

**AN ASSESSMENT
OF
MUNICIPAL MANAGEMENT
IN
ERITREA**

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EXECUTIVE SUMMARY

Background. Eritrea today is a rural society. Its economy is in the throes of recovering from 30 years of war for independence. In the next 20 years, Eritrean society and economic activity will shift increasingly toward an urban orientation and a very marked modernization of attitudes and systems.

The physical destruction caused by the war will not be nearly so great an obstacle to the recovery and subsequent development as the breakdown in the country's social and economic infrastructure, particularly, and of focus here, the governing process at the local level.

Eritrea's population is estimated at nearly three million. With the expected return of an estimated 500,000 refugees, mostly from the Sudan, the country's population is anticipated to increase by more than 17% over the next few years.

Urban Places. The decline, current size, and projected growth of most urban areas in the country have in large part been determined by the war. From the rural based, agriculture dominated country that Eritrea has been, it is likely to emerge as increasingly urbanized. One analysis suggests that fully 40% of Eritrea's population will soon be urban, an increase from current estimates of 20%. Urban areas are already estimated to account for half of the country's gross domestic product. With the exception of Asmara, Massawa, and Assab, the economies of urban areas in Eritrea have developed, and are still sustained, by their roles as market centers and their locations on major roads.

Since the late 19th century, Asmara has been the primary urban center of Eritrea. With nearly 400,000 people, it is roughly seven times the size of the country's second largest city, Keren. The city is classified as a province and has the best staffed local government in the country.

With a population of 60,000, Keren is already showing signs of growth since war's end. Keren enjoys a special position at the intersection of the roads linking the Red Sea and the Sudan as well as the north and south of the country. Assab, with a population estimated at 40,000, is privileged by its location as the nearest port to Addis Ababa. Located far from the war zone, it was not damaged. Its future development will depend on Ethiopia's economic fortunes.

The fourth most populous city is Mendefera, with a population of approximately 20,000. Mendefera functions as a large agricultural service center, but the wealth of the surrounding land gives it a special importance that should assure further growth.

Massawa's population is estimated to be down to 10,000 from its past high of about 80,000. Despite the serious war damage it sustained, its role as the nation's primary seaport remains strong, and the city will likely grow rapidly now that peace has returned.

Many other towns serve as market centers for their agriculture-based hinterland. Tessenei, Agordat, Hagaz, Dekemhare, and Ghinda are towns that are beginning to show population growth and economic vitality. Their populations range from 10,000 to 12,500, and all have potential to grow rapidly in the near future.

Governmental Structure. The system of governance is in a nascent and rapidly evolving state. This is particularly true of the hierarchy of authorities that is rooted in elected local committees and passes through town administrations or municipalities, up to districts and provinces and finally to the central Government. Atop the structure is the Ministry of Local Government. Urban authorities, including town administrations and the more autonomous municipalities, are integral cogs in this system.

Proclamation 26, issued in late 1992, established the regional and local government structure that remains in force. The proclamation makes clear that local governance will be a participatory process, with emphasis on local initiative and decentralized authority. The Proclamation sets out the regulatory structure for regional and local government. It "ensures full participation of the people in national as well as local affairs, encourages local initiatives, and maintains rational balance between centralization and decentralization." It provides for four layers of government below the national level: provincial, sub-provincial, district, and village or area. The effort to strike a balance between centralization and decentralization reflects the tension between the strong tradition of grass roots democracy and the need to set and implement national development policy.

Local Government. To assure this kind of autonomy, local authorities will require a resource base that is adequate to meet their development needs and to provide basic services. They also require trained administrative personnel to manage resources and implement their programs. At present, most authorities are deficient in both respects.

The President appoints provincial governors who in turn nominate the administrators of sub-provinces for approval by the Government. The administrators of towns having district status are appointed by the provincial governor. Village administrators are elected from within the council.

At present, the leadership of the executive branch at all levels is being selected from among the ranks of the Eritrean People's Liberation Front. Their experience in military organization and with governing the liberated regions partially offsets their lack of formal training or experience in the operation of local government. The attitudes of regional and local officials suggests that the tradition of local control of community affairs strongly influences their approach to governing, and they take the principles of decentralization and local initiative seriously.

Local Authority Organization. The town administrations include the full spectrum of responsibilities one would expect: police, health, security, housing, planning and public

works, environment, water, and finance. Sub-provincial towns have a separate revenue department (for fees and licenses), and they maintain an auditing and inspection line function.

Local authority structures are being put in place gradually. In every case, including Asmara, the offices are far below the staffing levels envisioned or minimally required to perform their roles. In many jurisdictions, departments are staffed by one person only, and outside Asmara they are not often staffed by a trained professional. There is a large gap between staff skills and job requirements; consequently, their capacity to respond effectively to local needs is limited.

The provision of local services obviously depends on the traditional and evolving operations of ministries, as well as the provincial, district, and local governments themselves. The actual functioning and effectiveness of government, however, reflect other factors as well, such as the size of the urban area, its patterns of growth or decline, the physical and institutional impact of the war, and the level of experience and education at all levels of government. City governments are faced daily with decisions about management, resource generation, infrastructure installation, and land use that will have a critical impact on urban development and the governing process for years to come.

Local Finances. Operating expenses are paid by a mixture of taxes and user fees, voluntary contributions and government grants. Local authorities have some discretion in raising revenue and can levy taxes and fees as "locally determined in council" as long as they are not "prohibited by financial policies of the central government." Highway tolls on trucks carrying merchandise and market transaction taxes are, for example, becoming common resources for local governments.

Strengthening Local Government. Eritrea has only just begun to build the structure of regional and local governments. The national policy makes clear the objectives of strong local governments in which the citizenry have a dominant voice, coupled with the responsibility for considering what kinds of services they expect and how the resources will be raised to pay for them. The Government has provided the format for this new structure and is drawing on the available human resources and the experience with military organization to staff governmental organizations.

Local Government Problems. Pivotal to the process will be the ability of the cities and towns to efficiently serve the basic needs of their populations. Urban places will be the locus of development for a substantial portion of the country's people. Effective urban management, fiscal soundness, support for the local private sector, and overall good governance are essential if local governments are to serve their roles in the development process. The most important obstacles faced by local administrations are:

- **Professional Staff.** Virtually all local governments lack trained and experienced staff in the fundamental positions of planning, management, information systems, accounting, finance, etc.

- **Financial Management.** Even those local governments with predictable revenue are poorly prepared to plan and program their resources toward activities most useful and in the public good.
- **Revenue Generation.** Local governments are caught between the central Government unable to transfer necessary funds to the local level, and their own inability to generate resources locally.
- **Private Sector.** Small and medium size private enterprises (e.g., truckers that could haul trash, or providers of credit) serve a limited market (e.g., town administrations, or individuals) with a limited product (e.g., trash collection, or consumer loans).
- **Management Information.** Efforts in policy formulation and project development are hampered by a serious deficiency in information.
- **Basic Infrastructure and Other Public Works.** Potable water and sanitary sewerage systems are minimally available in most urban places.
- **Land Development Planning.** Land use planning and controls are minimal or non-existent; local governments have virtually no planning capacity.
- **Land.** Most local governments will be confronting the need to service and develop land needed to accommodate growth.
- **Equipment.** Most local governments are unable to operate with any minimal efficiency due to the lack of vehicles and heavy equipment, office machines and supplies, and communications equipment.

Opportunities for Change. This study has focused on human and fiscal resource deficiencies at the local level. To address those problems, three goals of proposed changes have been identified:

- to improve the skill and knowledge base of senior local government officials;
- to support local institutional development through improved management and planning, stronger fiscal base, and better information systems; and
- to support policy development related to rational decentralization and intergovernmental relationships and the encouragement of local private sector growth.

In response to these goals, an integrated program of policy seminars, training activities, technical assistance and supporting studies is proposed:

Seminars in Support of Policy Development. Policy seminars are designed to help governments clarify the intent and give meaning to such phrases as "rational decentralization" and "enabling frameworks." They are essential to setting the framework within which local authorities must operate because they allow for direct dialogue among all the affected parties at the center and at the local level. Several seminars are proposed: National System of Local Governance; Personnel Management and the Civil Service; Fiscal Relationships; and Private Sector Roles.

Technical Training for Local Government Personnel. Improvement to local government management in Eritrea requires change. Training of a variety of types is instrumental to change. Training serves as a multi-faceted tool in support of a program of local government. Local governments will benefit from training in the following subjects: Personnel Management; Financial Management; Information Systems; Development Planning and Land Use Controls; Public Service Provision and Management of Local Facilities; Private Sector Roles and Creation of Enabling Environment; and Roles and Responsibilities of Locally Elected Officials.

Technical Assistance to Local Government Management. The managers of Eritrean local governments can benefit from technical assistance targeted at identified functional needs.

An advisor, expert in local government management, with solid experience in policy formulation as well, should be placed in the Ministry of Local Government. Such an advisor will not only provide assistance, but will develop plans and programs for more comprehensive assistance, and ultimately manage their effective implementation. The provision of short-term assistance should be preceded by strategy sessions that ensure that the activity is well-understood and carried out.

An Eritrean city or town might be "twinned" with a city in another country. Department heads in Eritrean local governments would benefit from observation tours, or study tours, sometimes elsewhere in the country, but often elsewhere in Africa, Europe or the United States.

The creation of an Eritrean Association of Local Governments would provide a forum for policy debate, an institution with its own voice to advocate change and improvement, and a repository and source for technical information and training.

Supporting Studies. Among the kinds of studies that would contribute to the development of Eritrea's local governments are: Personnel and Training Needs Assessment; Infrastructure and Facilities Assessment; and Business Survey.

PREFACE

This study was undertaken over the course of two visits to Eritrea, first by Mr. Edward H. Robbins in November 1993, and then by Mr. John Miller in January-February 1994. The report is intended to assist the Government of Eritrea understand the problems facing local governments throughout the country, and to propose a strategic program to improve the capacity to effectively manage local governments.

Several people were instrumental in the preparation of this study. At the Ministry of Local Government, Vice Minister Ato Habteab Tesfatsion, Ato Gabriel Tzeggai, Acting Director of the Town Planning and Development Department, and Ato Makonnen Abraha, Acting Director of the Research and Planning Department, provided information, insights, a vision of Eritrean local governments, and a close review of final drafts. Dr. George Jones, USAID Coordinator in Asmara, provided overall guidance to the team's work; office support was cheerfully provided by USAID staff. Dr. Pamela DeLargy of the USAID office provided useful comments. Ato Kiflemariam Abraham, Lecturer of Management at the University of Asmara, was a valuable interpreter of both substantive local government issues and the language of Tigrinya, in Asmara as well on visits to several cities.

It should be noted that this study benefited from an analysis being carried out at the same time by Abt Associates, *Eritrean Chambers of Commerce: Strategies for Sustainability*. The Chamber of Commerce analysis was undertaken in November 1993 by Mr. Adrian Augier, who worked and traveled with Mr. Robbins for this study. The Asmara Chamber of Commerce kindly provided office space and support for Mr. Robbins as well.

Grateful acknowledgement is also made to those Eritreans, named in Annex A, including those interviewed for the Chamber of Commerce study, who shared information and ideas in the several cities and towns visited around the country.

Special attention must be called to Dr. Howard Sumka, Housing and Urban Development Officer based with the Regional USAID Office in Nairobi, who first understood the usefulness of the study, then provided the strategic vision of its content, later the guidance for its completion, and finally, major substantive improvements to the final report. It is fair to say that in this uncommon way, Dr. Sumka has served as the leader of the technical team, rather than the manager of a consultant team. For this I am grateful.

The Ministry of Local Government made arrangements for visits by Mr. Robbins to seven cities and towns, and then by Dr. Sumka and Mr. Miller to three towns. In all, nine cities and towns considered of special importance to the economic and social development of Eritrea were visited: Agordat, Asmara, Dekemhare, Keren, Hagaz, Massawa, Mendefera, Naq'fa and Tessenei. In those cities, meetings were held with representatives of both provincial and local governments.

No accurate map of Eritrea exists. The map that precedes the main text has been prepared specifically for this report. The locations of provincial boundaries and urban places have been estimated by comparing a variety of sources. The Swiss Government is now helping the Government of Eritrea develop a definitive map of the national topography and the location of villages and towns. That map is expected to be ready by May 1994 and should offer a standard on which other maps can be based.

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March 1994

NOTE ON TERMINOLOGY

The translation of Tigrinya terms into English is not exact, and subtle differences of meaning can be confusing. The administrative hierarchy below the central Government is: province (Awraja); sub-province; district (Wareda); and village or zone. In American usage, "local government" refers to all public authorities below the federal and state levels. In Eritrea, "local government" usually means specifically the provincial (or sometimes sub-provincial) level; this report maintains that meaning.

A further confusion may occur because towns have an administrative designation as a sub-province or district, depending on their size and function. They are headed by an administrator, often referred to as the mayor, who is appointed, not elected as is typical in American systems. The city of Asmara has a unique status: it is a province itself, and the chief executive officer is the governor.

Similarly, the term "municipality," in American usage referring generally to any city or town, is a technical designation for Asmara and Massawa, which have a certain amount of autonomy not afforded other towns. Although one may hear "municipality" used to describe smaller towns not officially so designated, this report restricts the use of "municipal" and "municipality" to these two cities.

The names of town departments can also be a source of confusion. What is in American usage a department of "social services" is typically called "social affairs" in Eritrea. Departments of "public" or "community" relations serve an ombudsman function. Efforts have been made to assure that the terminology is clear in the context in which it is used throughout the report.

The transliteration of local names into English is a compromise among various approaches. The national mapping effort will likely clear up some of the confusion (the use of "kw" or "qu", for example).

