

ERITREA

RURAL ENTERPRISE INVESTMENT PARTNERSHIP
Cooperative Agreement No. 661-0009-4-00-6503-00

Report On Program Implementation

April 1, – June 30, 2003

Submitted by

ACDI/VOCA

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List of Acronyms

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| ACDI/VOCA | - The former Agricultural Cooperative Development International, now merged with Volunteers in Overseas Cooperative Assistance |
| CA | - Credit Administrator, CBER |
| CBER | - Commercial Bank of Eritrea |
| EIF | - Enterprise Investment Fund |
| GOSE | - Government of the State of Eritrea |
| NCEW | - National Confederation of Eritrean Workers |
| REIP | - Rural Enterprise Investment Partnership |
| REU | - Rural Enterprise Unit |
| USAID | - United States Agency for International Development |

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BACKGROUND

ACDI/VOCA signed a cooperative agreement with USAID for the REIP program in September 1996. Implementation began in October 1996 with an ACDI/VOCA team of three: Sandra Blanchard (ACDI/VOCA Representative); Michael A. O'Neill (Senior Banking Advisor); Gavin Olney (Enterprise Advisor). At that time, ACDI/VOCA was responsible for managing both the enterprise development and the banking components of the project. The original design of the REIP Program, with a linked assistance to borrowers and bank, was superseded during the third quarter by an agreement between USAID and the GOSE that the enterprise development component with both the REU and Investment Fund would be removed from ACDI/VOCA's control and placed under direct supervision of the GOSE. The formal REIP agreement between USAID and GOSE was finally signed on September 30, 1997, the last day of Year I.

During the period from October 1, 1997 to March 31, 1998 the REIP program was modified, the Rural Enterprise Unit (REU) was redefined and commissioned and the operating criteria, policies and procedures for the Enterprise Investment Fund (EIF) were set up. In March 2002, an assessment team made up of ACDI/VOCA senior Business Development Services Specialists traveled to Asmara to design the second phase of REIP. The REIP work plan was revised in response to requests made by the CBER. In the fall of 2002, ACDI/VOCA was asked to develop a proposal for an extension phase of the REIP program, focusing on particularly pressing issues in Eritrean rural enterprise development. In December 2002, ACDI/VOCA submitted a final extension proposal focusing on small and medium enterprise development in the Horticulture sub-sector, in addition to a cooperative development component, carrying the project through December 2003.

PROGRAM MANAGEMENT (April – June 2003)

Program Design: During this quarter, REIP staff engaged in developing the revised work plan for the remainder of the original contract period in addition to the extension period. This revised work plan refocused ACDI/VOCA's training activities from intensive training modules for bank credit staff to training aimed at improving the credit application process. The new work plan activities concentrate on improving the quality of market-oriented feasibility studies/business plans submitted to CBER as part of the credit application process, which the GM feels will significantly reduce the workload of credit officers and expedite the credit approval process. Completion of the final revised workplan was slightly delayed due to a delay in fielding an appropriate candidate for the Agricultural Marketing Position, and ACDI/VOCA's belief that the person taking on that position should have the opportunity to make a substantial contribution to the final workplan. The final extension workplan was submitted by in April 2003 and subsequently discussed and agreed upon by Dr. Michael Wyzan, USAID-Eritrea Mission Economist

CBER ACTIVITIES (April – June 2003)

Overview

A year after REIP resumed activities in April 2002, CBER's operations still have not returned

to "normal" and the delays in demobilization continue to affect the bank's operations. Staff demobilization seems to be stalled indefinitely. The planned automation of the bank's operations, which would have mitigated the affects of staff shortages, still have not materialized. ACDI/VOCA has therefore adjusted its approach to training and technical assistance in order to remain effective despite these constraints.

Training Redesign

As mentioned above, the redesigned training activities aim to build the skills of private consultants, REU staff and credit officers to raise the quality of feasibility studies and business plans submitted to the CBER, contributing to the efficiency of the credit application and review process.

- *Train local consultant and REU staff on how to conduct a sub-sector market analysis.* The consultants and the REU staff, with assistance from volunteer sector specialists, are undertaking sub-sector studies to provide detailed market information for SME entrepreneurs, private consultants, the CBER, and donors as references to facilitate enterprise development. So far, studies have been completed for the residential housing, fisheries and horticulture sub-sectors.
- *Train selected credit officers in the use of computers for data base management.* The in-country Training in Advanced Computer Programming, paid by ACDI/VOCA on August 2002, that was planned to terminate with the training of 10 CBER staff, could not take place in this quarter.

REU ACTIVITIES (April –June 2003)

Poultry Training Component:

In the month of May, volunteer Robert Murphy, an expert with thirty years of experience in the poultry industry, gave a three-day Training on the Poultry Health and Farm Hygiene based on the training manual prepared by ACDI/VOCA volunteer Sharon Ann Fee in April 2002.

