

USAID ERITREA

FY2000

RESULTS REVIEW

AND

RESOURCE REQUEST

MARCH 3, 1998

File Locator: U:\ASMARA\PROGRAM\R4\00\FINAL51\PART123\R4-21661.DOC

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Released on or after July 1, 1998

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USAID ERITREA
FY2000 RESULTS REVIEW AND RESOURCE REQUEST

PART I. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

State of Eritrea Goal

“The overriding national development objective is the creation of a modern, technologically advanced and internationally competitive economy within the next two decades.”

Less than five years old, Eritrea is a nation in transition. Although the leadership is visionary and competent, the country continues to experience the normal growing pains of nation building. The principal developmental difficulties stem from a lack of infrastructure, human and institutional capacity. Despite these gaps in capacity, the Government of the State of Eritrea (GSE) demands ownership of its development plans. USAID/Eritrea believes in Eritrea's aspirations and supports its claim on program ownership. USAID's program is an investment in Eritrea's development strategy; it is a partnership in which our investments are designed to facilitate accomplishment of its goals. It responds to GHAI principles and goals, especially African leadership and ownership. USAID's respect for Eritrean ownership has made the United States one of Eritrea's primary development partners. In 1997, USAID responded to evolving GSE policies and goals, proactively modifying its program to meet changing Eritrean priorities. USAID will build on the foundations established in 1997, and anticipates modest initial results from its new and expanded program activities in 1998. USAID remains cautiously optimistic that significant returns on its investment will result in 1999 and subsequent years.

USAID Goal

To enable Eritrea to become a food secure, democratic and leading nation in the region through key investments in primary health care, rural enterprise, and democratic governance.

COUNTRY CONTEXT

Eritrea presents a challenging and exciting development opportunity. One of the world's newest nations, Eritrea has made vast strides in nation building since the referendum for independence in 1993. During the past year, Eritrea maintained stability, experienced substantial economic growth, and made progress in maturation of its democratic and governmental institutions. USAID is supporting Eritrea in these endeavors through its programs.

Eritrea is in a transition¹ from humanitarian relief toward the early stages of sustainable

¹Eritrea --a country less than five years old-- is in transition in two ways. From a development perspective, although it is no longer in crisis and has suspended use of emergency resources, it is at the first stages of building the foundations for sustainable development. Its government is new. It is still rebuilding its economy

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development. Self confident about its progress, the Government has terminated or let lapse numerous donor assistance programs. The Government's stated intention is to phase out all donor assistance to avoid dependency and demonstrates strong political will in setting and following a clear, export oriented development strategy while reacting swiftly and decisively to combat corruption. Nonetheless, the GSE views USAID as one of its key development partners and the Government is looking to USAID for continued support to its priority goals of private sector development, increased human capacity in government institutions, and a strengthened primary health care system.

Highlights of the year included ratification of the Constitution in May, the introduction of a new currency (the Nakfa) in November, the successful rebuilding of national infrastructure, and the introduction of the Government's new national program for Human Resource Capacity Development. Notably, the Government also initiated its monetary policy, legal reform, and drafting of its first electoral law. USAID made contributions to these landmark accomplishments, helping Eritrea move forward to successful nationhood.

During the year under review, internal and regional conflicts disrupted both GSE and donor development programs. A small insurgent group, Eritrean Islamic Jihad (EIJ), mounted terrorist attacks in northern and western Eritrea.² Increased EIJ activity, coupled with a buildup of Sudanese forces along the border, has hampered free movement and potentially inhibits full implementation of some USAID program activities.

Political Context: We have witnessed considerable movement this year in the political context, with some significant successes, some disappointments and a few probable missteps as Eritrea transitions from a centralized command regime to a participatory democracy. Significant achievements which indicate real progress and the GSE's direction include the ratification of a new constitution, the introduction of a new currency, the maintenance of a tough and effective policy of zero tolerance for corruption, the appearance of five new independent periodicals, broad participation across the country in elections for the Constituent Assembly, the formation of the election committee to draft the new electoral law, and work on legal reform.

As part of a plan to increase information for citizens and interaction with the Government, senior Government officials held briefings on its development programs followed by lengthy question and answer sessions. These town meetings were held in Asmara and each of the regional capital cities. Likewise, President Isaias holds public fora and responds at length to questions from citizens. These town meetings and public forums receive extensive press coverage on the radio, television, and newspapers.

and infrastructure and is fashioning new institutions which are still in the early stages of development. Moreover, Eritrea could easily fall back into crisis, given a drought or political crisis. From a political standpoint, it is at a transitional stage because the country does not yet have a popularly elected, constitutionally-based government. Indeed, the GSE considers itself a transitional government.

² The source of this information is the publicly available U.S. Department of State Human Rights Report.

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USAID has identified the emergence of increasing diversity of opinion and the first openings toward public debate. While the Eritrean leadership is very wary of allowing divisive conflict, especially considering the problem with its Sudanese neighbor and the need to maintain internal stability, the Eritrean body politic is not as one-minded as it was a year ago. However, the mechanisms for expressing diverse opinions and open public debate have yet to be established (save those within the People's Front for Democracy and Justice (PFDJ) movement and local assemblies).

Eritreans have developed their own notions of a social contract between the Government and the people. In its model, the PFDJ assumes much of the role we would assign to civil society and the private sector. Citizen participation in public decision-making is regarded as essential but as taking place through public channels (village council meetings, regional assemblies, and town meetings.) An example of how this works is the town meetings held this year by all senior Government officials. The state is responsible for managing economic development as well as meeting the social needs of the population. Non-governmental organizations are therefore seen as largely superfluous, as using resources that could otherwise meet development needs, and, where they exist, as encouraging dependency. Eritreans want to avoid dependency, even if that means the pace of development is slowed.

The new Constitution clearly states an Eritrean objective of "participatory democracy". Yet the experience of this year has been somewhat mixed. The Constitution, which guarantees fundamental rights such as the freedom of speech, assembly, participation, and due process has not yet been placed "in force". National elections, promised for this year, have been postponed until late 1998 or early 1999. There remains a constricted environment for civil society. The ability to form and participate in alternative political parties remains severely hampered by government policy. The GSE and the Peoples' Front for Democracy and Justice (PFDJ) have determined that, for the moment, interest articulation is adequately handled through public channels under the current de facto one-party system. It is arguable that the Eritrean majority still appears to believe that there is sufficient political space within the PFDJ to preclude the need, as yet, for other parties. Finally, the leadership is apparently in agreement that the policy of economic intervention by the PFDJ should be strengthened.

Economic: In 1997, Eritrea made progress in economic reconstruction, privatizing state owned industries, implementing free market policies, and promoting private investment. Eritrea experienced rapid economic growth (6.8% annual growth in real GDP in 1996 and estimated 7% growth for 1997), low inflation (falling to 3.4% in 1996), and a marked increase in private investment which spurred the pickup in economic activity. USAID's investment in road infrastructure (through its P.L. 480 Title III program) is contributing to economic reconstruction, regional development, and national economic integration.

On the other hand, the Government had weak financial performance in 1997. The fiscal imbalance remained large, with the deficit (excluding grants) at 26% of GNP in 1996. The fiscal imbalance was forecast to fall to 19.3% for 1997 (actual data for the year are not yet available). External sector performance deteriorated in 1996 as the current account deficit rose to 17.2 percent of GNP in 1996, up from 7.7% in 1995. The current account deficit is expected to rise to 18% in 1997. While these developments did not directly impact the USAID program, they underscore the need for increased management capacity in

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governmental institutions as well as the need to increase exports. The USAID program is targeting both of these areas. Continued weak financial performance over the next program period could affect USAID program performance, especially if the Government is forced to slash budgets at key ministries, such as the Ministry of Health, which we depend on for program implementation.

The introduction of a new national currency, the Nakfa, was an important step towards nation building this past year. A national currency is critical to control over monetary policy. By this act, Eritrea decoupled itself from Ethiopian monetary policy. However, the Nakfa brings new problems and new challenges for Eritrea. In 1998 the economy is expected to be strongly affected by the introduction of new trade rules recently implemented by the Ethiopian government, which is now requiring hard currency and letters of credit for trade over 2000 *birr* (\$300) passing between the two countries. USAID anticipates that these rules will negatively impact trade between the two nations during the next year, and may reduce transportation flows within Eritrea as well. The economic and social costs are already being felt in Eritrea. In the past month, prices of some imports (such as teff) from Ethiopia have increased sharply and large amounts of goods are stalled at Ethiopia's borders. Requiring trade in dollars also will significantly affect Eritrea's foreign exchange reserves. Low foreign exchange reserves are a major concern in the event of a food shortage, as this could increase commercial food imports from abroad, which would require hard currency. The USAID banking adviser made a contribution to the launching of the Nakfa by working with the Central Bank.

This past year USAID/Eritrea conducted an assessment of the GSE's implementation of its food security policy (as required under the PL-480 Title III Agreement). The assessment found that the GSE is making admirable efforts in sticking to its strategy and making progress both toward achieving objectives and realizing its goals. The evaluation team was impressed by the level of activity and the number of initiatives that the GSE, with the collaboration of its development partners, has undertaken to improve long-term food security at the national, household and individual levels. The uncompromised determination to the objective of eliminating non-emergency food aid is best demonstrated by the fact that the GSE did not issue an appeal for food aid after two consecutive harvests that met less than 20% of the national food grain need. Instead, the GSE has stepped-up commercial imports and signed two PL-480 Title I agreements. On the individual level, however, we have no indication that the progress with the implementation of the food security policy has improved the severe chronic undernutrition identified in 1993. At that time, 73% of three year old children showed severe chronic undernutrition, although large amounts of food aid were distributed to households.

THE USAID PROGRAM

USAID/Eritrea made progress in implementing its Investment Partnership this year. The Investment Partnership was approved by USAID/Washington in July 1997 and the Eritrean Government signed a key Investment Objective Agreement (IOAG) with USAID, the Rural Enterprise Investment Partnership (REIP). Aside from launching its program, USAID solidified its relationship and built credibility with the Eritrean Government, and learned some major lessons on how to do business in Eritrea. While some elements of the Investment

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Partnership have been slow to get off the ground, the GSE and USAID together laid the foundations for future success. USAID/Eritrea's program may be characterized as a capacity building program; one which has a high probability of being successful and sustainable over the long run. USAID/Eritrea will finish laying its program foundations in 1998, and does not expect significant results until FY1999.

The GSE's continued support for the Investment Partnership and its commitment to investments in primary health care, capacity development in government institutions, and rural enterprise development indicate that conditions are favorable for accelerated results in future years. The Eritrean government has extraordinary political will that it has demonstrated in defining, controlling and leading its development priorities and processes and in fighting corruption. USAID has instituted a program that has the support of the Eritrean Government --at a time when other donor agreements are being terminated-- and has established a partnership that is fully supported by the GSE.

Because the GSE continues to modify its development plans in major ways and presses USAID to be more responsive to its needs, Eritrea remains a challenging donor environment. For example, with the Rural Enterprise Investment Partnership, the GSE asked USAID to reduce drastically the cooperating agency's role in program implementation and to redesign it for a GSE-managed entity. The redesigned partnership agreement was signed in September 1997, and the new entity is poised to provide services in 1998. Thus, we anticipate the first assisted enterprises, and the first results, in 1998.

USAID is still learning how to deal with GSE sensitivities about political issues. The Eritrean Government was upbraided about democracy by a visiting European parliamentary delegation last year. As a result, the GSE became increasingly sensitive about democracy activities of foreign donors. Two major points appear to be of concern to the Eritrean Government. First, the GSE -- and many private citizens -- believe that democratization, like economic development, is an internal process which must be led and owned by Eritreans, and not guided by donors. Second, the GSE would appear to prioritize popular participation, through a variety of mechanisms, over and above the singular focus on multi-partyism often favored by donors. This sensitivity affected USAID's program as the GSE also reconsidered USAID activities in governance. It subsequently requested USAID to refocus its Governance Investment Objective more directly on human capacity development in government institutions. USAID/Eritrea is currently working on making these adjustments (see IO3 narrative, Expected Progress).

Increasing restrictions on resident international NGOs led to the phase out of remaining international NGOs under a pronouncement made in January 1998. While this decision will negatively affect USAID programs which are managed by resident international NGOs, the overall impact will probably be less severe than might be anticipated. The GSE ministries are absorbing many of the activities of the resident international NGOs or reorganizing how they are managed. To date, it is unclear whether any non-resident international NGOs will be allowed to continue to assist in Eritrea. The departure of NGOs clearly reduces traditional USAID operational and financing options and will specifically affect USAID programs managed by Africare.

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U.S. National Interests: The United States' priority national interests in Eritrea include national security, economic prosperity, global issues, humanitarian response, and democracy. Since the Mission Program Plan process has not begun, the Embassy and country team have not yet determined the relative priority of these national interests, and the Embassy has stated that all are to be considered of high priority.

USAID's three investment objectives contribute substantially to U.S. concerns in economic prosperity, global issues, humanitarian response, and democracy. U.S. interests in economic prosperity and humanitarian response are addressed by USAID activities in all three investment objectives -- primary health care (Investment Objective 1), rural enterprise development (Investment Objective 2), and governance (Investment Objective 3). Investments under all three objectives contribute to the national interest of humanitarian response by improving the quality of people's lives through better health care, increased incomes, and more capable and responsive government institutions. In addition, the USAID Investment Partnership in Eritrea supports the GHAI regional objective of food security in the Greater Horn of Africa.

Supporting sustainable development and increased U.S. trade are key components of the national interest of economic prosperity. Investments under all three objectives support Eritrea's efforts toward sustainable development, and activities in enterprise development (IO 2) and governance (IO 3) under legal reform support increased U.S. trade with Eritrea. American concern with global issues such as HIV/AIDS is addressed by USAID-funded programs in health, specifically AIDS prevention and STD treatment. Finally, USAID investments in building human capacity for capable, effective, and transparent government institutions contribute to the U.S. interest in promoting democracy and good governance.

Primary Health Care: USAID/Eritrea is the Eritrean Ministry of Health's lead partner in enhancing the Ministry's capacity to provide sustainable integrated primary health care (PHC) services. The PHC investment objective is USAID/Eritrea's most vibrant and successful investment objective, exceeding most performance targets.

USAID's Investment Objective 1 (IO1), increased use of integrated, sustainable PHC services, focuses on improving access to, demand for, and quality of integrated PHC services. This program is contributing to inputs necessary to build the capacity of the Ministry of Health to deliver better services and to improve the health status of Eritreans through increased utilization of health services. Over the past year, immunization rates increased, family planning activities resulted in demonstrable increases in couple years protection, the number of outreach points for family planning exceeded targets by 10%, and the number of family planning clients exceeded targets by 100%. Ministry capacity at both the central and zonal level to manage and plan the delivery of PHC services has been strengthened. With support from USAID, the MOH developed a quality assurance policy, standard treatment guidelines and Safe Motherhood Protocols. Guidelines for decentralized planning were developed and used in all six zones to produce annual health plans and budgets.

This investment objective integrates gender concerns by addressing the health needs of both men and women. The strategy addresses maternal and child health concerns through support for family planning activities and is addressing HIV/AIDS through condom sales. The IO addresses communicable diseases through its focus on the Integrated Management of

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Childhood Illnesses (IMCI) and immunization. There is also significant focus on institutional strengthening through systems building. As a result of a USAID supported iodization project, nearly 95% of all salt produced in Eritrea is now iodized. This program has regional impacts as Eritrean salt is marketed in neighboring countries, addressing the high incidence of iodine deficiency disease.

Because of the Minister of Health's intention to manage directly development of the health system, he has directed an end to the "institutional presence" of long-term technical advisors currently in the country (such as the USAID Cooperating Agencies BASICS, OMNI and PSI). The Ministry feels that the need for long-term technical assistance has ended, and is critical of the perceived high overhead costs of these Cooperating Agencies (CAs). This is a sound approach, though possibly premature. While the Mission will respond to the Minister's direction and close these activities, the impact of this action will be increased management burden on the IO1 Team as they work to meet Ministry requests for short-term TA, workshops, and other assistance which had been handled by the CAs. This will complicate the team's ability to handle other responsibilities such as collecting data for monitoring and evaluation as they relied on the CAs for much of this data collection to date.

USAID's program with the Ministry of Health will build on its successes of the past year during the 1998-2001 time-frame. It is expected that the targets at the IO and IR levels will be accomplished by the end of the program period. The Mission intends to provide Non-Project Assistance (NPA) to the Ministry of Health; the proposal has been reviewed by the Africa Bureau and has concurrence of the Acting AA/AFR. USAID/Eritrea has met the notification requirements on NPA.

Rural Enterprise: Investment Objective 2 is increased income of enterprise, primarily rural, with emphasis on exports. During the past year, activities initiated at the outset of the USG's relationship with the GSE -- such as the Food Security Agreement. -- began producing results which support the new bilateral agreement in rural enterprise that was signed at the end of FY97. Intermediate Results and sub-IRs reported for rural enterprises as part of the new Investment Partnership now reflect the improved level of understanding of Eritrea's development context. For example, the PL-480 Title III program has helped build 150 kilometers of roads, thus improving access in targeted areas to be served by the expanded financial services program under the Rural Enterprise Investment Partnership (REIP). Until the recent tensions with Ethiopia on cross border trade, an increased number of products, goods and services were moving across this improved network of rural roads into markets in Eritrea. Over the next year, the new REIP Rural Enterprise Unit -- now GSE led -- will begin to assist entrepreneurs to expand their businesses and formulate new ventures.

Democracy and Governance: This objective seeks increased capacity for accountable governance at local and national levels. The principal impediment to progress in this areas is weak human and institutional capacity. To achieve this objective, the program has sought this year to: (1) make judicial process more effective, (2) increase popular participation in governance, and (3) improve public administration. While performance in some key activities and at the Investment Objective level was disappointing, there was progress at the activity (or sub-IR) levels for two of the three IRs during the last year. The investment partnership contributed to progress in human and institutional capacity building, with noteworthy

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achievements in the University, journalism, the Ministry of Justice, and the Central Bank. Of the three IRs, popular participation has proved the most problematic. Results within civic organizations have been disappointing because of capacity deficits and because, for the reasons explained above in the political context section, the GSE has made capacity building in public institutions a priority over that of civil society.

USAID has been requested by the Government of Eritrea to reorient the Governance Objective towards human capacity development in government institutions. At this time, we believe that the Investment Objective and the sub-IR activities may not change substantially. It appears that the Intermediate Results were set at a level too high for the Investment Objective and not consistent with current GSE priorities. The change required will be to more clearly align the IO development hypothesis and results framework with capacity building. Given that this is the only window of opportunity for USAID's participation in this sector, this change is justifiable. This change is responsive to the wishes of our host Government and the most rational response to an environment where traditional USAID activities in democracy are neither welcome nor accepted. Further, the revision will make the Results Framework more logically demonstrate our development hypothesis and better target results that are actually achievable within the time period of the strategy. As the R4 guidance states, dialogue between USAID/Eritrea and Washington concerning changes to the IO3 results framework will take place outside of the R4 process as the Mission and our GSE partners develop the details of the change required.

PROMINENT THEMES AND CROSS CUTTING ISSUES

New Ways of Doing Business: USAID's style of operating in Eritrea represents a real experiment in reengineering and a determined adoption of the GHAI principles of African ownership and leadership. As a laboratory in African leadership, we will need continued flexibility in specific cases from USAID/Washington in procurement, contracting, financial accountability, and legal language and agreements. Indeed, USAID/Eritrea is itself learning how to deal with re-engineering and its application in a country where African ownership and leadership is strongly exercised. We have formed a Mission task force to develop better ways of doing business and have engaged key players such as the Regional Legal Advisor and the Regional Contracting Officer, who are actively working with USAID/Eritrea to find acceptable solutions. We also are coordinating with an Africa Bureau working group concerned with the same issue.

