

**CO-OPERATION**  
**BETWEEN**  
**THE EUROPEAN COMMISSION**  
**AND**  
**THE STATE OF ERITREA**  
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***Annual report on European Commission/State of Eritrea co-operation***

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## **1 EXECUTIVE SUMMARY**

During 2006 the political landscape in Eritrea continued to be impacted by the lack of progress towards the border demarcation with Ethiopia, in spite of the final and binding decision of the EEBC. Structural economic imbalances continue to hamper economic development. Eritrea ranks 157 out of 177 countries according to the Human Development Report 2006. Eritrea is projected to achieve 8 of the ten targets as far as MDG indicators are concerned.

With regard to development cooperation, as part of the end of term review which took place in 2006, it has been agreed to adjust the country strategy as contained in the CSP and NIP, with the following elements: i) an increase of the financial amount for the ongoing "Post conflict rehabilitation project"; ii) as for "Demobilisation/Reintegration", in the context of a policy reformulation the Government decided to secure the integration of the demobilised soldiers in the rural areas through an integrated approach on rural development and iii) in view of the difficulties encountered in agreeing tender awards for classical road construction projects, the focus of this sector has been changed and a "Road maintenance and safety programme" was formulated for implementation in 2007. With regard to implementation, some progress was made in most sectors/programmes/projects.

In 2006 €9 million have been disbursed in Eritrea, of which € 2.8 million out of budget lines financed projects. No new global commitments were made in the course of the year whereas individual commitments were made for a total of € 15.9 million of which € 4 million for budget lines financed projects. The forecasts for 2007 indicate that about €16.5 million will be paid out during this year, of which €5 million from budget lines. For 2008, forecasted disbursement for EDF will amount to about €12 million.

## **2. UPDATE ON THE POLITICAL, ECONOMIC, SOCIAL AND ENVIRONMENTAL SITUATION**

### **2.1. Update on the Political situation**

The political landscape in Eritrea continues to be impacted by the lack of progress towards the border demarcation with Ethiopia, in spite of the final and binding decision of the Ethiopia-Eritrea Boundary Commission (EEBC) in 2002. Tensions between the two countries continue to be high.

Eritrea's Head of State and Government is President Isaias Afwerki. The Popular Front for Democracy and Justice (PFDJ) – the successor of the Eritrean People's Liberation Front – is the only political entity in Eritrea and is in power since 1993. Eritrea is administratively and fiscally centralised. It is divided into six administrative regions (Zobas) headed by Governors. A proclamation that was promulgated in 1996 allows for significant decentralization though its full implementation will take time. Eritrea comprises nine language groups.

The Constitution of Eritrea was ratified by the Constituent Assembly in 1997, but has not been fully implemented. General elections were scheduled for 1998, but have been postponed, on the grounds of the special circumstances derived from the border issue. Since independence a Transitional National Assembly has been formed; it has not met since 2002, including in the course of 2006.

As per the Constitution, the court system is three tiered, with local courts, regional courts, and a Supreme Court. The courts address cases before them according to the transitional legal codes in force prior to independence. The civil, penal and commercial codes are currently under review. In 1996, the GSE established an ad hoc Special Court to address cases of corruption and embezzlement.

The Government of the State of Eritrea (GSE) has a stated policy and commitment of promoting gender equality. There are three female ministers currently in the government and two of the six Zoba Governors are women. Three out of the 19 members of the Executive Committee of the PFDJ and 12 out of 75 Central Council members are women.

Civil society organisations, association of workers, women, students and youth exist as affiliated to PFDJ.

Political dialogue as defined under Article 8 of the Cotonou Agreement was limited during 2006. The outlook for resumption of the discussions is more positive for 2007. The GSE is concerned that the EU take a more firm action to effect implementation of the EEBC decision. The EU is concerned about adherence to fundamental and essential elements of the Cotonou agreement, such as human rights and democracy.

Governance issues were frequently the topic of bilateral discussions between the Delegation and the NAO office primarily in the context of 10<sup>th</sup> EDF planning and in the context of project implementation under the 9<sup>th</sup> EDF allocation for governance. 2006 saw the initiation of concrete steps taken towards the formulation of a project in support to the office of the Auditor General of Eritrea.

The lack of progress towards the implementation of the EEBC decision five years after its announcement and the consequent tension between Eritrea and Ethiopia is a source of regional instability.

Recently there have been significant improvements in Eritrea's relations with Sudan and Yemen. The civil wars in Sudan and Somalia continue to impact relations between other states in the region, increasing regional instability.

In October 2006 Eritrea managed to mediate a peace agreement in Asmara between the Government of Sudan and the Eastern Front. The border with Sudan has been reopened.

Eritrea is a member of two regional bodies, IGAD and COMESA (Eritrea has frozen its membership in IGAD after the reporting period).

## **2.2. Update on the Economic situation**

Eritrea's GDP per capita is estimated at approximately US\$ 200<sup>1</sup>. The major contributors to GDP are services (61%), agriculture (24%) and industry (15%).

According to the Government of the State of Eritrea (GSE) figures the economy of Eritrea grew at an estimated 2% in 2006, a drop from the growth rate of 4.2% achieved in 2005. Population growth rate over 2006 was estimated at 3%. Inflation remains a two-digit figure (see table II for further data on the Eritrean economy).

The GSE has not yet commenced publishing the annual budget. Government expenditure rose from 49.3% of GDP in 2005 to 50.1% in 2006 according to GSE figures.

The GSE reduced the budget deficit from 22% of GDP in 2005 to 21.2% in 2006 (excluding grants), however the consistent budget deficit run in recent years can be assumed to be one of the main sources of inflationary pressure in Eritrea.

The trade deficit continues to be large, standing at 42.9% of the value of GDP in 2006. Although this is a reduction from 2005, the trade deficit constitutes one of the major challenges to the Eritrean economy. With the current account balance standing at -1.1% of the value of GDP in 2006 Eritrea has suffered a depletion in foreign exchange reserves which in 2006 stood at the equivalent of just 0.48 months of imports. In response the GSE has imposed strict limitations on imports. The restrictions of private importers introduced in 2005 continued to apply in 2006. During 2006 the possession of foreign currency without formal permission was made illegal for Eritrean citizens.

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<sup>1</sup> Source: IMF Article IV Consultations 2005, Staff Report.

The private sector activity, mainly of a merchant and service delivery nature, remains weak. Difficulties in accessing hard currency are a major constraint. Mineral resources (mainly gold, zinc and copper) remain a promising prospect. Exploration continues by a number of international companies and extraction is expected to commence in the near future, offering possible relief to the balance of trade situation.

Eritrea's foreign debt stands at 110.5% of GDP, the larger proportion of which was lent from multilateral creditors (WB, ADB). The servicing of this debt in 2006 amounted to 38.1% of export earnings. The IMF and the World Bank conducted a debt sustainability study in Eritrea in 2006, according to the findings of which Eritrea fulfils the debt criteria to benefit from Debt relief under the Highly Indebted Poor Countries (HIPIC) initiative. Indicatively the IMF/WB estimate that Eritrea's total public debt stands at 180% of GDP, and the net present value of that debt is equivalent to 641% of Eritrea's export earnings. For Eritrea to become fully eligible for debt relief under the initiative it must fulfil certain policy criteria, such as embarking on an IMF Staff Monitored Programme. To date no plans have been announced to embark on such a programme.

Transport infrastructure is a priority area for the GSE. A considerable effort is made in order to expand the road network through the Warsai Yekealo campaign that involved community members and National Service corps in the past years. Similarly, activity is undertaken in water infrastructure, primarily for agricultural purposes, which remains limited in the country. 2006 saw the announcement by the GSE of the completion of a number of small and medium scale projects in the water sector and the completion of a number of new roads.

Eritrea actively participates in regional integration initiatives and is a member of COMESA and the Community of the Sahel-Saharan States (CEN-SAD). Eritrea has harmonized its import duty regulations to COMESA standards. Both Ethiopia and Sudan are members of COMESA. However, as a consequence of the fact that the border between Ethiopia and Eritrea remains closed and that the border between Eritrea and Sudan has only recently reopened, Eritrea's participation in regional integration initiatives has yet to translate into practice concerning trade with its COMESA member neighbours.

Eritrea continued to actively participate in the ESA EPA negotiations at the Regional Negotiating Forum (RNF) throughout 2006, following the establishment of its National Development and Trade Policy Forum (NDTPF) early in 2004. Members of the NDTPF come from the Eritrean National Chamber of Commerce, representing the private sector, and some key economic and policy ministries including National Development, Agriculture, Fisheries, Tourism, Trade and Industry, Transport and Communication and Energy and Mines.

At the RNF and other senior level meetings, Eritrea consistently maintained its position that the EPA should be an instrument of development first, and of trade secondly. Consequently, it was one of the six Eastern and Southern Africa (ESA) member States that prepared their development matrices early on in the EPA negotiations process. The development matrix focused on the removal of supply constraints through investment in the productive sectors, capacity building and regional integration. Peace and security as a precondition for development and issues of food security, economic vulnerability of small states and the principles of asymmetry and differential treatment were also of interest for Eritrea throughout the negotiations.