ACRONYMS AND CURRENCY

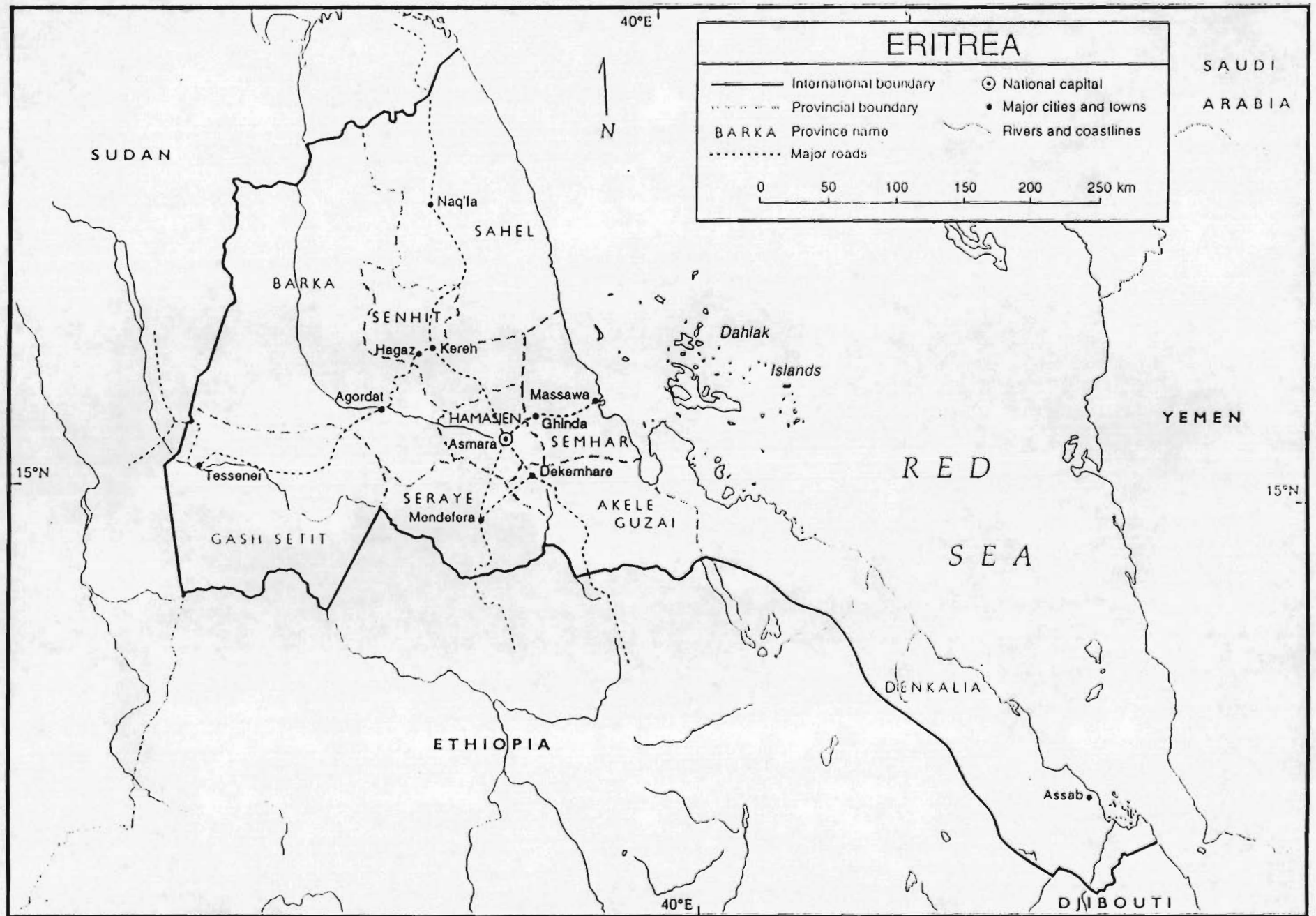
CERA	Commission for Eritrean Refugees Affairs
EPLF	Eritrean People's Liberation Front
GDP	Gross Domestic Product
MLG	Ministry of Local Government
NGO	Non Government Organization
PGE	Provisional Government of Eritrea
PROFERI	Programme for Refugee Reintegration and Rehabilitation of Resettlement Areas in Eritrea
TPD	Department of Town Planning and Development

Note on currency in January 1994:

1 birr equals approximately US\$.17

US\$1.00 equals approximately birr 5.78

MAP OF ERITREA



Map by Jack Hopper

1. OVERVIEW OF THE URBAN SYSTEM

1.1 INTRODUCTION

Eritrea today is a rural society. Its economy is in the throes of recovering from 30 years of war for independence. In the next 20 years, Eritrean society and economic activity will shift increasingly toward an urban orientation and a very marked modernization of attitudes and systems.

The physical destruction caused by the war will not be nearly so great an obstacle to the recovery and subsequent development as the breakdown in the country's social and economic infrastructure (school systems, health systems, the governing process). This breakdown was exacerbated during the 1974-1991 period when the Derg Government ruled Ethiopia and the War for Independence intensified.

During this period, many young Eritreans stopped their educations to join the fight. Eritrean professionals left the country to take up residence abroad. Government and governmental activities were centralized in Addis Ababa, with a consequent destruction of data bases and archives. Maintenance and reinvestment stopped. Travel was limited. Machinery and equipment were taken from schools, hospitals and businesses. Towns were destroyed. People fled the fighting. Some one million Eritreans are now estimated to live outside the country. (The national population today is about 2.9 million.)

Today Eritrea is impoverished; its water and sewer systems do not work, bad roads limit the speed of communication and delivery of goods, schools and hospitals have no working equipment and electricity can be provided for only four or five hours a day outside of the major cities. The rail transportation system is unusable, fields and orchards have grown over with weeds and hills have been denuded leading to erosion and desertification. There are few people with the professional training needed for effective modern government, and few workers with modern agricultural and industrial skills.

What does exist, two years after military victory and months after formal independence in May 1993, is a national consensus that hard work can make the recovery possible. There is also an organizational discipline born of the nearly 30 years of military activity.

1.2 SOCIO-ECONOMIC STRUCTURE OF ERITREA

A recent World Bank report provides a portrait of the socio-economic structure of Eritrea:¹

The Eritrean economy is based largely on agriculture, with nearly 80 percent of the population deriving their livelihoods from subsistence farming, livestock and fishery. It is estimated that agriculture currently accounts for roughly 40 to 50 percent of GDP, and 60 to 70 percent of exports...

...water shortages are increasingly affecting the livelihood of both rural and urban populations. Surface water tends to be scarce... the ground water table has been steadily declining... Lack of water is seen as a potential major constraint to further economic expansion...

The prolonged war...had a particularly destructive effect on the natural resource base of the country... the displacement of large numbers of people precluded the development of sustainable land management practices. ...recurring droughts since the early seventies...have further contributed to the deterioration of land, the diminishing replenishment of aquifers and to increasing desertification. Many of the underlying causes of [environmental] degradation, however, have to do with the dynamics of poverty, population pressure and institutional problems. For instance, the traditional land tenure system and especially communal land ownership characterized by frequent land redistribution and fragmentation has not encouraged sustainable land management practices... Added to this has been the increasing population pressure in the highlands where the majority of the rural population live...

[Eritrea's] potential for growth stems from its strategic location, the availability of a talented and hardworking population, a wealth of craft and production skills, and a well developed system of community participation.

¹ Miovic, Peter. Eritrea: Country Economic Memorandum, Statement of Mission Objectives. World Bank Office Memorandum. September 29, 1993. p.4.

1.3 PROVINCIAL POPULATION DISTRIBUTION

Eritrea is divided into four geographic areas: the coastal lowlands along the Red Sea; the highlands; the western lowlands, a plains area marked by important river basins; and the Denkalia depression and coastal lowlands isolated by lack of road connections from the rest of the country.

Eritrea's estimated population of nearly three million is spread among the ten provinces as shown in Figure 1 below. These estimates suggest that the highland provinces (Akele Guzai, Asmara, Hamasien, Senhit and Seraye) account for 1.8 million, or 63% of the population.² With the expected return of an estimated 500,000 refugees, mostly from the Sudan, the country's population is anticipated to increase by more than 17% in the next few years; most of this increase will be expected to occur in Gash Setit and Sahel provinces.

Figure 1. Population and Projected Returnees, by Province				
Rank	Province	Population	Projected Returnees	
			Percent	Number
1	Seraye	482,335		
2	Akele Guzai	417,343		
3	Asmara	389,894	10.1	50,500
4	Gash Setit	306,481	43.5	217,500
5	Senhit	270,507	8.2	41,000
6	Hamasien	262,540		
7	Barka	239,042	9.4	47,000
8	Sahel	213,944	23.9	119,500
9	Semhar	115,373	3.3	16,500
10	Denkalia	189,568		
	TOTAL	2,887,027	100.0	500,000
<p>Note: The percent and number of projected returnees include an additional 8,000 persons (1.6%) in other provinces.</p> <p>Sources: Woldemichel, B. <u>Primary Education in Eritrea</u>. Asmara, 1992. Government of Eritrea/UN. <u>Joint Appeal for Eritrea</u>. Volume 1. Main Appeal Document, Table 2, page 8. June 1993.</p>				

² Accurate population figures are unavailable. Provincial and city and town estimates used here and throughout this study should be regarded with great caution. A census carried out in 1984 could not be considered complete due to the fighting. The changes in the population brought on by the war have been so great (Massawa, Barantu Agordat, and Naq'fa, among others, were nearly depopulated) that existing base data is nearly useless.

2. CITIES AND THE LOCAL GOVERNMENT SYSTEM

2.1 INTRODUCTION

A hierarchy of urban places must rely on very rough population estimates rather than any authoritative figures. Although the data in Figure 2 below must be regarded with extreme caution, it is clear that Asmara is the country's primary urban area, followed by the traditionally important port cities of Massawa (even with its current low population) and Assab, and the interior crossroads city of Keren.

Figure 2. Population of Largest Cities and Towns		
1	Asmara	390,000
2	Keren	60,000
3	Assab	40,000
4	Mendefera	20,000
5	Tessenei	12,500
6	Dekemhare	12,000
7	Hagaz	11,000
8	Massawa	10,000
9	Agordat	10,000
10	Ghinda	10,000
<p>Note: Although the city populations here deviate substantially from Sims study (again, a reflection of data limitations), the general order of hierarchy is similar. Other towns whose populations may approach 10,000 include Adi Quala, Adi Keih, Afabet, and Naq'fa.</p> <p>Source: Interviews with responsible officials and miscellaneous government data sources.</p>		

The decline, current size, and projected growth of most urban areas in the country have in large part been determined by the war. From the rural based, agriculture dominated country that Eritrea has been, it is likely to emerge as increasingly urbanized. One analysis suggests that fully 40% of Eritrea's population will soon be urban, an increase from current estimates of 20%.³ Urban areas are already estimated to account for half of the country's gross domestic product. With the exception of Asmara, Massawa, and Assab, the economies of urban areas in Eritrea have developed, and are still sustained, by their roles as market centers and their locations on major roads.

2.2 PRIMARY CITY - ASMARA

Since its organization in the late 19th century by the Italians, Asmara has been the primary urban center of Eritrea. With nearly 400,000 people, it is roughly seven times the size of the country's second largest city, Keren. Asmara is unquestionably the nation's major city, with the principal administrative role, the major concentration of industry and commerce, a university and international airport. The city is classified as a province and has the best staffed local government in the country.

Located at 2,300 meters above sea level, central Asmara is surrounded by low hills, but has a mildly rolling terrain to the south and west that facilitates urban development. It was spared war-time destruction that affected many other urban centers.

2.3 SECONDARY CITIES AND TOWNS

With a population of 60,000, Keren is already showing signs of growth since war's end. Keren enjoys a special position at the intersection of the roads linking the Red Sea and the Sudan as well as the north and south of the country. Assab, with a population estimated at 40,000, is privileged by its location as the nearest port to Addis Ababa. Located far from the war zone, it was not damaged. Its future development will depend on Ethiopia's economic fortunes.

The fourth most populous city is Mendefera, with a population of perhaps 20,000. Mendefera functions as a large agricultural service center, but the wealth of the surrounding land gives it a special importance that should assure further growth.

Massawa, the nation's principal port city, was a major trading center during the Ottoman Empire. Its population is estimated to be down to 10,000 from its past high of about 80,000. Despite the serious war damage it sustained, its role as the nation's primary seaport remains strong, and the city will likely grow rapidly now that peace has returned.

³ Draft Preliminary Housing and Urban Development Profile for Eritrea, David Sims, UNCHS Consultant, November 1993.

2.4 OTHER IMPORTANT TOWNS

Many other towns serve as market centers for their agriculture-based hinterland. Tessenei, Agordat, Hagaz, Dekemhare, and Ghinda are towns that are beginning to show population growth and economic vitality. Their populations range from 10,000 to 12,500, and all have potential to grow rapidly in the near future. In fact, a policy of balanced economic growth is leading the Government to consider a range of towns for development priority, and to discourage the centralization of urban activity.

Naq'fa, capital of Sahel province, is important for its role in the war and expected to become a focal point for returning refugees. It was destroyed during the war, and virtually depopulated except by the EPLF (Eritrean People's Liberation Front) forces that operated out of a network of bunkers many kilometers long. An airport is being completed, and some 4,000 current and previous residents have registered for the land distribution that will initiate construction of a new town. While Naq'fa will continue to receive priority development treatment, rapid development of Afabet to the south and Mahmimet to the northeast, both of which have more easily developed sites, could reduce development pressures.

2.5 THE LOCAL GOVERNMENT SYSTEM

2.5.1 Decentralization and Democracy

As is true for much of Eritrea today, the system of governance is in a nascent and rapidly evolving state. This is particularly so of the hierarchy of authorities that is rooted in elected local committees and passes through town administrations or municipalities, up to districts and provinces and finally to the central government. Atop the structure is the Ministry of Local Government (MLG), which is ultimately responsible for assuring effective management of local areas. Urban authorities, including town administrations and the more autonomous municipalities, are integral cogs in this system.

Unlike most African countries, which typically have similar hierarchical structures, the Eritrean system is firmly based in the "grass roots". The country "has a strong tradition of local government and community organization, with a proven capacity to design and implement [local] development projects..."⁴ Prior to 1978, when the EPLF was close to controlling the national territory, it set-up systems to govern the liberated areas. The subsequent strategic retreat to the north reduced the area controlled, but the governing process continued and matured.

As the EPLF gained ground against the Ethiopian forces in the late 1980s, it extended its administrative apparatus to the wider area. Throughout the war, the EPLF was able to provide at least some basic social services: after its victory, the new Government

⁴ Miovic, pp. 12-13.

immediately began to reconstruct the national health and education systems that had been virtually destroyed. A number of today's local government leaders received valuable training in local administration during the war and, therefore, have not come to their positions totally unprepared.

2.5.2 The Start-Up Period

Proclamation 26, issued by the Provisional Government of Eritrea (PGE) in October 1992, established the regional and local government structure that remains in force. The proclamation makes clear that local governance will be a participatory process, with emphasis on local initiative and decentralized authority.

To assure this kind of autonomy, of course, requires local authorities to have a resource base that is adequate to meet their development needs and to provide basic services. They also require trained administrative personnel to manage resources and implement their programs. At present, most authorities are deficient in both respects, yet they still receive little from the central Government.⁵

The procedures for appointing or electing senior executive officers is established in Proclamation 26. The President appoints provincial governors who in turn nominate the administrators of sub-provinces for approval by the Government. The administrators of towns having district status are appointed by the provincial governor. Village administrators are elected from within the council.

At present, the leadership of the executive branch at all levels is being selected from among the ranks of the EPLF. Their experience in military organization and with governing the liberated regions partially offsets their lack of formal training or experience in the operation of local government. The attitudes of regional and local officials suggests that the tradition of local control of community affairs strongly influences their approach to governing, and they take the principles of decentralization and local initiative seriously. The challenge of the coming years will be to convert this selection process to a more flexible one that allows for more popular participation.

2.5.3 Inter-Governmental Relationships

Proclamation 26 sets out the regulatory structure for regional and local government. It "ensures full participation of the people in national as well as local affairs, encourages

⁵ In 1993, only six percent of Dekemhare's budget was provided by the central Government, while Mendefera received none at all.

local initiatives, and maintains rational balance between centralization and decentralization."⁶ It provides for four layers of government below the national level:

- provincial, with legislative, executive and judicial branches;
- sub-provincial, with executive and judicial branches;
- district, with legislative, executive and judicial branches; and
- village or area, with legislative, executive and judicial branches.

The city of Asmara has provincial status, and the nation's other principal cities and towns have the status of sub-provinces or districts. Both Asmara and the port city of Massawa are further classified as municipalities that affords them various autonomous revenue generating powers.