One example of our efforts to find new ways of doing business is the draft "tripartite agreement" we are preparing for the university linkage program. The Asmara University expects to be a full partner in the linkage program and, therefore, has rejected the ordinary USAID procurement mechanisms. The usual approach is to set up grantee/contractor (the US institution) and sub-grantee/sub-contractor (Asmara University) relationships and provides all funding, even for local costs in Eritrea, to the cooperating US institution. This places Asmara University in a junior relationship to the US institution. Together with Asmara University and our RCO we have developed a draft agreement -- a single document to be signed by all parties (Asmara U., US universities, and USAID) -- which details the roles, responsibilities, and relationships of all parties, thus formalizing a partnership among equal partners to which all contribute and from which all gain.

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USAID Mission in Transition: In the past year, the USAID program was affected by both internal growth and significant staff turnover.³ The arrival of new USDH staff (including a new Representative and team leaders for governance and enterprise) will help us to accelerate program implementation and formalize systems necessary for effective management, control and oversight of our program. In Summer 1998, a new USDH will become the Primary Health Investment Objective Team leader. As a relatively new and small Mission (4 USDH), we rely heavily on our FSN staff despite their lack of experience in basic USAID procedures and regulations. Key FSN staff must receive substantial training to perform effectively. USAID/Eritrea also wants to invest in its FSN staff so as to build sustainable indigenous staff capacity, thereby paving the way for USAID's potential "operations" after the end of the investment partnership.

A number of key finance and administrative systems are weak or lacking. Over the coming year, a focused effort will be necessary to establish new systems and procedures and train staff in their maintenance.

Eritrean Ownership & Customer Focus: USAID/Eritrea is pursuing the goal of Eritrean ownership seriously. Sustainability of results can be achieved only when ownership of all activities and processes is fully vested in our Eritrean partners. This is especially true given the nature of our partnership with the Eritrean Government, in which the GSE implements most of our program.

While USAID is trying to operate within the model of "African ownership", the realities have proved difficult. One key problem has been unrealistic expectations both by USAID and the GSE. On the part of USAID there was a tendency to set high goals, and perhaps strive for objectives that were too ambitious for the Eritrean context. This is one factor which led to problems with our investment in governance. A related lesson is that in an environment of strong African leadership and ownership, USAID's level of influence and control is diminished. On the other hand, the GSE has pushed USAID policies, procedures and regulations to their limit and may not fully appreciate the degree of accommodation and flexibility that we have achieved. Despite our efforts, we are still viewed by the GSE as constrained by USAID bureaucratic procedures, especially in implementation. At the implementation level, real African ownership demands much more from USAID (and other donors) than we realized.

Joint Results Management: USAID experienced some problems in indicator data collection and results monitoring in 1997 because of a lack of appreciation, understanding and joint ownership of planning, monitoring and evaluation processes among some extended team partners and key GSE officials. USAID/Eritrea is making a concerted effort to reconfirm that Investment Objectives, intermediate results, program activities, and indicators are truly "owned" and supported by the GSE. USAID will conduct broad discussions with our partners over the coming year to build mutual agreement on the utility of joint performance monitoring indicators and systems in managing for results.

Severe gaps in data and information systems and the GSE's sensitivity about information,

³For a more extensive discussion of staffing, see Part IV, Resource Requirements.

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monitoring and evaluation also affect USAID's ability to measure the impact of program activities and to "manage for results". Much key data and information in Eritrea is either unavailable, unreliable or closely held. For example, data about foreign exchange reserves and agricultural harvests are not made publicly available -- which affects USAID's ability to monitor the economic effects of its Rural Enterprise Program. Also, the GSE takes the position that monitoring and evaluation is within its mandate. At times, this has affected USAID's ability to obtain the data that it needs for our monitoring and evaluation requirements. It should be emphasized that the GSE is forthcoming with some information (particularly regarding financial accountability and the health sector).

The GSE is reticent about attributing results of development programs. It is the view of the GSE that it is the implementor in Eritrea, and thus the GSE must take full responsibility for the success or failure of development programs. Given that the GSE controls the data collection and performance monitoring function of all donors, USAID must operate within these performance monitoring constraints.

Institutional Capacity Development: At this stage of its development process, the GSE's strategy is to focus donor assistance on building capacity in its key ministries or at Eritrean institutions which are responsible for program implementation. This increases the likelihood that these programs will be sustainable after donors leave. USAID's program is helping to build human and institutional capacity in primary health care at the Ministry of Health, through bank training at the Commercial Bank, through management training at the Eritrean Institute of Management, through several programs at the University of Asmara, and through assistance to private entrepreneurs through the semi-autonomous rural enterprise unit.

Gender: USAID/Eritrea has integrated gender issues into the Investment Partnership, and has identified opportunities under each strategic Investment Objective to enhance sustainable development by addressing gender concerns.

Women played a prominent role in the Eritrean war of independence. Improvements in their socio-economic status in a profoundly gender-skewed society are cited as an outcome of their participation in the war. The GSE has been very progressive with regard to gender issues. The GSE ratified a liberal and gender blind constitution and passed egalitarian laws, but recognizes also that the consolidation of these gains and the political empowerment of women will ultimately depend on the economic power that they wield. The USAID program in Eritrea is designed to support the GSE in its efforts to promote the economic and social development of all Eritreans, women and men. Specific achievements over the reporting period include:

- Increased access for men and women to primary health care, with an emphasis on partnership and shared responsibility for family health;
- Provision of credit and other services, and improvements in infrastructure, to support men and women's enterprises and improve access to critical services;
- Support to the National Union of Eritrean Youth and Students for capacity-building, advocacy and program development in reproductive health;
- Training opportunities to enhance individual and institutional capacity for men and women in both public and private sectors.

Greater Horn of Africa Initiative:

African Leadership and Ownership: GHAI principles are completely integrated throughout the USAID/Eritrea program. USAID plays a support role in what is the strongest African-led development plan on the continent. Eritrean ownership defines the focus and implementation of all investment objectives, which is clearly seen throughout this R4 document.

Regional Perspective: The GSE is fully aware that regional political and military stability is key to Eritrea's political and economic success in the long term. Eritrea plays a major role in the GHA region through active participation and leadership within IGAD and in initiatives to promote peace and responsible government in Greater Horn countries such as Rwanda. Eritrea's growing regional influence is evidenced by the fact that the first state visit of the new president of the Democratic Republic of the Congo was to Eritrea. USAID/Eritrea has supported efforts to increase regional communication and trade through Eritrean participation at the East and Southern Africa Business Organization and AFCOM workshops.

Sudan: USAID/Eritrea has been encouraged by the GSE to play a role in humanitarian assistance to the peoples of opposition-held regions in Northeastern Sudan. In cooperation with other USG agencies, may also be asked to monitor, coordinate, and provide liaison in support of cross-border humanitarian assistance for Northeastern Sudan. USAID could also play a role in facilitating USG assistance for Eritrean refugees returning from Sudan. These activities involving Sudan increase the Mission's management burden for GHAI and regional programs.

Joint Programming with Ethiopia: In keeping with regional stability and regional economic and social interdependence, USAID/Eritrea and USAID/Ethiopia are exploring joint programming in areas that have cross-border impact. Two examples of potential joint collaboration are: a study of salt markets in Eritrea and Ethiopia, to determine the regional impact of salt iodization programs in Eritrea; and a possible collaboration on HIV/AIDS prevention through condom social marketing near major international trucking routes and border regions.

Linking Relief and Development: Through the development of the "crisis modifier" concept in the Eritrea Investment Partnership Plan, USAID is pioneering an innovative strategy to better prepare for and respond to a potential crisis through joint planning with the GSE for specific emergencies. Emergency training will play a large role in the crisis modifier. Although progress in specifying USAID's role in potential crisis has been slow, the GSE has shown interest in more training for emergency preparedness, the first step to crisis planning. The crisis modifier will closely link relief and development, increasing USAID's ability to respond to our Government partners in both the most appropriate and the most timely manner. This year a goal will be to work with the GSE to crystallize the crisis modifier by assisting them to specify its disaster preparedness needs, to prepare a GSE crisis response plan, and providing training to improve the GSE's capacity to respond to disasters. This may be accomplished through OFDA.

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Strategic Coordination: Strategic coordination remains the purview of the GSE. USAID/Eritrea has, however, leveraged greater involvement of other donors, most notably the World Bank and UNDP, through our initial planning for support in human capacity development and judicial strengthening, and shared information informally with other donors, in a situation where the GSE actively discourages donor discussions and coordination.

Promote Stability: USAID has indirectly supported the principle of promoting stability through assistance to the GSE in implementing its social contract with the people of Eritrea and through providing assistance in some of the least developed regions, thus helping avoid uneven development, a potential source of instability for the country. Specifically, USAID has seen results in the health and rural enterprise investment objectives. The provision of medical services in underserved regions, much of which has been financed by USAID, helps meet basic social needs and expectations for provision of essential services. Over the long term, through our rural enterprise objective, expanding economic opportunities will help address the basic problem of severe poverty, which is one of the most potentially destabilizing forces for Eritrea.

Food Security: Food security is a major concern for Eritrea. USAID/Eritrea supports the GSE food security policy through an innovative P.L. 480 Title III program, which releases tranches of food assistance after a review of progress made toward the implementation of the GSE food security strategy. In 1997, the GSE was able to fulfill several of its own benchmarks for increasing food security by increasing food reserves to 35,000 metric tons and eliminating food assistance for distribution. Rising incomes related to rural enterprise expansion will also address food security.

Conflict Prevention: The GSE is directly responsible for conflict prevention in Eritrea, a case of African ownership and responsibility for an important part of government and society. USAID most likely will not become involved in direct conflict prevention activities within Eritrea at any time. However, in association with our GSE partners, USAID can and does play a role in indirectly promoting stability.

PART I. OVERVIEW AND FACTORS AFFECTING PROGRAM PERFORMANCE

COUNTRY LEVEL MACRO INDICATORS	
INDICATOR	MEASURE
BILATERAL PARTNERSHIP	
GSE as a Development Partner	The partnership has been productive but rocky at times. Project implementation has proven to be time consuming and difficult because of the need to adopt procedures that meet the requirements of the GSE, a lack of GSE absorptive capacity, and the GSE decision-making process. The GSE has a non-traditional view of relations with donors, seeing the donor role as facilitating and supporting (not implementing), with the State as sole implementor, and the GSE as the controlling partner. While these policies may make sense, the GSE often lacks the capability to implement programs, a situation which causes delays. While its emphasis on transparency and accountability is admirable, GSE reticence about information collection and sharing has also proven to be a major issue for USAID given our performance monitoring requirements. While there are challenges in the partnership, there are also notable program successes. USAID has a very productive relationship with some of our key ministries and partners, which have greatly facilitated accomplishment of our joint results.
REGIONAL	
GSE Role in IGAD	The GSE has continued to play a leading role in the revitalization of IGAD, participating in both the Sudan and Somalia Peace Processes as well as in the development of IGAD project profiles designed to generate coordinated donor support. The Government forwarded highly-qualified national candidates for IGAD, and participated on IGAD staff selection panels. In all cases of IGAD activity, the GSE has provided its most capable technical and diplomatic participants. Moreover, Eritrean and Sudanese counterparts to IGAD have worked side-by-side on the issues that unite them, despite the issues which divide them.
GOVERNANCE	
Lack of Corruption	Fighting corruption has been a major theme of the transitional government with strong, concrete actions and prosecutions. There is a clear determination that corruption not be allowed the opportunity to take root in Eritrea, which remains relatively corruption-free.
Equitable distribution of development resources	The GSE has targeted development programs and resources towards those geographic areas and populations most in need, specifically the lowland areas and relatively disadvantaged groups. In like manner, resources such as port fees, are redistributed by the central Government to regions that have no means of generating income locally.
Participation and Democratization	[As required in the management contract, additional information on these topics will be provided through a separate cable.] 1) <u>Opportunity for, and protection of, public participation in policy decision-making</u> has progressed. The new Constitution clearly states the Eritrean objective is “participatory democracy” and provides protections for participation. There was some expansion of the mechanisms for participation via elections and town meetings. However, participation through civil society mechanisms was discouraged, as was multi-partyism. Generally, decision-making remains highly centralized.

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<p>Participation and Democratization (Continued)</p>	<p>2) <u>Open public debate and expression of alternate views:</u> Although there have been significant developments, the level of open public debate and expression of alternate views has not increased greatly this year. However, the foundation for future opening is set down in the Constitution. Coverage by radio, television, and newspapers of democratic processes has increased in quality and extent. At least five new private publications have appeared. Most GSE officials indicate that INTERNET will be allowed into Eritrea in the near future.</p> <p>3) <u>Legal and administrative reforms that support growth in the private sector:</u> The work of the legal reform committee has been very active in this area, beginning with the reform of the commercial and labor codes. Economic reconstruction and the initiation of free market policies as well as civil service reform, which will all lay the foundation for growth of private sector enterprise.</p> <p>4) <u>An appropriate balance between collective and individual rights:</u> To date, the practical balance in Eritrea definitely favors collective rights at the expense of individual rights. However, the new Constitution guarantees fundamental rights such as the freedom of speech, assembly, participation, and due process and goes further to support “unity in diversity” respecting Eritrea’s several ethnic and religious groups. The development model adhered to in Eritrea relies upon tight control of human and material resources in order to focus on the highest national priorities.</p>
<p>ECONOMY</p>	
<p>Economic Growth</p>	<p>Real GDP growth rates have been impressive: 1994 -- 9.8%; 1995 -- 3.0%; 1996 -- 6.8%; 1997 -- 7.0% (estimate)</p>
<p>Growth of Exports</p>	<p>Though starting from a low base, merchandise exports have increased rapidly: 1993 -- \$36.1 million, 136.5%; 1994 -- \$64.5 million, 78.9%; 1995 -- \$80.6 million, 24.9%; 1996 -- \$95.3 million, 18.2%; 1997 -- \$114.3 million, 20.0% (estimate)</p>
<p>State of Rural Economy</p>	<p>The overall state of the rural economy is good as can be expected considering that the rainfall, on which Eritrea's rural economy depends, has been scarce and poorly distributed. Cereal production, while low, is close to average levels; pasture conditions are better than usual going into the dry season. The threat of a locust plague is considerable but containment efforts have been successful.</p>
<p>HEALTH & FOOD SECURITY</p>	
<p>Immunization Coverage Rate</p>	<p>The percent of children 12-23 months of age who are fully vaccinated reached 55% in 1997, up from 41% in 1995. This increase is testimony to the GSE's commitment to provide primary health care services, thus reducing infant and child morbidity and mortality.</p>
<p>Availability of Food</p>	<p>The status of the 1997 cereal crop has not yet been released by the Ministry of Agriculture. A proxy measure of area planted in crops would indicate that the 1997 cereal harvest was at best equal to that of 1996. This would mean that less than 20 percent of the national consumption need is covered. Eritrea's total requirement for cereals is estimated to be 560,000 mt. In 1997, domestic production supplied approximately 100,000 mt; commercial imports contributed 181,000 mt; food aid added 21,000 mt. This leaves a gap of 258,000 mt. Informal trade from Sudan and Ethiopia is thought to be partly closing this gap and the GSE has signed a \$10.0 million PL-480 Title I Agreement under which some 70,000 mt of wheat will be imported. The FY98 tranche of Title III will contribute an additional 25,000 mt of sorghum. Cereal prices inched up steadily during the year as a result of erratic rainfall, poor post harvest conditions, and the increasingly difficult trading conditions with Ethiopia.</p>

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USAID/Eritrea's program has successfully met its targets for Health (Investment Objective 1). Both the Enterprise and Governance programs are new, having only been authorized by the Management Contract Cable on July 28, 1997. In Investment Objective 2, rural enterprise, activities were significantly delayed due to policy changes and renegotiation with the Government over the Rural Enterprise Investment Partnership. In Governance (Investment Objective 3), the Government has requested that we shift our focus to align more closely with its human capacity development initiative.

Objective Name	Rating	Evaluation findings
IO 1: Increased use of sustainable, integrated primary health care services by Eritreans	Exceeded	Mid term evaluation: Technical assistance provided by USAID and the Cooperating Agencies is relevant to and supportive of EHP Project goals and objectives. Phase I and II activities of the EHP Project are supportive of the overall Investment Objective results.
IO 2: Increased income of enterprises, primarily rural, with emphasis on exports	Met (New)	Title III assessment found that Eritrea had made significant strides towards implementing its food security strategy.
IO 3: Increased capacity for accountable governance at local and national levels	Met (New)	A review by the Coordinating Committee for the University Linkages Program found that the needs for linkage activities far exceeded available program resources. The recommendation was to begin separate new linkages in key areas (management, social science/journalism, and law) one year earlier than planned.
Percent funding through NGOs and PVOs: FY98 -- 0%; FY99 -- 0%; FY00 -- 0% Although USAID/Eritrea has prior year DA obligated to PVOs/NGOs in the current pipeline, there will be no new obligations in FYs 1998-2000.		

While our investment here has not yet begun to show the rate of return that will result over the long term, continued support is warranted in order to solidify the foundations of food security and political stability in Eritrea, and to help put Eritrea on the path to sustainable economic growth.

The Mission's program **contributes to four Agency goals** (broad based economic growth and agricultural development encouraged, democracy and good governance strengthened, human capacity built, world population stabilized). The program also **supports the Trade and Investment Initiative and Africa Bureau objectives such as the Leland Initiative, the Food Security Initiative, and the Greater Horn of Africa Initiative**. While Eritrea is one of the few remaining countries in Africa that continues to restrict use of the Internet, USAID made strong progress in convincing the Government to relax its policy. As a result of our efforts last year, the President's office has indicated that it is predisposed to opening the country to Internet in 1998. USAID is waiting for the official issuance of a policy on this issue.

**INVESTMENT OBJECTIVE 1: INCREASED USE OF SUSTAINABLE, INTEGRATED
PRIMARY HEALTH CARE SERVICES BY ERITREANS**

Background: USAID/Eritrea is the Eritrean Ministry of Health's (MOH) lead partner in enhancing the Ministry's capacity to provide sustainable, integrated primary health care (PHC) services. Since FY 1994, USAID/Eritrea has obligated approximately \$12.6 million to the Eritrea Health and Population (EHP) Project, the Mission's 5-year bilateral activity with the Ministry of Health. Nearly 80 % of funds have been committed to provide the MOH critical technical assistance to support the national immunization program, health commodities procurement, facility upgrade and renovation, the national reproductive health and micronutrient programs, the initiation of Eritrea's first condom social marketing activity, human capacity building through both long-term and short-term training and enhancement of the MOH's Information, Education and Communication Unit. Additional funding has been provided to support the Ministry to develop key policies and guidelines, operations research, strategic planning and budgeting, the development of the Health Management Information System (HMIS), and initiation of the Integrated Management of Childhood Illnesses (IMCI). A recent mid-term evaluation of this project determined that USAID/Eritrea's PHC IO, approved 27 July 1997, supports the two-phased approach of the bilateral activity and “provides the basis for the follow-on activities which will produce overall IO and intermediate results.”

USAID/Eritrea's investment objective, *increased use of integrated, sustainable PHC services by Eritreans*, is supported by intermediate results (IRs) which focus on *improving access to, demand for* and *quality of integrated PHC services*. The synergy between the three IRs has greatly facilitated progress towards the IO. The IO integrates gender concerns emphasizing improved maternal and child health (both male and female) and promotes positive male involvement. Activities which benefit both males and females include the salt iodization program, activities involving adolescent reproductive health, condom sales for the prevention of STI/HIV/AIDS, IEC activities and training of health workers at every level. **The IO promotes US national interests** by stabilizing population growth, protecting human health and reducing the spread of infectious diseases.

The Ministry of Health is USAID/Eritrea's key partner in the design, management and implementation of the IO. MOH commitment and ownership is central to the overall success of the IO. The PHC IO team works closely with the MOH at the central and zonal levels to ensure effective management and implementation of program activities and to ensure that MOH priorities and needs are being addressed through the USAID/Eritrea IO.

I. PERFORMANCE ANALYSIS

The PHC IO is USAID/Eritrea's most vibrant and successful IO, exceeding most Mission/MOH performance targets. Through increased utilization of PHC services, it is expected that there will be a concomitant improvement in maternal and child health. For example, the percent of children 12-23 months of age who are fully vaccinated continues to increase, **exceeding the Mission target by 10%**. In 1997, UNICEF statistics show that 55% of children 12-23 months of age are fully immunized, up from 41% in 1995.