Eritrea also enjoys trade and investment cooperation with countries in the Middle East, including Saudi Arabia, Yemen, the Emirates and Israel.

Transparency of public finance management remains limited in Eritrea. The fact that the GSE does not publish an annual budget means that it is not possible to assess the quality of public finance management or any improvements made in the area. Discussions held with the GSE to formulate a relevant program for the EC to extend its support of the Office of the Auditor General of Eritrea have been very positive. Implementation of this program would constitute a positive step in improving the quality of public finance management in Eritrea.

### 2.3. Update on the Social situation

Income inequality in Eritrea remains low, with a GINI coefficient lower than 0.40. Approximately two-thirds of the population live under the national poverty line. The incidence and depth of poverty are higher in rural areas, where an estimated 68% of the population live, and especially in the pastoralist eastern and western lowlands. Almost 50% of the economically active population is female.

In education, the Net Enrolment Ratio (NER) was 51.5%, 18.9% and 14.1% at the elementary, middle and secondary levels respectively in 2003/2004. There have been marked improvements in the educational situation of girls since independence, but further improvements are needed. Internal efficiency indicators in Education are low. In 2005 the Government developed a \$ 240 million five-year Education Sector Development Programme (ESDP). The EC contributes to this programme €53M.

In the health sector, the Government in the past 15 years has intervened in the areas of health infrastructure, human resources for health, provision of essential drugs and medical equipments, etc. It currently focuses on reproductive health care, treatment and control of infectious diseases such as upper respiratory infections, diarrhoea, tuberculosis, malaria and HIV/AIDS. The health situation has improved since independence, but Eritrea still faces a number of challenges to achieve the related MDGs. Both the infant mortality and under-5 mortality rates are below average for sub-Saharan Africa. Maternal mortality remains high but has decreased to 630 per 100,000 live births as compared to 998 per 100,000 live births in 1995. Eritrea has an estimated general population HIV sero-prevalence rate of 2.46 %. Recent Ministry of Health figures show the prevalence is contained to 1.73%.

Despite the formal adoption of equality between the sexes since independence, considerable efforts need to be made in this area, especially in rural societies. One area of distinct infringement of women's rights, stemming from traditional perceptions, has been the widespread practice of female circumcision, which was applied to approximately 89% of the female population according to the latest study (EDHS 2003). In 2007, after thorough consultations with community and religious leaders, the GOE outlawed female circumcision.

Eritrea ranks 157 out of 177 countries according to the Human Development Report 2006 and is projected to achieve eight of the ten MDGs targets by 2015 (i.e. being off-track in eradicating extreme poverty and achieving universal primary education)<sup>2</sup>:

- **MDG 1 – Eradicating extreme poverty and hunger:** The main constraints on eradication of extreme poverty and hunger are the adverse impact of the border conflict, recurring droughts, low agricultural productivity, poor infrastructure, weak private sector and declining aid assistance.
- **MDG 2 – Universal primary education:** Factors contributing to low enrolment and under-achievement are lack of access to schools, insufficient learning materials, poorly qualified teachers, poor learning environment and internal inefficiencies reflected by high repetition and drop-out rates.
- **MDG 3 – Promote gender equality:** The main constraint to gender equality include traditional attitudes, low family income, girl domestic responsibilities, long distance to school, female teachers shortage and early marriage.
- **MDG 4 – Reduce child mortality:** The decline in children mortality can be attributed to increased immunization coverage, the decreased prevalence of vaccine preventable diseases (maternal and neo-natal tetanus eliminated, no polio and measles deaths were registered in the last few years) and the decrease in malaria morbidity.
- **MDG 5 – Improve maternal health:** Low results in maternal health are mainly related to shortage of trained birth attendants, cultural preference for home delivery, poor antenatal, delivery and postnatal care and limited emergency obstetric facilities.

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<sup>2</sup> The road map to 2015 is based on crucial assumptions: a) resolution of the border conflict, b) favourable climatic condition, c) robust and sustainable economic growth and development and d) successful mobilization of resources (both domestic and international).

- **MDG 6 – combat HIV/AIDS, malaria and other diseases:** The major constraints for further progresses in HIV/AIDS are slow behaviour change, widespread stigma and limited scope for care and treatment. For malaria, sexually transmitted diseases and tuberculosis, the main impediments are the inadequate access to mosquito nets and the limited institutional capacity, respectively.

Selected Social Indicators related to the MDGs <sup>3</sup>		Starting value (1993-95)	Ending value (2001-03)	ERITREA target value (2015)	MDG target value (2015)
Impact	1. Proportion of population below poverty line	53	66	48	33
	2. Prevalence of underweight children <5 years of age	44	40	24	24
	3. < 5 mortality rate (per 1,000 live births)	136	93	30	45
Outcome	4. Net enrolment ratio in elementary education	30	44	82	100
	5. Proportion of Grade 1 pupils reaching Grade 5	70	80 (est.)	100	100
	6. Ratio of girls to boys in elementary, middle, secondary and tertiary education	80	81	100	100
		84	80	100	100
	7. Proportion of births attended by skilled health personnel	65	57	86	100
		17	15	34	100
	8. Proportion of 1 y. old children immunised against measles	20	28	70	70
9. HIV prevalence rate.	51	84	98	80	
10. Proportion of pop. without access to safe drinking water.	n/a	2.4	< 2.4	< 2.4	
		84	33	20	20

**Table I – Selected social indicators**

#### 2.4. Update on the environmental situation<sup>4</sup>

Preparation for a Country Environmental Profile (CEP) for Eritrea was initiated at the end of 2006 (and finalised in early 2007). Eritrea can be divided into three zones based on a combination of topography, geology and climate: 1) central highlands zone, 2) western lowlands zone and 3) eastern lowlands zone including the coastal plains. Most parts of the country (70%) are classified as hot to very hot with mean annual temperature above 27 °C. Annual rainfall is erratic and characteristic of a semi-arid climate: about 50% the country receives less than 300 mm, and only about 10% more than 600 mm of rain per annum. Eritrea's economy is largely dominated by subsistence agriculture, predominantly agro-pastoral.

The major environmental threat identified is land degradation, which is attributable to intertwined causes, both natural (recurrent drought, torrential rains) and man-made (unsustainable land management, such as deforestation and overgrazing). The GSE has taken commendable steps to reverse this negative trend, mainly by engaging the population in massive soil and water conservation works, but a lot remains to be done. For instance, long-term land tenure rights would foster more environment-friendly farming practices.

Terrestrial and agricultural biodiversity has suffered from war, droughts and increasing human pressure. By contrast, the marine biodiversity has remained largely untouched.

<sup>3</sup> Source: Eritrea Millennium Development Goals Report, July 2005 (published in 2006)

<sup>4</sup> Unless otherwise specified, the source is the Country Environmental Profile, drafted in the framework of the 10<sup>th</sup> EDF programming.

Supply of safe drinking water is insufficient by any standard, which explains the still large prevalence of waterborne diseases. Improving the quality and quantity of water supply has been rightly identified as a priority by the GSE.

Energy consumption is amongst the lowest in the world. Biomass accounts for two third of it.

The Department of Environment (DOE) is initiating the second National Communication Report to the United Nations Framework Convention on Climate Change (UNFCCC).

The DOE of the Ministry of Land, Water and Environment (MoLWE) is responsible for ensuring the correct enforcement of the national environmental policies and programmes, assisted by environmental inspectors in each of the six *Zobas*.

Both the GSE's Macro-policy document (1994) and the National Economic Policy Framework and Program (1998) insist on the need of adopting sound environment policies. Eritrea is signatory to a number of international conventions and protocols. A National Environmental Management Plan was prepared in 1995 and National Environmental Impact Assessment Guidelines were developed in 1999. However, some gaps and weaknesses have been identified by the Country Environmental Profile compiled in 2006 in the national and sector policies as well as in the institutional set up and capacities to appropriately address the environmental challenges.

**Table II: Selected Indicators (Compiled: Ministry of National Development)**

		2004	2005	2006	2007
<b>Basic data</b>					
1	Population (in millions)	4.1	4.2	4.3	4.4
	- annual change in %	2.6	2.8	3.0	3.1
2a	Nominal GDP (in millions of Nakfa )	13,018	15,048	18,060	21,672
2b	Nominal GDP per capita (in US\$)	170	209	216	218
2c	- annual change in %	6.3	22.9	3.3	0.9
3	Real GDP (annual change in %)	2	4.8	2	2.5
4	Gross fixed capital formation (in % of GDP)	22.6	24	25	25
<b>International transactions</b>					
5	Exports of goods and services (in % of GDP)	9.4	2.8	1.9	2
6	Trade balance (in % of GDP)	-62.0	-47.7	-42.9	-39.7
7	Current account balance (in % of GDP)	5.8	0	-1.1	-1.2
8	External debt (in % of GDP)	99.4	110	110.5	111.3
9	External debt service (in % of exports of goods )	30.3	32.7	38.1	39.4
10	Foreign exchange reserves (in months of imports )	0.49	0.59	0.48	0.50
<b>Government</b>					
11	Revenues (in % of GDP)	44.8	36.9	33.5	34.6
	- of which: grants (in % of GDP)	17.3	10.1	7.9	8.2
12	Expenditure (in % of GDP)	53.7	49.3	50.1	51.7
	- of which: capital expenditure (in % of GDP)	20.5	14.5	13.9	15.2
13a	Deficit (in % of GDP) including grants	-8.2	-11.7	-13.3	-13.8
13b	Deficit (in % of GDP) excluding grants	-25.8	-22.0	-21.2	-22.7
<b>Other</b>					
14	Consumer price inflation (annual average change in %)	25.1	12.4	10.9	10.5
15	Interest rate (Deposit annual rate)	5	5	5	5
16	Exchange rate (annual average of national currency per 1 US\$)	20.5	15	15	15



### 3. OVERVIEW OF PAST AND ONGOING CO-OPERATION

#### 3.1. Focal sectors (7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> EDF)

The EC response strategy for the 9<sup>th</sup> EDF concentrates resources on a short-term approach. It identifies the following areas for support: (1) post-conflict rehabilitation including reconstruction of social infrastructure in war-affected areas and support to the education sector; (2) demobilisation and reintegration of soldiers; and (3) transport sector.