The effort to strike a balance between centralization and decentralization reflects, *inter alia*, the tension between the strong tradition of grass roots democracy and the need to set and implement national development policy. The ten provincial governors are appointed by the President and report to the Council of State and the Ministry of Local Government. These provincial governors are accountable to provincial councils on local matters. This assures that overall provincial administration and development conform to national policy. The inter-governmental regulatory structure reinforces this centralization by giving central government departments the authority to "give services" locally and to provide technical directives to local departments. The balance is struck by assuring that the services are "under the control of the local governments" and that the directives have the "consent of the local governments." Central departments have the authority to directly implement projects which are beyond the capacity of the local authority. The provincial governor can stop any ministerial action, and appeal to the President.

Two areas in which considerable control has been retained by the Government, either by intent or *de facto*, are staffing and finances, both of which are discussed in the following sections. Through a system of transfers to lower levels of authority, the Government intends to finance substantial activities at the local level. With respect to staffing, the proclamation specifies that "the transfer and hiring of [local government] personnel is based on policies and standards of the central government."⁷ Local government can recommend staff transfers, but the central department must consent. In both cases, the Government control is partially a recognition of, and an attempt to compensate for, the lack of local resources.

The Ministry of Local Government carries the direct, overall responsibility for managing the system from the center. The Government's objective is to work through the intervention of MLG towards full implementation of Proclamation 26. Besides its basic staff functions (such as legal and audit), as shown on Figure 3 (Figures 3 through 7 are found at

⁶ Ministry of Local Government. Short Exposition on Local Government in Eritrea. Asmara, September 1993.

⁷ Ibid.

the end of this section), the MLG is organized into eight line and staff divisions that cover such diverse matters as personnel, research and planning, provincial activities, and communications.

In addition, its Department of Town Planning and Development (TPD) undertakes topographical surveying, mapping and master planning for localities. TPD has completed master plans for Naq'fa and Hagaz, as well as site plans for an industrial park in Dekemhare and a residential resettlement area in Massawa for victims of a recent storm. At present, TPD is developing a master plan for Barentu, capital of Gash Setit Province, and is carrying out topographical surveys in Agordat and Afabet. The ministry is also preparing to launch an education program to upgrade the skills of staff members in regional and local governments.

2.5.4 Local Authority Organization

The organizational structure of the executive of each level of government is specified in some detail in Proclamation 26. As shown on Figure 4, just below the center are the provincial governments with eight line and staff departments that essentially parallel those of the Ministry of Local Government.⁸ The sub-provincial administrations are directly responsible to the provincial governor, and in addition there is a department for "sub-province follow-up," just as MLG has a department for "provincial action follow-up." Each province is expected to have a department for "land affairs," that is responsible for statistics and data collection, and one for "development," that includes the surveying function among other responsibilities.

The town administrations, of more relevance to this study, include the full spectrum of responsibilities one would expect of a town. This is true whether the town has sub-provincial or district status, as is illustrated in Figures 5 and 6. In either case, they have eight or nine line departments and three or four staff departments. The functional departments include police, health, security, housing,⁹ planning and public works, environment, water, and finance. Sub-provincial towns have a separate revenue (fees and licenses) department, and they maintain an auditing and inspection line function.

Finally, there is the special case of Asmara, the capital city with provincial status. The city is subdivided into nine zones and 36 sub-zones, that are ultimately responsible to the

⁸ Some confusion may arise because departmental titles have been translated in more than one way. The principal of separation of powers is clearly stated in Proclamation 26, however, and in the various summary statements issued by the Government.

⁹ Housing departments, or house rental departments, are charged with reversing housing regulations implemented under the Derg. At that time, all real estate except for a family's primary residence, was nationalized. Rents on these units were set at very low levels and retained by the Government. Following liberation, the housing departments of town administrations assumed responsibility for renting these "additional" units until transfers back to the original owners can be completed. At independence, the Government increased residential rents by 300-400% and commercial rents by 750%.

administrator. As shown in Figure 7, it has 13 functional departments; in addition to those typical of smaller towns, it has departments for manufacturing facilities, news and culture, social affairs, and education. Nine of these functions are also present at the zone level, while four (health, environmental protection, social affairs and security) are also the responsibilities of subzone administration. Asmara's eight line departments include a unit for data and research that smaller towns do not have.

Local authority structures are being put in place gradually. All cities, except Asmara, do not have all the departments called for in Proclamation 26. In all cities, including Asmara, the offices are far below the staffing levels envisioned or minimally required to perform their roles. In many jurisdictions, departments are staffed by one person only, and outside Asmara they are rarely staffed by a trained professional. There is a large gap between staff skills and job requirements; consequently, their capacity to respond effectively to local needs is limited.

The Hagaz sub-province (Senhit), for example, with a population of approximately 50,000, has only five senior officers (an administrator and deputy, personnel officer, public affairs officer, and archives department chief), a cashier and an officer in each of the four districts. Until very recently this staff managed the affairs of the town of Hagaz as well.

2.5.5 Local Finances

Operating expenses are paid by a mixture of taxes and user fees, voluntary contributions and government grants. Local authorities have some discretion in raising revenue and can levy taxes and fees as "locally determined in council" as long as they are not "prohibited by financial policies of the central government."¹⁰ Highway tolls on trucks carrying merchandise and market transaction taxes are, for example, becoming common resources for local governments. To supplement these sources, some local governments receive small budget and tax allocations from the central Government and may receive loans or grants for major projects.

To hold expenses to a minimum, the many administrators who are serving in town governments do not receive any pay, but are provided with room and board at the Government's expense. In addition, the Government covers the cost of certain local staff salaries: teachers, for example, are paid by the Ministry of Education, and doctors and nurses by the Ministry of Health. These arrangements are a recognition of the limited resources of the local authorities, and they reflect the national priority given to education and health and to the welfare of war veterans. Because of these subventions, town budgets do not presently have to account for the full impact of personnel costs.

¹⁰ The material quoted in this section is from Ministry of Local Government. Short Exposition on Local Government in Eritrea. Asmara, September 1993.

Provinces and towns can also receive voluntary "contributions from local people for development projects and social services," a resource on which many local governments appear to rely in the face of otherwise stringent budgets. These contributions have been used to help construct schools and health clinics and to provide other basic services. In 1993, the Government allocated birr 5 million (about US\$865,000) to each province to support capital projects. The Massawa provincial government, for example, collected a further birr 2 million (about US\$346,000) in local contributions to supplement the Government transfer and cover investments in specific projects. Voluntary contributions were essential to the success of these projects.

Local authorities cannot depend on allocations from the center and, therefore, typically plan a balanced budget. In the cases of Keren, Mendefera, and Dekemhare, at least, the towns generally realize a small end-of-year surplus. Their total budgets, however, are quite small. Dekemhare, a town of 12,000 people, has planned expenditures for 1994 of only birr 620,000 (US\$107,266), less than US\$9 per capita.

2.5.6 Legislative and Judicial Development

All tiers of government (provincial, sub-provincial, district and village) have an independent judiciary, and all but the sub-provincial level have a legislative council. The structure and functioning of these branches is important to local governance and grass-roots democracy. They are less important to the town management issues that concern this study, and are discussed only briefly.

The Government's primary objective for the local legislative branch is to organize the local voice. This is in keeping with the long-held EPLF policy of drawing support from popular assemblies. The councils may make laws, review, revise and approve budgets, and levy taxes as appropriate. They are fully empowered to be the voice and conscience of the community they represent.

The councils are modeled on the traditional village council that has organized communal land use and other matters in the highlands for centuries. Provincial councils are made up of representatives from each district. In towns with sub-province status, the council is elected from the administrative zones, while district councils are comprised of elected representatives from each village. Towns with district status and the sub-zones of Asmara have councils elected from their constituency. Village councils are formed by representatives elected at large. Women and minorities are assured adequate representation through the allocation of reserved places on local councils.

Major components of the judicial system are in place, with the judges being appointed by the Government. The high court has been established, and courts are operating at the provincial and district levels. The high court justices all have law degrees and prior judicial experience. At the provincial level, there is a mix of experience and professional training,

but the district judges have less professional training. The EPLF experience during the war is providing the foundation for judicial activity. The challenge is to translate these practices from those appropriate for a war zone to those appropriate for civil administration in peacetime.

Figure 3. Office of the Ministry of Local Government

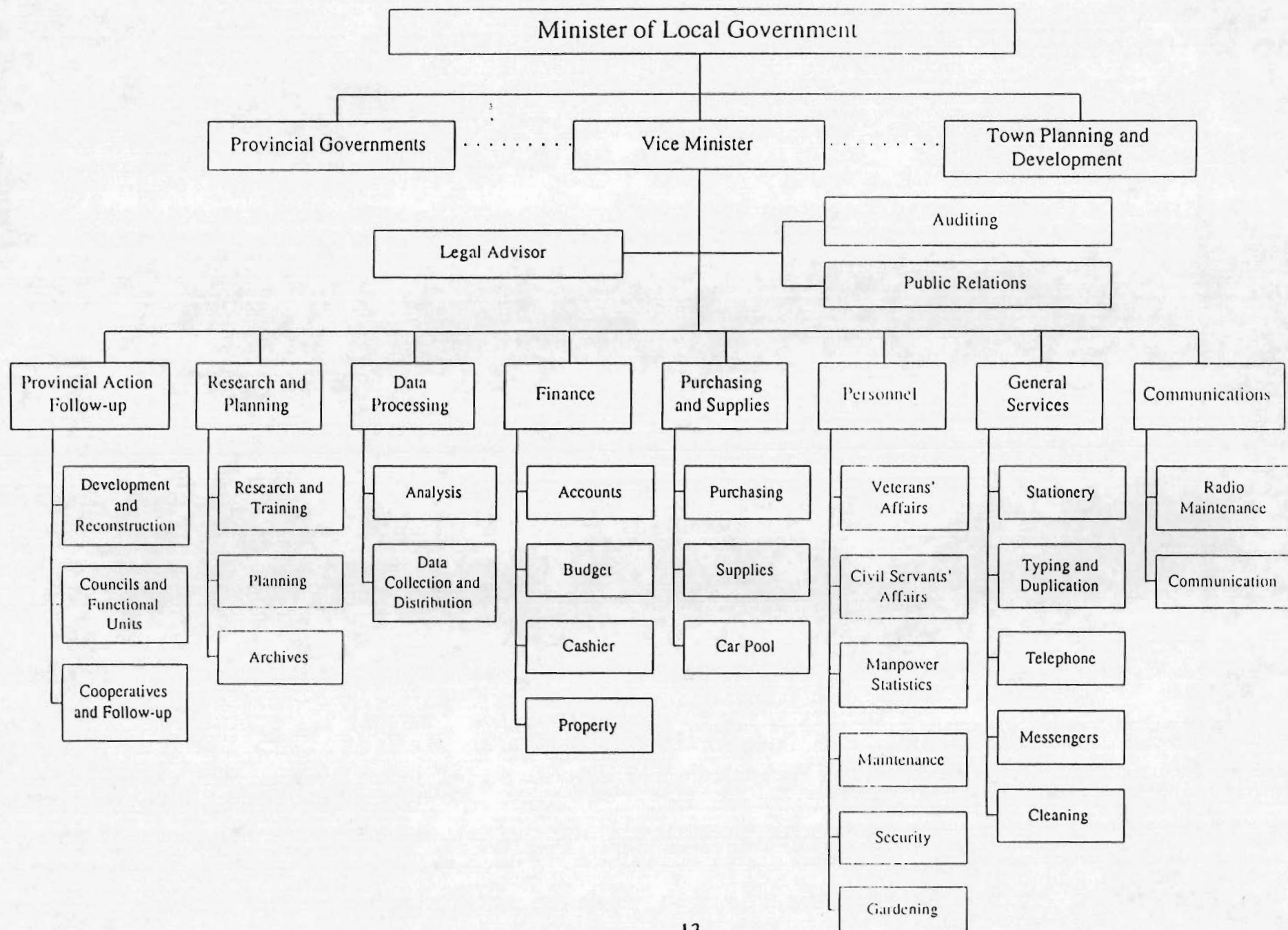


Figure 4. Local Government Organization Structure

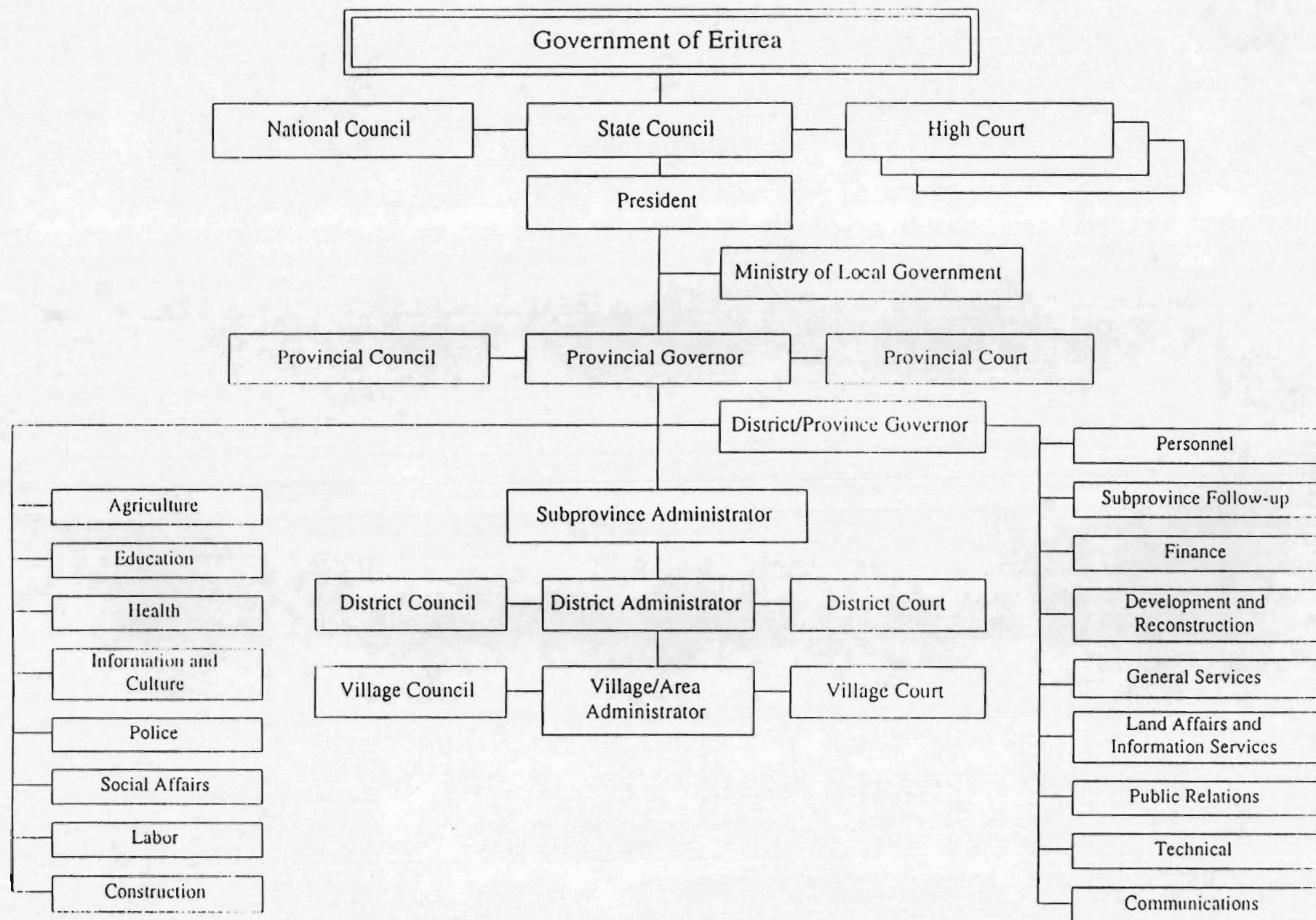


Figure 5. Town Administration (Sub-Province Status)