Micronutrient interventions targeted the reduction of iodine deficiency disorder through the use of domestically iodized salt and the provision of vitamin A during National Immunization Days. As a result of the USAID-supported initiation of salt iodization in the major salt works in Assab and Massawa, **nearly 95% of all salt produced is iodized.** The Mission expects to measure direct household utilization in 1998; however, the availability of iodized salt has increased markedly with approximately **30% of retail outlets in the USAID/MOH target zones selling domestically produced salt, up from zero in 1995, exceeding the Mission/MOH target of 25%.**⁴

Major challenges to increasing contraceptive prevalence include overcoming cultural barriers to family planning, moving beyond family planning as population control and creating awareness of the benefits of family planning to maternal and child health, and improving knowledge and awareness regarding the safety and efficacy of contraception. IEC activities target men and women as men have a major decision-making role in contraceptive utilization. According to the 1995 Demographic and Health Survey (DHS), CPR is 3.1% among women of reproductive age. CPR will be measured again in 1998 through a mini-DHS. However, couple years protection (CYP), used as a proxy measure for CPR for in-between DHS years, has **increased by 34% from a baseline of 5,900 CYP in 1996 to 8,073 in 1997.**

Intermediate Result 1.0: Access to Integrated PHC Services Improved

Access to PHC services in Eritrea has improved, exceeding most Mission/MOH targets. Nationally, the number of service delivery points where at least one PHC service is provided increased 18% between 1996 and 1997. **In the three USAID/MOH target zones, Maekel, Debub and Gash Barka, service points where one PHC service is provided increased by 15.2%, 11.6% and 20% respectively.** A USAID/Eritrea grant to UNICEF provided significant resources for construction of new facilities. Additionally, SEATS, the USAID-funded family planning/reproductive health activity, contributed largely to these increases by furnishing and equipping 46 newly constructed or renovated health facilities, making them functional for the first time since independence.

In 1996, BASICS, USAID/Eritrea's child survival project, assisted the MOH with improved strategies to provide hard-to-reach populations with outreach services. Outreach services were a critical part of the action plans developed by the Zonal Management Teams. Also, USAID investments in the UNICEF national expanded immunization program **enabled the MOH to increase the number of outreach points offering immunization services from 81 points in 1996 to 93 in 1997, exceeding the Mission/MOH target of 90.**

Through a BHR/PVC Child Survival Grant, Africare has been working to improve maternal and child health in the Bada Region of the Northern Red Sea Zone. Over the past year, Africare and the MOH have continued to train traditional birth attendants in this remote region increasing community access to primary health care services. In the past year, the number of deliveries assisted by TBAs has increased from 40% to 65% in the zone. TBAs are also advocates for child health, distributing ORS and referring families for immunization

⁴Eritrea is divided into six administrative regions referred to as zones. The USAID/MOH partnership focuses most activities in three "target zones"--Gash Barka, Debub and Maekel zones.

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services and treatment for diarrhea and ARI. The percent of fully immunized children ages 12-23 months has increased from 10% in 1996 to 35% in 1997. The status of the female TBAs has increased markedly in their communities because of their work and increased responsibilities as health providers.

USAID/Eritrea supported the procurement of the majority of contraceptives for the country in 1997. In addition to furnishing and equipping facilities, SEATS trained health providers in FP service delivery and ensured the integration of FP with other PHC services. In conjunction with other MOH inputs, USAID efforts contributed significantly to the increase in both CYP and facility-based family planning coverage. **The proportion of targeted service delivery points where a full range of FP services are available increased from 5% in 1996 to 32%, far exceeding the Mission/MOH target of 10%.**

The private sector, particularly Rural Drug Vendors (RDVs), is an important provider of family planning services distributing both condoms and pills. Through the USAID partnership, the MOH expects to work with RDVs to enhance their role as primary health care providers, further increasing access to basic health services for Eritreans, particularly those in remote rural areas.

The MOH has adopted the IMCI as the key approach to managing the sick child. While the Mission/MOH target of 2% of service delivery points in the three target zones offering IMCI was not met, the delay is more representative of the time intensive process required for the development and adaptation of IMCI for Eritrea. However, **significant progress has been made** to lay the groundwork for the implementation of IMCI. In partnership with other donors and NGOs, BASICS provided technical assistance to the MOH for the development of the *National Primary Health Care Policy Guidelines*, the *National Drug Policy* and the *National Standard Treatment Guidelines*. It is expected that the National Drug Policy and the Standard Treatment Guidelines will be ratified in early 1998. In addition, through USAID-supported technical assistance, four working groups have been established to adapt the generic IMCI materials for local use. It is anticipated that the adaptation of these materials will be finalized in mid-1998. Once materials are adapted and health workers are trained, the MOH will begin to implement the IMCI approach in pilot facilities.

HIV/AIDS is a looming reality for Eritrea. By the end of 1996, there were 2,917 registered cases of AIDS in the country. In addition, an estimated 60,000-100,000 Eritreans are HIV positive. About 70% of reported cases involve persons between 20 and 39 years of age; 2 in 3 cases are male (UNICEF, 1997). Recognizing condom use as an important strategy to prevent HIV transmission, the MOH requested assistance to establish a condom social marketing activity to improve access to condoms. In response, Population Services International (PSI) is working directly with a local NGO to establish a social marketing unit for the distribution and sale of condoms. Due to a nine-month long negotiation process, implementation of program activities was seriously delayed. The Mission/MOH target for selling Eritrean Social Marketing Group (ESMG) condoms in traditional outlets was not met. The condom program was launched in February 1998 and we expect that the sales target will be met over the course of 1998. Condoms for this activity were procured by UNFPA.

Intermediate Result 2.0: Client Demand for PHC Services Enhanced

Targets for improving client demand for PHC services have met and exceeded Mission/MOH targets. To increase awareness and knowledge among Eritreans of key child survival and reproductive health practices, the MOH worked diligently over the past year to strengthen the National Information, Education and Communication (IEC) Unit at the Ministry of Health. USAID provided support to the unit with the provision of IEC equipment and materials, such as flip charts, overhead projectors and cameras. In addition, a full-time technical advisor, recruited through OMNI, has been working with the IEC unit since April 1997.

The OMNI Advisor assisted the IEC Unit to plan general activities, identify additional equipment needs; draft a formative research protocol and instruments for micronutrient surveys; and develop a curriculum for micronutrient education at the primary school level. In addition, OMNI worked with the MOH and other ministries to develop a detailed communication strategy for the universal salt iodization campaign. Efforts are also focused on materials development for child survival and reproductive health targeting both men and women and using approaches appropriate for non-literate audiences, such as radio drama and community theater.

Through a needs analysis conducted with technical assistance from BASICS, the MOH identified strengthening the IEC capacity of zonal management teams as a priority and developed a training curriculum on IEC formative research and materials development. With technical assistance from OMNI, **the Mission/MOH met its target of having four zones (Gash Barka, Debub, Maekel and Anseba) develop research-based, IEC materials in an effort to increase community demand for PHC services.**

Efforts have focused on increasing awareness of and demand for family planning and other reproductive health services. SEATS worked closely with the MOH to develop training curricula for nurses and health assistants. All curricula developed include service provider counseling methodologies for all available contraceptives. In addition, trained providers are encouraged to integrate messages regarding family planning in other areas of service delivery, addressing the needs of men and women.

Provider training, increased awareness regarding family planning and the availability of contraceptives, is reflected in the increased demand for family planning services among targeted facilities. For example, the Keru Health Center in Gash Barka Zone reported 51 new clients in 1995, 118 in 1996 and 256 in 1997. **Forty-six percent of targeted health facilities report a significant increase in family planning clients over the past year, exceeding the Mission/MOH target by nearly 100%.**

Adolescents are a priority target population for the Ministry of Health. SEATS worked closely with the National Union of Eritrean Youth and Students (NUEYS) to disseminate information regarding FP/RH to male and female youth at the national youth service camp, Sawa. Thus far, the SEATS/NUEYS partnership has provided education, brochures and pamphlets to 19,000 youth at Sawa. SEATS also assisted NUEYS to train 21 peer counselors in FP/RH including HIV/AIDS.

Intermediate Result 3: Quality of PHC Services Improved

Quality of PHC services in Eritrea has improved, meeting and exceeding Mission/MOH targets. In recognition of the need to establish minimum national standards of quality and to institutionalize approaches in the health sector to measure the quality of service provision, the MOH developed the *Quality Assurance (QA) in PHC Policy* in 1997. The aim of this QA Policy is to achieve excellence in Eritrea's health care system by strengthening the management of health services at all levels and by the sustained utilization of quality improvement methodologies. In addition, many key protocols and guidelines have been developed to provide a framework for effective, quality service delivery.

Training of service providers is a priority for ensuring the delivery of quality PHC services. With assistance from SEATS, the MOH developed a FP/RH curriculum for nurses and health assistants. Clinical family planning training was provided to both the MOH, the midwifery school and representatives from the Planned Parenthood Association of Eritrea (PPAE), an IPPF affiliate. In November and December 1997, the MOH initiated training of nurses, health assistants and environmental health workers on the benefits of micronutrients and their appropriate clinical use.

MOH capacity to manage and plan for PHC services has been enhanced. The Ministry of Health has long recognized the need for decentralized planning at the zonal level as critical to the development of effective programs and the management of limited resources. Utilizing the “*Strengthening Health Management*” approach, guidelines for decentralized planning were developed and used in all six zones to produce annual health plans and budgets. In order to have a clear understanding of constraints and opportunities for health services planning and management, it is critical that zones utilize health information specific to their regions. **All of the zones that participated in zonal planning developed health profiles for their regions and utilized this information throughout the planning process, thus meeting the Mission/MOH target.**

Six zonal and sub-zonal management teams were also trained in participatory planning and in the use of data for decision-making. Evaluation of progress after the first year of implementation was encouraging. Zonal medical officers considered the zonal planning to be one of their most important achievements in 1997.

The development of the State of Eritrea Management Information System for Health (SEMISH) is key to enhancing MOH capacity to plan and manage PHC services. BASICS worked with the MOH to use a bottom-up planning process to develop all the components of the HMIS, including essential health indicators, data collection forms, instruction manuals for training, a national training strategy and computer software programming. Training of facility-based health workers in the use of the data collection forms was initiated in late 1997. **Twenty-five percent of facilities in the six zones are utilizing new HMIS forms and registers, exceeding the Mission/MOH target of 20%.**

II. EXPECTED PROGRESS THROUGH FY 99 AND MANAGEMENT ACTIONS

Through the USAID/MOH partnership, it is expected that targets at the SO and IR levels will

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be met in FY99. Indicators at the IR level were reviewed with the MOH and the Cooperating Agencies in January 1998 and will be reviewed again in mid-1998 to align targets to current and projected performance. The Mission expects to close OMNI and BASICS on their scheduled completion dates in September 1998. From this, the Mission and MOH will need to review the Results Framework to determine if there are results which will no longer be within our purview or manageable interest.

In 1998, the Mission expects to initiate a program of non-project assistance (NPA) to promote the development of a decentralized health system. Decentralization is viewed as the most cost-effective and sustainable way to improve the health of the majority of Eritrean citizens and is consistent with the overall participatory, self-reliant approach of the Government.. This has required an initial increase in the IO1 budget in FY98 so as to accommodate both the NPA and USAID's ongoing commitments to the health sector.

Recommendations from the recent mid-term evaluation of the EHP Project cited the need to develop a continuation plan in support of the IO from 1998-2001. The PHC Team will initiate the development of this plan in March 1998 and will work to determine priorities, activities, workplans and time frames and to identify realistic mechanisms for implementing the plan, particularly with respect to technical assistance following the closure of BASICS and OMNI. It is anticipated that PSI will be allowed an extension due to the delay in implementation discussed above. The SEATS contract runs through December 1999. However, in response to the Ministry of Health's desire to end the "institutional presence" of USAID-funded technical assistance, the SEATS office will close and the program managers will move into the PHC Unit at the Ministry of Health.

Throughout FY 98, the PHC Team will maintain program activities in family planning, quality assurance, the finalization of the HMIS, condom social marketing, logistics, IEC, immunization and micronutrient program support, as well as support for long-term participant training. New activities will include a program of action in Safe Motherhood, an advocacy program to sensitize the public on female circumcision, a university linkage with the University of Asmara College of Health Sciences, and vector surveys to improve malaria prevention and control.

The PHC Team will work carefully over the next year to maintain the integrity of the Primary Health Care Investment Objective while, at the same time, responding to Ministry requests and priorities. The USAID/Eritrea IO1 management contract with USAID/Washington will not change.

III. Environmental Compliance: There are no environmental compliance issues to date. In FY 1998, PHC will require Environmental Examinations (IEEs) for the NPA activity, the construction of three zonal pharmaceutical warehouses, and the construction of a health center in the Bada region.

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OBJECTIVE 1: Increased Use of Sustainable, Integrated Primary Health Care Services by Eritreans APPROVED: 7/28/97 COUNTRY/ORGANIZATION: USAID/Eritrea			
RESULT NAME: Increased Use of Sustainable, Integrated Primary Health Care Services by Eritreans			
INDICATOR: Immunization Coverage Rate			
UNIT OF MEASURE: percent SOURCE: UNICEF EPI Reports. The baseline figure is from the 1995 EDHS. INDICATOR DESCRIPTION: Percent of children 12-23 months who are fully vaccinated according to WHO guidelines for vaccinating children COMMENTS: This indicator has been recently added to allow for an annual measure at the IO level. It replaced ORT Use Rate.	YEAR	PLANNED	ACTUAL
	1995 (base-line)		41
	1997	50	55
	1998	60	
	1999	65	
	2000	70	
	2001	75	

OBJECTIVE 1: Increased Use of Sustainable, Integrated Primary Health Care Services by Eritreans APPROVED: 7/28/97 COUNTRY/ORGANIZATION: USAID/Eritrea			
INTERMEDIATE RESULT 1.0: Access to Integrated PHC Services Improved			
INDICATOR: Availability of Domestically Iodized Salt			
UNIT OF MEASURE: percent SOURCE: Informal Survey. Reported by MOH/OMNI INDICATOR DESCRIPTION: The proportion of retail outlets in the three target zones selling domestically iodized salt for household consumption COMMENTS:	YEAR	PLANNED	ACTUAL
	1995 (base-line)		0
	1997	25	30
	1999	95	

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OBJECTIVE 1: Increased Use of Sustainable, Integrated Primary Health Care Services by Eritreans APPROVED: 7/28/97 COUNTRY/ORGANIZATION: USAID/Eritrea			
INTERMEDIATE RESULT 1.0: Access to Integrated PHC Services Improved			
INDICATOR: Couple-Years of Protection (CYP)			
UNIT OF MEASURE: couple-years of protection SOURCE: MOH/Service Delivery Reports/SEMISH INDICATOR DESCRIPTION: An estimate of the protection against pregnancy provided by family planning services during a period of one year, based upon the volume of all contraceptives sold or distributed free of charge to clients in 3 target zones during that year. COMMENTS: Reported by MOH/SEATS. Figures represent contraceptives distributed only through the public sector. This indicator is used as proxy for CPR for in-between DHS years.	YEAR	PLANNED	ACTUAL
	1996 (base-line)		5,900
	1997	7,316	8,076
	1998		
	1999		
	2000		
	2001		

OBJECTIVE 1: Increased Use of Sustainable, Integrated Primary Health Care Services by Eritreans APPROVED: 7/28/97 COUNTRY/ORGANIZATION: USAID/Eritrea			
INTERMEDIATE RESULT 1.0: Access to Integrated PHC Services Improved			
INDICATOR: Outreach Services			
UNIT OF MEASURE: number SOURCE: Zonal Records INDICATOR DESCRIPTION: The number of PHC outreach services in target zones. COMMENTS: Reported by MOH/BASICS.	YEAR	PLANNED	ACTUAL
	1996 (base-line)		81
	1997	90	93
	1998	100	
	1999	110	
	2000	120	
	2001	123	

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

<p>OBJECTIVE 1: Increased Use of Sustainable, Integrated Primary Health Care Services by Eritreans APPROVED: 7/28/97 COUNTRY/ORGANIZATION: USAID/Eritrea</p>			
<p>INTERMEDIATE RESULT 1.0: Access to Integrated PHC Services Improved</p>			
<p>INDICATOR: Facility-Based Family Planning (FP) services coverage.</p>			
<p>UNIT OF MEASURE: percent</p> <hr/> <p>SOURCE: Facility survey</p> <hr/> <p>INDICATOR DESCRIPTION: Proportion of targeted services delivery points (n=37) in three target zones where a full range of FP services(according to MOH guidelines) are offered. Full range is defined as 3 modern methods at a health station, 4 modern methods at a health center, and 5 modern methods at a hospital.</p> <hr/> <p>COMMENTS: Reported by MOH/SEATS.</p>	YEAR	PLANNED	ACTUAL
	1996 (base-line)		5
	1997	10	32
	1998	40	
	1998	60	
	2000	70	
	2001	80	

<p>OBJECTIVE 1: Increased Use of Sustainable, Integrated Primary Health Care Services by Eritreans APPROVED: 7/28/97 COUNTRY/ORGANIZATION: USAID/Eritrea</p>			
<p>INTERMEDIATE RESULT 1.0: Access to Integrated PHC Services Improved.</p>			
<p>INDICATOR: Facility-Based Integrated Management of Childhood Illnesses (MCI) Coverage</p>			
<p>UNIT OF MEASURE: percent</p> <hr/> <p>SOURCE: Facility Survey</p> <hr/> <p>INDICATOR DESCRIPTION: The proportion of delivery points in three target zones where IMCI is utilized.</p> <hr/> <p>COMMENTS: Within the context of this strategy, the Ministry of Health has designated three zones as early Impact Zones. Reported by MOH/BASICS.</p>	YEAR	PLANNED	ACTUAL
	1996 (base-line)		0
	1997	2	0 ⁵
	1998	2	
	1999	10	
	2000	20	
	2001	30	

⁵ See page 3 for explanation of why target was not met.