Prior to the three days training, Mr. Murphy accompanied 16 participants on visits to 11 Poultry farms where he has identified and discussed some weaknesses and approaches to addressing these weaknesses.

During the classroom sessions, topics such as:

- Weapons against disease
- Poultry health problems
- How to handle contagious disease
- Bio Security Management
- Performing the Post Mortem Examinations were covered.

The training was concluded with a group discussion on how to build an Ideal Poultry Farm and several recommendations to the trainees. The 16 participants represented the Ministry of Agriculture, the commercial poultry farmers and REU.

Horticulture Component:

During this quarter, ACDI/VOCA Long Term advisors, after having revised the work plan and submitted to USAID began offering training on banana production. In the month of May, the team conducted a three day training based on the first and second training manuals to 35 farmers in the Sheik Addi Humed Banana Association Farm in Akkordat.

The topics covered in this training were:

- *Growth cycle*
- *Corn*
- *Suckers*
- *Roots*
- *Pseudostem and Leaves*
- *Inflorescence*

Similarly, Mr. Maloney, a banana post - harvesting consultant arrived in Asmara in mid June, to work in collaboration with MOA, horticulture department and with the banana growers. Mr. Maloney, will give a two days practical training to 35 farmers from Akkordat area and 10 core farmers from Tessenei. The training will be on post – harvest-handling techniques: picking, grading and handling in packing stations, packing, transporting and storing.

In late March, the Long Term Technical Advisor, Mr. Daniel de Reuck, arrived in Asmara to join the REIP team, and began follow-up on the “Horticultural Sub Sector Analysis and Business Investment Opportunity Guide” report prepared by Stanley Karuga on behalf of ACDI/VOCA for REU in January 2003.

Crop Selection:

A meeting with the Minister of Agriculture in April focused on the MOA’s desire to develop the banana sector banana by focusing on production and post-harvest techniques. Based on this meeting it was decided that technical assistance provided to the REU should focus as a priority on this high potential crop, possibly even for export. ACDI/VOCA strategically targeted the town of DIGHE was as a high potential and secure location of future meeting with the Banana Association.

An April 23 meeting at the MOA (ACDI/VOCA Team, Dr. Kifle, Mr. Hiusé) confirmed bananas as the priority crop. Memberes of the MOA were assigned to focus on this initiative, particularly Mr. Elias to support the technical advisors and Mrs. Meaza to contribute on marketing issues. It was also decided that demonstration plots will be facilitated. The ACDI/VOCA team began focusing on producing simple training material, focused on banana growers, with coloured illustrations and translations in Tigrinya. Our objective should be focused on increasing the quality for local market and in view of future export. Reduction of fluctuations in banana production and prices is the goal

Marketing Linkages:

Informal contact was established between the procurement manager of the Intercontinental, Mr. Paul Degrève and ACDI/VOCA. Discussions of the possibility of direct vegetable purchases from Green Belt Villages were made as the Intercontinental Hotel currently purchases many of their vegetables from the Asmara market in addition to importing fruits and vegetables, many of which could be grown locally.

On May 2nd, ACDI/VOCA and the Ministry of Agriculture (MOA) visited Adi Lamza. The site was identified as a potential location for a direct market linkage because of its close proximity to Asmara, continuous supply of water and progressive approach to year-round cultivation of vegetables. Currently 20 ha are under irrigation with a potential to expand to 45 ha. Cultivation under irrigation was started 70 years ago under progressive village leadership and has continued to this day.

On June 4th, a second visit was made with ACDI/VOCA, MOA, and Rural Enterprise Unit (REU) personnel in order to contact Adi Lamza village chairman, Mr. Woldeab Woldeyohannes, and to access crops grown in relation to the crop needs of the Intercontinental Hotel. The idea of a direct marketing linkage between both parties (Adi Lamza and the Intercontinental) for the purchase of vegetables was proposed and well received in Lamza. Both parties were introduced at the Intercontinental Hotel and informal discussions were initiated.

Both parties were brought together at Adi Lamza the following week, June 13th, in order to access crop quality (washing and grading methods), variety diversification, quantity (in kg), transport methods and delivery frequency. The Intercontinental proposed direct delivery three times weekly while the Adi Lamza chairman proposed a price between wholesale and retail. Both proposals have been tentatively agreed upon.

Such an agreement could impact the 121 farmers and their extended families living in Adi Lamza, offering the opportunity to raise living standards through higher revenue generated from the sale of crops at higher than wholesale prices. Additionally, a culture of market specific vegetable production could be introduced, offering farmers opportunities to find niche markets and garner higher prices for their crops.