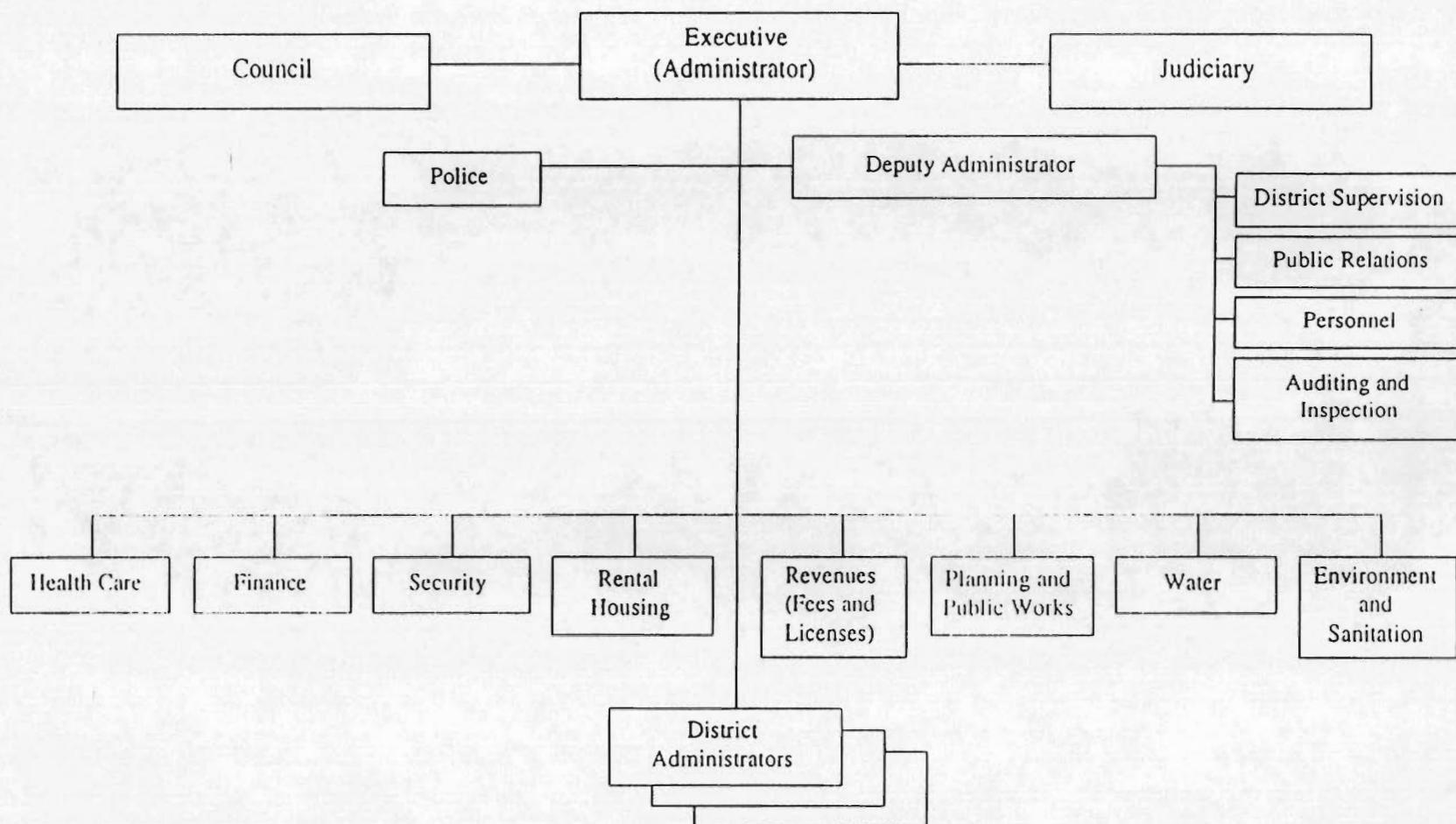


Figure 6. Town Administration (District Status)

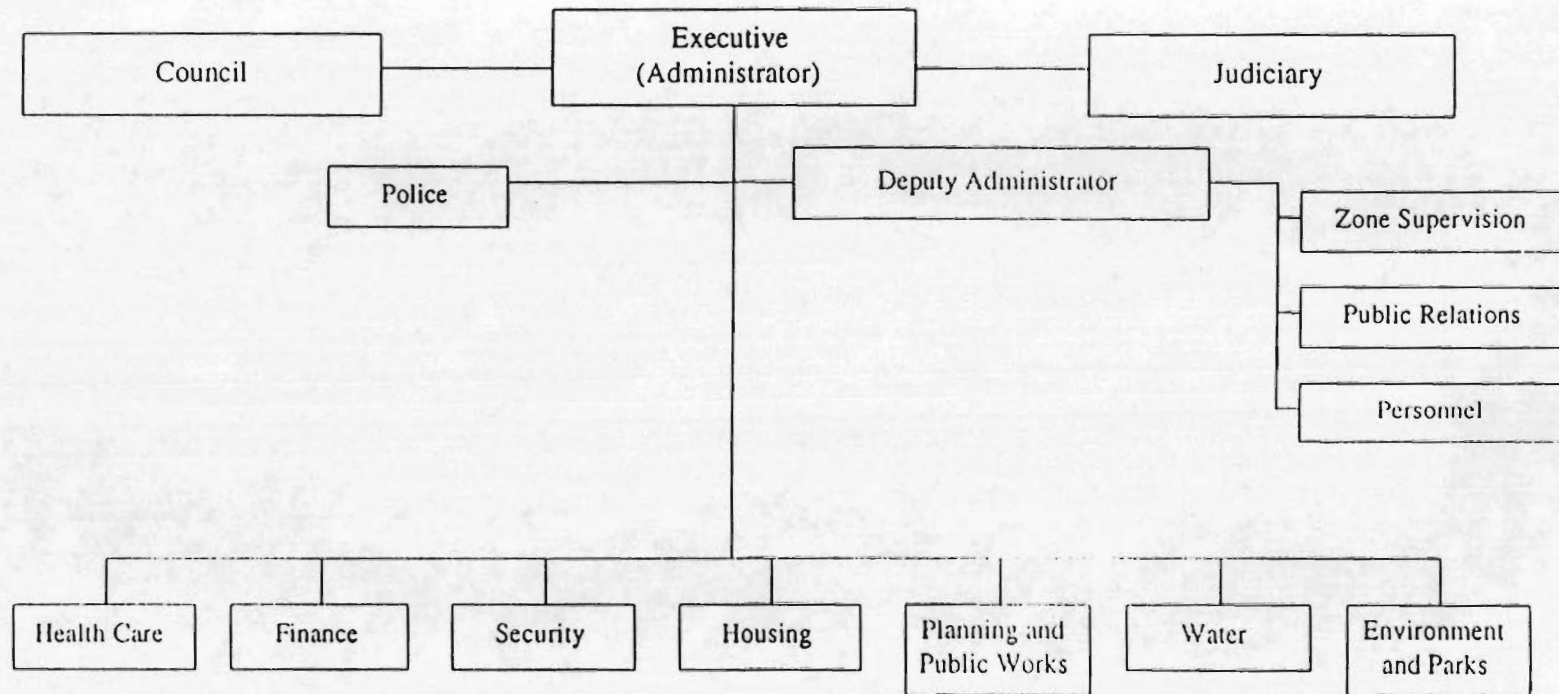
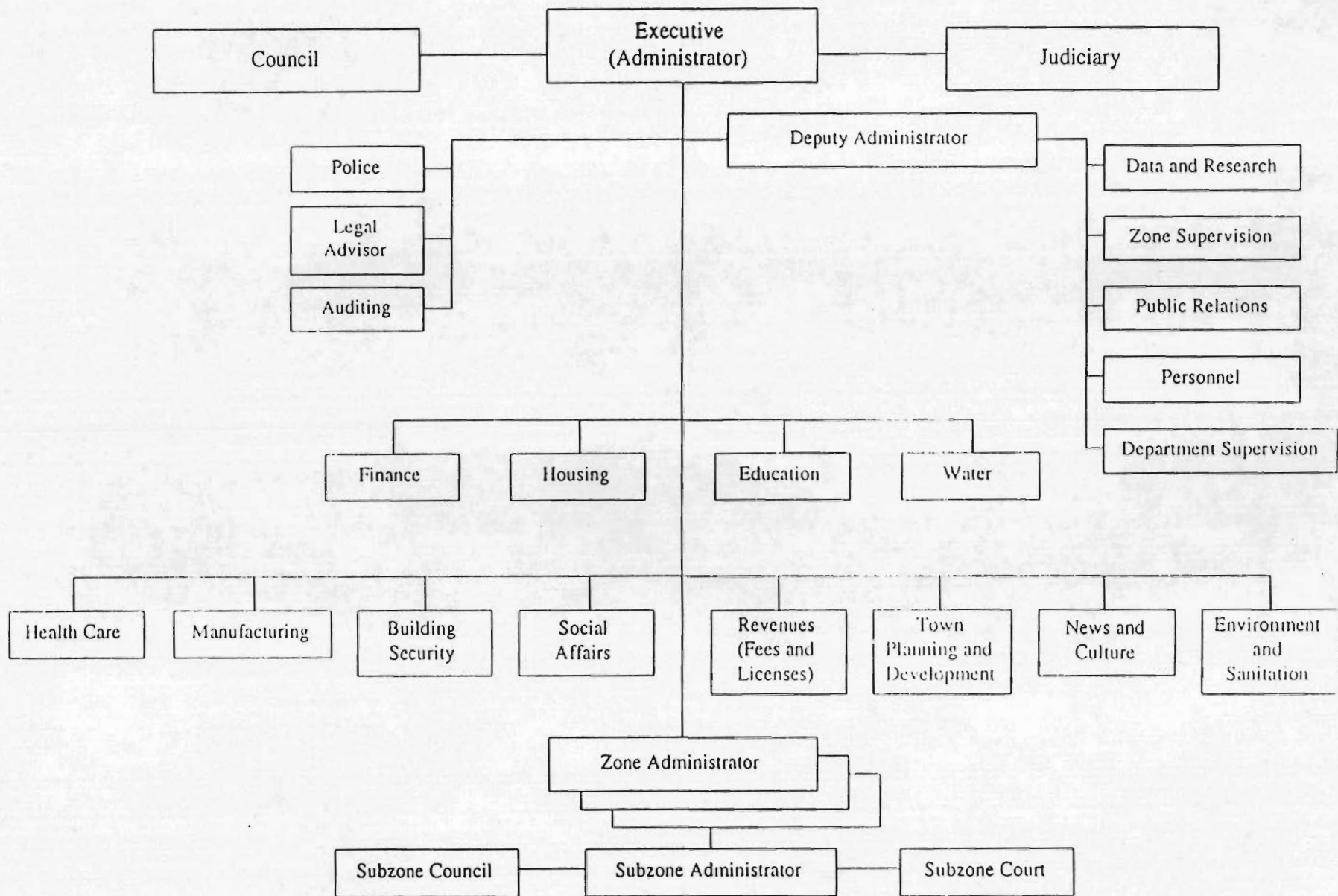


Figure 7. Town Administration (Asmara)



3. A LOOK AT URBAN PLACES

3.1 INTRODUCTION

The provision of local services obviously depends on the traditional and evolving operations of ministries, as well as the provincial, district, and local governments themselves. The actual functioning and effectiveness of government, however, reflect other factors as well, such as the size of the urban area, its patterns of growth or decline, the physical and institutional impact of the war, and the level of experience and education at all levels of government. City governments are faced daily with decisions about management, resource generation, infrastructure installation, and land use that will have a critical impact on urban development and the governing process for years to come.

The private sector in urban areas is characterized by many small businesses, the majority of which are single proprietorships with very limited capital. A profile of private economic activity in Eritrea's cities is suggested by data for Massawa, where the Ministry of Trade has licensed only two limited liability companies, but 284 service establishments (of which 76% are tearooms, bars, and restaurants), 865 general shops (of which 88% are retail food and clothing shops), and 136 wholesalers. Any vitality of the private sector is restrained by the country's finance system that is dominated by government owned banks, and characterized by small, individual depositors lacking capital, collateral, or creditworthiness necessary to embark on expanded, diversified, or new business ventures.

3.2 REVIEW OF CITIES

In order to understand the varying dynamics of Eritrea's cities, and gauge what activities might support the improvement of local government operations, several cities have been reviewed. Findings from visits to nine cities are summarized below in order of population size; characteristics of major cities are presented in Figure 11 at the conclusion of this section.¹¹

1. **Asmara**, the national capital and primary city, has a population of nearly 400,000. Its residents are young: an estimated 137,000, or only 34%, are older than 18. Asmara has provincial status, with the administrator ranked as a provincial governor. As the only city with provincial status, Asmara's government is organized slightly differently than elsewhere. The city's 70 square kilometers is divided into nine zones and 36 sub-zones. Sub-zones also have an elected council.

There are fourteen villages surrounding the city, and land management is a principal subject of concern to the city administration. The present governor reports that the traditions

¹¹ Other secondary cities not visited are described briefly in Annex C.

of village control of the land serves to mitigate the tendency to migrate to the city center. Asmara's neighboring villages are calling for the improvement of amenities in their own areas. These villages have six representatives on the Asmara City Council (of a total of 30).

There has been no new formal building in Asmara since 1975. As pressure grows for new construction, the Asmara government is negotiating with different investor groups for land development proposals. The city is under pressure to support the resurgence of a local construction industry through joint ventures, and to stimulate housing construction by releasing rent controls. Some of this demand will be caused when Asmara becomes one of the sites of a reception center for returning refugees once the PROFERI (Programme for Refugee Reintegration and Rehabilitation of Resettlement Areas in Eritrea) gets under way. The lack of capital and equipment, as well as the problems of low income and the absence of even a minimal housing finance system, are severe obstacles and lead to a case-by-case treatment of every land development project.

Several municipal functions are combined in the department of town planning and development -- physical planning, land development permits, building inspection, sewage collection and sanitation, street lighting and maintenance of municipal buildings. By the end of the war, there were no civil engineers nor technically trained personnel working for the municipality. At present, the department has one architect and two civil engineers. The city has neither transportation nor sanitation engineers.

The department does not have any surveying or blueprint equipment, nor any earthmoving equipment for the maintenance of the 80-90 kilometers of gravel roads. The main landfill site is located to the east of the city where the plains end and the land falls rapidly off to the coast (dropping nearly 2,000 meters in less than 100 kilometers). The department's priorities include identification of a new landfill site as well as construction of a treatment facility for the primary sewage outflow located on good agricultural land some eight kilometers to the west of the city center (within the city limits).