Previous EDF resources have similarly been focused on rehabilitation efforts, including food security, education and health.

##### 3.1.1. Focal Sector 1: Post Conflict Rehabilitation (7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> EDF)

###### a) Results

Within the framework of post-conflict rehabilitation the Commission is supporting the Governments general rehabilitation efforts, with specific focus on social and transport infrastructure in war-affected areas. Progress has been made in developing specific projects aiming in particular at rehabilitating schools and health facilities as well as water supply systems.

As for transport infrastructure, following two unsuccessful tenders (initially launched in October 2004 with a second call in June 2005), it was decided in 2006 to cancel the Nefasit-Dekemhare-Tera Imni road project and decommit allocated funds.

Considering the slow progress in commitments in previous years, significant achievements have been made during 2006, both in terms of the tendering for the education programme as well as reaching a final agreement on the remaining specific activities to be carried out in order to obtain sustainable living conditions in the war-affected regions.

###### b) Activities

EC support to the Education sector (9.ACP.ERY.9): Following the identification and formulation process conducted late 2005, a €53 million financing agreement was signed by the GSE in February 2006 to support the ESDP in primary education and technical and vocational education and training (TVET):

- Technical Assistant to the Ministry of Education: The procurement notice for an international restricted service tender was published in February 2006. The 16 offers were received on the 10<sup>th</sup> of April and 6 consortia were short-listed by the Contracting Authority on the 8<sup>th</sup> of May. From that time onwards, the tender process was stalled for 6 months due to the absence of agreement on the invitation to tender between the NAO office and the EC delegation (contentious discussions mainly consisted of divergent interpretation of template article of the contract special conditions included in the tender dossier). The invitation to tender was eventually sent to the 6 short-listed consortia at the end of October with a deadline for submitting the offers on the 21<sup>st</sup> of December 2006.

- Trust Fund with the World Bank: Discussion with the World Bank (WB) on the drafting of the Administration Agreement (AA) began early 2006. At the end of the year, the tripartite discussions between the GSE, WB and EC were approaching the final phase.

Post Conflict Rehabilitation Programme (PCRP): €15M has been made available for the reconstruction and rehabilitation of war damaged economic and social infrastructures through the PCRP. During 2005 it was decided to cancel the recruitment of the foreseen International and National Technical Assistants and in 2006 it was agreed to focus the programme on rehabilitation of economic infrastructures (Hirgigo oil jetty via a trust fund with the World Bank) and social infrastructures (two water supply projects in Gash Barka in collaboration with GTZ). Due to the changes mentioned above the initial implementation schedule has been significantly delayed and a rider including a time extension of two years is expected to be processed in 2007. In terms of the specific projects under PCRP, the feasibility and design study for the oil jetty was completed

in January 2006. A final decision on the preferred option was made by the GSE in the last quarter of 2006 with a resulting need to mobilise additional resources for the oil jetty project. For the two water projects, detailed design and tender documents were finalised and approved by the Commission in October 2006. The publication of the tender by the GSE had not taken place by the end of the year. The delay in implementation caused concern by GTZ which considered suspending funding, but no action was taken before the end of the year.

Nefasit-Dekemhare-Tera Imni road: The project was cancelled and the service contract for tender and supervision with BCEOM terminated. Remaining funds for the project were decommitted.

Road Maintenance & Safety Programme: see under transport below.

Short Term Programme to Aid Reconstruction and Recovery in Eritrea: The only outstanding individual commitment to close in 2007 is with RRI Beller / RRI International (7.ACP.ERY.12.76).

### **c) Integration of cross-cutting themes in the reconstruction and rehabilitation sector**

Gender and Environmental issues are taken into consideration in the ESDP and have been duly considered when drafting the financing proposal for the EC Support to the Programme. Institutional capacity building will be one of the focal areas of EC intervention, given the low of capacity – notably absorption capacity – of the Ministry of Education.

One of the objectives of the Short Term Programme to Aid Reconstruction and Recovery in Eritrea (STPARR) is to strengthen the institutional infrastructure. The aim of the institutional support package is to improve the Eritrean authorities' long-term capability to identify and assess rehabilitation and recovery programmes as well as implement, monitor and evaluate them. Several of the projects, in particular re-forestation projects, have considerably positive environmental effects.

The feasibility and design study for the construction of the oil jetty includes a detailed Environmental Impact Assessment (EIA).

### **3.1.2. Focal Sector 2: Demobilisation/Reintegration (7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> EDF)**

#### **a) Results**

At the time of programming 9<sup>th</sup> EDF resources, demobilisation constituted a strategic priority for the country and the demobilisation and reintegration of soldiers was expected to lead to boost reconstruction and development. With the aim of demobilising 200,000 soldiers the Emergency Demobilisation and Reintegration Support Programme (EDRP) was defined in 2002 with completion expected by the end 2006. The overall progress of the programme has been lower than initially envisaged with a total number of demobilised soldiers reaching only approximately 100,000 by end 2004. The slowdown was mainly caused by the stalemate in the border demarcation with Ethiopia and the increased risk for military conflict.

#### **b) Activities**

Emergency Demobilisation and Reintegration Support Programme (EDRP): The commitment expired by the end of 2006 with no activities carried out in 2006.

The formulation phase for the additional €23M earmarked from 9<sup>th</sup> EDF ETR for a demobilisation programme was commenced in the first half of 2006. During a formulation mission in August 2006, the GSE however requested the transfer of funds to a recently formulated Integrated Rural Development Programme (see below). A change of focus was consequently agreed with the Commission resulting in no further activities expected for demobilisation in Eritrea in the coming years.

### **c) Integration of cross-cutting themes in the demobilization sector**

The armed forces include many women and the demobilisation process is totally egalitarian in respect of gender. As to reintegration of demobilized soldiers in the urban and rural environments, or otherwise into the social and economic environments, all measures and precautions have been taken including medical and HIV checks, counselling, career guidance and reinsertion into economic activities. The programme provides for strong and well designed measures for institutional development and capacity building.

### **3.1.3. Focal Sector 3: Transport (9<sup>th</sup> EDF)**

#### **a) Results**

Considered to be part of the medium to long term approach of the 9<sup>th</sup> EDF CSP, the transport sector is the third focal sector of Community funding. The Government is engaged in a two fold approach for the transport sector: rehabilitation of transport infrastructures in war-affected regions and the development of a long-term national transport strategy. 9<sup>th</sup> EDF resources for the transport sector aimed specifically at the rehabilitation of the Nefasit-Dekemhare-Tera Imni road (see above) and provision of technical assistance to develop the Road Sector Development Programme (RSDP) comprising policies, strategies, an investment programme and a 15 year action plan.

Following the decommitment of funds for the Nefasit road project mentioned above, it was agreed to increase the allocation for the planned Road Maintenance & Safety Programme (RMSP) from €18M to approximately €40M and focus transport interventions on the increasing road maintenance back log in the country and road safety.

As a continuation of the Technical Assistance (TA) provided to MOPW for a number of years, TA for 2006 was mobilised through the Beneficiary Framework Contract (BFC) in 2005 with commencement in January 2006. The TA achieved good progress in the majority of actions foreseen in the ToR. The update of the RSDP has however not led to the foreseen implementation of the action plan by Government.

#### **b) Activities**

TA to MOPW: The TA has completed his assignment in December 2006 as foreseen in the TOR. Close to the completion of the contract the MOPW requested additional TA support for 2007 and the mobilisation process for TA (through the BFC) was subsequently initiated.

Road Maintenance & Safety (RMS) Programme: Following the decommitment of funds for the Nefasit road project mentioned above, it was agreed to increase the allocation for the Road Maintenance & Safety Programme (RMSP) from €18M to €40M (partially funded under the transport heading, partially under the post conflict rehabilitation heading) and present two separate financing proposals for the works and service components respectively. On the basis of the project identification fiche for the €18M project approved in February 2006, a Financing Proposal (FP) for Phase I (€4.3M for services) was submitted to EC headquarters in November 2006 and approved by Quality Support Group (QSG) in December. A consultancy mission for the preparation of the Project Identification Fiche (PIF) and FP for the works component (€ 34.45M) commenced in November 2006. As a result, the PIF was submitted for QSG approval in December 2006 and the FP for Phase II is expected to be submitted in the first quarter of 2007.