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

<p>OBJECTIVE 1: Increased Use of Sustainable, Integrated Primary Health Care Services by Eritreans APPROVED: 7/28/97 COUNTRY/ORGANIZATION: USAID/Eritrea</p>			
<p>INTERMEDIATE RESULT 1.0: Access to Integrated PHC Services Improved</p>			
<p>INDICATOR: Social Marketing Outlet</p>			
<p>UNIT OF MEASURE: percent</p> <hr/> <p>SOURCE: ESMG distribution records. Reported by ESMG/PSI</p> <hr/> <p>INDICATOR DESCRIPTION: The proportion of traditional outlets in target areas selling Eritrean Social Marketing Group (ESMG) condoms</p> <hr/> <p>COMMENTS: The ESMG is the partnership formed by PSI for the development of the condom social marketing activity in Eritrea. Currently, only traditional outlets are licensed to sell condoms. Traditional outlets are defined as rural drug vendors, pharmacies and drug stores. There are 96 such outlets in the activity areas - Assab, Keren, Massawa and Asmara.</p>	YEAR	PLANNED	ACTUAL
	1996 (base-line)		0
	1998	40	
	1999	65	

<p>OBJECTIVE 1: Increased Use of Sustainable, Integrated Primary Health Care Services by Eritreans APPROVED: 7/28/97 COUNTRY/ORGANIZATION: USAID/Eritrea</p>			
<p>INTERMEDIATE RESULT 2.0: Client Demand for PHC Services Enhanced</p>			
<p>INDICATOR: IEC Materials Development</p>			
<p>UNIT OF MEASURE: number</p> <hr/> <p>SOURCE: Quarterly Reports, MOH Reports</p> <hr/> <p>INDICATOR DESCRIPTION: Number of zones producing research-based, targeted IEC materials to increase community demand for PHC services</p> <hr/> <p>COMMENTS: The Mission aims for a nationwide impact on this indicator, which includes a total of 6 zones.</p>	YEAR	PLANNED	ACTUAL
	1996 (base-line)		0
	1997	4	4
	1998	6	

<p>OBJECTIVE 1: Increased Use of Sustainable, Integrated Primary Health Care Services by Eritreans APPROVED: 7/28/97 COUNTRY/ORGANIZATION: USAID/Eritrea</p>			
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PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

INTERMEDIATE RESULT 2.0: Client Demand for PHC Services Enhanced			
INDICATOR: Demand for FP Services			
UNIT OF MEASURE: percent SOURCE: Facility Survey. Reported by MOH/SEATS INDICATOR DESCRIPTION: Proportion of targeted health facilities reporting an increase in FP clients COMMENTS: Targeted health facility refers to those facilities in the three target zones that have had providers trained in the MOH/SEATS in-services FP courses as well as those originally assigned by the MOH as target facilities (n=37).	YEAR	PLANNED	ACTUAL
	1996 (base-line)		NA
	1997	25	46
	1998	55	
	1999	60	
	2000	70	
	2001	80	

OBJECTIVE 1: Increased Use of Sustainable, Integrated Primary Health Care Services by Eritreans APPROVED: 7/28/97 COUNTRY/ORGANIZATION: USAID/Eritrea			
INTERMEDIATE RESULT 3.0: Quality of PHC Services Improved			
INDICATOR: Zonal Planning			
UNIT OF MEASURE: number SOURCE: Zonal Planning Document Survey. Reported by MOH/BASICS INDICATOR DESCRIPTION: The number of zones using an epidemiological profile to develop plans for service delivery COMMENTS: The Mission aims for a nationwide impact on this indicator, which includes a total of 6 zones.	YEAR	PLANNED	ACTUAL
	1996 (base-line)		1
	1997	5	5
	1998	6	

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

<p>OBJECTIVE 1: Increased Use of Sustainable, Integrated Primary Health Care Services by Eritreans APPROVED: 7/28/97 COUNTRY/ORGANIZATION: USAID/Eritrea</p>			
<p>INTERMEDIATE RESULT 3.0: Quality of PHC Services Improved</p>			
<p>INDICATOR: Health Management Information System (HMIS)</p>			
<p>UNIT OF MEASURE: percent</p> <hr/> <p>SOURCE: HMIS Report Survey. Reported by MOH/BASICS</p> <hr/> <p>INDICATOR DESCRIPTION: The proportion of facilities in six zones utilizing new HMIS forms and registers</p> <hr/> <p>COMMENTS: The MOH has a functional health information system. It requested technical assistance to assess the current system and to develop a new, more extensive system that provides the basis for information collection at the zonal level, reporting to the central level and analysis and feedback from the central to zonal level. Information collected will be used to prioritize and plan for the delivery of health services throughout the country.</p>	YEAR	PLANNED	ACTUAL
	1996 (base-line)		0
	1997	20	25
	1998	90	
	1999	100	

INVESTMENT OBJECTIVE 2: (RURAL ENTERPRISE) INCREASED INCOME OF ENTERPRISE, PRIMARILY RURAL, WITH EMPHASIS ON EXPORTS

I. PERFORMANCE ANALYSIS

While significant progress was realized during 1997 in building the foundation of the ENT program, overall the Investment Objective (IO) did not meet Mission expectations. The main IO activity was renegotiated by the GSE, thereby delaying the initiation of major program activities. However, **as a new IO** approved under the Management Contract (July 28, 1997), the IO should not be evaluated under the existing standard for established Strategic Objectives (and thus **should be ranked as having “Met Expectations”**).

Implementation of key components of the USAID program is just beginning. During the past year, the most important components of the integrated, grantee-led program were reconfigured at the GSE's request and required negotiating a bilateral agreement (the Rural Enterprise Investment Partnership, or REIP) with the GSE. This additional step was a process not envisioned earlier nor one supported by USAID's usual project design and development process. The protracted redesign and negotiation of this activity severely compromised USAID's ability to establish baselines, initiate program activities, and to achieve expected progress towards targets. The REIP bilateral agreement also drastically reduced (from \$13.4 million to \$2.7 million) funding available to the institutional contractor under the Cooperative Agreement signed 18 months earlier. The GSE delayed signing the REIP agreement until September 30, 1997, and postponed, until November, establishment of the Rural Enterprise Unit. Consequently, the first results of this part of the program will be in 1998, and not 1997, as planned. Nevertheless, there was significant progress in some of the “building block” components of the USAID/GSE program.

The IO promotes U.S. national interests by supporting economic prosperity, providing humanitarian assistance, and encouraging democracy through the development of the private sector. This objective's activities are synergistic with the activities of the health objective (IO1), by linking food security promotion with nutrition interventions. Enterprise activities also link with IO 3 (HCD/GVN), by supporting capacity building in the Commercial Bank of Eritrea, the Ministry of Agriculture, and the private sector.

Background: USAID's enterprise development program is focused on “increasing income of enterprises, primarily rural, with emphasis on exports.” The two main components of the REIP are the Rural Enterprise Unit, and the Enterprise Investment Fund. The Rural Enterprise Unit (REU) provides technical assistance to enterprises in the areas of information access, business support development, skills enhancement, technology identification, transfer and adoption, and market promotion. The Enterprise Investment Fund, managed by the Commercial Bank of Eritrea (CBER), makes local and hard currency loans available to enterprises to meet capital requirements and increase investment in the rural areas. Through the CBER, USAID is also helping to build financial services capabilities and enhance outreach services to rural entrepreneurs.

The experience to date in defining the Enterprise Program has been mixed. What began as a straight forward approach embodied in the Cooperative Agreement signed with ACDI/VOCA in late FY96 has evolved into a significantly different program. Originally, technical support and credit assistance to enterprises was to be carried out by ACDI/VOCA in an integrated manner between the Rural Enterprise Unit and the Enterprise Investment Fund with the Commercial Bank of Eritrea. That changed on the eve of the Mission's presentation of its Country Strategic Plan during the Program Week in April 1997 with the announcement by the GSE that it would assume responsibility for the REU. A complicating factor in the negotiation was that neither the Mission nor the GSE were quite sure what terms and conditions would ultimately be acceptable. Negotiation hurdles included the need to design an original approach, to accommodate the continuously changing expectations by the GSE -- which itself had only the most general notion of program content -- and to adjust the standard language and provisions of USAID Project Agreements. The eleventh hour signing of the REIP Agreement at the close of FY97 is indicative of the difficulties encountered and foreshadowed the shaky understanding between the partners how implementation was to proceed.

USAID's program is working in the target zones of Gash Barka, Anseba and Northern Red Sea, an area comprising 70 percent of the surface area and about one-third the total national population. The sector remains a top GSE priority because of the links between diversified sources of income and food security. As Eritrea is unlikely ever to be food self-sufficient, it must develop industries that generate income and foreign exchange, giving the country and its people the resources to import and buy food.

The challenges Eritrea faces are daunting as it prepares to compete in increasingly sophisticated regional and external markets. Development of a viable export sector and the potential for generating much needed foreign exchange depends on diversification of its productive and service sectors where it has a comparative advantage while also addressing food security and increasing disposable real income.

IR1: Increased skilled employment in enterprises

Technical skill enhancement: An adequate technical skill base, whether associated with small-scale manufacturing and processing, or the marketing, accounting, and financial oversight required for good business management, is severely lacking in Eritrea and is a major constraint to the development of rural enterprises in Eritrea. The Rural Enterprise Unit, as the technical assistance effort supporting the Rural Enterprise Investment Partnership, is keenly aware of the lack of technical depth in the labor force and has produced a workplan in which it will target information dissemination, skills training and technology adoption programs to address the needs of the business community. Progress toward greater skill enhancement will be monitored and reported as this technical capacity emerges in response to the needs of the small and medium scale rural enterprises.

Financial Services: A precondition for strengthening the skill base of enterprises is access to credit that will allow for the creation and expansion of viable enterprises. Seventy-three percent of business owners queried under the GSE-funded Private Sector Study reported that they did not receive any financial assistance for business start-up. This suggests that USAID's

program of working with the Commercial Bank of Eritrea (CBER) to train more rural loan officers will help address this critical constraint to business development in rural areas. Fifteen new loan officers were trained this past year and seven of them have been deployed to bank branches in the target area. The start-up of “kiosk banking”, a banking service established by USAID to increase outreach capacity, was delayed due to a restrictive policy on vehicle use. An exemption to this policy is being negotiated for the CBER and USAID funded program. It is expected that “kiosk banking” will significantly expand the outreach capacity of the CBER and will provide CBER with valuable information on the feasibility of opening additional branch banks throughout the target areas.

In the past year, a new policy and procedures manual for the CBER was developed with the assistance of the USAID banking advisor. After a year-long delay in approval, the procedures are expected to be passed shortly by the Board of Directors. With these new policies and procedures in effect, the CBER will have made the critical changes needed to provide more appropriate financial services and to take advantage of the bank's excess liquidity. Commercial lending will be expanded for the private sector and infuse capital into Eritrea's productive sectors such as manufacturing and agriculture.

IR2: Value of domestic goods & services sold by enterprises increased

Infrastructure: There have been increases in production and productivity of business enterprises as a result of USAID's efforts to improve key rural infrastructure in targeted areas. Eritrea's deteriorated road system is one of the most significant constraints to the growth of rural enterprises, enterprise income and exports. To address this critical constraint, USAID/Eritrea is supporting the GSE's secondary rural road rehabilitation program utilizing PL-480 Title III proceeds.⁶ The delivery of thirty-five thousand metric tons of PL-480 Title III wheat helped alleviate a food crisis in 1996 and generated 45 million in local currency that was transferred to the Ministry of Construction (MOC) for the rehabilitation of secondary rural roads. These funds supported the rehabilitation of 40 kilometers of the road between Keren and Afabet and 110 kilometers between Agordat and Sawa, greatly enhancing trade and commerce in these areas. This improved infrastructure has increased the numbers of villages with road access, reduced transport costs and times, increased vehicle traffic and transportation tonnage. An additional twenty-one thousand metric tons of wheat was delivered in September 1997 as a second tranche.

Baseline Survey of Rural Road Rehabilitation: In 1997, an attempt was made to establish a baseline for tracking the impact on economic activity of the rural roads scheduled for rehabilitation with PL-480 Title III monetization proceeds. The context and scope of the study were agreed upon with the MOC in detail and a local consultant was supposed to lead the joint effort. Unexpected publicity resulting from mis-perceptions by construction firms in Eritrea and beyond led to a cancellation of the study by the GSE. USAID has, however, subsequently come to an agreement with the MOC that pre- and post-rehabilitation data on trade volume, volume of traffic, and cost of transportation on secondary rural roads scheduled for rehabilitation in 1998 are of mutual interest to the GSE and USAID. These data will be

⁶USAID/Eritrea conducted an assessment of the GSE's implementation of its food security policy (as required under the PL-480 Title III Agreement). For the discussion, see Page 4.

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

collected by staff from the MOC. A rapid reconnaissance survey of the principal roads rehabilitated is scheduled for mid-1998, and is expected to provide baseline impact that will be used to monitor economic development.

Irrigation: Accomplishments this past year included the conclusion of an intensive, seven-phase program of irrigation engineering and design provided under the Mission's PASA with USDA. Some twenty engineers of the Ministry of Agriculture responsible for supporting community level water management systems participated. Specific support was also provided for the de-siltification of the reservoir and installation of a water delivery system in the Gahtelay basin, a large valley of considerable production potential near Massawa. A joint program between Mashav (Israeli cooperation), USAID and the Eritrean Relief and Refugee Commission succeeded in demonstrating the valley's production potential. The experience with the production trials has led to a tripling of the area under cultivation and is encouraging continued efforts to transfer ownership and management of the system to the community. Vegetables and fruit produced on the farm are destined for the high-end consumer market in Asmara and meeting with good consumer acceptance.

PL 480 Title II: USAID/Eritrea's Title II resources have been utilized to increase production and productivity in the Bada area, a food deficit region of the country. Groups of farmers in the area are taught improved cultural practices regarding crop production and soil conservation, and are provided with high-yielding varieties of sorghum. This PL-480 Title II PVO investment is building a 4000-hectare irrigation system in this region that is progressing well partly as a direct result of the GSE decision to shift construction implementation from force account to a private contractor. Popular participation by the resident population and the deployment of a contingent of National Service Youth by the Ministry of Defense attest to the commitment of the resident communities and the GSE to this activity.

The FY97 target for cereal crops in Bada was 1,900 mt, while the estimated actual production for that period was 2,700 mt, a 42 percent increase over the set target. The increase in production is largely attributable to the heavy rains that occurred last year and the availability on site of heavy equipment needed to facilitate water distribution. The number of farmers who cite water availability as a constraint to production has significantly been reduced. In the baseline survey 37% of farmers cited shortage of water as a major limiting factor to production while in FY97 it is estimated that only 10% of the farmers cultivating the land experienced water shortages.

II. EXPECTED PROGRESS THROUGH 2000 AND MANAGEMENT ACTIONS

Under the REIP Agreement, planned IO2 activities during subsequent periods include the technical support provided by the GSE managed Rural Enterprise Unit (REU), credit services and delivery provided by the Enterprise Investment Fund (EIF), the Trade and Investment Facilitation Fund (TIFF), the Critical Rural Infrastructure Support (CRIS), and the PL-480 Programs. All components will contribute to greater investments in private business, improved income, increased exports, and expanded employment. Although this year did not bring all of the expected results, the process of negotiation with the GSE has contributed to clear Eritrean ownership of the program, ultimately the main goal of USAID activities. We remain confident of substantial progress in the coming years.

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

Under IR2, USAID/Eritrea will assist enterprises to increase the value of domestic goods and services sold by making improvements in infrastructure and irrigation facilities, and providing training in the areas of modern farming practices, better access to market prices and inputs, and cooperative formation and development. The emphasis will be on improving the quality and quantity of products sold domestically which can then meet specifications required by export market outlets. Specific sectors targeted will include horticulture and poultry in the target zones of Anseba, Gash Barka, and Northern Red Sea.

Direct Technical Assistance: In taking over the responsibility for implementing the REU from the original technical assistance provider (ACDI/VOCA), the GSE moved quickly to identify a qualified Eritrean manager. The actions required for disbursement identified under the REIP Agreement were met fully and on a timely basis. The direct technical assistance component of the rural enterprise program will focus on working with enterprises to improve financial management skills business planning, identification of appropriate technology to upgrade outdated equipment, and marketing information and skills. The first year workplan for the REU has been reviewed with the GSE and is scheduled to begin during the second quarter of FY98. It is anticipated that a significant number of REU clients will subsequently approach the CBER for business loans drawn from the Enterprise Investment Fund. The REU will work with groups such as the National Union of Eritrean Women, the National Confederation of Eritrean Workers, and National Union of Eritrean Youth & Students to develop technical assistance packages for different client groups.

In recognition of the important contributions women made during the struggle for independence, concerted efforts are being made by the GSE to increase women's political and economic empowerment in what is still a tradition-bound society. The successes recorded earlier with USAID-funded pilot programs promoting micro finance and enterprise support to women have proven the viability of assisting that sector. Support to women in microenterprise constitutes a key focus under REIP and will be the subject of specific monitoring and evaluation activities.

Efforts under this IR3 consist of identifying appropriate export crops that Eritrea can produce, process, and export to increase foreign exchange earnings and diversify its export base. The production and marketing acumen required to export high-value crops is not easily transferred, and depends to a great extent on real experience gained by successfully competing in the marketplace. Were Eritrea to base its approach to competing in export markets entirely on high-value crops, the risk would be considerable because of the volatility of the market and the delicate, perishable nature of the types of crops (flowers, strawberries, tropical fruits, and vegetables) usually undertaken.

The first Eritrean investment mission to the U.S. was sent in the fall of 1997 under a program financed by USAID to determine the initial level of interest among industrial processors of vernonia oil based products. At a meeting with the Johnson Company, the firm expressed an initial interest in purchasing 2.4 million pounds of vernonia oil. Because vernonia represents a viable, environmentally-friendly alternative to compounds now available only through expensive and toxic distillation of petroleum-based derivatives, USAID is exploring options to further research, produce and process vernonia oil for the US market. This activity is scheduled to begin during FY98 and will utilize the assistance of a leading researcher from

Virginia State University.

Other exploratory efforts to develop export markets this past year have included a horticultural trade mission to Saudi Arabia. Eritrea, in the 1960's, exported a significant supply of bananas to Saudi Arabia. Efforts will be made in FY98 and onwards to regain the export markets lost during the protracted struggle for liberation. The focus on improving the quality and volume of bananas and other fruits produced in Eritrea and make them marketable in Saudi Arabia and other regional markets.

Managing for Results: The GSE is impatient in dealing with the normal USAID approach to project design, implementation, monitoring and evaluation, financial analysis, and procurement. However, the GSE possesses limited implementation capacity, staff shortages, and rudimentary systems of monitoring, analysis, financial controls and procurement. This suggests that progress will continue to be slow and painstaking. Possible political objectives that the GSE feels must be accommodated under the REIP program may complicate rural enterprise investments.

Because of GSE insistence on full partnership, ownership and direct control of all investment programs, the process of interacting with the GSE in the design, modifications, and negotiations of the REIP agreement has been a challenging learning experience. The process of successfully negotiating and reaching agreement on the REIP has put a premium on resiliency, transparency, and consistency in dealing with our counterparts in the GSE.

III. ENVIRONMENTAL COMPLIANCE

There are no environmental issues for IO 2. In FY 1998, ENT will complete the IEE for the entire IO 2 program.