Currently, the Asmara administration is attempting to clean up the city, including the sewage system, for which there has been no maintenance since the mid-1970s. A master plan, roughly updated in 1975, is being used as the guide for developing base information about the sewage network. The base map does not accurately reflect the areas of informal housing, some located near the center of the city.

2. Keren, Eritrea's crossroads city, was left relatively undamaged by the war. Capital of Senhit province, and one of its five subprovinces¹², Keren has a population as

¹² The other four subprovinces, with low populations, are served by sub-provincial administrations similar to but decidedly smaller than that of Keren.

high as 60,000¹³ (and another 10,000 transient population). In its prime, Keren's economy benefitted from the cultivation and export of fruits, nuts, and onions, and of a gum used in perfume production; buttons were manufactured in the town. Keren is a central point for the country's agricultural and transportation activity. Its economy is based on regional trade and service provision. The nation's commercial movement between east and west, and much of the movement of people and goods related to the absorption of refugees, passes through Keren; indeed, Keren will be one of the PROFERI program reception centers. Plans are underway for small-scale manufacturing, probably the production of handicrafts. The city is poised for rapid growth.

Keren's modern history and likely future reflects the transformations taking place in the entire country. Keren was developed by the Italian colonists in the 1940s as a market town for an agricultural region that included the Elaboret Valley and Hagaz area. The comprehensive city plan prepared by the Italians in the early 1950s was disregarded by the British in the late 1950s, and ignored by subsequent Ethiopian regimes. The city was governed over the years from far off Addis Ababa, and it suffered. While Keren grew with families fleeing the war-torn rural areas, there was minimal maintenance of roads, water systems, and sewerage, and an absence of land and building regulations. The consequent unwisely located and poorly constructed buildings, now exacerbated by growth brought on by the end of the war, confronts the Keren city administration with a series of urban issues that would challenge any sophisticated local government.

Keren is governed by a mayor-council system in which the mayor, who is appointed by the provincial governor, is clearly the stronger partner. The 40 person council is elected by the residents, and serves at a higher level than other councils elected in the town's subzones. At the mayor-council quarterly meetings, the council is simply too new and inexperienced to provide any guidance on policy or other matters for the town's operations. Judicial functions are handled by three judges assigned by the courts in Asmara.

The town administrator, or mayor, has the education and experience not uncommon to the leadership of Eritrean public institutions. With a high school diploma, he has represented the EPLF's interests in other countries and was the governor of another province for a year prior to starting work in Keren nearly a year ago. A review of the functions and operations of each department of the town government, as well as a comment on those otherwise local government functions **not** managed by the town, suggests the problems and issues facing the mayor and his staff, and the town council.

The town draws its water from the nearby Anseba River, but Keren does not manage its own water supply; the Asmara water department does. Keren may provide some direction

¹³ Estimates of Keren's population, like those of other towns, vary widely. In Keren's case, the town has embarked on its own census. The data that has been collected, door to door, for one of the town's three zones shows a population of 19,500. A second zone is known to be more densely populated, and is estimated to contain between 24,000 and 29,000 persons. Another 12,000 to 13,000 people are estimated to reside in the third zone, known to be smaller than the first. These figures, more reasonably calculated than most other urban places in the country, form the basis of the estimate of the town's population, between 55,500 and 61,500.

to operations and maintenance, and indeed is seeking to take responsibility from Asmara, but for now, Keren's water supply and distribution is out of its technical control.

Security is also not in Keren's control. Local police functions are a provincial responsibility, and national security is directed from Asmara. No auditors or inspectors from the town, the province, or the central Government provide any oversight of Keren's financial or other operations. In addition, responsibility for local education remains with the central Government. Despite these limitations, the town administers several important and active departments.

The **technical department** is responsible for the construction of public facilities; repair to roads, sewerage, drainage, and public installations; land use controls, regulations, and permits; and the operation of the house tax and land rental system. Its five person office staff includes the department head and two surveyors (each with technical diplomas¹⁴), two clerks and a typist. Among the 13 field staff are three masons, as well as carpenters, plumbers, and other skilled laborers.

The technical department is understaffed and underequipped. The town budget cannot accommodate additional staff, nor are qualified staff readily available if it could. Nevertheless, the director of the technical department has requested an architect, a civil engineer, ten more masons, and 50 additional skilled laborers. He also needs survey equipment, blueprint machines, and heavy equipment for roadwork. When necessary, the department hires day laborers and contracts truckers to haul materials.

The **social services department** is responsible for health conditions through the operation of the town's health clinics, its market and slaughterhouse, and the maintenance of sanitary conditions in public places. In addition, the social services department registers births, deaths, and marriages.

Most of the social services department's 100 employees are devoted to common sanitation department functions of keeping a city clean. The sanitation staff utilizes two trash trucks, two water trucks, a pick-up truck, and a passenger car; the town's refrigerated truck serves the slaughterhouse and market. This fleet is maintained by a three person staff at the town's **garage**.

Keren's **trade department**, with a staff of five, registers and grants licenses for local business establishments. The **supplies department**, with a staff of three, is responsible for the purchase of office supplies. The **personnel department's** three people are responsible for maintaining employee records. The **community relations** department assists residents in their efforts to secure appropriate services and responses from the town's other departments.

¹⁴ Technical diplomas by Keren's surveyors, as well as many in similar positions in other towns, were earned in Asmara at Point Four training, a program whose creation can be traced to U.S. foreign assistance in the 1950s, originally called the Point Four Program.

The land department, with a staff of three and a board of five (all city employees), seeks to locate those who owned land¹⁵ that was confiscated or otherwise taken by successive governing regimes. It is a difficult process, first to identify specific pieces of land taken, then to identify the proper owner, and finally to arrange for the legal return of the land.

Like the land department, the rental housing department is trying to rectify the problems left by previous regimes. During the Derg, no one was permitted to own more than one house. Any house beyond one was confiscated. Until the rightful owners are located, the rental housing department, with a staff of three, manages that housing. Ninety percent of the rent collected is set aside for the original owner, and ten percent is retained by the department for its operations.

It is the operations of Keren's finance department that suggests that central Government's decentralization plans, and the autonomy granted town governments, may permit functional local governance. The finance department is a professionally run office with accounting responsibilities that support the town's resource and expenditure decisions. Without computer equipment, and barely a hand calculator, its staff of 19 (director, division head, three accountants, one cashier, one registrar, and twelve collectors in the field) is able to track the town's finances, and collect what is due, in a rather comprehensive manner. The effectiveness of the finance department can be attributed to the competence of its director: he has a high school diploma, specialized training at Asmara University in accounting, budgeting, management, and inspection, and has served 28 years in his position. The department also benefits from the 24 year experience of the head of its budget and accounting division.

Keren is in many ways self sufficient. It only receives a small amount of funds from the central Government, and those only for specified capital expenditures; most central Government funds that flow out of Asmara are destined for rural populations who otherwise enjoy virtually no public services. It should be noted that as Keren receives no funds from Asmara, neither does it send any of its own revenues to Asmara.

To understand Keren's finances, it is instructive to look at the great variety of ways it generates revenues. Numerous tariff rates are established for the fees and taxes collected from over 120 types of identified businesses.¹⁶ Thus, for instance, a rate is set for a license by type of business; a monthly market stall fee is charged depending on the product and location (currently, birr 282 per year for some); a tax is set for the sale of each type of animal (cattle is taxed at six birr per head, against a sales price of about birr 1,000).

¹⁵ All land is owned by the government; it is the right of its use that is generally bought and sold, and in this context, taken. Indeed, the town collects a transaction tax on the sale of a house, not of the land.

¹⁶ The town council has authority to establish new fees and taxes, and the criteria for tariff rates.

Income is derived from services and properties. Those generating substantial income for the town include rent income; fees for occupying public grounds; urban land rent and house tax; garbage collection charges, and truck tolls. Lesser incomes are produced from proceeds from emptying cesspits; fees from sanitary checkups; slaughtering fees; meat delivery fees; fees for sanitary and veterinary visits; weighing fees; civil status certificate fees; secretariat stamp duties; fees for occupying market grounds; the ten percent share from rent revenue of the rental housing department; fees for technical services; and transfer of properties and registration of contracts.¹⁷

Separate from those fees are taxes, collected mostly on sales and on industry and commerce, but as well from insurance and license renewal; advertisements; construction and maintenance works; cattle registration; and bicycle registration. A small amount of Keren's income is derived from sales of properties and levied fines.

A very small amount of the income Keren generates is spent on capital improvements; they are central Government responsibilities, or more likely, are left unattended. About a third of total expenditures are for employee salaries. Most of the remaining two-thirds cover operating expenses, as for example, city cleaning; slaughterhouse; library; fire fighting; supplies and other office expenses; health supplies; fuel; sewage system; property repair; public ceremonies; town council; and vehicle spare parts.

The total town budget for 1993 was about birr 880,000 (US\$150,000), from which a small surplus was realized. Keren's annual revenue and expenditure books are generally balanced because it has no choice; they cannot spend more than they have collected. The town management recognizes that many revenue producing activities should be able to pay their own way. Financial records for several such activities (most notably the market and the slaughterhouse) are indeed separately maintained, and can provide the information required to manage each in a profitable manner. Although this approach is well understood, it has not been applied yet in Keren.

3. Mendefera, the capital of Seraye Province, has sub-provincial status. It lies in an agriculturally rich area not far from Asmara and has a population of about 20,000, including the surrounding villages which were incorporated in the town limits in the past year. The district of Dibarwa, which is closer yet to Asmara, is estimated to have a population of 30,000. The province is experiencing considerable growth pressures and land issues are most critical for the provincial government. It is seeking to preserve good agricultural land and return it to full production. Mapping and data base development are priority concerns so that land disputes can be settled.

The town administration is organized into seven departments and employs over 70 people, not including day laborers, as is shown in Figure 8. By and large, the staff are junior level clerks and assistants, few of whom have received any significant training. The

¹⁷ Other possible revenue sources that are not applied in Keren include fees for repair work, revenue from stalls, and fire protection fees.

department heads are generally, but not exclusively, ex-fighters who have been in their positions since liberation.

Figure 8. Staffing Pattern, Mendefera Town Administration	
Department	Number of Employees
Finance	13
Technical and Construction	3
Social Services	31
Community Relations	1
Management	15
Rental Housing	5
Zone Administration	NA

The **management** department handles a wide range of responsibilities including procurement and property management, archives, and postal delivery. There are four drivers in the department, which has five vehicles available for town use: a trash collection truck, a meat delivery van (presumably to carry butchered meat from the slaughterhouse to the town), a large open truck, a personnel carrier, and a pick-up.

The **community relations** department, common to most local authorities, serves as an "ombudsman" and has only one staff member, although there are reportedly plans to expand the staff. The administrator described this function as one of the most important in the town. Its function is to follow up on demands of the public, clear up misunderstandings and, in general, serve as a link between the public and the administration. Public inquiries are made by letter or in person, and they cover such matters as the rejection of requests for house construction permits, land use questions, or licensing disputes. The department head estimated that he handles three complaints a day, and that in most cases it is simply a matter of explaining to the complainant the logic underlying the administration's decision.

The largest department is **social services**, which is organized into ten units that provide a wide range of diverse services to the town. The department manages welfare programs for the elderly, disabled and children, and is responsible for managing such facilities as the library, cinema, slaughterhouse, and parks. Its purview extends further to collecting trash, maintaining street lighting, and distributing water from the town tank that serves people whose neighborhoods do not have access to piped water. Finally, it is undertaking a census of the town in order to plan program needs, especially service for the poor. The census is about half completed, with the remaining zones scheduled to be done this year.

The **rental housing** department regulates about 3,000 properties that were nationalized by the Derg, setting and collecting the rents on behalf of the prior owners, and allocating vacant units. The town is planning to implement a new rent schedule under which housing will be classified into four different types, the monthly rents for which will range from birr 1.5 to 75. Business rents will be a function of location; those at the center will rent for birr 725 per month and those in the furthest ring for birr 36 per month. A separate commission on housing will eventually return all the properties to their prior owners.

Despite its considerable responsibilities for mapping, planning the development of the town, and constructing and maintaining roads, the **technical and construction** department has a staff of only three professionals. The head is a former mayor of the town who has no formal technical training. His two staff are trained surveyors who graduated from the Point Four School in Asmara. They have virtually no mapping or surveying equipment with which to work. The town is still operating from a 1968 master plan that covers 580 hectares in the town center. A topographical survey of an additional 800 hectares has recently been completed by a private survey firm and reviewed by the TPD in the Ministry. This cost of the survey was borne by both the town and provincial administrations. A master plan for that section will begin soon.

The head of the **finance** department is a secondary school graduate with a two-year diploma in engineering. Half of his staff are revenue collectors who work around town collecting fees from facilities such as the markets. In addition, there are a cashier who collects fees in the town hall and an internal auditor. Most of the staff have been working for the city for a considerable time, averaging about ten years according to the head. Their average salary is birr 140 per month. The department is responsible for preparing the annual budget and fee schedules, which must be approved by the town council and submitted for review to the provincial government. The department head described the town's finances as "autonomous," by which is meant that it receives no transfers from the Government.

The most important source of income for the town is the licensing of about 1,000 businesses. The annual fees range from birr 78 for small enterprises, such as tailors, to birr 600 for import-export businesses. In addition, income is earned from the livestock market, which generates about birr 800 per week. The town charges birr 5.60 for the sale of a cow, birr 5.00 for a horse or camel, and birr 1.75 for a goat. In the fruit and vegetable market, farmers pay nothing for the rental of a stall, but "middle-man" merchants pay birr 0.25 per day.

For two of the past years, the town has enjoyed a budget surplus, about birr 120,000 in 1991 and birr 70,000 in 1992. In 1993, it had a deficit of birr 26,000 occasioned by the purchase of a trash collection vehicle. Such purchases are financed out of operating funds; there is no separate capital budget or reserve fund set-aside.

4. **Tessenei**, a sub-province capital in Gash Setit with district status, has some 12,500 people. Close to Eritrea's western border with the Sudan, it has grown rapidly from

a population of some 3,500 before liberation, and is one of the towns most likely to experience explosive growth in the next decade. Tessenei is at the heart of the formal and informal migration paths of refugees that will continue for the next few years. It is possible to imagine a town of nearly 40,000 in ten years' time.

The sub-province has a population of some 57,500. An estimated forty families are coming into the Tessenei area each month, a natural trickle that is preceding the much greater flow that will follow inauguration of the formal refugee program sometime in early 1994. Over 217,000 returnees are expected to settle in Gash Setit in coming years. Tessenei will have one of the largest transit centers operating as part of the PROFERI. The province's lowland setting (warmer and with larger land tracts possible) and the possibility for rain-fed agriculture, make settlement attractive to those Eritreans who took refuge in the Sudan.

The town government has a staff of eighteen, including the administrator and his deputy, as well as a sanitation department of three (mostly for street cleaning), parks department, personnel office and finance office that collects transaction taxes at the cattle market and tolls from trucks passing through.

At present, Tessenei is without a master plan for its development. The town's administration has placed a priority on water distribution. Water is now distributed by private contractors (one tank truck and a number of donkey carts). The extremely high prices charged for water (birr 8, or US\$1.38, for 400 liters) are raised even higher at the peak of the dry season. A hospital to replace the one destroyed in the war is planned with outside assistance.