Sectoral studies: One of the main activities of the Technical Assistant to the MOPW is to finalise and approve the ToR for the Transport Sector Study, which is included in the 9<sup>th</sup> EDF NIP. While this work is progressing, important steps forward have taken place in the road sub-sector, with the completion of the Road Sector Development Programme (RSDP) - the Government's official road sector policy, strategy and action programme for the 15 year period 2005-2020. These developments have to be taken into account in the more precise definition of objectives for the 9<sup>th</sup> EDF transport sector study and the RMS Programme.

### **c) Integration of cross-cutting themes in the transport sector**

Gender, environmental and HIV / AIDS issues have been integrated within the RMSP. It is recognised that capacity building is essential at all levels in projects and activities within the transport sector and the RMSP includes a significant capacity building component. The TA provided to the Ministry of Public Works focused interventions on institutional development and capacity building.

## **3.2. Projects and programmes outside focal sectors (7<sup>th</sup>, 8<sup>th</sup> and 9<sup>th</sup> EDF)**

### **Food Security/Rural Development**

Integrated Rural Development Programme (IRDP): Late 2006, the EC fielded a formulation mission to prepare a financing proposal for a project titled "Support to the IRDP", with possible funding from the 9<sup>th</sup> EDF. During the 9<sup>th</sup> EDF ETR, the EC proposed that this project be financed by the 10<sup>th</sup> EDF. Following the GsE's recent decision to discontinue the IRDP, there is a need to identify alternative projects under the focal sector rural development / food security.

Bird flu project: At the NAO's request, and in full collaboration with the Ministry of Agriculture (MoA), an identification fiche for a project titled "Emergency preparedness intervention against HPAI and strengthening of the animal disease surveillance network", has been prepared and ToR for a formulation mission were drafted at the end of 2006. The purpose of this 3-year project is to build on the outputs of the PACE project (see 3.5.3) and enable the MoA to quickly detect any bird flu presence in Eritrea.

### **Energy**

#### **a) Results**

With the aim of creating stimulating conditions for social and economic development of the Massawa area, the Commission supported a project to contribute to the reconstruction of the electrification of the Eastern Region of Eritrea by fully rehabilitating the transmission line, substations and distribution systems in the area located between Massawa and Ghinda.

#### **b) Activities**

Massawa Electrification Programme: By the end of 2005 all of the major components of the programme have been completed. One additional element was added during 2005 to complete a so-called "sustainability package". This mostly consisted of additional cabling requirements and was completed by mid 2006. Furthermore, during 2006, the closure phase of the works and supervision contracts was initiated and an audit for the works contract prepared for execution in 2007.

EU Energy Facility: Information was successfully disseminated in Eritrea on the Energy Facility. Following the launch of a Call for Proposals in late June 2006, Eritrea received seven applications in October 2006. Five proposals were accepted after the Concept Note evaluation and admitted to a detailed evaluation which will take place in 2007.

#### **c) Integration of cross-cutting themes in the energy sector**

Gender and Environmental issues are important elements in the Massawa Electrification Programme, where integration of transmission lines and substations into the environment has been successfully achieved and the provision of electric power enabling creation of small scale economic activities will benefit many women. The EUEI focuses on renewable energy such as geothermal and wind for which there is rich potential in Eritrea and which have important

potential for reduction of pollution, as well as energy in the context of poverty alleviation with important emphasis on benefit to women. Capacity building in private and public organizations and companies is a key element in all projects and activities in the energy sector.

## **Return and Reintegration of Refugees, IDPs and Expellees**

### **a) Results**

Resources were made available in 2001 for operations in favour of refugees; under Article 255 of the Lomé convention and €10M were earmarked for Eritrea. There were almost 300,000 refugees living in camps in Eritrea at the time, including more than 260,000 Internally Displaced People (IDPs), and almost 80,000 expellees. Moreover, UNHCR signed a tripartite agreement with the governments of Eritrea and Sudan for the repatriation of 162,000 Eritrean refugees, most of them displaced since the independence struggle. The Commission had started discussions with the Government on the programming of these funds at the beginning of 2001, and it was agreed that the EC resources would be targeted at the rehabilitation and reconstruction of basic social services – essentially water, education and health infrastructures – for two priority target groups: the first series of operations would focus on IDPs and cover one of the main areas of return, while the other would support the reintegration of refugees from Sudan in the border region, where most of the returnees wish to settle. As de-mining in those areas was a precondition for a safe return, the EC and the GSE also decided to allocate resources to emergency de-mining in the Temporary Security Zone.

### **b) Activities**

Programme in Support of Refugees and Internally Displaced Persons in Eritrea: The Financing Agreement was signed in October 2002 for an amount of €2,175M. A ceiling increase to €2,6M was approved during 2004. This programme was implemented by three NGOs with the following projects:

- Rehabilitation of Damaged Elementary Schools in War-affected Areas: The NGO Lutheran World Federation managed this project, which resulted in the rehabilitation of buildings, equipment and furniture of primary schools in Gash Barka. The contract was completed by the end of 2005 and the commitment closed in 2006.

- Reconstruction of Water Systems in Favour of Internally Displaced People: The NGO Manitese, was responsible for this project. Taxation and NGO Proclamation issues were instrumental in preventing completion with the NGO receiving notification from the Government in February 2006 that they could no longer operate in Eritrea resulting in the suspension of their activities. While the final report was received from Manitese in mid 2006, the audit of the programme was carried out in December 2006.

- Senafe Hospital: The NGO Premiere Urgence is implementing this project. This project was originally entitled “Rehabilitation of Health Facilities in Favour of War Displaced Persons in Eritrea”, covering five rural health centres in Gash Barka. During the long delays in the approval of the Financing Agreement, the originally earmarked five rural health centres were rehabilitated by other agencies. Consequently, the GSE and Premiere Urgence proposed to reallocate the funds to finance a first phase rehabilitation of the referral Senafe District Hospital. The NGO arrived in December 2004 to embark on revision of design and tender documents. At the end of 2004 it was already apparent that an extension of the Financing Agreement by one year (until end 2006) would be necessary for the satisfactory implementation of the project objectives. Unfortunately the Financial Regulations are clear and this was impossible. Due to the delay in NGO registration and the impossibility of extension the NGO was only able to prepare design and tender documents within 2005. A final report was received and a recovery of remaining funds followed.

Complementary to the activities above (Phase I), a second phase was contracted (again with Premiere Urgence). However, as it is funded from the Rehabilitation Budget Line 21.032000, it is therefore a separate project from the EDF financed Phase I. The financing Agreement for Phase II was signed in 2004 and the project preparation progressed during the year. A service contract with the NGO was signed in December 2005 with completion by end October 2007. Despite

extensive delays in awarding the works contract the project is continuing with expected further delays in implementation. The NGO will likely not complete the assignment during the existing contract and modalities to accomplish the objectives were discussed with government in late 2006.

Support to the Voluntary Repatriation and Reintegration of Eritrean Refugees from Sudan: The project was implemented by UNHCR and completed in 2005. It resulted in the provision of social infrastructure for the resettlement of forty-thousand refugees from Sudan. The programme has attained the majority of its targets in respect of reconstruction and rehabilitation of primary schools, health centres and village water supplies. In 2006 the TOR for an ex-post evaluation were prepared and discussed with government. The evaluation is scheduled to take place in 2007.

Mine Action Capacity Building Programme, MACBP: The expected results were the strengthening of the capacity of the Eritrean Mine Action institutions, Eritrea De-Mining Authority (EDA) and Eritrea De-Mining Organization (EDO), to enable them to effectively reduce the socio-economic impact of landmines and UXOs, as well as the strengthening of Ministry of Labour and Human Welfare to develop an integrated victim support data base. The project was started up in October 2004 under UNDP management. Unfortunately the Government of Eritrea confiscated many of the project vehicles without warning in March 2005 and required the majority of the technical assistants to leave Eritrea. The NAO informed donors verbally that due to the stalemate on the border issue, Eritrea was forced to discontinue demining, terminating implementation (including mine-awareness and victim support). At the end of 2005 Norway definitively withdrew funding from the programme and UNDP wrote to the Government to inform them that they wished to terminate the activities. No activities were carried out in 2006 while it is expected to carry out a verification mission in 2007.

### **c) Integration of cross-cutting themes in the Refugees sector**

In all the projects in this sector, focusing on improvement of health and education, water supply and reinsertion assistance, the gender and environmental issues as well as institutional development and capacity building, are promoted, mainly at the "grassroot level".

All de-mining projects and activities aim at an improved environment free of mine contamination. Additionally, the result of the de-mined environment is equally beneficial for men, women and children.

### **3.3. Utilisation of resources for non-State actors (NSAs)**

The CSP mentions that a specific effort will be made to integrate NSAs in the preparation and implementation of reconstruction/rehabilitation through the form most adapted to the needs of the country. Discussions with the NAO on programming the use of the envelope allocated to civil society in the NIP for the 9th EDF (€1M) were inconclusive. No programmes/projects were identified with the Non State Actors.