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

Strategic Objective 2.0: Increased income of enterprises, primarily rural, with emphasis on exports.				
APPROVED:	7/28/97	COUNTRY/ORGANIZATION: USAID/Eritrea		
SO Indicator: Increases in gross income of enterprises				
Unit of Measure: Percent Change per Year		YEAR	PLANNED	ACTUAL
Source: CBER, REU				
Indicator Description: Annual percentage change in gross income of assisted enterprises. Comments: a. The baseline (CY97) will be set up by mid CY98 from data on CBER loan applications and on REU-assisted enterprises. b. The basis for the percentages is the IMF projection of 7% growth in GDP. c. A baseline survey of enterprises will be conducted in June, 1998 and the targets will be revised accordingly. d. Regional projections are based on level of economic activity surveyed by USAID in the target area. e. Information collected will be disaggregated by gender and periodically monitored and adjusted for responsiveness.	1998	Anseba = 5% G.Barka = 9% N.R.Sea = 8%	N/A	
	1999	Anseba = 5% G.Barka = 9% N.R.Sea = 8%		
	2000	Anseba = 5% G.Barka = 9% N.R.Sea = 8%		
	2001	Anseba = 5% G.Barka = 9% N.R.Sea = 8%		
	2002	Anseba = 5% G.Barka = 9% N.R.Sea = 8%		

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

Strategic Objective 2.0: Increased income of enterprises, primarily rural, with emphasis on exports.				
APPROVED: 7/28/07		COUNTRY/ORGANIZATION: USAID/Eritrea		
SO Indicator: Increases in investment of enterprises				
Unit of Measure: Percent change per year in investment measured in US DOLLARS		YEAR	PLANNED	ACTUAL
Source: CBER, REU				
Indicator Description: Annual percentage increase in investment of assisted enterprises over baseline.		1998	9 %	N/A
Comments: a. The baseline year is 1998 and stems from the Private Sector Assessment (1996) and the USAID field survey (1997). b. Target projections are based on the yearly amount of loans to be disbursed through the Enterprise Investment Fund (EIF). c. Unit of measure (US DOLLARS) may require correction for inflation. d. "Investment" i.e., working capital vs. equity positions will be clarified during implementation.		1999	14 %	
		2000	22 %	
		2001	27 %	
		2002	34 %	

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

Strategic Objective 2.0: Increased income of enterprises, primarily rural, with emphasis on exports.				
APPROVED: 7/28/97		COUNTRY/ORGANIZATION: USAID/Eritrea		
Intermediate Result 2.1: Increased skilled employment in enterprises				
Unit of Measure: Cumulative number of enterprise from baseline		YEAR	PLANNED	ACTUAL
Source: REU				
Indicator Description: Number of enterprises receiving training & advisory services from the REU Comments: a. The REU will begin providing technical assistance to enterprises in April 1998. b. Depending on the nature of technical assistance in subsequent periods, the unit of measure (number of enterprises) may have to be corrected for number of employees trained.		1998	30	N/A
		1999	100	
		2000	200	
		2001	350	
		2002	500	

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

Strategic Objective 2.0: Increased income of enterprises, primarily rural, with emphasis on exports. APPROVED: 7/28/97 COUNTRY/ORGANIZATION: USAID/Eritrea				
Intermediate Result 2.1: Increased skilled employment in enterprises				
Unit of Measure: Cumulative number of enterprises		YEAR	PLANNED	ACTUAL
Source: CBER, REU				
Indicator Description: Number of enterprises receiving loans from the Enterprise Investment Fund (EIF)		1998	175	N/A
Comments: a. The EIF will begin operating in April 1988 in each of the CBER's five branches. b. Initial projections, while probably on the high side, are based onACDI/VOCA's technical proposal of 1996 and depend on: -- working captial vs. equity lending by the CBER; -- inclusion of micro-enterprise, micro-financing activities under the CBER's kiosk lending program; and -- use of revised lending requirements by the CBER		1999	350	
		2000	700	
		2001	1,200	
		2002	2,000	

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

Strategic Objective 2.0: Increased income of enterprises, primarily rural, with emphasis on exports.				
APPROVED: 7/28/97		COUNTRY/ORGANIZATION: USAID/Eritrea		
Intermediate Result 2.2: Value of domestic goods and services sold by enterprises increased				
Unit of Measure: Additional kilometers of secondary rural roads rehabilitated		YEAR	PLANNED	ACTUAL
Source: Ministry of Construction (MOC)				
Indicator Level of increased economic activity as a result of improved access		1997	100	150
Comments: a. This is a proxy indicator. b. PL480 Title III proceeds supporting this activity will end in 2000. c. Roads scheduled for rehabilitation are located in the area of highest agricultural growth potential. d. Periodic rapid reconnaissance survey will be conducted at key intervals during the LOP to measure change in economic activity.		1998	150	
		1999	75	
		2000	N/A	
		2001	N/A	
		2002	N/A	

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

Strategic Objective 2.0: Increased income of enterprises, primarily rural, with emphasis on exports.				
APPROVED: 7/28/97		COUNTRY/ORGANIZATION: USAID/Eritrea		
Intermediate Result 2.2a: Value of domestic goods and services sold by enterprises increased				
Unit of Measure: Thousands of USDollars		YEAR	PLANNED	ACTUAL
Source: CBER, REU				
Indicator Description: Increase in domestic sales by enterprises receiving loans & TA Comments: a. This is a proxy indicator. b. Figures refer primarily to sales of cash & horticultural crops. c. The quadrupling expected depends on the type of enterprise surveyed under the REU baseline to be completed in April 1998.		1998	60	N/A
		1999	100	
		2000	350	
		2001	1,200	
		2002	2,000	

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

Strategic Objective 2.0: Increased income of enterprises, primarily rural, with emphasis on exports.				
APPROVED: 7/28/97		COUNTRY/ORGANIZATION: USAID/Eritrea		
Intermediate Result 2.3: Value of exports from assisted enterprises increased				
Unit of Measure: Thousands of USDollars		YEAR	PLANNED	ACTUAL
Source: CBER, REU				
Indicator Description: Increase in export sales by enterprises receiving loans & TA Comments: a. The projection is based on ACDI/VOCA's technical proposal prepared in 1996.		1998	15	N/A
		1999	250	
		2000	730	
		2001	1,200	
		2002	3,500	

**INVESTMENT OBJECTIVE 3: INCREASED CAPACITY FOR ACCOUNTABLE
GOVERNANCE AT LOCAL AND NATIONAL LEVELS.**

I. PERFORMANCE ANALYSIS

The GSE has made the determination that this IO be restructured. Subsequent discussion between the GSE and USAID has resulted in a request that USAID/Eritrea instead focus resources under this IO to support the GSE in the implementation of its National Human Resources Development Program (discussed further in Section II, Expected Progress). While there was progress and a number of significant achievements at the sub-IR level, the GSE's decision made this IO's intermediate results inappropriate or unachievable. Because this is a new investment objective, with the management contract in effect only since late-July 1997, the IO should be ranked under the R4 guidance as having "met the performance expectations".

Although there have been significant achievements, USAID also encountered a number of delays, setbacks and disappointments in significant activities: A protracted negotiation and delay in implementation of new university linkages, a one-year delay in implementation of activity with the National Union of Eritrean Women, a one-year delay in the participant training program, and suspension of USAID's program with the Ministry of Justice (MOJ).

This investment objective most directly supports the U.S. national interest of promoting democracy while also contributing to the U.S. national interests of humanitarian response and economic growth. In 1997, the investment partnership contributed to, and monitored progress in, capacity building of four areas: university training, legal reform, public management, and public information. Measuring results at the intermediate level was problematic largely because the intermediate results reflected a causal relationship that actually exceeded the level of the IO. Even so, progress is evident at the IO level as well at the sub-IR level in increasing the human and institutional capacity which the GSE sees as the essential building block for democratic, accountable government. The GSE was actively involved in the design of the IO and extensive field work and analysis by USAID/Eritrea confirms that lack of capacity at national and local levels represents a major impediment to democratic development and improved governance.

This IO has links to the Rural Enterprise Objective (IO2) through its focus on building capacity at the Central Bank of Eritrea to better manage the macro economy, which consequently affects private enterprise. Through the university linkage, this IO helps strengthen Asmara University, contributes to building human capacity, and supports the Primary Health Care Objective (IO1) linkage with Asmara University.

Results at the sub-IR level are encouraging and reflect a positive trend toward capacity building for accountable governance in Eritrea. The University of Asmara has made substantial headway in the preparation of students with law degrees and professionals with certification in journalism. Progress was slower in public administration and management due to faculty shortages and local logistical problems. In the Ministry of Justice there was modest success in the training of lawyers and judges and in building capacity in the administrative and research arms of the ministry. Combined with the successful education of lawyers at the

university, capacity building of the legal and judicial system has progressed.

Public service institutions, such as the Central Bank of Eritrea, have been strengthened and the performance of the bank has been impressive. Results with civic organizations were disappointing largely due GSE policy which inhibits working with CSOs. Other contributing factors include capacity deficits within civic organizations and the GSE desire to focus USAID/Eritrea resources toward capacity building of public institutions.

Finally, in May 1997, the new Eritrean constitution was ratified. This was the culmination of a highly participatory process -- utilizing prior-year USAID/Eritrea support -- with the resulting document described as one of the most liberal constitutions written, including strong support for gender equality.

Intermediate Result 1: Judicial processes and systems more effective

Progress toward achievement of IR1 was disappointing. The GSE asked USAID and other bilaterals to discontinue direct support to the MOJ. In addition, capacity deficits within the MOJ combined with USAID's procurement regulations made nearly all actions with the MOJ arduous and time-consuming, and strained the investment partnership.

This IR addresses the human and institutional capacity deficits that must be overcome within the legal and judicial system. Because the program is new, there were no indicator targets set for this IR for 1997. There was nonetheless, noteworthy progress made at the sub-IR level. The law linkage, under the University Development Linkage Program (UDLP) between the University of North Carolina and the University of Asmara (UA), continues to contribute to the development of the law program at the university. USAID/Eritrea's Democracy Fellow - a lawyer - is teaching at the law school under his scope of work. USAID/Eritrea provided financial support to send UA law students to the All-Africa Moot Court competition in Uganda. In June 1998, the first cohort of thirty law students under the UDLP-developed five-year law degree program will graduate with degrees in law. These new lawyers will be the first law graduates since independence. Approximately 10% of the graduating class are women and will comprise the first group of degree-holding women practicing law in Eritrea. Strengthening the law program will contribute to the Ministry of Justice's efforts in strengthening judicial capacity as the MOJ has indicated a willingness to employ the entire graduating class.

USAID/Eritrea directly supported programs in the Ministry of Justice. Support to the MOJ included financial assistance to establish a law center to provide a central facility for legal research for the university and the MOJ. Once necessary infrastructure is in place, the law center will serve as a hub through which courts nationwide can access legal resources. With the assistance of USAID/Eritrea-funded legal consultants, the MOJ developed a strategy for legal reform which reconfirmed the strategy developed by the extended working group for this IR. Under UNDP funding, the MOJ is now engaged in legal code reform to harmonize the antiquated legal code system with the new constitution and to provide a regulatory framework that is supportive of Eritrea's development goals, an excellent example of leveraging resources. A USAID/Eritrea-funded study tour in the U.S. in 1996 for the Minister of Justice led to a UNDP-financed short-term training of judges and court personnel in court

management by the U.S.-based National Center for State Courts. Other USAID/Eritrea support included funding for the translation of Ethiopian legal codes from Amharic into English and Tigrinya. Until the legal code reform is complete, these codes are the de facto basis for Eritrean law.

Intermediate Result 2: Popular participation in governance increased

This IR has been the most problematic for the IO because of GSE policy regarding civil society which discourages donor support of civic organizations. Other key constraints included a dearth of civil society organizations to work with and debilitating capacity deficits within the few existing organizations. Indicators for the IR level have proved to be problematic, either for lack of attribution or difficulty in measurement. There were, nonetheless, noteworthy achievements at the sub-IR level.

The strengthening of journalism training supports the development of capable journalists and increased citizen access to information. Under the UDLP, three Eritreans are studying for masters' degrees in journalism at UNC and North Carolina Central University School of Journalism. In addition, two U.S. journalism instructors assisted with the training of 29 media professionals in a summer institute. These professionals completed the extended course and are working in the Ministry of Information (MOI). Because of the interest shown the by MOI, the second round of the institute was extended to a full semester and is now underway with the assistance of a U.S. journalism professor. Journalism training and exposure to U.S. journalists and U.S. journalistic practices will make a substantive immediate contribution to the MOI, and in the longer term help to raise the national standards of investigating, reporting and news presentation. Internet remains inaccessible though encouraging progress was made due to USAID-financed Internet Awareness Training of GSE officials in Addis Ababa.

Political sensitivities exist regarding the role and level of participation by citizens and civil society organizations in governance. There remains a great amount of national unity behind the PFDJ. Organizations which propose assuming functions seen as the responsibility of the state, that might be regarded as advocating less than complete loyalty to the state, or which seek to represent the interests of a specific ethnic, religious, or economic sub-group face a difficult environment. The role of local NGOs remains yet to be fully defined. The GSE believes that many of the services that NGOs seek to provide are the proper domain of the government. Restrictions on the activities of NGOs have been heavy, especially in the area of development. Finally, the ability of alternative political parties to participate remains restricted. Though the constitution espouses freedoms of speech, opinion, organization and assembly, while also guaranteeing as a fundamental principle broad and active political participation, the GSE has stated that political parties will not be allowed to form on religious, ethnic, or single issue bases and enabling legislation for political party formation has not yet been developed. When and how alternative political parties will be allowed to form, especially on a platform that directly challenges the ruling party, remains an open issue that is being closely watched.

USAID's grant to the National Council of Negro Women's (NCNW) to assist the National Union of Eritrean Women (NUEW) has stalled because of a variety of reasons, and may have

to be terminated. The American Center for International Labor Solidarity (ACILS) was invited to expand its institutional capacity building work with the National Confederation of Eritrean Workers (NCEW).

Intermediate Result 3: Public administration improved and more effective

This result focused largely on capacity building within the university and the Central Bank of Eritrea. The university was tasked by the GSE to implement and manage the GSE's Human Resource Development Strategy - a cornerstone of Eritrea's overall development plan. An autonomous institution, the Central Bank is engaged in capacity-building activities independent of those of the university. Indicator data for the IR were not planned for 1997 though progress was realized at the sub-IR level.

With a goal of enabling the university to better meet the training needs of GSE institutions, USAID/Eritrea initiated a broad array of support to “governance faculties” including the procurement of books, materials, 87 computers and related equipment to strengthen the law and other university libraries, the computer center, the Department of Political Science, and the Faculty of Education.

While progress has not been as substantial as that of the law and journalism programs, the public administration and political science programs will be strengthened upon the return of UA faculty sent to the United States to pursue higher degrees and the initiation of the new management and social science linkages next year. In addition, one of the U.S. professors under the UDLP linkage program assisted in the development of a diplomacy curriculum now in use by the Eritrean Ministry of Foreign Affairs.

Recognizing our comparative advantage in management and public administration higher-education, the UA president took part in a USAID/Eritrea-funded study tour of U.S. universities to establish additional linkages between UA and U.S. universities. These linkages will emphasize short-term management training primarily through the Eritrean Institute of Management (EIM) - a UA institute created to provide short-term, in-service management training for government employees in the fields of management and public administration. As a result of the study tour, UA selected SUNY Albany, Western Michigan, and Cornell as its partners in their proposed management linkage with activities expected to be initiated in 1998.

Implementation of a “Participant Training” program has been delayed over issues of program management. The program planned to send up to thirty government officials per year, beginning in 1997, to the U.S. to complete graduate studies primarily in management and public administration. In response, USAID/Eritrea and the university have been negotiating to train and provide technical assistance to enable the university to manage this program directly through the newly-created National Human Resource Development Center.

USAID/Eritrea was involved in activities to strengthen the capacity of the Central Bank of Eritrea. Through a direct grant to UNDP, USAID/Eritrea funded two training consultants. The consultants' training for 36 bank staff included monetary economics, financial management, and statistics. The consultants assisted the bank to conduct a feasibility study

on alternative ways of establishing banking and financial training programs. The bank's institutional capacity was enhanced with the addition of 66 computers with ancillary equipment and money counting machines which are all in use.

As a result of these and other initiatives, the performance of the CBE in 1997 is generally assessed as having been at a high level. While USAID/Eritrea cannot assert direct attribution, USAID/Eritrea support to the bank during 1997 can be linked - through increased capacity within the bank - to a moderating effect on the rate of inflation from an already respectable 10% to 3.5%. Further, the bank managed the smooth introduction of Eritrea's own currency - the Nakfa. For the first time in its history, Eritrea has control over its monetary policies.

II. EXPECTED PROGRESS THROUGH FY2000 AND MANAGEMENT ACTIONS

Over the past year, the GSE suspended all bilateral donor involvement in activities directly targeting democratic governance. Much of what seemed to influence the change reflects Eritrean concerns that it is not appropriate for donors to be involved in democratic and political institutions. In November 1997, the GSE -- recognizing USAID's comparative advantage -- requested that USAID reprogram its activities to support the implementation of Eritrea's National Human Resource Development Program. The change represents the GSE's commitment to human and institutional capacity development which the GSE considers essential for good governance.

It is significant that **both the GSE and USAID have determined that human capacity development should serve as a new development objective.** Both the GSE and USAID identify as a key focus the contributions of institutions of higher education to sustainable development. While supporting the new Agency goal for Human Capacity Development, this focus on human and institutional capacity development in government institutions will also support and contribute to USAID's revised Agency Goal 2: "Democracy and good governance strengthened."

The proposed change to the USAID/Eritrea Governance IO reinforces the original intent of the strategy -- capacity building. This original intent was lost as the results framework began to reflect intermediate results at a higher level than the IO itself. The planned change to human and institutional capacity development in government institutions focuses on the greatest opportunities under the original IO -- capacity building in the judicial sector and in public administration. The result, then, will be one in which USAID/Eritrea's strengths and comparative advantage will be exploited while preserving the original intent of capacity building of institutions of democratic governance. The new IO (or, perhaps, a Special Objective) will be more focused, within the management capacity of the mission, and consistent with Eritrea's development objectives.

In keeping with managing for results, this is an appropriate moment to adopt a change in strategy. The proposed change to the IO will reflect more accurately and transparently - to both the GSE and USAID/Washington - what the investment partnership is setting out to achieve. The major thrust of the proposed investment partnership remains much as it was, in journalism, public management, law, political science, and central banking. The program will continue to strengthen human and institutional capacity to advance systems of accountability,

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

transparency, and justice and to increase capability at local levels for decentralization. The change in IO3 will be reflected not in the activities under the present IRs, but in the Results Framework and in the manner of implementation under the GSE's National Human Resources Development Program.

Our expectations remain that the GSE, in its commitment to self-reliance, participatory democracy, and sustainable development, will expand its efforts to build the institutions of good governance through legal code reform and implementation of the constitution; finalization of the country's electoral laws; improvements in court management; and improved management of monetary policy and central banking functions.

USAID/Eritrea, in continued partnership with the GSE, and in support of the GSE's National Human Resources Development Program, anticipates the following management actions and results. UDLP professors will continue to work in Law. Thirty law students will complete their law degrees in June 1998 with a regular cycle of law graduates from then on. With a contribution by U.S. journalism trainers, approximately thirty professional journalists from the Ministry of Journalism will undertake study at a training institute in both 1998 and 1999. Linkages will be established between EIM and a consortium of U.S. universities to undertake a short-term management course in 1998. U.S. faculty should begin training at EIM in 1999 while EIM staff initiate U.S.-based training programs. The university will launch the Human Resources Development Center and begin implementation of the National Human Resources Development Program in 1998. Central Bank of Eritrea performance will continue to improve with the continued involvement of USAID/Eritrea-supported trainers. The bank will create a specialized training institute to provide on-going training facility and will bring in three more advisors to consolidate progress made thus far.

USAID/Eritrea will be sending in a cable to USAID/Washington before the end of FY98 following further discussion with the GSE specifying proposed changes to the IO and providing details on a proposed Investment Objective (or a Special Objective) and its supporting IRs.

III. ENVIRONMENTAL COMPLIANCE

There are no issues of environmental compliance under this IO, and none envisioned under the proposed changes to the IO.