5. Hagaz, a sub-provincial capital, has a population of just over 11,000 and is situated on the north bank of a river in a broad valley about one half hour's drive west of Keren in Senhit province. The road connecting Keren with the Sudan goes through the middle of the community. Hagaz itself is one of the five districts of the sub-province of the same name. The sub-province has a population of nearly 50,000. Until recently, the administrator of the sub-province was also the administrator of the town; a new administrator has recently been installed.

Sub-provincial priorities are education and health services. It is estimated that the area has about 25,500 school age children, with only some 4,000 of them actually attending school. A new primary school and a regional health clinic (24 beds) have just been completed in Hagaz. Construction of a secondary school will begin in 1994.

Hagaz has been chosen as an important refugee reception area; the province is to receive some 41,000 refugees according to current plans. Its site allows for easy expansion to the north and west. The water table is near the surface. At present only 15% of the town's residents receive water from a network. Wells and private transporters (donkey carts) supply the rest. There is no sewer system. A master plan has just been completed to guide

future development. Because of the agricultural value of land along the riverbank, and the traffic generated now and in the future by the road, the town administration plans to move those families and businesses resident on the south side of the main road to the north, the town's expansion area.

Though close to Keren (elevation 1,300 meters), Hagaz is separated by a considerable drop in elevation. It has historically been a center for onion production, and one of Eritrea's significant new investments in irrigated agriculture is located west of the town. Hagaz's favorable geography and position along the river and the main east-west road suggest steady growth in the near term.

The Hagaz town government staff of seven (not including secretarial help) manages departments for district affairs, personnel, community relations, archives and finance. Each district has a representative from the sub-province administration. The administrator has set up a program of basic after-hours education for this staff as well as local officials. The program supports improved literacy as well as the fundamentals of record keeping and public administration.

The local business community is organized, and has been essential in providing financial support for the school and clinic construction (the latter received support from a Dutch NGO as well). The principal source of town income is market taxes.

6. **Massawa**, the Pearl of the Red Sea to the Italians, reflected the nearly four centuries of Ottoman Empire rule over this trading center until it was devastated by bombing in the closing moments of the war. It was also the site of prolonged fighting in 1989 and 1990. As a result, the population has dropped from a high of 80,000 to an estimated 8,000 to 10,000.¹⁸

Massawa has sub-province status and is the capital of Semhar province. It is the only industrial port of entry to central Eritrea, as Assab, far south at the end of the Denkalia panhandle, is a passage only to central Ethiopia. Massawa will undoubtedly recover much of its former population as peacetime allows for rejuvenation of port activity. Massawa will be a refugee transit center as a number of refugees will return by ship from Port Sudan.

Semhar province is managed by an executive staff of ten, including a governor and his deputy, and the heads of the finance, rehabilitation, personnel, public relations and trade departments. There are four sub-provinces, each with a representative of the provincial governor. Ten ministries have delegations in Massawa. The province has recently been able to contract the services of a civil engineer, and the finance department chief is a trained accountant.

¹⁸ Some sources estimate a population of closer to 25,000.

The central Government allocated five million birr (US\$865,052) for projects in Semhar province in 1992-93. An additional two million birr (US\$346,020) was collected in voluntary contributions for these projects. The provincial operating budget was approximately 30 million birr (US\$5.2 million) during the same period.

Locally collected resources include business licenses (some one million birr or US\$173,010); employee contributions (a tax of two percent on wages) directed at rehabilitation activities; and a tax on farmers of birr 10 and 20 per month (US\$1.73-3.46; dependent on an assessment of income by the district councils).

The city of Massawa is administered through three subdivisions. The bulk of the population reside on the mainland subdivision. A large percent live in makeshift dwellings, some of which were destroyed by a freak storm in April 1993. The town planning department of the Ministry of Local Government provided special assistance in designing a resettlement project for the affected area.

The city administration has 295 employees, some 235 civil servants and 60 war veterans (who draw no pay and are generally placed in leadership positions). The annual budget is estimated to be four million birr (US\$692,042).

The water distribution network is in poor repair and provides only partial coverage. A tank truck owner has been contracted to provide some distribution while the city's two trucks are under repair. Likewise, the city must contract privately for garbage collection as its vehicles are inoperative. There is no fire department nor fire fighting equipment.

Massawa's port is run by a separate authority responsible to the Ports and Maritime Authority. In the past, the city received one percent of the port's revenues; it is negotiating a return to this arrangement. The rail yards, located on the island of Taulud, and belonging to the municipality, were badly bombed. The rail system has not been used since the late 1960s.

As the port that served the majority of Eritrea's population and economic activity, Massawa will naturally grow back to prominence as an urban center. Its role as the nation's primary seaport is bound to result in rapid growth now that peace has returned. In addition, the marine resources of the Red Sea off Eritrea have the potential for an important contribution to the country's economic growth. Following years of neglect and disinvestment, however, the destruction confronts the city administration with an overwhelming array of critical decisions in a complex physical environment.

7. **Agordat** is the capital of the country's second largest province, Barka. Agordat's population is approximately 10,000, down from pre-war levels of roughly 40,000. The city is located on Eritrea's main east-west road, and on the bank of the Barka river, one of country's most important, serving a large area of the western lowlands.

The Barka riverbank has long been a source of palm tree products (fibre and dates, for example). Previously the area had important banana plantations and a textile factory. Business and professional groups deserted the area during the war, and are only now beginning to show signs of returning. Agordat will be a reception center for refugees returning from the Sudan. Initial projections suggest that the province will receive some 47,000 refugees once the formal reabsorption programs begin. Agordat's generally flat, river-side site should attract residents and accommodate considerable expansion. The provincial government expects that this town should grow to a population of 100,000 in the coming decade.

It is estimated that 40% of the population receives water from the city network. The remainder are served by tank trucks, fountains, and donkey-drawn tanks. Household sewage is filtered through septic tanks. The city does not have a sewerage network.

The provincial government has finance, district administration, personnel, community relations and construction departments. The provincial government has one civil engineer in its construction department. Each of the national ministries has a provincial delegation. In the areas of health and education, for example, the delegation is the principal resource.

8. **Dekemhare**, with an estimated population of 12,000 within its town limits, served as a center for the Italian farming community during the colonial period. It suffered severe damage during the war. The town has district status and, along with the surrounding villages, constitutes a sub-province. The town council of 28 meets monthly. The town's economic prospects are good. It is strategically well located, proximate to Asmara, Mendefera, and Massawa. Its natural resource base includes silica sand and limestone. The town is well planned, although it has suffered from lack of resources to maintain the infrastructure and provide services.

A 150 hectare tract of land on the edge of town is scheduled for industrial, commercial, and residential development. The site plan was prepared by the MLG's department of town planning and development. The town itself owns no land, and in response to requests for industrial sites, negotiated with a village in the town for use of the tract. There is no water service to the site, but an adequate interim supply at least from ground water sources is expected. The benefits to the community that contributed the land appear to be, at least, access to jobs and first rights on the residential sites. In addition to small commercial and light industrial development, the town is hopeful that a textile and a foam plastic plant will be built on the site. There is a proposal for a paint factory, but that is held up pending resolution of land issues. There are also prospects for a tannery and an edible oils processing plant.

The town administration has a flat organization of ten departments, the most important being social services, technical, finance, trade and zone follow-up. The administrator has been in the position for less than a year. Few of the more than 50 staff have been specifically trained or are experienced in town management or service delivery.

Most are secondary school graduates, although there are two Point Four graduates in the technical department and some staff in the finance department who have had post-secondary training in finance and accounting. The transport department manages the vehicles for the administrative staff. There is no trash collection vehicle, so waste is picked up irregularly. The large accumulation that built up before independence has been largely collected and burned.

The priority problems faced by the town are water, sewerage and health services. The most pressing is the water supply. Many areas are not served at all and, in those that are, the old pipes have high leakage rates. There is no sewerage system; the entire town is on septic tanks (or, presumably, pit latrines). The town has a doctor and medical clinic, but they are inadequate for the population in the town's service area.

The town manages a daily agricultural market, which is busiest on Saturday, the market day for the adjacent cattle market. The horticultural market is covered and paved, and each seller has a stall. An adjacent grain market is on an uncovered, but paved, site. Kiosks around the site are rented by the town, and nearby are privately owned, more substantial stores. Nominal fees are charged to the sellers to cover costs. The town has a small cement block manufacturing operation that apparently makes a small profit. The slaughterhouse is very clean and efficient looking. There is no cold room, but the rails and waste pit seem adequate, as do the access to the site and the holding pens. The slaughterhouse is divided into two sections, one for Muslim slaughter, and the other for Christians (and everyone else). User fees are quite nominal: birr 12.00 for an ox; birr 2.50 for a sheep or goat.

The town has a very weak financial base. It budgets for self-sufficiency since it cannot count on funds from the Government, which has distributed very little in recent years. In 1993, the town received birr 70,000 from the Government for maintenance of the slaughterhouse, public toilets, and administrative offices. Very little tax is collected on a regular basis because the administration believes the residents cannot afford very much. A voluntary system is used to raise funds for specific projects and activities, and much of the contribution comes in the form of labor.

The town finances for 1993 and the estimates for 1994 are summarized in Figures 9 and 10. In 1992 and 1993, budget surpluses of about birr 366,000 and 195,000 respectively were carried forward. The revenues come from diverse sources, the most important being income from services and property. Among the taxes, the largest source is the license and fee income under the broad rubric of "industry, commerce, arts and profits tax." The other important tax sources are "licenses" and "cattle registration." The collection of house rents, which from 1993 to 1994 are in effect a transfer item, distorts the figures somewhat. The large 1993 "non-revenue earnings" figure is comprised primarily of house rents. The return of the funds to the private owners appears as a 1994 expense under "non-expenditure" costs. The 1994 budget does not include house rent collection, under the assumption that the properties will be returned to their former owners. Two other 1993 expenditure items of

Figure 9. Dekemhare Town Revenue by Source, 1993 and 1994 (in birr)		
Source	1993 Actual	1994 Estimate
Prior Year Surplus	366,040	194,650
Services and Property	324,133	284,253
Taxes	58,813	73,423
Other	141,132	40,120
Non-Revenue Earnings	245,138	27,553
Total	1,135,258	620,000

note are "capital," which was incurred for a vehicle purchase, and "other," which is the repayment of loan from prior years. Salaries and allowances for the two years were 42% and 55% of total operating costs, respectively.

Figure 10. Dekemhare Town Expenses by Source, 1993 and 1994 (in birr)		
Source	1993 Actual	1994 Estimate
Salaries and Allowances	127,530	189,177
Operating	170,495	150,125
Capital	539,834	19,650
Other	82,622	5,000
Non-Expenditure	20,124	256,053
Total	940,607	620,000

9. Naq'fa, capital of Sahel province, with sub-provincial status, has a population of some 5,000. Though labeled a lowland province, the Sahel's backbone is a continuation of the mountain chain that forms the highland area of the country. Italian colonization did not penetrate as deeply into this northern area, and road access, unlike that east to west from Keren to Tessenei, is very primitive. The principal access road runs north from Keren over steep hills, through Afabet, over steep hills again, and through the Hidai Valley and river basin to a final, difficult climb to Naq'fa at some 1,700 meters.

Naq'fa has special historic importance to modern Eritrea, for it was the center of the EPLF resistance effort during the 1978 to 1988 period. Naq'fa became the unconquerable bastion of the independence forces, and the center of a network of underground bunkers and tunnels extending across the north of the country. As a result, the town was subject to persistent attack from the air. It was destroyed and the civilian population fled. Land in the town is now owned by the national Government. Redevelopment of Naq'fa is a high priority

for the Government, and many former residents have begun to return or to request a return of their property. The town will be one of the refugee reception centers planned under the PROFERI.

Development of the Sahel and the Naq'fa area will be stimulated by the return of refugees living in the Port Sudan area and coming from the north. The town of Mahmimet, not far north of Naq'fa, and located in easier terrain, can be expected to attract returning families. Afabet may have the same impact to the south.

At present, Naq'fa has a registry of some 4,000 people looking for property. A master plan has been completed by the town planning department of the Ministry of Local Government. Topographical maps had to be prepared prior to the design of the plan; the process required some six months to complete. Naq'fa's administration is prepared to allocate properties, even before the central Government completes its deliberations about land ownership or control. International donors are supporting construction of a new school and a regional hospital. The army is completing construction of an airport capable of receiving jet aircraft. Water collection is a high priority, and plans have been drawn up for construction of a dam to create a holding area sufficient to supply the town's future growth.

The provincial government, with some 200 employees, but no professionals, has no earthmoving equipment, so the army must be relied on to keep the roads open, especially in the rainy season (June-September). New connections to the north and the coast will be important if the province is to develop, and if the refugee absorption program (projected to deal with nearly 120,000 people) is to be effective. The province has some 340 kilometers of coast line, but no commercial fishing.

The Naq'fa town administration itself has a staff of 16, divided among the following departments: business licenses, finance (accounting, cashier), registrar and archives, personnel, technical and administration. None of the staff have professional training.

Local revenues come from business licenses and tolls on incoming commercial traffic. Voluntary contributions are also being used to support construction of the schools and clinics. Only one well provides water; distributors charge birr 0.25 (US\$.04) for 20 liters. A 39 kilovolt generator is providing electricity for the government offices and some 200 other clients. As there are no meters, charges are made by the number of appliances (e.g., light bulb, radio, etc.) in use.

FIGURE 11. CHARACTERISTICS OF ERITREA'S MAJOR CITIES

City	Province	Administrative Status	Population	Features
Asmara	Asmara	Provincial	390,000	<ul style="list-style-type: none"> • Country's capital and largest city • Surrounded by 14 villages • A reception center for refugees • Construction & infrastructure development
Keren	Senhit	Sub-Provincial	60,000	<ul style="list-style-type: none"> • Provincial capital • Strategic location; roads linking Red Sea and Sudan, and north and south • Growing
Assab	Denkalia	Sub-Provincial	40,000	<ul style="list-style-type: none"> • Provincial capital • Nearest port to Addis Ababa • Growth dependent on Ethiopia
Mendefera	Seraye	Sub-Provincial	20,000	<ul style="list-style-type: none"> • Provincial capital • Large agricultural center • Wealthy surrounding areas • Land allocation and water issues
Tessenei	Gash Setit	District	12,500	<ul style="list-style-type: none"> • Sub-provincial capital • Explosive growth likely • Close to Sudan • Center of refugee migration • Conditions favorable for agricultural growth
Dekemhare	Akele Guzai	District	12,000	<ul style="list-style-type: none"> • Sub-provincial capital • Agricultural market center • Much war damage • Industrial potential; cement, plastics, and textiles • Infrastructure and financial difficulties

FIGURE 11. CHARACTERISTICS OF ERITREA'S MAJOR CITIES

City	Province	Administrative Status	Population	Features
Hagaz	Senhit	Sub-Provincial	11,000	<ul style="list-style-type: none"> • Sub-provincial capital • Strategic location; along road connecting Keren with Sudan and located along a major river • Refugee reception center • Organized local business • Agricultural potential
Massawa	Semhar	Sub-Provincial	10,000	<ul style="list-style-type: none"> • Provincial capital • Country's principal port • Much war damage • Rapid growth is expected • Potential as a rail and distribution center • Red Sea offers commercial fishing opportunities
Agordat	Barka	Sub-Provincial	10,000	<ul style="list-style-type: none"> • Provincial capital • Located on the Barka river and major east-west road • Refugee reception center • Much expansion expected; palm tree products, banana, and textile potential
Ghinda	Semhar	Sub-Provincial	10,000	<ul style="list-style-type: none"> • Sub-provincial capital • Active, productive town • Agricultural production
Naq'fa	Sahel	Sub-Provincial	5,000	<ul style="list-style-type: none"> • Provincial capital • Center of EPLF Resistance • Will be a home to many refugees • Much war damage • Will receive priority development status • Poor road system

4. STRATEGIES FOR STRENGTHENING THE LOCAL GOVERNMENT SYSTEM

4.1 INTRODUCTION

Eritrea has only just begun to build the structure of regional and local governments. The national policy makes clear the objectives of strong local governments in which the citizenry have a dominant voice, coupled with the responsibility for considering what kinds of services they expect and how the resources will be raised to pay for them.