As a result of end of May preliminary contacts with the Materials Manager (Mr. Paul Degrève) of the INTERCONTINENTAL ASMARA HOTEL (IAH), the direct purchase idea could be initiated. The Lamza farmers Association, represented by his Chairman (Mr. Woldeab Woldeyohannes), have been linked with this big consumer in order to create direct marketing agreements between the producers and the final consumer, without intermediaries. Frequency of the deliveries, quality requirements, packaging and calendar of available products were discussed between parties. The REU was involved in order to assess the feasibility of include the Lamza Association within the Loan Recipients scheme. Technical assistance will be provided both in production and marketing issues to establish solid bases for this unusual marketing relationship.

Crop under irrigation started, 70 years ago, in the Lamza valley. Actually 20ha are under regular irrigation; but water availability (dam) and crop able land could increase vegetable crop production under irrigation up to 45ha. The activity benefits to 121 Households.

During a ½ day trip to the Lamza valley, the Materials Manager of the IAH was introduced to the production site in order to observe the weekly harvest operations and promote marketing agreement between the buyer and the farmers Association.

Training

A “*Banana 2003 Work Plan and Implementation Schedule*” was presented, discussed and approved during an early May meeting session at the MOA (Mr. Heruy ASGEDHOM, Dr. SHARMA R. K., Ermias ASMELASH WOLDEAB and the 3 ACDI/VOCA team members). The banana demonstration trial should be settled on a progressive farmers’ land (Adorna farm, Mogoray at Dighe). Zoba and Sub Zoba to be contacted previously. Technical aspects of the banana crop were discussed and recommendations done at all levels. Consideration was also given to newly introduced *Plantain* (acceptability by consumers, involve women, receipts, etc.)

Two training modules were drafted and discussed with Ministry of Agriculture (MOA) and FAO counterparts for delivery of training at the end of the month. The first and second modules covered areas of banana morphology and plant material selection respectively. Translation of the first module was made in Tigrinya for distribution. The Dighe Banana Growers Association was chosen as the target group for training for their potential receptiveness to change during a trip in mid May to Agordat. A progressive farmer among this group generously donated plots in an existing field under cultivation in addition to a newly leveled site in order to conduct training activities adapted to local methods in parallel with those commonly undertaken in banana exporting nations. Preparation of the training site was initiated May 20-21. Training to 35 farmers of the Association was conducted on the site May 27 to May 29th. Discussions were animated in regard to the introduction of new tools and techniques. The group was also taken to the MOA Tekreret Banana Research Station to view banana cultivar introductions undertaken by the MOA. In the end, training was well received with future training activities appreciated by the group. Other highlights included a trip to Elabered Estate Farm and to one REIP loan recipient residing in the area.

- The trainees were requesting the support of didactic material such as VIDEO.
- The trainees suggested that training should be given by farmers, members of the association, having benefit from training period in the recognized Banana producing countries.

It is important to mention that TA is preparing Training Modules in English version which is later on translated into Tigrinya and Arabic; this in accordance with previous coordination meetings between ACIDI/VOCA and the MOA. This has been applied for the Modules I and II and settled during the first meeting session. Now (see point 1. above) this has been changed and Training Modules are not requested any more. The MOA wants a small size format publication adapted to farmers (simple, concise and illustrated) but also complete starting from soil, agro climatic aspects up to cultural practices, crop management, pre and post harvest issues. The contradictory baseline represents a challenging opportunity to TA.

NCEW ACTIVITIES (April – June 2003)

During the month of May, NCEW hosted a volunteer Mr. Steven Johnson who gave a four days training of trainers on Cooperative Policy and Legal Framework. The workshop was attended by 14 participants (4 female, 10 male) who have already participated on the previous training on cooperatives and have a background on Cooperative Policy and Laws. The participants were from various Ministries, such as: Justice, Agriculture and Fisheries and the NCEW staff.

The subjects covered during this training were :

- the similarities and differences between cooperatives and other forms of business entities
- duties of the board of directors;
- duties of officers and management;
- legal privileges of cooperatives;
- assets of cooperatives;
- distribution of net profits;
- audits and inspections; and
- dissolution of cooperatives.

In addition to the study of these subjects, the participants were given the opportunity to practice their learning during group exercises in preparing legally required cooperative documents and in conducting organizational meetings.

Also during this quarter work on the NCEW training materials was begun using People Design, a firm that specializes in creating educational and training materials. These materials will include brochures, pamphlets and booklets on key aspects of cooperative development, based on the manual developed by Mr. Douglass Bishop in April 2002.

ACTIVITIES FOR THE NEXT QUARTER (July – August 2003)

Horticulture – Banana Production Trainings

In July, the following training manuals will be implemented:

- Training manual 3 - on Banana Cultural Practices
- Training manual 4 - on Pre- harvest Fruit Care