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

<p>OBJECTIVE: Increased capacity for accountable governance at local and national levels. APPROVED: 28 Jul 1997 COUNTRY/ORGANIZATION: USAID/Eritrea</p>			
<p>INDICATOR: Degree to which the rule of law is strengthened through legal training (SIO 3).</p>			
<p>UNIT OF MEASURE: a) Aggregate measure of participants from all levels of judiciary and the MOJ. b) Aggregate measure of LL.B. graduates from UA.</p> <hr/> <p>SOURCE: National Center for State Courts (NCSC), JA Law Department</p> <hr/> <p>INDICATOR DESCRIPTION: Lawyers formally trained, either through university education (LL.B.) or professional in-service training.</p> <hr/> <p>COMMENTS: NCSC training in court administration methods targeted trainers of trainers from all levels of judiciary and the MOJ. While funded by UNDP, program was the result of a USAID-funded study tour of the US legal system and based on USAID - funded consultants' training course design modeled on the USAID SIO.</p>	YEAR	PLANNED	ACTUAL
	1997	a) 30(B) b) 0	a)38 b) 0
	1998	a) 35 b) 26	
	1999	a) 40 b) 30	
	2000	a) 40 b) 30	
	2001	a) 40 b) 30	

<p>OBJECTIVE: Increased capacity for accountable governance at local and national levels. APPROVED: 28 Jul 1997 COUNTRY/ORGANIZATION: USAID/Eritrea</p>			
<p>RESULT NAME: Judicial processes and systems more effective (IR 1). Sub-Result: Enhanced availability & access to legal research materials & technical resources (IR1.3).</p>			
<p>INDICATOR: Law center established.</p>			
<p>UNIT OF MEASURE: estimated percentage of operational status. 100% implies that law center is fully equipped and fully functioning based on MOJ reform plans.</p> <hr/> <p>SOURCE: MOJ</p> <hr/> <p>INDICATOR DESCRIPTION: MOJ law center operating with adequate research materials and physical resources.</p> <hr/> <p>COMMENTS: No indicators available at IR level. Sub-IR indicator used to demonstrate progress toward achievement of IR. Measure given is subjective estimation based on MOJ input. MOJ plans to install computer network linking MOJ and regional courts. In addition, MOJ is now in process of securing additional space on the premises to expand the law center.</p>	YEAR	PLANNED	ACTUAL
	1996 (B)	0%	0%
	1997	30%	50%
	1998	75%	
	1999 (T)	100%	

PART II: PROGRESS TOWARDS STRATEGIC INVESTMENT OBJECTIVES

<p>OBJECTIVE: Increased capacity for accountable governance at local and national levels. APPROVED: 28 July 1997 COUNTRY/ORGANIZATION: USAID/Eritrea</p>			
<p>RESULT NAME: Popular participation in governance increased (IR 2). Sub-Result: Professional groups key to accountable governance expanded (IR 2.1).</p>			
<p>INDICATOR: Trained journalists</p>			
<p>UNIT OF MEASURE: aggregate measure of journalists</p> <hr/> <p>SOURCE: UA Institute of Journalism</p> <hr/> <p>INDICATOR DESCRIPTION: Journalism professionals formally trained in program leading to Certificate in Journalism.</p> <hr/> <p>COMMENTS: This course primarily addresses the need for training journalism professionals within the Ministry of Information (MOI). The MOI is the publisher of the two most widely-read newspapers in Eritrea: the Tigrigna-language "Hades Eritrea" and the English-language "Eritrea Profile." The MOI also broadcasts the only television channel and radio programs in four different languages. When the journalism professionals within the MOI are completely trained up, emphasis and performance monitoring will be concentrated on the university's degree program in journalism. This is also in keeping with the GSE's desire that USAID/Eritrea focus its attention and resources on the National Resource Development Strategy.</p>	YEAR	PLANNED	ACTUAL
	1997	25	29
	1998	25	

<p>OBJECTIVE: Increased capacity for accountable governance at local and national levels. APPROVED: 28 July 1997 COUNTRY/ORGANIZATION: USAID/Eritrea</p>			
<p>RESULT NAME: Public administration improved and more effective (IR3).</p>			
<p>INDICATOR: Inflation rate held below 10% following introduction of new currency (Nakfa).</p>			
<p>UNIT OF MEASURE: Annual percent change</p> <hr/> <p>SOURCE: IMF</p> <hr/> <p>INDICATOR DESCRIPTION: Measure of percentage change in consumer prices, based on prices in Asmara. Monetary management to hold rate of inflation to less than 10% per year following introduction of new currency (Nakfa).</p> <hr/> <p>COMMENTS: While USAID/Eritrea cannot assert direct attribution, USAID/Eritrea support to the Bank during 1997 can be linked - through increased capacity within the bank - to a moderating effect on the rate of inflation.</p>	YEAR	PLANNED	ACTUAL
	1995		11% (B)
	1996		10%
	1997	<10% (T)	3.5%
	1998	<10%	
	1999	<10%	
	2000	<10%	
	2001	<10%	

PART III: STATUS OF THE MANAGEMENT CONTRACT

USAID/Eritrea's Investment Partnership was approved July 28, 1997. There are no changes requested for the Health or Enterprise objectives. However, we expect to seek modifications to the Governance objective in response to a request by the Government of Eritrea that we realign this objective to more closely reflect their newly adopted program in Human Capacity Resource Development. According to the R4 guidance, we will engage in a dialogue with the Africa Bureau in a separate process from the R4 about the options for change in this investment objective. USAID/Eritrea will be sending in a cable to USAID/Washington before the end of FY98 following further discussion with the GSE specifying proposed changes to the IO and providing details on a proposed Investment Objective (or a Special Objective) and its supporting IRs.

USAID ERITREA

FY 2000

RESOURCE REQUEST

MARCH 4, 1998

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USAID ERITREA

FY 2000 RESOURCE REQUEST

1. FINANCIAL PLAN

USAID's program in Eritrea represents a small investment in a real experiment in reengineering. As a laboratory, we require some tolerance and flexibility from USAID/Washington. In order to achieve our anticipated results, USAID/Eritrea and the GSE need continued support at current funding levels --and assurances of those funding levels -- for the next two years. While our investment here has not yet begun to show the rate of return that will result over the long term, continued support is warranted in order to solidify the foundations of food security and political stability in Eritrea, and to help put Eritrea on the path to sustainable economic growth. Only then can USAID guarantee to the GSE that we are a reliable partner. We expect that it will take a minimum of two years to responsibly assess the success of our program, the value of our approach of doing business differently, and the true impact of turning over management and implementation responsibility to our partners.

To accomplish the objectives of Eritrea's Investment Partnership Plan (IPP), the Mission requires a total of \$30.65 million in Development Assistance for the fiscal years 1998-2000, and \$16.0 million in Title III resources. These levels keep USAID/Eritrea within the approved strategy amounts for program resources over the life of the IPP. The most critical FY 1998-2000 sector control levels for Child Survival (\$10.6 million), Economic Growth (\$12.87 million), and Democracy and Governance (\$2.0 million) levels need to be maintained to achieve results within these objectives.

Budget Request by Investment Objective

IO 1 FY 1998 will see a spike in annual obligations for PHC. This is a result of starting the new NPA program, while continuing to make the LOP mortgage for the major PHC activity, the Eritrea Health and Population Project. FY 1999 and 2000 PHC levels will come down to IPP levels and the total life of SO obligations will be very close to the IPP level. Sector levels in health requested for 1999 and 2000 are close to the negotiated sector levels of FY 1998. Major shifts in sector allocations from the current level could jeopardize the ability of PHC to achieve planned results. Annual obligations of funds are critical to continue progress in MOH capacity building at zonal levels, and adaptation of national policies and protocols at the local level. The objective in primary health care, much of which focuses on children, requires a major proportion of CS funds. No major changes or exceptions in funding will be required for the established PHC program. NOTE: PHC plans to utilize CS funds for the new NPA activity. If CS funds cannot be used for the NPA, the Mission will need to re-examine whether the activity is still feasible.

IO 2 Overall future obligations will be slightly below the five year IPP strategy level, although the LOP mortgage for the major activity, the Rural Enterprise Investment Program, will be met. EG subsector levels will continue in approximately the same proportion as past fiscal years, with the agriculture subsector comprising approximately 66% of IO 2 EG resources. Environment funds remain low for FY 1998-2000, as there is no environment program here. EG funding levels for 1998-2000 must remain at \$10.87 million to achieve

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results under this IO. Significant EG cuts would jeopardize financial infusions into the loan fund, therefore lowering the number of enterprises that could receive loans. It would also curtail management support and training services from the Rural Enterprise Unit, which would decrease the number of enterprises qualifying for and most efficiently utilizing USAID funded loans, thus slowing economic growth and food security. No major changes or exceptions in funding as outlined in the IPP, are required.

IO 3 Although this IO is changing its objective to human capacity development, overall obligations will not change from the IPP levels. The focus within the new HCD objective will be on government institutions and governance, therefore USAID/Eritrea will continue to require both EG and DG sector money (split 50%-50%) to fund the IO. Decreasing or eliminating DG sector funds will jeopardize the public administration linkage program, which provides technical assistance to the training center for civil servants in administering projects and programs, a critical component of government capacity building. A decrease in EG funding will jeopardize other university linkage programs with the University of Asmara, which are building legal and journalism capacity. No major changes or exceptions in funding, as outlined in the IPP, will be required for the new HCD program.

Pipeline Analysis

The pipeline for IO 1, although high, will see substantial disbursements in FY 1998. Most funds in the Eritrean Health and Population Project are now committed to specific MOH needs, and are poised to draw down quickly on mutually agreed activities. As the MOH has matured and increased capacity to plan and utilize funds, anticipated pipelines will decrease by 50% by FY 2000, even with continued substantial obligations each year.

IO 2 just signed its REIP agreement the end of FY 1997. As a new IO, it is still building the financial systems and procedures to support the loan fund activity. Therefore IO 2 pipeline will remain high for FYs 1998 and 1999. Once loans are being awarded, expenditures will increase substantially, and the ratio of pipeline to anticipated expenditure will begin to decrease by FY 2000.

Because of the transition of IO 3 to Human Capacity Development, and the halting of many activities for six months, the current ratio between anticipated expenditures and pipeline is disproportionally high for FY 1998. However, as the HCD team comes to agreement on USAID's support of the National HCD plan, signs at least two university linkage agreements, and works out operational mechanisms, disbursements will greatly accelerate in FYs 1999 and 2000.

2. PRIORITIZATION OF OBJECTIVES

IO 1 Primary Health Care is the top priority for USAID/Eritrea because of its combination of high performance and medium importance to the Mission's Investment Plan. Primary health care is one of the most basic services required by Eritreans from their government, and improved health of the population has positive effects on economic development and social stability. Through the primary health care objective, with an emphasis on improving services in rural areas, and decentralization of service provision, this IO also contributes to the other

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two IOs. The IRs for this IO have been ranked:

1. IR 3: quality of PHC services improved;
2. IR 2: client demand for PHC services enhanced;
3. IR 1: access to integrated PHC services improved.

IO 2 Rural Enterprise is the middle priority for USAID/Eritrea. This objective, although in the start-up phase, has the potential to substantially improve economic growth and food security in Eritrea and also contributes to the GHAI, all critical components of political stability. The IRs for this IO have not been ranked.

IO 3 DG/Human Capacity Development is the lowest priority for USAID/Eritrea for performance and relative importance. The reason for this ranking is that if an IO had to be cut because of insufficient program or OE resources, the Mission would try to fold some of the IO 3 activities into IOs 1 and 2. However, this is problematic in that, under HCD, USAID/Eritrea has been asked to support HCD beyond health and enterprise, which encompasses all government ministries for public administration training and the development of the University of Asmara in law, journalism, and social science. These critical activities, which promote an efficient, lean, and accountable government, would be lost if this IO were eliminated. There is no ranking of IRs for this IO.

The overall funding for the IOs, as approved in the IPP, reflects the priorities as given above. Both Primary Health Care and Rural Enterprise receive the bulk of the Mission's allocation. Human Capacity Development is a much smaller program in terms of funding. Although the Mission has experienced disappointments and delays in both IO 2 and IO 3 (as discussed in Parts I and II) USAID/Eritrea does not have objectives classified as low performing this year. Both IO 2 and IO 3 are new, and IO 3 is in the process of transition toward a more focused, limited objective in HCD. This shift and the expected completion of negotiations with the GSE on innovative university linkage agreements will substantially address the performance problems encountered in the last year. Therefore, at this time, USAID/Eritrea is not requesting significant upward or downward funding adjustments, based on the management contract, for any IO for FY 1999.

3. LINKAGE WITH CENTRALLY FUNDED MECHANISMS

All centrally funded programs and resources, which include Global Bureau support, non-emergency Title II and Title III resources are fully integrated into USAID/Eritrea's IPP. Global field support, through PHN, is a critical component of IO1. It provides technical assistance and support to the MOH, crucial to capacity building to plan for and deliver quality primary health care services to Eritreans. Without the broad array of technical services provided by Global PHN, it would not be possible to address the capacity building needs of the MOH. Other Global Bureau support for IO 2 and IO 3 provides important mechanisms for acquiring specialized services, which would be difficult to obtain in any other way. Through the HBCU program, important R&D for potential export crops is being promoted in IO 2. For IO 3, technical expertise to help develop a new results framework, resulting from the transition to HCD will be important. For both IO 1 and IO 3, the Fellows programs provide critical staffing needs for technical expertise at the Mission.

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Title II, non-emergency food assistance is being phased out in FY 1998. Title III provides important infusions of grain, in a chronically food-deficit country, which is moving toward commercial imports of needed food, but has not quite achieved that goal yet. Title III has directly enhanced Eritrea's food security through supporting the implementation of Eritrea's Food Security Strategy, which addresses agricultural production and enterprise development to support needed food imports. The monetization of Title III, which funds rehabilitation of secondary rural roads, directly supports the IO 2 Rural Enterprise program by improving rural infrastructure for economic activity. Title III has been very effective in accelerating implementation of the Food Security Strategy and in road rehabilitation.

4. WORKFORCE AND OE

USAID/Eritrea is a young Mission with an ambitious development program. The Mission faces major challenges in staffing and OE resources in FY 1998 and the out-years because of several factors, including:

- insufficient and inexperienced staff in program, administrative, and financial areas who require substantial formal and on-the-job training;
- unforeseen USDH transfers and other gaps in OE budgeting in FY 1998;
- gaps in computer hardware and software systems;
- non-existent and weak financial, administrative, contracting, and overall internal control systems;
- decisions by the Eritrean Government to phase out international NGO/PVOs and to reduce the role and responsibilities of USAID--funded cooperating agencies and contractors, thus requiring the Mission to take on additional management and implementation responsibilities; and
- the need to complete key aspects of the Mission's reengineering transition to fully-functioning teams with appropriate delegations of authority and with working extended teams that include the full range of partners and stakeholders involved in the USAID/Eritrea IPP. The IPP envisages the eventual complete shift of implementation to the GSE.

Because of these challenges and weaknesses, the Mission must add marginally to its workforce, but more importantly, must emphasize over the next three years a focused program of internal training and capacity building, particularly for FSN staff. With sufficient OE resources, these training efforts will include both formal courses and well-targeted, on-the-job training. Although some training in Washington and the region will be necessary, much of the training can take advantage of the staff of the USAID/Ethiopia Mission, which reduces, but does not eliminate, costs of the training (since the Mission must pay for travel and per diem of staff going to or coming from the Addis Mission). The Mission has already initiated some of the required training, but the resources do not exist in the FY 1998 OE level (nor in the OE target level for the out-years) for the minimum required training and TDY assistance

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in establishing or strengthening essential systems that at present, are nonexistent or extremely weak. These gaps and weaknesses require that the Mission request additional OE resources above the target level for FY 1998, FY 1999, and FY 2000. At that time, the program should be moving at a normal pace and Mission staff should be fully trained and capable to manage financial, administrative, and program operations with a modest level of continuing support from USAID/Ethiopia.

Without approval of the modest staffing changes proposed and of the incremental OE resources the Mission is requesting over the next three years, USAID/Eritrea will be unable:

(1) to responsibly and effectively implement and monitor its approved development assistance program and;

(2) to establish and maintain the adequate internal control systems (financial, administrative, procurement, and program operations) necessary to responsibly manage and account for the financial, physical, and human resources for which the Mission is responsible.

Staffing:

The Mission's staffing plans will not exceed the overall target level of a total of 36 given by the Bureau for FY 1999 (of 5 USDH, 1 OE USPSC, 23 OE FSN PSC, and 7 program-funded staff, (not counting Fellows) and in fact will remain under that overall figure at 34. However, the Mission does propose an increase of its OE FSN PSC numbers by 1 to a total of 24 in order to strengthen the critical area of administrative support in operations, for which the recent Contracting System Evaluation (in February 1998) identified a number of procurement system weaknesses.

The Mission expects that the budgeted amount for ICASS costs, currently at \$292,000 for FY 1998, will be increased in FY 1999 to adjust for the additional fifth Direct Hire position. Although current USDH staff have no secondary education needs for children at this time, the Mission has budgeted increased education allowances in FY 1999 and 2000 to cover the possibility of USDH replacements requiring funds for an average of two children at secondary education level. This would require needing education abroad, given limited schooling available in Eritrea.

Program funded Staff: An additional program funded FSN junior professional in PHC is required beginning in FY 1998. As the MOH phases out the use of resident Cooperating Agencies, a greater management burden is placed on the PHC team to coordinate with the MOH and the Global Bureau in Washington to provide appropriate and timely technical assistance. There will be a greater need to manage the daily details of USAID activities, which are currently the purview of the Cooperating Agencies. As this is one of the two largest IOs in the Mission, four staff are necessary to manage a \$21.5 million program.

Additional short-term and part-time program-funded hires are needed to make up gaps in staffing in FY 1998. During the change of IO 3, additional short-term locally hired USPSC support will be needed with monitoring and evaluation experience for about six months,

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working with the GSE HCD program to develop the new IO framework, indicators, and targets. In addition, as the new linkage programs are set up, a part-time locally hired FSN, hired by USIS/Eritrea, will be needed to provide logistical support for arriving U.S. university professors until the new HCD center has the capacity to set up housing, visas, and other necessary logistics for the professors. USAID/Eritrea will utilize and pay for 50% of this FSN's position.

Program funded Fellows will decline to 2 by the end of FY 1998, as the new replacement US Direct Hire is shifted to the PHC IO. With this USDH position in place, FY 1999 will see a termination of the TAACS position.

OE-funded staff. One additional OE-funded FSN employee over the AFR target levels for FY 1998 will be required in the Finance section. With the shift of Eritrea's controller office from Nairobi to Addis, Eritrea will not be receiving as many services as provided by REDSO and, therefore, will need to pick up more financial functions itself. The USPSC Financial Specialist will assist in this process, but difficulties with the ICASS system have required that the Mission establish a cashier function, instead of depending on the Embassy cashier operation. Because the current voucher examiner is taking on the cashier function for the Mission, an additional voucher examiner is required to strengthen the financial staff. This position will continue to be necessary for the out-years of the program.

OE :

In FY 1998 additional resources are required to make up for omissions in the previously calculated budget (FY 1998 approved level of \$930,000) and to address the gaps and weaknesses cited above. Similarly, additional OE resources will be required for FY 1999 and FY 2000.

There is a critical need to strengthen financial systems and to establish and strengthen a wide range of administrative and procurement systems in the Operations section. The Mission does not have a permanent Direct Hire Executive Officer to set up, implement, and train staff on these systems. Therefore, a substantial program of formal and on-the-job training of FSN operations staff is necessary. The Mission is receiving substantial support in this effort from the Executive Officer in USAID/Ethiopia. However, the requirements for establishing systems and training staff is much more than the Addis Mission can provide in a timely way. Training FSN staff in the range of new systems will require the additional services of a senior Executive Officer consultant for TDYs twice a year for the next three years in addition to EXO support from Addis. Total time necessary for these TDYs is estimated at six months annually, divided into two three-month visits per year. Without this additional EXO support for building systems and training FSN staff, the AID Representative and key program staff across the board will have to allocate excessive portions of their time to compensate for the continuing gaps in administrative, personnel, procurement, and other basic operating systems. This will compromise the ability of senior Mission staff to meet essential responsibilities in program negotiations, coordination with partners and stakeholders, implementation and managing for results.

USAID/Eritrea will receive a fifth direct hire position in FY 1999. This position will be a

PART IV. RESOURCE REQUEST

program officer. Presently, a AAAS Fellow is helping support the Mission's basic programming systems and operations; however, this person leaves in July. To avoid a major gap in program management, the Mission plans to move as quickly as possible to recruit and select someone for the Program Officer position in FY 1998. Therefore the Mission requires transfer costs for this position to be moved up to the FY 1998 OE budget. However, if a USDH Program Officer cannot be quickly found, an OE-funded, short-term PDO/Program Officer consultant may be necessary toward the end of FY 1998 to enable the Mission to maintain basic program functions and ensure timely obligations for the current fiscal year.

USAID/Eritrea is in arrears in establishing an FSN severance pay fund, which supports voluntary termination costs. Additional FY 1998 OE funds are required to provide a reasonable fund in case of FSN employment termination.

Computer software needs were not addressed in the original estimates of OE funding needs for FY 1998. Additional software purchases are critical to upgrade the current system.

Finally, USAID/Eritrea did not anticipate the early transfer in FY 1998 of one of the IO 3 USDH employees to another post and the subsequent cost of transfer for the replacement person, who will lead the IO 1 team. USAID/Eritrea is able to pick up the cost of the transfer from post to AID/W from the current OE target level, but requires additional OE funds to make up for moving funds from other critical OE line items for the transfer of the USDH replacement.

FY 1999 and FY 2000

USAID/Eritrea requires additional OE funds above the FY 1998 approved target level of \$930,000 for FY 1999 and 2000. The additional operations secretary position will be required in the out-years, resulting in an increase in OE FSNPSC funds for 1999 and 2000.