The Government has provided the format for this new structure and is drawing on the available human resources and the experience with military organization to staff governmental organizations. Though there is very little experience in the management of local government *per se*, and very little physical infrastructure to work with, the positive, constructive and responsive attitude of these new public administrators is evident throughout the country. A major challenge of the near future will be to convert this willing staff into a body of local political leaders and professional city managers. At the same time, the citizenry as a whole and the business community in particular must evolve into vocal, intelligent and productive participants in the democratic government process.

The creation of an effective governance system that is firmly rooted at the local level and that derives its legitimacy from the population must be an undertaking of the Eritrean leadership working with the people. Although the stimulus and energy must come from within the country, donors have an unusual opportunity to collaborate in this process from the earliest stages and with a willing partner. The potential scope for developing a mature governance system is broad and will ultimately encompass all levels of the system from the central Government to the town or village. It will also include the three branches of government, which are already taking shape at every level of the system. Of primary concern to this study are the administrative and management aspects of local government and the structure of the intergovernmental system.

4.2 LOCAL GOVERNMENT PROBLEMS

Pivotal to the process will be the ability of the cities and towns to efficiently serve the basic needs of their populations. Urban places will be the locus of development for a substantial portion of the country's people. Typically, urban areas produce a disproportionate share of GDP and serve as centers for education, trade, and political discourse. Effective urban management, fiscal soundness, support for the local private sector, and overall good governance are essential if local governments are to serve their roles in the development process. The preceding analyses of Eritrean cities and towns have

revealed their development needs and the obstacles faced by local administrations in meeting them. The most important of the latter are:

- **Professional Staff.** Virtually all local governments lack trained and experienced staff in the fundamental positions of planning, management, information systems, accounting, finance, etc. Basic education levels are low; training is unavailable.
- **Financial Management.** Even those local governments with predictable revenue are poorly prepared to plan and program their resources toward activities most useful and in the public good. Local governments are unable to adequately prepare budgets and control expenditures, much less to do so in a transparent manner.
- **Revenue Generation.** Local governments are caught between the central Government unable to transfer necessary funds to the local level, and their own inability to generate resources locally. While some local governments levy taxes and tolls, and charge fees for some services, the funds raised are insufficient to cover expenses. Local governments often must depend on voluntary contributions for construction and some services.
- **Private Sector.** Small and medium size private enterprises serve a limited market with a limited product. Although the Government is encouraging the formation of private financial institutions, those that might provide credit for housing or other local investments, such institutions are not available. And, while some local governments utilize the private sector for services (notably, contracted trash collection), most have not developed the mechanisms, or created the conditions, by which private entities will undertake works in the public interest.
- **Management Information.** Efforts in policy formulation and project development are hampered by a serious deficiency in information. Fundamental numbers and facts are unknown. Such basic data as population, necessary to plan services, is unreliable, or simply unavailable. In addition, town administrations know little about the local economy and business climate.
- **Basic Infrastructure and Other Public Works.** Potable water and sanitary sewerage systems are minimally available in most urban places. In some, it is a matter of a lack of maintenance; in others it is inadequate coverage. Other public works and facilities (schools, health clinics and hospitals, roads, etc.) are lacking or of low standards.
- **Land Development Planning.** Land use planning and controls are minimal or non-existent; local governments have virtually no planning capacity. This need

is filled by the town planning department of the Ministry of Local Government, which prepares land and topographic surveys and master plans. The department's small staff is stretched thin and, in the absence of local resources, the plans may remain unused.

- **Land.** Most local governments will be confronting the need to service and develop land needed to accommodate growth. The use of land is subject to complicated land tenure laws, impending reforms, interest by the private sector in using land, expected accelerating growth in some cities, and the capacity of local government to manage. Land ownership has been made more complex by the movement of people and minimal application of land tenure laws during the war. And now, with a renewed determination to control land, the Asmara city administration for one has issued regulations regarding land planning and use, land valuation, land transactions, and property compensation.¹⁹
- **Equipment.** Most local governments are unable to operate with any minimal efficiency due to the lack of vehicles and heavy equipment, office machines and supplies, and communications equipment.

4.3 AN OUTLINE OF PROGRAM OPPORTUNITIES

The information gathered for this study verifies the views of the MLG for the need for capital assistance to repair and maintain existing infrastructure and to build new infrastructure. It also confirms the need for office equipment (including computers), vehicles and heavy equipment. Equally pressing, however, is the need for an effective local government system, that is typically a prerequisite or corequisite for donor-supported local development programs.

International development agencies other than USAID are supporting or considering support to urban development.

- **The United Nations Development Programme** has included in its current program planning exercise a candidate project to support an urban management and housing program.²⁰ Among the components under discussion is one targeting municipal and urban management training.

¹⁹ The underlying assumptions about local control of the use and disposition of land are accepted by Eritrean culture. Decisions about the mix and use of built and unbuilt land have been made by village elders or councils. The challenge comes from translating this heritage into modern terms. Policy makers will want to regulate land markets to prevent speculation. Such restrictions, however, may actually fuel speculation by containing the volume of transactions and granting privileges to those fortunate enough to get permission to develop.

²⁰ Working Documents for Review of UNDP Activities 1992-1993. UNDP, United Nations Integrated Office in Eritrea. November 1993.

- Senior MLG staff have been receiving short-term training in management and development in Israel.
- Housing and urban development was examined by a World Bank team that carried out studies for a Country Economic Memorandum in October 1993; that report is in preparation now.

The analyses reported here have specifically focused on human and fiscal resource deficiencies at the local level. To address those problems, three goals of a proposal outline have been developed:

- to improve the skill and knowledge base of senior local government officials;
- to support local institutional development through improved management and planning, stronger fiscal base, and better information systems; and
- to support policy development related to rational decentralization and intergovernmental relationships and the encouragement of local private sector growth.

In response to these goals, the following integrated program of policy seminars, training activities, technical assistance and supporting studies is proposed:

4.3.1 Seminars in Support of Policy Development

With the best of intentions, governments often promulgate policies that are left ambiguous and are implemented half-heartedly, perhaps not at all, or worse, with perverse and unanticipated effects. Policy seminars are designed to help governments clarify the intent and give meaning to such phrases as "rational decentralization" and "enabling frameworks." They are essential to setting the framework within which local authorities must operate because they allow for direct dialogue among all the affected parties at the center and at the local level.

The basic elements of a policy seminar are simple. Typically they bring together the important decision-makers and policy implementers from the central Government and local authorities. Working from a well-prepared agenda with guidance from trained facilitator, participants spend three to five days debating the issues at hand and working toward a consensus on appropriate policy.

Policy seminars are most effective when implemented as part of a continuing dialogue between central Government and local authorities. Donor involvement in that dialogue can be productive but must not be dominant. Besides financial and other practical support, donors can assist in a number of specific ways. They can help to facilitate the discussion of what issues are to be addressed at the seminar, bring in experiences from other countries,

and provide synthesizing analyses based on world-wide experience. They can identify (and provide support for) resource people to help prepare background documents and to serve as facilitators at seminars.

A seminar should be preceded by the preparation of background material that sets out the problems to be addressed and brings in pertinent examples and experiences from other countries. It should close with a clear plan for implementing the agreed upon policies. The plan should identify precise actions to be taken and the persons or organizations responsible for them. It should include a timetable, a means to report progress to relevant organizations, and a plan for a follow-up seminar to assess the effectiveness of the changes or to reset the course if that is deemed necessary.

The analyses of the current state of development of Eritrean urban local authorities and of Proclamation 26, that sets the framework within which local authorities operate, suggests a series of topics for policy seminars identified below.

Decentralization and its implications should be the first order of business for policy articulation. The Proclamation explicitly supports "rational" decentralization and local determination, but at the same time local autonomy remains highly constrained along some basic dimensions. Some of these constraints result from the lack of resources at the local level and the Government's perceived need to fill the gap. Others appear to be imbedded in the policy set out in the Proclamation and may become inextricable as time passes. Linked to decentralization and local determination is the special role of the private sector, which is critical to the sustainability of local initiative. The following series of seminars, listed in a logical sequence, is proposed:

1. **National System of Local Governance.** At this seminar, the agenda would focus on the overall system of local government and the relationship among the levels. The objective would be to clarify the national goal with respect to local determination, identify conflicts between local desires and national interests, and attempt to resolve those conflicts. The seminar would identify problem areas in the relationships among national, provincial, district, and village levels and discuss the unique roles of larger urban centers in the overall system. The seminar might raise, though not address in detail, the specific problems of the civil service and personnel management and fiscal relationships. Detailed debate on these would be deferred for later seminars.

2. **Personnel Management and the Civil Service.** Currently, local authority staff are hired and transferred by the Government. This reflects the limited number of trained personnel nationally and highly constrained local budgets. It should be the long-term objective of Government to transfer the personnel responsibility to the local authority in order to achieve both efficiency and accountability in the system. At the same time, such a transfer must be sensitive to local authority capacity and national prerogatives. The objective of this seminar would be to debate these issues, develop a plan for the timed transfer of the personnel responsibility, and discuss such related issues as salaries and allowances, the

availability of qualified personnel and the need for basic education and formal training to expand the pool of qualified staff.

3. Fiscal Relationships. Intergovernmental transfers are intended to comprise a substantial portion of local authority budgets. In part this is inevitable given the lack of resources at the local level, but it may also reflect a felt Government need to protect national priorities. Over time, it should be the objective to increase local autonomy with respect to both revenue generation and expenditure. To the extent that grants and loans from the Government will continue to be required, policies and conditions governing them need to be debated and resolved through dialogue. The purpose of this seminar would be to address these fiscal issues.

4. Private Sector Roles. The importance of the private sector manifests itself in a number of ways at the local level. First, a vibrant private sector stimulates capital investment and creates employment. In turn, this enhances the tax base on which local authorities can draw for revenue to construct and maintain infrastructure and provide basic services. Second, a strong private sector can be relied upon to undertake activities that have been traditionally viewed as being in the exclusive domain of the public sector. The operation of markets, slaughterhouses, and bus parks, for example, could easily be turned over to private enterprise with local authority control exercised through contracting or regulatory means. The benefit to the authority would be relief from the detailed management requirements for which the private sector is far better equipped. At the same time, increased operating efficiency would be realized through private management and net revenue to the authority would likely increase. The encouragement of private enterprise is a top-down policy matter. Local authorities need to be assured that such a policy is supported at the center, and they need to understand the limitations. The advantages and disadvantages of alternative strategies for encouraging local enterprise and for relying on it for "public" service delivery require debate at a national policy seminar.

4.3.2 Technical Training for Local Government Personnel

Improvement to local government management in Eritrea requires change. Training of a variety of types is instrumental to change. Indeed, in a country with limited funds for technical assistance, training plays a vital role in the provision of effective assistance to local government. It has consequences not only of specific skills improvement but of policy formulation and implementation. Training serves as a multi-faceted tool in support of a program of local government. Training is:

- a policy tool in advancing the agenda of local government;
- a development tool in moving towards the articulation of a program as well as a project activity; and

- an implementation tool in support of the execution of a program or project.

The range of training types is wide. Training may be short courses of a few days to a week, or it may be a few weeks or more. It may take place at the trainee's office, at a national training center, at a regional training center, in the country, or out of the country. Participants may be performing similar jobs in different towns, or different jobs in the same town. A training course may teach new skills, or it may promote policy. It may be followed by special attention at the trainee's office by the course faculty, or by another resident or short-term expert. And it may be conducted in classroom settings, with lectures or trainee participation, or on the job site.

The training identified below is intended primarily for senior local government staff (administrator and deputy, department heads), mid-level professional staff, and in some cases locally elected officials. It is not intended for clerical staff, whose more fundamental needs are for literacy, numeracy, and basic office skills.

It is important that gender issues are considered when selecting participants. During the war, thousands of women joined the men in the field and served on an equal basis. Today, these women have learned to enjoy equal status with men, but some parts of society have not readily accepted new assertive women who are uneasy with their traditional roles in the families or the workplace. In the local government context, there are signs of women holding leadership and professional positions. In one sub-provincial capital, a woman has recently served as mayor; in some town administrations, women hold technical positions.

Training participants should be drawn from the body of staff and officials currently in place. It is important that training participants are selected with an understanding of their needs and skill levels, and the requirements for their jobs. Since local governments are staffed by relatively few professionals, there is concern that the participation in a given course of a single individual may leave the local government without vital staff for the period of the training. This suggests that most training should take place in Eritrea. In addition, the levels of education and experience of candidate participants make them less likely to benefit from training abroad. Nevertheless, short courses, seminars, or observation tours outside Eritrea may be appropriate in certain cases.

Although there is no Eritrean education or training institution now able to offer the kinds of training in local government management suggested here, the creation or development of one should be seriously considered. The University of Asmara is an obvious possibility as a technical training provider although to serve local authorities it would have to accommodate their special needs.²¹ They would have to work with MLG to develop appropriate courses that focus less on academic and more on professional training. In addition, the local government program would have to be comprised of short courses that would not necessitate long absences from the job by participants. The Institute of Research

²¹ The field of public administration is already the focus of University attention and donor assistance.

and Development has conducted some training programs in administration and management and may be an appropriate institutional base for such training.

Local governments will benefit from training in the following subjects:

1. **Personnel Management** training will assist in the establishment of sound management systems. Participants will learn the importance of, and methods to, identify staff needs, recruit and hire qualified personnel, provide good working conditions, and introduce new approaches and techniques to apply to their jobs.
2. Training in **Financial Management** will prepare staff to view city income and expenses in a realistic manner. Participants will learn accounting methods necessary to keep proper records, budget planning, cost recovery concepts, auditing, and collection systems for fees, levies, taxes, and other locally derived income.
3. **Information Systems** are vital to the effective functioning of local governments. Staff will be trained to define data and information needs, to identify existing sources of data, to collect and maintain such data, and most importantly, to use data in policy making, planning and programming.
4. Training in **Development Planning and Land Use Controls** will provide the basis for city management to prepare and implement relevant plans.
5. **Public Service Provision and Management of Local Facilities** will teach the underlying concepts of responsibility and management for the provision of public services.
6. Training for local government staff in **Private Sector Roles and Creation of Enabling Environment** will present the view and explore the opportunities that the private sector can be directly contracted, or encouraged through incentives, to provide what are traditionally regarded as public services.
7. Like any other persons embarking on new jobs, newly elected council members must learn how to function effectively. Training in the **Roles and Responsibilities of Locally Elected Officials** will prepare officials for policy development, the duties of the council, methods in democracy, responsiveness to constituency, and relationships to professional staff. The course will explore issues such as the balance between politics and management, basic development issues, and finance.

