

661-006 Developing Human and Institutional Capacity	DA
Through September 30, 2003	
Obligations	1,947
Expenditures	0
Unliquidated	1,947
Fiscal Year 2004	
Obligations	1,100
Expenditures	22
Through September 30, 2004	
Obligations	3,047
Expenditures	22
Unliquidated	3,025
Prior Year Unobligated Funds	
Obligations	0
Planned Fiscal Year 2005 NOA	
Obligations	600
Total Planned Fiscal Year 2005	
Obligations	600
Proposed Fiscal Year 2006 NOA	
Obligations	281
Future Obligations	1,309
Est. Total Cost	5,237