### **3.4. Utilisation of B envelope**

Given the overall low level of commitment of the A-Envelope, the indicative amount, €8.8 million was reduced to €4.4 million in the Mid-Term Review (MTR). In 2005, ECHO used its drawing right on the B-envelop (7% of the original amount, ie € 620,000) through a contract with FAO for the provision of farming inputs.

With the 9<sup>th</sup> EDF ETR, the remaining funds (€ 3,780,000) of the B-envelop have been transferred to the long-term development reserve to be used within the East Africa region for humanitarian and emergency assistance.

### 3.5. Other instruments

#### 3.5.1. STABEX

Eritrea never benefited from Stabex funds.

#### 3.5.2. SYSMIN

Eritrea never benefited from SYSMIN funds.

#### 3.5.3. Regional co-operation

Eritrea is a member of several regional organisations (notably COMESA and IGAD). Being a member of these organisations, the country takes part in the 9 EDF regional indicative programme of the ESA region. Eritrea can thus benefit from the regional programme notably in the areas of economic integration and trade, management of natural resources and transport and communications which are the focal sectors for the ESA 9 EDF RSP/RIPs.

Eritrea benefits from the € 20 million Facility for preparation of EPA negotiations. An EPA assessment study was launched in 2004. The results of the EPA study have not yet been shared with the delegation.

Pan-African Control of Epizootics (PACE), (7 ACP RPR 744): As in all 30 African countries covered by this regional project, implementation in Eritrea came to an end in October 2006. The project has been implemented over nearly 6 years, between January 2001 and October 2006 and has disbursed slightly over EUR 1 million. The Ministry of Agriculture swiftly submitted the required reports for the last two programme estimates still open. A recovery order was issued by the Delegation and ToR for the audit were prepared at the end of 2006.

#### EU-ACP Water Facility:

Two projects were selected for Eritrea under the 1<sup>st</sup> call for proposals (9 ACP RPR 39) in January 2006 as follows:

Contractor	Location	EC contribution / duration	Activities
Oxfam	Mai Mine, Debub	751,822 € / 36 months	Supply of water for domestic use, improved sanitation and hygiene practices
IFRC/RCSE	Nation-wide	2,227,507 € / 36 months	Safe water supply, improved hygiene practices, safe disposal of human / animal waste

The Oxfam contract was due to start in August 2006. However, following a change of project location, the project has been delayed and partly suspended until the design for the new sites is completed and approved. The other project has not started either, as the authorisation to recruit a WATSAN delegate has not been secured yet.

No project for Eritrea was selected under the second Water Facility call for proposals.

#### 3.5.4. Community budget lines

##### 3.5.4.1. De-mining (budget line 19.020400)

Land Mine Impact Survey, LIS: The project managed by UNDP was substantially completed during 2004 and ended in 2005. The project successfully attained all targets, namely to complete a comprehensive landmine impact survey, containing the locations and socio-economic impact of mines and UXOs in Eritrea, in accordance with the international mine action standards, to

analyze the data, and effectively develop a national mine action strategic plan. The commitment was closed during 2006.

For other mine action activities see 3.2 above.

### 3.5.4.2. Rehabilitation (budget line 21.032000)

See 3.2 above.

### 3.5.4.3. Food aid/Food security (budget lines 21.020100 and 21.020200)

Food Aid: Under the Financing Agreement FOOD/2004/16822 signed in January 2005, the European Commission delivered 12,400 tonnes of wheat in June 2005 aimed for free distribution to the population. Following a change of implementation modalities to cash-for-work, the GSE monetized the food during spring 2006, to finance a newly launched national cash-for-work programme. In order to regularise this change and amend the agreement accordingly, the Government has been requested to supply the EC with information on the generation and use of the generated funds. [A reply was received in March 2007, which is being analysed by EC headquarters. Subsequently, if the planned audit and evaluation reports turn out to be satisfactory, an amendment to the FA will be signed and the programme will be closed.]

#### NGO Food Security/Food Aid Projects:

*Decision FOOD/2005/17299:* the EC Delegation launched a call for proposals with deadline in May 2006 for a total amount of €3M. Three projects were selected as follows, all located in zoba Debub:

NGO	Location	EC contribution / duration	Activities
Vision Eritrea	Senafe	988,362 € / 30 months	Dam construction, crop land terracing, vegetable gardens, DMK distribution
Oxfam	Mai Mine, Areza, De Barwa	972,176 € / 36 months	Irrigation, wells and dams construction, seed vouchers and ploughing services, extension services
CARE	Mendefera, Emni Haili	1,038,461 € / 24 months	Dams and wells construction, multiplying of improved seeds, seed vouchers, training in vegetable production, home economy and nutrition

The implementation starting dates are between October 2006 and January 2007. So far only Vision Eritrea has been able to sign a MoU with the Ministry of Agriculture and start the activities. Both Oxfam and CARE face difficulties regarding implementation modalities, change of location and seed distribution.

*Decision FOOD/2004/17016:* €3M was awarded to four NGO projects (ICCO, Haben, GVC, COSV) late 2005 following a call for proposals. Of these only ICCO has been registered by the Eritrean authorities, the remaining three were instructed to cease operations on February 9<sup>th</sup> 2006. Following the dissolution of the NGO, Haben's contract has been closed, while the GVC and COSV contracts have been suspended. More than a year after the implementation starting date, the ICCO project has not been able to start pending signature of a Memorandum of



Understanding (MoU) with the Ministry of Education regarding the school feeding activities. The EC contribution of the ICCO contract is € 650,277.

*Decision FOOD/2003/4953:* Four projects were selected in 2004 for a total EC contribution of € 2,530,237 (ICCO/DIA, ISCOS, RTI, GMA). All four projects have encountered significant delays in implementation. No-cost extensions have been or will be granted. All four NGOs have been registered by the GSE. The fuel constraints since autumn 2006 have further delayed the implementation.

*Decision FOOD/2001/2513:* The Adari-Shitel food security programme (Anseba), implemented by Gruppo Missioni Asmara (GMA), for an amount of EUR 1.271.773, came to an end on 02/04/2006. An external evaluation of the project was made in November 2006.

#### Direct cooperation

The EC allocated €3M to Eritrea, from the 2005 EU budget, for a food security project. A twofold project was formulated in 2005, on the consolidation and expansion of the National Nutrition Surveillance System (NNSS) and the preparation of an agricultural census (FOOD/2005/17782). A financing decision was taken by the EC HQs late December 2005 and was signed by the NAO in October 2006. It was also agreed that a new FAO mission will be launched in 2007 to assess the capacity of the Ministry of Agriculture and the National Statistics and Evaluation Office (NSEO) to implement the project. Regarding the NNSS component, discussions have been initiated with the Ministry of Health for the signature of a MoU and possible modifications of the nutrition surveys modalities.

#### **3.5.4.4. NGO Co-financing (budget line 21.020300)**

*Decision ONG-PVD/2002/021/165:* 'Strengthening the National Confederation of Eritrean Workers capacities as a provider of labour services and training during the reintegration phase'. The project is implemented by the NGO Istituto Sindacale Per La Cooperazione Allo Sviluppo (ISCOS) and commenced on 1 April 2003 for an initial period of 40 months, extended to 52 months in June 2006. The activities are ongoing; however the construction of the foreseen training centre in Massawa is delayed and has not yet started.

*Decision ONG-PVD/2003/066/136:* 'Poverty Alleviation through Empowering Local Communities'. This project is being implemented by Health Net/ TPO.

*Decision ONG-PVD/2003/066/137:* 'Alleviating poverty of people living with and affected by HIV/AIDS in Asmara'. This project was implemented by CESVI Cooperazione e Sviluppo in partnership with the local organization BIDHO during its first year. However, following the May 2005 NGO Proclamation, CESVI has not been registered and can no longer operate in Eritrea. The project has therefore been closed (some procedural steps still to be finalised).

*Decision ONG-PVD/2005/113-256:* 'Integrated women's health and empowerment program to eradicate poverty in Gash Barka Zone of Eritrea'. The contract for the project implementation was signed with CARE in February 2006. Activities are not yet started pending MoLW endorsement of the project.

*Decision ONG-PVD/2004/6239:* Following a global call for proposals, three projects were selected for funding for a total EC contribution of € 2,135,632 and the contracts were signed late 2005. GVC and ManiTese both failed to be registered by the GSE, and the contracts have been suspended. These NGOs were requested by the GSE to cease their operations in Eritrea in February 2006.

NGO	Project title	EC contribution / duration
CARE (Registered)	Integrated women's health and empowerment program to eradicate poverty in Gash Barka	649,756 € / 30 months
Manitese (Not Registered)	Restoration of sustainable livelihood conditions, Molqui sub-zoba	744,985 € / 36 months
GVC (Not Registered)	Community forestry development, soil and water conservation, water facility improvement and capacity building in zoba debub	740,891 € / 36 months

No NGO proposals were selected by the Headquarter for Eritrea under the 2005 programme.

#### **3.5.4.5. Forestry / Environment budget lines**

*Decision ENV/2006/17911:* One proposal was selected for Eritrea and a contract signed in the summer 2006 with RTI for an EC contribution of €1M. Implementation started on 01/10/2006 as per contract. Main activities are distribution of fuel-efficient stoves and Moringa seedlings, support to forestry enterprises (palm leaf and Sisal) and capacity building for the local actors.