Continuing formal and on-the-job training will be essential for completing the job of building FSN capacity for maintaining and continuing to improve the Mission's financial, administrative, and programming systems. Therefore increases in training and workshop travel are required in 1999 and 2000. Completing the establishment of strong internal systems will continue to require some short-term Executive Officer consultant services for the out-years of 1999 and 2000, in addition to some support from USAID/Ethiopia. This support will enable the Mission to complete the establishment and strengthening of strong and sustainable administrative, contracting, and property management capacity. FSN staff will then be full members of the Mission's IO and support teams and be able to take on much higher levels of responsibility for all aspects of the Mission's functioning. The level of assistance that can be provided by USAID/Ethiopia over the long term will be sufficient for the Mission's needs. On the financial side, the OE funded USPSC financial specialist will continue to be necessary for adequate financial management and accountability and training of FSN financial staff.

Finally, computer hardware and software needs are not budgeted for FY 1999. Without additional 1999 funds to continually address ongoing computer needs, budgeted funds for this purpose in FY 2000 will not be adequate to keep the Mission computer system updated and

PART IV. RESOURCE REQUEST

smoothly functioning.

USAID/Eritrea is making a reclama for FY 1998 of an additional \$210,000, an approximate 25% increase in OE funding. An increase of \$199,000 for FY 1999 is needed, approximately 20% above approved target levels. For FY 2000, \$164,000 additional funds are needed, a 17% increase.

Y2K: USAID/Eritrea has provided nearly 400 personal computers to host country institutions in Eritrea. Because the vast majority of these systems are new personal computers (purchased after 1995) both the software --most of it standard packaged programs-- and hardware have integrated Year 2000 solutions. USAID/Eritrea has, according to IRM guidance, informed all our partners and customers about this potential problem and the need to examine their systems for Year 2000 incompatibilities and to identify corrective action. Within the Mission, we are in the process of replacing all our personal computers, and will not have any Year 2000 problems.

TRUST FUNDS & FSN SEPARATION FUND

Orgno: _____
 Org. Title: _____

Foreign National Voluntary Separation Account

Action	FY 97			FY 98			FY 99		
	OE	Program	Total	OE	Program	Total	OE	Program	Total
Deposits			0.0	15.0		15.0	2.0		2.0
Withdrawals			0.0			0.0			0.0

Unfunded Liability (if any)
 at the end of each FY.

Local Currency Trust Funds - Regular (\$000s)

	FY 97	FY 98	FY 99
Balance Start of Year		0.0	0.0
Obligations			
Deposits			
Balance End of Year	0.0	0.0	0.0

Exchange Rate(s) Used

Trust Funds in Dollar Equivalents, not in Local Country Equivalents

Local Currency Trust Funds - Real Property (\$000s)

	FY 97	FY 98	FY 99
Balance Start of Year		0.0	0.0
Obligations			
Deposits			
Balance End of Year	0.0	0.0	0.0

Trust Funds in Dollar Equivalents, not in Local Country Equivalents

Eritrea

ERITREA

GLOBAL FIELD SUPPORT

Objective Name	Field Support: Activity Title & Number	Priority *	Duration	Estimated Funding (\$000)					
				FY 1998 Obligated by:		FY 1999 Obligated by:		FY 2000 Obligated by:	
				Operating Unit	Global Bureau	Operating Unit	Global Bureau	Operating Unit	Global Bureau
SO 3 Governance	DG Fellow (936-5466), or AAAS Fellow (936-5600), or Education TAA	M-H	2		250		250		
SO 3 Governance	Monitoring and Evaluation Management Support-CDIE (936-????)	M-H	2		140				140
SO 3 Governance	Global Training for Development (936-5855)	H	1	325					
SO 1 Primary Heal	SEATS (936-3048)	H	2		250		200		
SO 1 Primary Heal	QAP (936-5997.02)	M	3		150		100		100
SO 1 Primary Heal	MEASURE (936-3083.01)	M-H	1		200				
SO 1 Primary Heal	TAACS (936-5970)	M-H	1		50				
SO 1 Primary Heal	JHU HCSFP (936-6004.08)	H	3		300				200
SO 1 Primary Heal	PHR (936-5974.13)	M	2		150				
SO 1 Primary Heal	CLM/CCP (936-3057)	H	2				200		200
SO 1 Primary Heal	BASICS PY 5 (936-6006.01)	M	1		150				
SO 2 Enterprise	Post Harvest Collaborative Agribusiness (936-4195)	M	2			65		75	
SO 2 Enterprise	International Development Partnership-HBCU (936-5861)	H	2				150		150
GRAND TOTAL.....				325	1,640	65	900	75	790

* For Priorities use high, medium-high, medium, medium-low, low

Cost of Controller Operations

Org. Title: USAID/ERITREA Org. No: 661 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total		
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0			0		0			0			0	
	Subtotal OC 11.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0			0		0			0			0	
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0			0		0			0			0	
11.5	FNDH			0			0		0			0			0	
	Subtotal OC 11.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	21		21	70		70	70	70	70	70	70	70	70	70	
11.8	FN PSC Salaries	22		22	23		23	23	23	24	24	24	24	24	24	
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0			0		0			0			0	
	Subtotal OC 11.8	43	0	43	93	0	93	93	0	93	94	0	94	94	0	
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances			0			0		0			0			0	
12.1	Cost of Living Allowances			0			0		0			0			0	
12.1	Home Service Transfer Allowances			0			0		0			0			0	
12.1	Quarters Allowances			0			0		0			0			0	
12.1	Other Misc. USDH Benefits			0			0		0			0			0	
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FNDH			0			0		0			0			0	
12.1	Other FNDH Benefits			0			0		0			0			0	
12.1	US PSC Benefits	64		64	35		35	35	35	40	40	40	40	40	40	
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FN PSC	3		3	3		3	3	3	3	3	3	3	3	3	
12.1	Other FN PSC Benefits	4		4	5		5	5	5	6	6	6	6	6	6	
12.1	IPA/Detail-In/PASA/RSSA Benefits			0			0		0			0			0	
	Subtotal OC 12.1	71	0	71	43	0	43	43	0	43	49	0	49	49	0	
13	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FNDH			0			0		0			0			0	
13	Other Benefits for Former Personnel - FNDH			0			0		0			0			0	
13	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FN PSCs			0			0		0			0			0	
13	Other Benefits for Former Personnel - FN PSCs			0			0		0			0			0	

Cost of Controller Operations

Org. Title: USAID/ERITREA Org. No: 661 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total												
Subtotal OC 13.0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
21	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Training Travel	5		5	5		5	5		5	5		5	5		5
21	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Post Assignment Travel - to field			0			0			0			0			0
21	Assignment to Washington Travel			0			0			0			0			0
21	Home Leave Travel			0			0			0			0			0
21	R & R Travel			0			0			0			0			0
21	Education Travel			0			0			0			0			0
21	Evacuation Travel			0			0			0			0			0
21	Retirement Travel			0			0			0			0			0
21	Pre-Employment Invitational Travel			0			0			0			0			0
21	Other Mandatory/Statutory Travel			0			0			0			0			0
21	Operational Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Site Visits - Headquarters Personnel			0			0			0			0			0
21	Site Visits - Mission Personnel			0			0			0			0			0
21	Conferences/Seminars/Meetings/Retreats			0			0			0			0			0
21	Assessment Travel			0			0			0			0			0
21	Impact Evaluation Travel			0			0			0			0			0
21	Disaster Travel (to respond to specific disasters)			0			0			0			0			0
21	Recruitment Travel			0			0			0			0			0
21	Other Operational Travel	4		4	4		4	4		4	4		4	4		4
Subtotal OC 21.0		9	0	9	9	0	9	9	0	9	9	0	9	9	0	9
22	Transportation of things	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
22	Post assignment freight			0			0			0			0			0
22	Home Leave Freight			0			0			0			0			0
22	Retirement Freight			0			0			0			0			0
22	Transportation/Freight for Office Furniture/Equip.			0			0			0			0			0
22	Transportation/Freight for Res. Furniture/Equip.			0			0			0			0			0
Subtotal OC 22.0		0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
23.2	Rental payments to others	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.2	Rental Payments to Others - Office Space	3		3	3		3	3		3	3		3	3		3
23.2	Rental Payments to Others - Warehouse Space	0.5		0.5	0.5		0.5	0.5		0.5	0.5		0.5	0.5		0.5
23.2	Rental Payments to Others - Residences			0			0			0			0			0
Subtotal OC 23.2		3.5	0	3.5	3.5	0	3.5	3.5	0	3.5	3.5	0	3.5	3.5	0	3.5
23.3	Communications, utilities, and miscellaneous charge	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
23.3	Office Utilities	1		1	1.5		1.5	1.5		1.5	1.5		1.5	1.5		1.5
23.3	Residential Utilities			0			0			0			0			0
23.3	Telephone Costs	10		10	10		10	10		10	10		10	10		10
23.3	ADP Software Leases			0			0			0			0			0

Cost of Controller Operations

Org. Title: USAID/ERITREA Org. No: 661 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total	Dollars	TF	Total									
23.3	ADP Hardware Lease			0		0			0			0			0	
23.3	Commercial Time Sharing			0		0			0			0			0	
23.3	Postal Fees (Other than APO Mail)			0		0			0			0			0	
23.3	Other Mail Service Costs			0		0			0			0			0	
23.3	Courier Services			0		0			0			0			0	
	Subtotal OC 23.3	11	0	11	11.5	0	11.5	11.5	0	11.5	11.5	0	11.5	11.5	0	11.5
24	Printing and Reproduction			0		0			0			0			0	
	Subtotal OC 24.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
25.1	Advisory and assistance services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.1	Studies, Analyses, & Evaluations			0		0			0			0			0	
25.1	Management & Professional Support Services			0		0			0			0			0	
25.1	Engineering & Technical Services			0		0			0			0			0	
	Subtotal OC 25.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	1		1	1.5		1.5	1.5		1.5	1.5		1.5		1.5	
25.2	Residential Security Guard Services			0		0			0			0			0	
25.2	Official Residential Expenses			0		0			0			0			0	
25.2	Representation Allowances			0		0			0			0			0	
25.2	Non-Federal Audits			0		0			0			0			0	
25.2	Grievances/Investigations			0		0			0			0			0	
25.2	Insurance and Vehicle Registration Fees			0		0			0			0			0	
25.2	Vehicle Rental			0		0			0			0			0	
25.2	Manpower Contracts			0		0			0			0			0	
25.2	Records Declassification & Other Records Services			0		0			0			0			0	
25.2	Recruiting activities			0		0			0			0			0	
25.2	Penalty Interest Payments			0		0			0			0			0	
25.2	Other Miscellaneous Services	1		1	1		1	1		1	1		1		1	
25.2	Staff training contracts	2		2	2		2	2		2	2		2		2	
25.2	ADP related contracts			0		0			0			0			0	
	Subtotal OC 25.2	4	0	4	4.5	0	4.5	4.5	0	4.5	4.5	0	4.5	4.5	0	4.5
25.3	Purchase of goods and services from Government ac	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS			0		0			0			0			0	
25.3	All Other Services from Other Gov't. accounts			0		0			0			0			0	
	Subtotal OC 25.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	3		3	3		3	3		3	3		3		3	
25.4	Residential Building Maintenance			0		0			0			0			0	
	Subtotal OC 25.4	3	0	3	3	0	3	3	0	3	3	0	3	3	0	3

Cost of Controller Operations

Org. Title: USAID/ERITREA Org. No: 661 OC		Overseas Mission Budgets														
		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total												
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs			0			0			0			0			0
25.7	Storage Services			0			0			0			0			0
25.7	Office Furniture/Equip. Repair and Maintenance			0			0			0			0			0
25.7	Vehicle Repair and Maintenance			0			0			0			0			0
25.7	Residential Furniture/Equip. Repair and Maintenance			0			0			0			0			0
	Subtotal OC 25.7	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.8	Subsistence and support of persons (by contract or Gov't.)			0			0			0			0			0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Supplies and materials	2		2	2		2	2		2	2		2	2		2
	Subtotal OC 26.0	2	0	2	2	0	2	2	0	2	2	0	2	2	0	2
31	Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
31	Purchase of Residential Furniture/Equip.			0			0			0			0			0
31	Purchase of Office Furniture/Equip.			0			0			0			0			0
31	Purchase of Vehicles			0			0			0			0			0
31	Purchase of Printing/Graphics Equipment			0			0			0			0			0
31	ADP Hardware purchases			0			0			0			0			0
	Subtotal OC 31.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
32	Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
32	Purchase of Land & Buildings (& construction of bldgs.)			0			0			0			0			0
32	Purchase of fixed equipment for buildings			0			0			0			0			0
32	Building Renovations/Alterations - Office			0			0			0			0			0
32	Building Renovations/Alterations - Residential			0			0			0			0			0
	Subtotal OC 32.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
42	Claims and indemnities			0			0			0			0			0
	Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL BUDGET		146.5	0	146.5	169.5	0	169.5	169.5	0	169.5	176.5	0	176.5	176.5	0	176.5
	Dollars Used for Local Currency Purchases	<u>46</u>		46	<u>49</u>		49	<u>49</u>		49	<u>51</u>		51	<u>57</u>		57
	Exchange Rate Used in Computations	<u>7.2</u>		7.2												

Org. Title:		Overseas Mission Budgets														
Org. No:		Eritrea														
OC		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
		Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
11.1	Personnel compensation, full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.1	Base Pay & pymt. for annual leave balances - FNDH			0			0		0			0			0	
	Subtotal OC 11.1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.3	Personnel comp. - other than full-time permanent	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.3	Base Pay & pymt. for annual leave balances - FNDH			0			0		0			0			0	
	Subtotal OC 11.3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.5	Other personnel compensation	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.5	USDH			0			0		0			0			0	
11.5	FNDH			0			0		0			0			0	
	Subtotal OC 11.5	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
11.8	Special personal services payments	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
11.8	USPSC Salaries	21		21	70		70	70		70	70		70		70	
11.8	FN PSC Salaries	147.4		147.4	173.3		173.3	180.3		180.3	190.6		190.6		197.6	
11.8	IPA/Details-In/PASAs/RSSAs Salaries			0			0			0			0		0	
	Subtotal OC 11.8	168.4	0	168.4	243.3	0	243.3	250.3	0	250.3	260.6	0	260.6	267.6	0	267.6
12.1	Personnel benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	USDH benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Educational Allowances	15		15	103.5		103.5	103.5		103.5	172.5		172.5	172.5		172.5
12.1	Cost of Living Allowances			0			0			0			0		0	
12.1	Home Service Transfer Allowances			0			0			0			0		0	
12.1	Quarters Allowances			0			0			0			0		0	
12.1	Other Misc. USDH Benefits	9.05		9.05	4.7		4.7	4.7		4.7	7.2		7.2	7.2		7.2
12.1	FNDH Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FNDH			0			0			0			0		0	
12.1	Other FNDH Benefits			0			0			0			0		0	
12.1	US PSC Benefits	64		64	35		35	35		35	40		40	40		40
12.1	FN PSC Benefits	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
12.1	Payments to the FSN Separation Fund - FN PSC	15		15			0	2		2			0	2		2
12.1	Other FN PSC Benefits	22.5		22.5	23.8		23.8	23.8		23.8	26.2		26.2	26.2		26.2
12.1	IPA/Detail-In/PASA/RSSA Benefits			0			0			0			0		0	
	Subtotal OC 12.1	125.55	0	125.55	167	0	167	169	0	169	245.9	0	245.9	247.9	0	247.9
13	Benefits for former personnel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	FNDH	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FNDH			0			0			0			0		0	
13	Other Benefits for Former Personnel - FNDH			0			0			0			0		0	
13	FN PSCs	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
13	Severance Payments for FN PSCs			0			0			0			0		0	
13	Other Benefits for Former Personnel - FN PSCs			0			0			0			0		0	
	Subtotal OC 13.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
21	Travel and transportation of persons	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Training Travel	63.5		63.5	25		25	65		65	25		25	65		65
21	Mandatory/Statutory Travel	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
21	Post Assignment Travel - to field	25.5		25.5	22.5		22.5	22.5		22.5	22		22	22		22

Org. Title:		Overseas Mission Budgets														
Org. No:		FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
OC	Eritrea	Dollars	TF	Total												
25.1	Studies, Analyses, & Evaluations			0			0			0			0			0
25.1	Management & Professional Support Services	49		49	20		20	115		115	20		20	115		115
25.1	Engineering & Technical Services			0			0			0			0			0
	Subtotal OC 25.1	49	0	49	20	0	20	115	0	115	20	0	20	115	0	115
25.2	Other services	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.2	Office Security Guards	12.5		12.5	14.8		14.8	14.8		14.8	17.2		17.2	17.2		17.2
25.2	Residential Security Guard Services	25		25	26.3		26.3	26.3		26.3	27.6		27.6	27.6		27.6
25.2	Official Residential Expenses	0		0	0		0	0		0	0		0	0		0
25.2	Representation Allowances	0.9		0.9	1		1	1		1	1		1	1		1
25.2	Non-Federal Audits	0		0	0		0	0		0	0		0	0		0
25.2	Grievances/Investigations	0		0	0		0	0		0	0		0	0		0
25.2	Insurance and Vehicle Registration Fees	0		0	0		0	0		0	0		0	0		0
25.2	Vehicle Rental	0		0			0			0			0			0
25.2	Manpower Contracts	0		0			0			0			0			0
25.2	Records Declassification & Other Records Services	0		0			0			0			0			0
25.2	Recruiting activities	0		0			0			0			0			0
25.2	Penalty Interest Payments	0		0			0			0			0			0
25.2	Other Miscellaneous Services	10		10	12		12	12		12	12.6		12.6	12.6		12.6
25.2	Staff training contracts	20		20	15		15	15		15	10		10	10		10
25.2	ADP related contracts	0		0	0		0			0			0			0
	Subtotal OC 25.2	68.4	0	68.4	69.1	0	69.1	69.1	0	69.1	68.4	0	68.4	68.4	0	68.4
25.3	Purchase of goods and services from Government accounts	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.3	ICASS	292		292	292		292	292		292	292		292	292		292
25.3	All Other Services from Other Gov't. accounts			0			0			0			0			0
	Subtotal OC 25.3	292	0	292	292	0	292	292	0	292	292	0	292	292	0	292
25.4	Operation and maintenance of facilities	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.4	Office building Maintenance	18.6		18.6	19.6		19.6	19.6		19.6	20.6		20.6	20.6		20.6
25.4	Residential Building Maintenance	12.5		12.5	13.1		13.1	13.1		13.1	13.8		13.8	13.8		13.8
	Subtotal OC 25.4	31.1	0	31.1	32.7	0	32.7	32.7	0	32.7	34.4	0	34.4	34.4	0	34.4
25.6	Medical Care	0		0			0			0			0			0
	Subtotal OC 25.6	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
25.7	Operation/maintenance of equipment & storage of goods	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line		
25.7	ADP and telephone operation and maintenance costs	0		0			0			0			0			0
25.7	Storage Services	0		0			0			0			0			0
25.7	Office Furniture/Equip. Repair and Maintenance	0		0			0			0			0			0
25.7	Vehicle Repair and Maintenance	4.4		4.4	4.6		4.6	4.6		4.6	4.9		4.9	4.9		4.9
25.7	Residential Furniture/Equip. Repair and Maintenance			0			0			0			0			0
	Subtotal OC 25.7	4.4	0	4.4	4.6	0	4.6	4.6	0	4.6	4.9	0	4.9	4.9	0	4.9
25.8	Subsistence and support of persons (by contract or Gov't.)			0			0			0			0			0
	Subtotal OC 25.8	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
26	Supplies and materials	30		30	33		33	33		33	35		35	35		35

Org. Title: Org. No: OC	Eritrea		Overseas Mission Budgets														
			FY 1998			FY 1999 Target			FY 1999 Request			FY 2000 Target			FY 2000 Request		
			Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total	Dollars	TF	Total
Subtotal OC 26.0	30	0	30	33	0	33	33	0	33	35	0	35	35	0	35		
31 Equipment	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line				
31 Purchase of Residential Furniture/Equip.	13		13	75		75	75		75	70		70	70		70		
31 Purchase of Office Furniture/Equip.	9.9		9.9			0			0			0			0		
31 Purchase of Vehicles			0	35		35	35		35	35		35	35		35		
31 Purchase of Printing/Graphics Equipment			0			0			0			0			0		
31 ADP Hardware purchases	54.7		54.7			0	25		25	30		30	30		30		
31 ADP Software purchases	10		10	0		0	10		10	12		12	12		12		
Subtotal OC 31.0	87.6	0	87.6	110	0	110	145	0	145	147	0	147	147	0	147		
32 Lands and structures	Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line			Do not enter data on this line				
32 Purchase of Land & Buildings (& construction of bldgs.)			0			0			0			0			0		
32 Purchase of fixed equipment for buildings			0			0			0			0			0		
32 Building Renovations/Alterations - Office			0			0			0			0			0		
32 Building Renovations/Alterations - Residential			0			0			0			0			0		
Subtotal OC 32.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
42 Claims and indemnities			0			0			0			0			0		
Subtotal OC 42.0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
TOTAL BUDGET	1432.1	0	1432.1	1462	0	1462	1661	0	1661	1651.9	0	1651.9	1815.9	0	1815.9		
Dollars Used for Local Currency Purchases	<u>344.6</u>		344.6	<u>372.6</u>		372.6	<u>381.6</u>		381.6	<u>407.2</u>		407.2	<u>398.2</u>		398.2		
Exchange Rate Used in Computations	<u>7.2</u>		7.2	<u>7.2</u>		7.2	<u>7.2</u>		7.2	<u>7.2</u>		7.2	<u>7.2</u>		7.2		
Workyears of Effort 1/ FNDH			0			0			0			0			0		
FN PSCs	49,920.00		49,920.00	47,840.00		47,840.00	49,920.00		49,920.00	47,840.00		47,840.00	49,920.00		49,920.00		
IPAs/Details-In			0			0			0			0			0		
Manpower Contracts			0			0			0			0			0		
Total Workyears	49,920.00	0	49,920.00	47,840.00	0	47,840.00	49,920.00	0	49,920.00	47,840.00	0	47,840.00	49,920.00	0.00	49,920.00		

1/ One workyear of effort is equal to 2080 hours worked.

