

## Data Sheet

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

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