#### **3.5.4.6. European Initiative for Democracy and Human Rights**

In 2005, three EIDHR Micro-projects awarded to two local and one international NGO in 2004 started. Haben, which was forced to close, as they were not registered, completed the project Promoting Women's Health and Cultural Rights in the Kerkebet sub-Region of Eritrea. Citizens for Peace in Eritrea has been implementing the project on the Dissemination of knowledge about the Rights of Children in Eritrea. An extension was granted. Refugee Trust International has been implementing a project on Women's Rights Promotion in Gursub.

Under the EIDHR, Support for Democratisation, Good Governance and the Rule of Law global CfP 2004, two NGOs were awarded grants in 2005. However, only one, ISCOS Marche, has been registered in Eritrea. Their project "Enhancing the Role of the Trade Unions in Defense of the Workers' Rights as an Integral Part of Human Rights as defined by the ILO Fundamental Conventions" started in June 2006 and should run for 30 months.

#### **3.5.5. European Investment Bank**

The European Investment Bank had no activities or mission in Eritrea in 2006. No EIB envelope is included in the 2002/2007 financial allocation linked to the Country Strategy Paper.

#### **3.5.6. ECHO**

In 2006, ECHO allocated EUR 6 million to Eritrea, and signed the following contracts:

Partner	Program/location	Amount (EUR)	Start date	End Date
ICRC	Protection and economic assistance	2,000,000	01/07/2006	31/05/2007
CARE	Livestock, Debub & NRS	656,441	01/07/2006	31/05/2007
Oxfam	Watsan, Debub	500,000	01/08/2006	31/05/2007
Médecins du Monde	Primary Health Care, NRS	500,000	01/07/2006	31/05/2007
UNICEF	Nutrition, nationwide	944,363	01/02/2007	31/05/2007
WHO	Health, NRS	500,000	01/01/2007	31/05/2007
Total		5,100,804*		

\*Two contracts with International Rescue Committee (IRC) have been cancelled, because the NGO had to cease its operations in Eritrea.

In addition, ECHO signed the following contract with CARE, funded from the regional financing decision:

Partner	Program/location	Amount (EUR)	Start date	End Date
CARE	Drought preparedness, SRS	526,293	01/10/2006	30/09/2007

#### 4. ASSESSMENT OF PERFORMANCE INDICATORS

An external evaluation of Eritrea CSP was carried out during 2005, in the framework of an assessment exercise including 12 ACP countries. The main objective was to provide the Commission and the ACP Countries with key findings and lessons from past and current cooperation for preparing the next generation of Country Strategy Papers. This exercise has provided valuable inputs to future review exercises.

The evaluation did not directly address the scope, relevance, and quality of performance indicators. However, it concluded that the two prime objectives in the CSP, i.e. post conflict rehabilitation and peace building and conflict prevention, were valid but that insufficient emphasis was given to the external security issue on the success of the internal interventions. Since the evaluation, an EU strategy for the Horn of Africa<sup>5</sup> has been developed which addresses also external security issues. Furthermore, EC interventions in the infrastructure sector, the social sector, and the food security and rural development sector were concluded to vary in relevance and effectiveness and to be limited in efficiency. The main reasons for these conclusions were the difficult access to information on Eritrean overall economic plans, including annual budget; the inability to use budget support as a method of funding in Eritrea; the considerable timescales involved in implementing projects and programmes in Eritrea. These challenges will be addressed in the 10<sup>th</sup> EDF CSP to the extent possible. Particular attention will be paid in the context of the 10<sup>th</sup> EDF CSP/NIP to performance indicators keeping in mind however that the general lack of data makes use of indicators for monitoring purposes difficult.

The 7<sup>th</sup> EDF-financed projects are slowly but steadily coming to an end and it is expected that the 7<sup>th</sup> EDF accounts will be closed in the course of 2007. The same is true for the 8<sup>th</sup> EDF. In 2006, the 9<sup>th</sup> EDF has seen an increase in individual commitments; payments shall increase in 2007 and the trend will be maintained in 2008.

<sup>5</sup> Communication from the Commission to the Council and the European Parliament: "Strategy for Africa: an EU regional political partnership for peace, security and development in the Horn of Africa", SEC (2006) 1307.

## 5. DONORS' COORDINATION AND HARMONISATION

During 2004 the GSE suspended the practice of quarterly "Development Partners' Meetings" introduced in 2003, and has not resumed since, despite requests by a number of donors.

EU Member States continue to coordinate on a regular weekly basis, and coordination is good.

Overall donor coordination remains weak and the sharing of information and experiences is still carried out in an *ad hoc* bilateral basis in most instances. However, sectoral coordination is improving in specific areas such as education and transport. Donors held discussions to intensify coordination among themselves in 2006, and efforts are being made to independently establish a new donor coordination mechanism. These efforts are being spearheaded by the World Bank and UNDP, with the active contribution of the EC Delegation.

## 6. DIALOGUE IN COUNTRY WITH THE NAO AND NSAs

During 2006 dialogue with the NAO on development cooperation issues continued, as mutual trust was being built on both sides, despite deadlocks such as the failure to produce a Joint Annual Report for 2005. Meetings between the NAO and the Delegation were held on a regular basis on issues such as the state of advancement of projects, already approved programmes and the manner in which implementation should proceed, and proposed commitments for new programmes.

Extensive consultations were also held between the NAO and the EC Delegation concerning the drafting of the 10<sup>th</sup> EDF CSP/NIP for Eritrea. These discussions were conducted in a positive atmosphere and considerable progress has been made in the drafting of the documents with mutual approval.

Discussions with NSAs remained limited in 2006 in part due to the small number of independent NSAs, and in part given that the NAO considers that there is no need to involve NSAs in discussions on strategy and projects together with the EC. The NAO assures that the Ministry of National Development regularly carries out consultations on policies and projects directly with NSAs, and that consultations concerning the 10<sup>th</sup> EDF CSP should be carried in this fashion without direct EC involvement.

## 7. CONCLUSIONS

The political landscape in Eritrea continues to be impacted by the lack of progress towards the border demarcation with Ethiopia, in spite of the final and binding decision of the EEBC. Tensions between the two countries continue to be high.

Relations between Eritrea and Sudan saw a marked improvement in 2006. The peaceful solution achieved in Eastern Sudan, formalised with a peace agreement signed in Eritrea, has normalised the situation along the Eritrea – Sudan border, which has been reopened.

Eritrea's estimated GDP per capita is approximately US\$ 200<sup>6</sup>. According to GSE figures the economy of Eritrea grew at an estimated 2% in 2006, a drop from the growth rate of 4.2% achieved in 2005. Population growth rate over 2006 was estimated at 3%. Inflation remains a two-digit figure. The GSE has yet to commence publishing an annual budget. The GSE reduced the budget deficit from 22% of GDP in 2005 to 21.2% in 2006 (excluding grants), however the consistent budget deficit run in recent years can be assumed to be one of the main sources of inflationary pressure in Eritrea. The trade deficit continues to be large and constitutes one of the

<sup>6</sup> Source: IMF Article IV Consultations 2005, Staff Report.

major challenges to the Eritrean economy. Eritrea has suffered a depletion in foreign exchange reserves in 2006. In response the GSE has imposed strict limitations on imports. The restrictions of private importers introduced in 2005 continued to apply in 2006. During 2006 the possession of foreign currency without formal permission was made illegal for Eritrean citizens.

The private sector activity is weak, while mineral resources remain a promising prospect.

Eritrea's foreign debt stands at 110.5% of GDP, the larger proportion of which was lent from multilateral creditors (WB, ADB). The IMF and the World Bank conducted a debt sustainability study in Eritrea in 2006, according to the findings of which Eritrea fulfils the debt criteria to benefit from Debt relief under the Highly Indebted Poor Countries (HIPIC) initiative. For Eritrea to become fully eligible for debt relief under the initiative it must fulfil certain policy criteria, such as embarking on an IMF Staff Monitored Programme. To date no plans have been announced to embark on such a programme.

Eritrea continued to actively participate in the ESA EPA negotiations at the RNF throughout 2006.

Eritrea ranks 157 out of 177 countries according to the Human Development Report 2006 and is projected to achieve eight of the ten MDGs targets by 2015 (i.e. being off-track in eradicating extreme poverty and achieving universal primary education).

With regard to development cooperation, as part of the end of term review which took place in 2006, it has been agreed to adjust the country strategy as contained in the CSP and NIP, with the following elements: i) an increase of the financial amount for the ongoing "Post conflict rehabilitation project"; ii) as for "Demobilisation/Reintegration", in the context of a policy reformulation the Government decided to secure the integration of the demobilised soldiers in the rural areas through an integrated approach on rural development and iii) in view of the difficulties encountered in agreeing tender awards for classical road construction projects, the focus of this sector has been changed and a "Road maintenance and safety programme" was formulated for implementation in 2007. With regard to implementation, some progress was made in most sectors/programmes/projects.