USAID FY 2000 BUDGET REQUEST BY PROGRAM/COUNTRY

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Country/Program: ERITREA
Scenario: Base Level

S.O. # , Title	Approp. Acct		Est. SO Pipeline End of FY 99	Estimated Total	FY 2000										Est. Expend. FY 00	Est. Total Cost life of SO	Future Cost (POST 2000)	Year of Final Oblig.			
					Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G							
SO 01 Increased Use of Sustainable, Integrated Primary Health Care (PHC) Services by Eritreans																					
	CSD	Bilateral	4,485	3,500						2,600	200	200	500				3,000	17,255	3,000	01	
	CSD	Field Spt	2,381	300						300							325	4,175	500		
	Total		6,866	3,800	0		0	0	0	2,900	200	200	500	0	0	0	3,325	21,430	3,500		
SO 01 Increased Use of Sustainable, Integrated Primary Health Care (PHC) Services by Eritreans																					
	DA	Bilateral		0															0	01	
	DA	Field Spt		200						200											
	Total		0	200	0		0	0	0	200	0	0	0	0	0	0			0		
SO 02 Increased Income of Enterprises, Primarily Rural, with Emphasis on Exports																					
	DA	Bilateral	8,415	4,350		2,650	1,400						300				4,050	21,100	4,700	01	
	DA	Field Spt	0	150		150											150	645	300		
	Total		8,415	4,500	0	2,800	1,400	0	0	0	0	0	300	0	0	0	4,200	21,745	5,000		
SO 03 Increased Capacity for Accountable Governance at Local and National Levels																					
	DA	Bilateral	2,526	1,360			610						0	750			1,800	5,255	1,200	01	
	DA	Field Spt	340	140			140										320	1,920	300		
	Total		2,866	1,500	0		750	0	0	0	0	0	0	750	0	0	2,120	7,175	1,500		
		Bilateral		0															0	XX	
		Field Spt		0															0		
	Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0			0		
		Bilateral		0															0	XX	
		Field Spt		0															0		
	Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0			0		
		Bilateral		0															0		
		Field Spt		0															0		
	Total		0	0	0	0	0	0	0	0	0	0	0	0	0	0			0		
Total Bilateral			15,426	9,210	0	2,650	2,010	0	2,600	200	200	500	300	750							
Total Field Support			2,721	790	0	150	140	200	300	0	0	0	0	0							
TOTAL PROGRAM			18,147	10,000	0	2,800	2,150	200	2,900	200	500	300	750						10,000		

FY 2000 Request Sector Totals -- DA		
Econ Growth		4,950
[Of which Microenterpris		0
HCD		0
PHN		4,000
Environment		300
[Of which Biodiversity]		0
Democracy		750
Humanitarian		0

FY 2000 Request Sector Totals -- ESF		
Econ Growth		0
[Of which Microenterprise		0
HCD		0
PHN		0
Environment		0
[Of which Biodiversity]		0
Democracy		0
Humanitarian		0

FY 2001 Target Program Level	10,000
FY 2002 Target Program Level	10,000
FY 2003 Target Program Level	10,000

Program Funding

USAID FY 1999 Budget Request by Program/Country

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Country/Program: ERITREA
Scenario: Base Level

S.O. # , Title	FY 1999														Future Cost (POST 2000)	Year of Final Oblig.			
	Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 98	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G			Est. Expend. FY 99	Est. Total Cost life of SO	
SO 01 Increased Use of Sustainable, Integrated Primary Health Care (PHC) Services by Eritreans																			
CSD	Bilateral	4,950	3,835					2,835	300	200	500				4,300	17,255	3,000	01	
CSD	Field Spt	2,431	100					100							450	4,175	500		
Total		7,381	3,935	0	0	0	0	2,935	300	200	500	0	0	0	4,750	21,430	3,500		
SO 01 Increased Use of Sustainable, Integrated Primary Health Care (PHC) Services by Eritreans																			
	Bilateral		0																01
	Field Spt		400				400												
Total		0	400	0	0	0	400	0	0	0	0	0	0	0					
SO 02 Increased Income of Enterprises, Primarily Rural, with Emphasis on Exports																			
DA	Bilateral	8,750	4,015		2,325	1,390							300		4,350	21,100	4,700	01	
DA	Field Spt	0	150		150										150	645	300		
Total		8,750	4,165	0	2,475	1,390	0	0	0	0	0	0	300	0	4,500	21,745	5,000		
SO 03 Increased Capacity for Accountable Governance at Local and National Levels																			
DA	Bilateral	3,699	1,250			500							0	750	2,273	5,255	1,200	01	
DA	Field Spt	90	250			250									150	1,920	300		
Total		3,789	1,500	0	0	750	0	0	0	0	0	0	0	750	2,423	7,175	1,500		
	Bilateral		0														0	XX	
	Field Spt		0														0		
Total		0	0	0	0	0	0	0	0	0	0	0	0	0			0		
	Bilateral		0														0	XX	
	Field Spt		0														0		
Total		0	0	0	0	0	0	0	0	0	0	0	0	0			0		
	Bilateral		0														0		
	Field Spt		0														0		
Total		0	0	0	0	0	0	0	0	0	0	0	0	0			0		
Total Bilateral			17,399	9,100	0	2,325	1,890	0	2,835	300	200	500	300	750					
Total Field Support			2,521	900	0	150	250	400	100	0	0	0	0	0					
TOTAL PROGRAM			19,920	10,000	0	2,745	2,140	400	2,935	300	200	500	300	750			10,000		

FY 1999 Request Sector Totals -- DA	
Econ Growth	4,615
[Of which Microenterpris	0
HCD	0
PHN	4,335
Environment	300
[Of which Biodiversity]	0
Democracy	750
Humanitarian	0

FY 1999 Request Sector Totals -- ESF	
Econ Growth	0
[Of which Microenterprise	0
HCD	0
PHN	0
Environment	0
[Of which Biodiversity]	0
Democracy	0
Humanitarian	0

FY 2001 Target Program Level	10,000
FY 2002 Target Program Level	10,000
FY 2003 Target Program Level	10,000

USAID FY 1998 Budget Request by Program/Country

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Country/Program: ERITREA
Scenario: Base Level

S.O. #, Title		FY 1998														Future Cost (POST 2000)	Year of Final Oblig.
Approp. Acct	Bilateral/Field Support	Est. SO Pipeline End of FY 97	Estimated Total	Basic Education	Agric.	Other Growth	Pop	Child Survival	Infectious Diseases	HIV/AIDS	Other Health	Environ	D/G	Est. Expend. FY 98	Est. Total Cost life of SO		
SO 01 Increased Use of Sustainable, Integrated Primary Health Care (PHC) Services by Eritreans																	
CSD	Bilateral	10,000	5,250					3,750	500	500	500			10,300	17,255	3,000	01
CSD	Field Spt	2,181	1,050					1,050						1,000	4,175	500	
Total		12,181	6,300	0		0	0	4,800	500	500	500	0	0	11,300	21,430	3,500	
SO 01 Increased Use of Sustainable, Integrated Primary Health Care (PHC) Services by Eritreans																	
DA	Bilateral		0													0	01
DA	Field Spt		200				200										
Total		0	200	0		0	200	0		0	0	0	0			0	
SO 02 Increased Income of Enterprises, Primarily Rural, with Emphasis on Exports																	
DA	Bilateral	6,600	3,150		2,005	795						350		1,000	21,100	4,700	01
DA	Field Spt		0											0	645	300	
Total		6,600	3,150	0	2,005	795	0	0	0	0	0	350	0	1,000	21,745	5,000	
SO 03 Increased Capacity for Accountable Governance at Local and National Levels																	
DA	Bilateral	4,845	610			110						0	500	1,756	5,255	1,200	01
DA	Field Spt		390			390								300	1,920	300	
Total		4,845	1,000	0		500	0	0	0	0	0	0	500	2,056	7,175	1,500	
SO 03 Increased Capacity for Accountable Governance at Local and National Levels																	
CO-DA	Bilateral		1,000			1,000										0	01
CO-DA	Field Spt		0														
Total		0	1,000	0		1,000	0	0	0	0	0	0	0			0	
Bilateral			0													0	XX
Field Spt			0														
Total		0	0	0		0	0	0	0	0	0	0	0			0	
Bilateral			0														
Field Spt			0														
Total		0	0	0		0	0	0	0	0	0	0	0			0	
Bilateral			0														
Field Spt			0														
Total		0	0	0		0	0	0	0	0	0	0	0			0	
Total Bilateral			21,445	10,010	0	2,005	1,905	0	3,750	500	500	350	500				
Total Field Support			2,181	1,640	0	0	390	200	1,050	0	0	0	0				
TOTAL PROGRAM			23,626	11,650	0	2,005	2,295	200	4,800	500	500	350	500			10,000	

FY 1998 Request Sector Totals -- DA		
Econ Growth		3,300
[Of which Microenterpris		0
HCD		0
PHN		6,500
Environment		350
[Of which Biodiversity]		0
Democracy		500
Humanitarian		0

FY 1998 Request Sector Totals -- ESF		
Econ Growth		0
[Of which Microenterprise		0
HCD		0
PHN		0
Environment		0
[Of which Biodiversity]		0
Democracy		0
Humanitarian		0

FY 2001 Target Program Level	10,000
FY 2002 Target Program Level	10,000
FY 2003 Target Program Level	10,000

Workforce

Org. Eritrea FY 1998 On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff	
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other			
U.S. Direct Hire	1	1	1					3	1							1	4
Other U.S. Citizens: 1/ OE Internationally Recruited								0		1						1	1
OE Locally Recruited Program		2						2								0	2
FSN/TCN Direct Hire: OE Internationally Recruited								0								0	0
OE Locally Recruited								0								0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited								0								0	0
OE Locally Recruited Program	1	2	2					5	3	2	14				19	24	
	1	1						2							0	2	
Total Staff Levels	3	6	3	0	0	0	0	12	4	3	14	0	0	0	21	33	
TAACS	1							1							0	1	
Fellows	1		1					2	0						0	2	

1/ Excluding TAACS and Fellows

Workforce

Org. Eritrea FY 1999 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff	
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other			
U.S. Direct Hire	1	1	1					3	2							2	5
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program								0 0 2		1						1 0 0	1 0 2
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0 0								0 0	0 0
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program								0 5 2		2	3	13				0 18 0	0 23 2
Total Staff Levels	3	6	3	0	0	0	0	12	4	4	13	0	0	0		21	33
TAACS	0							0								0	0
Fellows	1			1				2								0	2

1/ Excluding TAACS and Fellows

Org. Eritrea FY 1999 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff	
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other			
U.S. Direct Hire	1	1	1					3	2							2	5
Other U.S. Citizens: 1/ OE Internationally Recruited OE Locally Recruited Program								0 0 2		1						1 0 0	1 0 2
FSN/TCN Direct Hire: OE Internationally Recruited OE Locally Recruited								0 0								0 0	0 0
FSN/TCN Non-Direct Hire: OE Internationally Recruited OE Locally Recruited Program								0 5 2		2	3	14				0 19 0	0 24 2
Total Staff Levels	3	6	3	0	0	0	0	12	4	4	14	0	0	0		22	34
TAACS	0							0								0	0
Fellows	1			1				2								0	2

1/ Excluding TAACS and Fellows

Workforce

Org. Eritrea FY 2000 Target On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff	
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other			
U.S. Direct Hire	1	1	1					3	2							2	5
Other U.S. Citizens: 1/ OE Internationally Recruited								0		1						1	1
OE Locally Recruited Program		2						0								0	0
								2								0	2
FSN/TCN Direct Hire: OE Internationally Recruited								0								0	0
OE Locally Recruited								0								0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited								0								0	0
OE Locally Recruited	1	2	2					5	2	3	13				18	23	
Program	1	1						2							0	2	
Total Staff Levels	3	6	3	0	0	0	0	12	4	4	13	0	0	0	21	33	
TAACS	0							0							0	0	
Fellows	1		1					2						0	0	2	

1/ Excluding TAACS and Fellows

Org. Eritrea FY 2000 Request On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff	
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other			
U.S. Direct Hire	1	1	1					3	2							2	5
Other U.S. Citizens: 1/ OE Internationally Recruited								0		1						1	1
OE Locally Recruited Program		2						0								0	0
								2								0	2
FSN/TCN Direct Hire: OE Internationally Recruited								0								0	0
OE Locally Recruited								0								0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited								0								0	0
OE Locally Recruited	1	2	2					5	2	3	14				19	24	
Program	1	1						2							0	2	
Total Staff Levels	3	6	3	0	0	0	0	12	4	4	14	0	0	0	22	34	
TAACS	0							0							0	0	
Fellows	1		1					2						0	0	2	

1/ Excluding TAACS and Fellows

Workforce

Org. Eritrea FY 2001 On-Board Estimate	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
U.S. Direct Hire	1	1	1					3	2						2	5
Other U.S. Citizens: 1/ OE Internationally Recruited								0		1					1	1
OE Locally Recruited Program		2						0							0	0
								2							0	2
FSN/TCN Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited								0							0	0
FSN/TCN Non-Direct Hire: OE Internationally Recruited								0							0	0
OE Locally Recruited Program	1	2	2					5	2	3	14				19	24
	1	1						2							0	2
Total Staff Levels	3	6	3	0	0	0	0	12	4	4	14	0	0	0	22	34
TAACS	0							0							0	0
Fellows	1		1					2						0	0	2

1/ Excluding TAACS and Fellows

Workforce

Org. Eritrea Summary	SO/SpO Staff							Total SO/SpO Staff	Management Staff						Total Mgmt.	Grand Total Staff
	SO 1	SO 2	SO 3	SO 4	SpO 1	SpO 2	SpO 3		Org. Mgmt.	Con- troller	AMS/ EXO	Con- tract	Legal	All Other		
FY 1998:																
U.S. Direct Hire	1	1	1	0	0	0	0	3	1	0	0	0	0	0	1	4
OE Internationally Recr	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1
OE Locally Recruited	1	2	2	0	0	0	0	5	3	2	14	0	0	0	19	24
Total OE Funded Staff	2	3	3	0	0	0	0	8	4	3	14	0	0	0	21	29
Program Funded	1	3	0	0	0	0	0	4	0	0	0	0	0	0	0	4
Total FY 1998	3	6	3	0	0	0	0	12	4	3	14	0	0	0	21	33
FY 1999 Target:																
U.S. Direct Hire	1	1	1	0	0	0	0	3	2	0	0	0	0	0	2	5
OE Internationally Recr	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1
OE Locally Recruited	1	2	2	0	0	0	0	5	2	3	13	0	0	0	18	23
Total OE Funded Staff	2	3	3	0	0	0	0	8	4	4	13	0	0	0	21	29
Program Funded	1	3	0	0	0	0	0	4	0	0	0	0	0	0	0	4
Total FY 1999 Target	3	6	3	0	0	0	0	12	4	4	13	0	0	0	21	33
FY 1999 Request:																
U.S. Direct Hire	1	1	1	0	0	0	0	3	2	0	0	0	0	0	2	5
OE Internationally Recr	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1
OE Locally Recruited	1	2	2	0	0	0	0	5	2	3	14	0	0	0	19	24
Total OE Funded Staff	2	3	3	0	0	0	0	8	4	4	14	0	0	0	22	30
Program Funded	1	3	0	0	0	0	0	4	0	0	0	0	0	0	0	4
Total FY 1999 Request	3	6	3	0	0	0	0	12	4	4	14	0	0	0	22	34
FY 2000 Target:																
U.S. Direct Hire	1	1	1	0	0	0	0	3	2	0	0	0	0	0	2	5
OE Internationally Recr	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1
OE Locally Recruited	1	2	2	0	0	0	0	5	2	3	13	0	0	0	18	23
Total OE Funded Staff	2	3	3	0	0	0	0	8	4	4	13	0	0	0	21	29
Program Funded	1	3	0	0	0	0	0	4	0	0	0	0	0	0	0	4
Total FY 2000 Target	3	6	3	0	0	0	0	12	4	4	13	0	0	0	21	33
FY 2000 Request:																
U.S. Direct Hire	1	1	1	0	0	0	0	3	2	0	0	0	0	0	2	5
OE Internationally Recr	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1
OE Locally Recruited	1	2	2	0	0	0	0	5	2	3	14	0	0	0	19	24
Total OE Funded Staff	2	3	3	0	0	0	0	8	4	4	14	0	0	0	22	30
Program Funded	1	3	0	0	0	0	0	4	0	0	0	0	0	0	0	4
Total FY 2000 Request	3	6	3	0	0	0	0	12	4	4	14	0	0	0	22	34
FY 2001 Estimate:																
U.S. Direct Hire	1	1	1	0	0	0	0	3	2	0	0	0	0	0	2	5
OE Internationally Recr	0	0	0	0	0	0	0	0	0	1	0	0	0	0	1	1
OE Locally Recruited	1	2	2	0	0	0	0	5	2	3	14	0	0	0	19	24
Total OE Funded Staff	2	3	3	0	0	0	0	8	4	4	14	0	0	0	22	30
Program Funded	1	3	0	0	0	0	0	4	0	0	0	0	0	0	0	4
Total FY 2000 Target	3	6	3	0	0	0	0	12	4	4	14	0	0	0	22	34

Workforce

MISSION :

Eritrea

USDH STAFFING REQUIREMENTS BY SKILL CODE

BACKSTOP (BS)	NO. OF USDH EMPLOYEES IN BACKSTOP FY 98	NO. OF USDH EMPLOYEES IN BACKSTOP FY 99	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2000	NO. OF USDH EMPLOYEES IN BACKSTOP FY 2001
01SMG	1	1	1	1
02 Program Off.		1	1	1
03 EXO				
04 Controller				
05/06/07 Secretary				
10 Agriculture.				
11Economics				
12 GDO	1			
12 Democracy	1	1	1	1
14 Rural Dev.				
15 Food for Peace				
21 Private Ent.	1	1	1	1
25 Engineering				
40 Environ				
50 Health/Pop.		1	1	1
60 Education				
75 Physical Sci.				
85 Legal				
92 Commodity Mgt				
93 Contract Mgt				
94 PDO				
95 IDI				
Other*				
TOTAL	4	5	5	5

*please list occupations covered by other if there are any