4.3.3 Technical Assistance to Local Government Management

The managers of Eritrean local governments can benefit from technical assistance targeted at identified functional needs. Just as for training, the kinds of individuals to which

technical assistance is best directed include not only department heads and town administrators and other professional staff, but locally elected officials as well.

The source of technical assistance will be a person skilled and experienced in the subject, whose direct work with the local government will improve its functioning. The technical assistance provider may be an Eritrean holding a similar job in a different city, another Eritrean professional, including a university professor, a foreign expert resident in the country, or a foreign expert who comes to Eritrea for the short term, focussing his time on selected cities and offices. The foreign experts may well come from other African countries active in strengthening local governments.

A long-term expatriate advisor should be an expert in local government management, with solid experience in policy formulation as well. Such an advisor will not only provide assistance, but will develop plans and programs for more comprehensive assistance, and ultimately manage their effective implementation.

Short-term technical assistance may include foreign-based consultants as well as regional and local experts. The provision of short-term assistance should be preceded by strategy sessions that ensure that the activity is well understood and carried out.

Technical assistance is not only provided in the traditional manner of an expert working with an institution, an office, or an individual, as described above, but as well in ways that are also effective in instilling new ideas and practices. For instance, an Eritrean city or town might be "twinning" with a city in another country. At its most advantageous to the Eritrean town, city management practitioners from the foreign city will work on a short-term basis with the local managers. The foreign expert will also be in a position to identify useful written material, guidance, methodologies, etc., to provide to the local city. Twinning programs have been effective in transmitting technical information and assistance in a sustained and relevant way.

The faculty of training courses are one of the best sources of technical assistance. Having spent an intensive week or two in a structured course environment at a training center of some kind, the individual faculty will have a good understanding of the specific problems of the training participant from a given town. In addition, the faculty and participant will have established a personal relationship. Such circumstances suggest that a follow-up visit by the faculty member to work directly with the participant in that town can be of immense use.

Department heads in Eritrean local governments would benefit from observation tours, or study tours, sometimes elsewhere in the country, but often elsewhere in Africa, Europe or the United States. Such tours, of one or two week duration, might be in groups of four or five persons, or as many as ten. A tour may as well be designed for a single individual, and take the form of an intense apprenticeship with a local government in another country. Tours would include visits and discussions with local governments, and in many

cases, include substantial time spent with local government experts involved with associations of practitioners. In any of these arrangements, the first-hand exposure to local government operations will help each visitor improve the performance of his job.

A third approach to technical assistance takes a longer term view, suggesting that Eritrean nationals can best analyze and resolve some of their local government problems in a concerted manner, more so when an appropriate response to an issue is a change of policy or legislation on the national level. The creation of an Eritrean Association of Local Governments would provide a forum for policy debate, an institution with its own voice to advocate change and improvement, and a repository and source for technical information and training. Such an association is not easily created in the absence of internal or external support, and in any case, is an institution whose strength will take some time to establish. It might commence, however, with a meeting of the leaders of several Eritrean cities. Ultimately, an association could play a major role in technical improvements to the functioning of local governments.

4.3.4 Supporting Studies

The dearth of data is recognized as an impediment to accurate analysis of the state of urban development in Eritrea. By implication, continued data deficiencies will impede the design and implementation of appropriate assistance activities. Government has already begun to plan for an accurate census of the population; the previous one is now nearly ten years old and only covered a few urban areas because of the war. In the interim, the Government plans to use recent referendum registration data as a proxy to provide rough estimates of population.

The variety of data the census can generate on population characteristics, economic activity, and housing and other facilities will go a long way to providing the baseline information that local authorities will require for development planning and assessments of infrastructure and service needs. Local authorities will, however, need a wide range of other information in order to develop and implement effective programs.

A program of research and studies is most productively undertaken as an integral component not only of program and project design, but also of the continuing policy development and training activities essential to all levels of government. To specify detailed research designs and data needs would be outside the scope of this study and would be inappropriate as such detail will vary from place to place and will change over time. It is appropriate, however, to outline the kinds of studies that will generally be required, their sequencing, and the uses of data they would generate.

1. Personnel and Training Needs Assessment. The Ministry of Local Government has already considered the need for training the professional staff of town administrations and drafted a proposal for training activities. Nevertheless, detailed training needs assessments

for specific functional departments will be required. This study should be undertaken in each authority participating in the local government development program. It would first assess the staffing levels required to fulfill the authority's mandate, establishing for each position the precise responsibilities and, correspondingly, the ideal level of education, training and experience. It would then evaluate the personnel actually employed in terms of numbers and qualifications to determine the personnel gap. The results would measure the extent of the need for training and the precise areas in which the gaps are greatest. If undertaken for a large number of authorities, it would also provide a national estimate of the personnel deficiency and provide a basis for human resource development planning at a broad scale.

2. Infrastructure and Facilities Assessment. Every local authority requires an accurate inventory of its physical facilities. This should catalogue the kinds of basic infrastructure, such as water and sanitation systems, roads, and power supply, as well as their rated capacities, current condition, maintenance needs and actual capacity. From this base of information, along with population estimates and growth projections, the authority can plan the capital and operating investment required to maintain basic service levels. Such an inventory should similarly encompass other facilities that the authority owns and manages, such as markets, bus parks, or slaughterhouses.

3. Business Survey. A strong economic base is the key to the future growth and development of an urban area. A survey of local businesses provides a clear picture of the types and range of establishments present, identifies the needs not being served, and clarifies the problems local businesses encounter that are within the purview of local authorities to ameliorate, such as infrastructure or service deficiencies. It also could provide the authority with information on volumes of business, number of employees and capital assets that are essential for taxing and licensing purposes. Such studies should be designed to inform training and policy seminars addressing private sector issues.

ANNEX A. LIST OF INTERVIEWS

The persons named below were interviewed for this study as well as for the Chamber of Commerce study.

Ministry of Local Government:

Habtaeb Tesfatsion	Vice Minister
Gabriel Tzeggai	Acting Director, Town Planning and Development Department
Makonnen Abraha	Acting Director, Research and Planning Department
Ahmed Al-Kaysi	Land Commissioner
Alemseghed Tesfai	Assistant Land Commissioner

Ministry of Finance and Development:

Tesfamarian Tekie	Acting Head of External Economic Cooperation Department
Alazar Mesfin	Head of Inland Revenue Department

Ministry of Trade, Industry and Tourism:

Alem Tsehaye	Head of Foreign Trade Department
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Asmara Chamber of Commerce:

Kiflemariam Zerom	Secretary General
Hailom Negassi	Board Member
Mohamed Brhanata	Board Member
Efrem Tesfay	Expert, Ministry of Finance and Development
Heruyi Asgedom	Board Member, Ministry of Agriculture
Ghirmai Abraham	Head, Accounting and General Services
Ghebrehinet Tecle	Harambee Sweater Factory

Asmara University:

Melake Tewolde	Head, Economics Department
Ghiorghis Tekle	Lecturer, Economics Department

City of Asmara:

Sebhat Ephrem	Governor of Asmara Province
Rezene Medhanie	Director of the Technical Department, Asmara City Council

City of Dekemhare:

Desta Ghebremichael	Town Administrator (Mayor)
Azieb	Town Administrator, June 1993 (Mayor)

City of Hagaz:

Tesfai Tekle	Town Administrator (Mayor)
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City of Keren:

Osman Mohammed Omar	Town Administrator (Mayor)
Asmerom Redde	Director of Finance Department
Mehari Beyene	Budget and Accounting Office
Tewolde Berhe	Director of Technical Department

City of Mendefera:

Dragon Hailemelekot	Town Administrator (Mayor)
Teclu Yehdego	Deputy Mayor
Tesfai Haile	Director of Finance Department
Zeregaber Tesfagiorghis	Director of Technical Department
Negusse Nemariam	Surveyor
Yodit Teclai	Surveyor
Bereket Ghile	Director of Social Services Department
Nurhussien Saleh	Director of Public Affairs Department
Tesfaldet Ghebretsadik	Procurement Officer, Department of Management
Teklezghi Tesfamariam	Director of Rental Housing Department
Adhanom Ghebremariam	Governor of Seraye Province

City of Naq'fa:

Ahferom Tewolde	Town Administrator (Mayor)
Mohammed Said Nawd	Governor of Sahel Province

City of Massawa:

Ibrahim Idris Totil	Governor of Semhar Province
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City of Agordat:

Mehari Ghebremichaels	Deputy Governor of Barka Province
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City of Tessenei:

Deputy Administrator

Others:

Michael Askwith Chief, UNDP Liaison Office and Representative

Berhane Gila Michael Lawyer

Kidane Solomon Eritrea Investment Center

ANNEX B. REFERENCES

1. Government of Eritrea/UN. Joint Appeal for Eritrea. Volume 1. Main Appeal Document, June 1993.
2. Ministry of Local Government. Short Exposition on Local Government in Eritrea. Asmara, September 1993.
3. Miovic, Peter. Eritrea: Country Economic Memorandum. Statement of Mission Objectives. World Bank Office Memorandum. September 29, 1993.
4. Sims, David. Draft Preliminary Housing and Urban Development Profile for Eritrea. UNCHS, November 1993.
5. Woldemichel, B. Primary Education in Eritrea. Asmara, 1992.

ANNEX C. OTHER TOWNS NOT VISITED, BY PROVINCE

AKELE GUZAI

Adi Keih - A town of about 8,000, it is capital of the province. By virtue of its location on the main road to Ethiopia it has commercial as well as historical importance.

Sena'fe - Also on the main road to Ethiopia, and the center of an area of historical and tourism importance (ancient churches, Eritrea's highest mountain), the town has a population over 5,000.

Quatit - A village (population 549) that is the capital of a sub-province, Quatit has an importance greater than its size. Its location, however, will not allow expansion, and the Government is considering its relocation to allow for growth.

BARKA

Kerkebet - will be a reception center when PROFERI is operational.

Keru - A historical town devastated by the war, it has traditionally been an important link between the Sudan and central Eritrea. Keru has been identified as a reconstruction priority, and road connections are being reestablished. It is expected that Keru's population will be about 4,000 as refugees return.

DENKALIA

Assab - The third largest city in Eritrea today (population estimated at 40,000), Assab was spared the ravages of war, and serves as the main sea link to central Ethiopia and Addis Ababa. It has no road link to central Eritrea although it contributes importantly to the national economy. Assab will have a refugee transit center to deal with those Eritreans returning from the south or by sea. It has a workable master plan.

Tio - A port, with some fishing activity, Tio is also a sub-province capital. Its population is estimated at nearly 2,600 and it has been identified for priority development.

Beilul - Also identified for priority development, Beilul is a port and sub-province capital with a population of nearly 2,000.

Bada - Capital of one of the four sub-provinces, the nearest to Akele Guzai and Semhar provinces, Bada has a good water supply and the potential for important agricultural production. It has a population of about 1,300 and has been targeted as a growth center.

GASH SETIT

Barentu - This provincial capital has a population of around 6,000. It is located astride the main east-west road on hilly terrain, and also has important connections south to Tigray province in Ethiopia. A master plan is now in preparation. It seems possible that Tessenei will outgrow Barentu as the economically most important town in the province.

Tokhombia - The population is estimated at nearly 4,000 for this sub-province capital. It is located on the Mareb River which flows into the Gash and is considered an important location for agricultural development and urban growth in general. Tokhombia will be a reception center for returning refugees under the PROFERI program.

Shilalo - Also a sub-province capital, Shilalo is located near the border with Ethiopia on the Baduma Plain, and has been targeted as an agricultural center. Its population is now approaching 3,000.

Haicota - Lying astride the main east-west road, this village is a district capital in the Tessenei sub-province. The district population is now being increased by the arrival of returning refugees. A health and food aid station has been opened, and a master plan has been developed by the sub-province administration. Water supply is a problem.

Aligider - Located on the Gash River and close to the border with the Sudan, this district village has excellent water supply, though the wells that are used are washed out by the Gash flow during the wet season. Previously the location of important cotton plantations, cotton production is being encouraged once again.

Omhajer - Another border town (Ethiopia), this town is located in one of the areas most favorable for rain-fed sesame crops. It will have a transit center under the PROFERI program, and should attract returnees.

HAMASIEN

Sergeka - A sub-province capital with a population estimated at 7,300 and located astride the Asmara-Keren road. This town should profit from its proximity to Asmara. It has the potential for economic development; indeed, it has been targeted for priority attention.

SAHEL

Afabet - Always an important town at the junction of the main north-south route with a road to the Red Sea coast, the population is now estimated at over 5,000. Afabet is a sub-province capital. Road communications were badly affected by military activities during the war, and considerable work is needed to restore good connections with Keren to the south. Access to the Red Sea and to Naq'fa in the north will require even greater

investment. The town lies on a flat plain that should facilitate urban growth. It will be a reception center planned by the PROFERI program.

Mahmimet - Located north of Naq'fa on the road to Kerora and the Sudanese border, this village of just over 1,000 population is a sub-province capital. It will be the site of a transit center for returnees coming from the Port Sudan area. Road communications are extremely difficult, especially during the rainy season. The village is lower than Naq'fa, and its terrain is more easily developed. At present, the central Government is building a school and health clinic. Since the Sahel province may receive a large inflow of returnees, this village may grow very rapidly.

SEMHAR

Ghinda - Located midway between Asmara and Massawa on the main road, this town has a population that may exceed 10,000. It is a sub-province capital and an agricultural production center. Its difficult terrain may impede further growth, but it is one of Eritrea's most active and productive towns at present.

Sheeb - A sub-province capital located in a good agricultural area to the north of Massawa, with connections to Afabet and Keren, this town of more than 5,000 has been targeted for priority development. It is already receiving a steady flow of returnees. It has a good water supply. It is, however, located in a flood plain, and consideration is being given to locating urban activities nearby and converting the flood prone area to agricultural uses.

SENHIT

Hadish Adi - Located to the southeast of Hagaz and Keren, this district capital in the Hagaz sub-province is the center of a rapidly growing population of about 7,000. A health clinic and school were completed in 1993.

Asmat - A sub-province capital in the north of Senhit province, this village of nearly 1,000 has been identified for priority development. It is expected to reach 5,000 in the near future, and is the site of an EPLF-built boarding school.

SERAYE

Dibarwa - This highland town lies close to Asmara and is the capital of a sub-province with an estimated population of some 30,000. Because it is also the center of an agriculturally productive area, it is already the target of investor interest; the resolution of land issues is thus a priority.

Adi Quala - Sub-province capital for an area with a population of approximately 8,000, this town lies astride the main road to Aksum in Ethiopia and can be expected to benefit from the recovery of economic activity in Eritrea.

Mai-Dima - Located in the sub-province of Areza, this village of 1,400 has been identified for priority development because it lies on the main road connecting Seraye with Barka and Gash Setit provinces. It has grown rapidly in recent years as a trading center, and its water supply system has been targeted for investment.