In 2006 some €9 million have been disbursed in Eritrea, of which € 2.8 million out of budget lines financed projects. No new global commitments were made in the course of the year whereas individual commitments were made for a total of € 15.9 million of which € 4 million for budget lines financed projects. The forecasts for 2007 indicate that about €16.5 million will be paid out during this year, of which €5 million from budget lines. For 2008, forecasted disbursement for EDF will amount to about €12 million.

The main budget lines utilised during 2006 were 'Food Aid' and 'Food Security'. Under the European Initiative for Democracy and Human Rights (EIDHR), a call for proposals was launched in late 2006 (with combined 2005 and 2006 funds) but no eligible applications were received. ECHO allocated € 6 million to Eritrea in 2006.

Donors' coordination has seen some positive developments in 2006 with better perspectives for 2007. The dialogue between the Delegation and the NAO on development cooperation issues continued, as mutual trust was being built on both sides, despite deadlocks such as the failure to produce a Joint Annual Report for 2005. Discussions with NSAs remained limited in 2006 although the NAO assured that the Ministry of National Development regularly carries out consultations on policies and projects directly with NSAs.

## LIST OF ACRONYMS

APL – Anti-personnel Landmines budget line  
BoE – Bank of Eritrea  
BOP – Balance of payment  
CAP – Consolidated Appeal for Emergency (launched by the UN System)  
CSP – Country Strategy Paper  
EC – European Commission  
ECHO – European Commission Humanitarian Office  
EDA – Eritrean Demining Agency  
EDF – European Development Fund  
EDRP – Emergency Demobilisation and Reintegration Programme  
EIB – European Investment Bank  
EMAP – Eritrean Mine Action Programme  
EPLF – Eritrean People Liberation Front  
ERN – Eritrean Nakfa  
ERP – Emergency Reconstruction Programme  
ERREC - Eritrean Relief and Refugees Commission  
EU - European Union  
GDP – Gross Domestic Product  
GSE - Government of the State of Eritrea  
ICRC – International Committee of the Red Cross  
IDPs – Internally Displaced People  
IMF – International Monetary Fund  
LIS – Landmine Impact Survey  
LDCs – Least Developed Countries  
MoA – Ministry of Agriculture  
MoPW – Ministry of Public Works  
NAO – National Authorising Officer  
NGO – Non Governmental Organisation  
NIP – National Indicative Programme  
OAU – Organisation of African Unity  
PACE – Pan African Campaign against Epizootics  
PFDJ – People’s Front for Democracy and Justice  
RAO – Regional Authorisation Officer  
SAF – Structural Adjustment Facility  
STPARR – Short Term Programme to Aid Reconstruction and Recovery  
TEGPRS – Transitional Economic Growth and Poverty Reduction Strategy  
TSZ – Temporary Security Zone  
UN – United Nations  
UNDP – United Nations Development Programme  
UNMAS – United Nations Mine Action Service  
UNMEE – United Nations Mission to Ethiopia and Eritrea  
WB – World Bank  
WFP – World Food Programme  
WTO – World Trade Organisation

## LIST OF ANNEXES

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<b>Annex IV)</b>	Budget Lines
<b>Annex V)</b>	Indicative Timetable for Commitments (up to end 2007) + Indicative Timetable for Disbursements (up to end 2008)
<b>Annex on</b>	EIB Projects ( <u>not applicable to Eritrea</u> )
<b>Annex on</b>	Budgetary Support and Counterpart Funds ( <u>not applicable to Eritrea</u> )

**Table of macroeconomic indicators**

		2000	2001	2002	2003	2004	2005	2006	2007
<b>Basic data</b>									
1	Population (in millions)	3.5	3.7	4.0	4.0	4.1	4.2	4.3	4.4
	- annual change in %	2.0	2.3	2.4	2.5	2.6	2.8	3.0	3.1
2a	Nominal GDP (in millions of Nakfa )	6,098	7,593	8,862	10,455	13,018	15,048	18,060	21,672
2b	Nominal GDP per capita (in US\$)	140	147	150	160	170	209	216	218
2c	- annual change in %	3.7	5	2.0	6.7	6.3	22.9	3.3	0.9
3	Real GDP (annual change in %)	-12.0	9.0	0.7	2.4	2	4.8	2	2.5
4	Gross fixed capital formation (in % of GDP)	19	20	18	22	22.6	24	25	25
<b>International transactions</b>									
5	Exports of goods and services (in % of GDP)	5.7	2.8	8.0	4.7	9.4	2.8	1.9	2
6	Trade balance (in % of GDP)	-61.5	-54.8	-56.2	-76.3	-62.0	-47.7	-42.9	-39.7
7	Current account balance (in % of GDP)	1.5	4.2	3.6	5.2	5.8	0	-1.1	-1.2
8	External debt (in % of GDP)	54.1	76.6	78.6	105.2	99.4	110	110.5	111.3
9	External debt service (in % of exports of goods )	6.2	7.6	15.1	29.7	30.3	32.7	38.1	39.4
10	Foreign exchange reserves (in months of imports )	0.9	1.1	0.73	0.35	0.49	0.59	0.48	0.50
<b>Government</b>									
11	Revenues (in % of GDP)	34.6	26.2	38.1	55.7	44.8	36.9	33.5	34.6
	- of which: grants (in % of GDP)	18.9	17.5	10.3	19.2	17.3	10.1	7.9	8.2
12	Expenditure (in % of GDP)	66.7	58.5	57.3	53.3	53.7	49.3	50.1	51.7
	- of which: capital expenditure (in % of GDP)	14.7	17.9	20.5	16.5	20.5	14.5	13.9	15.2
13a	Deficit (in % of GDP) including grants	-32.1	-34.8	-30.2	2.5	-8.2	-11.7	-13.3	-13.8
13b	Deficit (in % of GDP) excluding grants	-51.5	-52.5	-42.5	-17.4	-25.8	-22.0	-21.2	-22.7
<b>Other</b>									
14	Consumer price inflation (annual average change in %)	19.9	14.6	16.9	22.7	25.1	12.4	10.9	10.5
15	Interest rate (Deposit annual rate)	---	---	5	5	5	5	5	5
16	Exchange rate (annual average of national currency per 1 US\$)	9.6	11.3	14	17.9	20.5	15	15	15

Source: Government of Eritrea



### Selected Indicators related to the MDGs

Goals and Targets	Starting value (1993-95)	Ending value (2001-03)	Eritrea target value (2015)	MDG target value (2015)
1. Proportion of population below poverty line	53	66	48	33
2. Prevalence of underweight children	44	40	24	24
3. Net primary school enrollment	30	44	82	100
4. Ratio of girls to boys in primary, secondary and tertiary education	80 65 17	81 57 15	100 86 34	100 100 100
5. Under –five mortality rate (per 1,000 live births)	136	93	30	45
6. Maternal mortality ratio	985	581	246	246
7. Prevalence of HIV/AIDS	N/A	2.4	< 2	< 2
8. Malaria cases per 1,000	N/A	36	< 36	< 36
9. Environmental resources: forest cover, of land area	13.9	32	> 32	> 32
10. Proportion without access to safe drinking water	84	33	25	20

**Source:** MDG report, Eritrea, July 2005

## ANNEX 2

## FED 7 Tableaux de synthese pour ERITHREE

Nature	Engagem.I	%I/dot	Engagem.II	%III/I	Payé	%p/II	Temp. Engagem.I	Temp. Engagem.II	Temp. Payé
** DOT. PROGRAMME INDICATIF	47,172,166.94	0.0	0.00	0.0	0.00	0.0	0.00	0.00	0.00
SUBVENTIONS (TOTAL)	47,172,166.94	100.0	46,254,305.04	98.1	45,735,752.22	98.9	0.00	-128,057.58	-1,353.23
AIDES D'URGENCE	1,748,218.39	0.0	1,748,218.39	100.0	1,748,218.39	100.0	0.00	0.00	0.00
AIDES REFUGIES	3,728,383.64	0.0	3,728,383.64	100.0	3,728,383.64	100.0	0.00	0.00	0.00
CAPITAUX A RISQUES	8,000,000.00	0.0	8,000,000.00	100.0	8,000,000.00	100.0	0.00	0.00	0.00
!! TOT. HORS PROGRAMME INDICATIF(LOME)	13,476,602.03	0.0	13,476,602.03	100.0	13,476,602.03	100.0	0.00	0.00	0.00
<b>T O T A U X :</b>	60,648,768.97		59,730,907.07		59,212,354.25		0.00	-128,057.58	-1,353.23
** S O L D E S (DES NON....) :			917,861.90		518,552.82			789,804.32	645,257.17

### FED 8 Tableaux de synthese pour ERITHREE

Nature	Engagem.I	%I/dot	Engagem.II	%II/I	Payé	%p/II	Temp. Engagem.I	Temp. Engagem.II	Temp. Payé
** DOT. PROGRAMME INDICATIF	2,250,000.00	0.0	0.00	0.0	0.00	0.0	0.00	0.00	0.00
PROGRAMME INDICATIF(LOME)	2,250,000.00	100.0	2,250,000.00	100.0	2,250,000.00	100.0	0.00	0.00	0.00
AIDES D'URGENCE	9,609,903.98	0.0	9,609,903.98	100.0	9,609,903.98	100.0	0.00	0.00	0.00
AIDES REFUGIES	8,983,188.99	0.0	8,465,327.97	94.2	7,776,261.57	91.9	0.00	0.00	0.00
!! TOT. HORS PROGRAMME INDICATIF(LOME)	18,593,092.97	0.0	18,075,231.95	97.2	17,386,165.55	96.2	0.00	0.00	0.00
<b>T O T A U X :</b>	20,843,092.97		20,325,231.95		19,636,165.55		0.00	0.00	0.00
** S O L D E S (DES NON....) :			517,861.02		689,066.40			517,861.02	689,066.40

### FED 9 Tableaux de synthese pour ERITHREE

Nature	Engagem.I	%I/dot	Engagem.II	%II/I	Payé	%p/II	Temp. Engagem.I	Temp. Engagem.II	Temp. Payé
** DOT. ENVELOPPE A / DOCUP	149,577,833.06	0.0	0.00	0.0	0.00	0.0	0.00	0.00	0.00
POL.SECTOR./ PROJETS/ PROGRAMMES	74,845,000.00	0.0	10,316,796.55	13.8	5,485,733.80	53.2	45,250,000.00	4,031,916.36	33,707.49
!! TOT. TOTAL ENVELOPPES A /DOT.PTOM	74,845,000.00	0.0	10,316,796.55	13.8	5,485,733.80	53.2	45,250,000.00	4,031,916.36	33,707.49
** DOT. ENVELOPPE B_/UTILISATION RESERV	4,400,000.00	0.0	0.00	0.0	0.00	0.0	0.00	0.00	0.00
AIDE D URGENCE - GESTION ECHO	620,000.00	0.0	619,830.00	100.0	495,864.00	80.0	0.00	0.00	0.00
!! TOT. TOTAL ENVELOPPES B(COTONOU)	620,000.00	0.0	619,830.00	100.0	495,864.00	80.0	0.00	0.00	0.00
<b>T O T A U X :</b>	75,465,000.00		10,936,626.55		5,981,597.80		45,250,000.00	4,031,916.36	33,707.49
** S O L D E S (DES NON....) :			64,528,373.45		4,955,028.75			105,746,457.09	8,953,237.62

16.04.07	O L A S (option 1.6.8)	ACCOUNTS BOOK PER COUNTRY									4
14:45:45	7 eme FED; Sans les Clotures;	PAYS RPR				de :	a	04.2007			FELCPR-P

NO COMPTABLE	LIBELLE(ENG.I OU CONTRAT)	MONT.ENGAGE	MASSE CR	SOLDE	DATE OUV	DATE FERM.	A
7 ACP RPR 744 25	ANIMAL RESOURCES DEPARTMENT NKF 2.722.173 PARTIE ERITREA	109.789,89	109.789,89	0,00	05-02-2001	03-02-2005	
7 ACP RPR 744 72	ERITREA 01.05.2003 AU 30.04.2003	130.500,79	130.500,79	0,00	22-05-2003	11-08-2006	
7 ACP RPR 744 105	WP 4 ERITREA 01/05/04 - 31/10/04	106.299,48	106.299,48	0,00	01-06-2004	28-07-2005	
7 ACP RPR 744 126	ERITREA, PROGRAMME ESTIMATE NO.1 EXTENSION PHASE	374.100,00	322.604,58	51.495,42	28-07-2005		
7 ACP RPR 744 141	ERITREA, CLOSURE PROGRAMME ESTIMATE	7.693,00	7.692,94	0,06	15-09-2006		

NO COMPTABLE	LIBELLE(ENG.I OU CONTRAT)	MONT.ENGAGE	MASSE CR	SOLDE DATE OUV	DATE FERM. A
8 ACP TPS (ERY) 153 Dec.12246/3 (3)PFI AIDCO/C/5 L-41 10/47 010486 REHABILITATION PROJETS PROGRAMMES FED 8					
D	INF. EMERGENCY DEMOBILISATION AND REINTEGRATION SUPPORT P	20.000.000,00	20.000.000,00	0,00	25-07-2002
Del	1 DEMOBILISATION AND REINTEGRATION PROGRAMME TF50023	20.000.000,00	20.000.000,00	0,00	05-05-2003
TOTAL Cr.Delequees		20.000.000,00	20.000.000,00	0,00	

	Nbr.:	Eng.I	dont	Cr.del	dont	Dotation	Decide	Engage	Paye	Non engage	Non paye
		Total Clot.		Total Clot.							
		-----		-----							
Cooperat. Regional fed>7(LOME)	1			1		760.219.613,11	20.000.000,00	20.000.000,00	20.000.000,00	0,00	0,00
*** TOTAL Pays	:			1		760.219.613,11	20.000.000,00	20.000.000,00	20.000.000,00	0,00	0,00

16.04.07 14:45:39	O L A S (option 1.6.8) 8 eme FED; Sans les Clotures;	ACCOUNTS BOOK PER COUNTRY PAYS RPR	de : a 04.2007	3 FELCPR-P	
NO COMPTABLE	LIBELLE(ENG.I OU CONTRAT)	MONT. ENGAGE	MASSE CR	SOLDE DATE OUV	DATE FERM. A
8 ACP TPS 32 19	ERITREA - WORK PROGRAMME YEAR TWO - 01.05.2002 - 30.04.2003	110.209,19	110.209,19	0,00 30-05-2002	28-04-2005

16.04.07 14:45:34	O L A S (option 1.6.8) 9 eme FED; Sans les Clotures;	ACCOUNTS BOOK PER COUNTRY PAYS RPR	de : a 04.2007	3 FELCPR-P
NO COMPTABLE	LIBELLE(ENG.I OU CONTRAT)	MONT.ENGAGE	MASSE CR	SOLDE DATE OUV DATE FERM. A
9 ACP RPR 39 12	ERY - OXFAM GB - DEBUB RURAL WATER SUPPLY AND SANITATION PR	751.822,00	301.789,00	450.033,00 14-06-2006
9 ACP RPR 39 13	ERY - INT. FED. OF RED CROSS - RURAL WATER	2.227.506,75	578.406,00	1.649.100,75 15-06-2006



**Forecast of contracts and payments and decommitments****(extensions, decommitments, secondary commitments and payments)****Country: Eritrea**

Information downloaded from CRIS on: 31 January 2007										Extension to be requested	Amount to be decommitted	FORECAST 2007					
Decision no	Entity in charge	Title	date decision	date end of implementation	Total primary commitm.	Total Contracts	Total paid	Total RAC	Total RAL			1st semester 2007		2nd semester 2007		Total 2007	
												contracts A	payments B	contracts C	payments D	contracts A+C	payments B+D
Dec	DDH/2003/005-944	ER	B7-701 EIDHR Microprojects 2003, Eritrea	19/11/03		150.000	135.132	109.598	14.868	40.402					10.000	10.000	
Dec	DDH/2004/006-144	ER	19.01 04 11: Technical Assistance - Delegations	01/03/04		550	550	550	0	0							
Dec	FOOD/2002/003-041	ER	Eritrea - Technical Support to the Ministry of Agriculture	30/12/02	31/12/05	1.904.702	1.686.334	1.548.801	218.368	355.901	355.901						
Dec	FOOD/2004/016-822	ER	Food-Aid for Eritrea 2004	04/10/04	31/12/09	3.000.000	2.705.791	2.645.819	294.209	354.181	354.181						
Dec	FOOD/2004/016-930	ER	Food Aid/Food Security Urgent Assistance Programme - Erythree	29/11/04		1.000.000	794.488	635.590	205.512	364.410	269.396		95.014			95.014	
Dec	FOOD/2005/017-299	ER	Food Security Programme 2005 - NGO Programme Erythree	17/06/05		3.000.000	2.999.999	1.177.506	1	1.822.494				784.682		784.682	
Dec	FOOD/2005/017-782	ER	Support to the information systems (agricultural statistics and nutritional surveillance)	23/12/05	23/12/08	3.000.000	0	0	3.000.000	3.000.000		523.316	273.316	500.000	500.000	1.023.316	773.316
Dec	FOOD/2006/018-025	ER	AWP 2006 for food aid and food security NGO allocation Eritrea	26/06/06		3.000.000	0	0	3.000.000	3.000.000				3.000.000	1.000.000	3.000.000	1.000.000
Dec	REH/2004/005-979	ER	Second phase of the Rehabilitation of Senafe Hospital	28/12/04	30/06/10	1.990.000	195.100	63.048	1.794.900	1.926.952		1.600.000	370.000		437.000	1.600.000	807.000
Ctr		ER	DDH/2004/89073 (ISCOS)				406.326	171.166		235.160			97.264			97.264	
Ctr		ER	ENV/2006/114-379 (RTI)				1.000.000	357.330		642.670					180.890	180.890	
Ctr		ER	FOOD/2001/48421 (GMA)				1.271.773	959.700		312.073	312.073						
Ctr		ER	FOOD/2004/84597 (GMA)				497.739	346.296		151.443			101.669			101.669	
Ctr		ER	FOOD/2004/84598 (RTI)				680.000	409.106		270.894			101.447			101.447	
Ctr		ER	FOOD/2004/84599 (ICCO)				661.291	394.599		266.692				200.562		200.562	
Ctr		ER	FOOD/2004/84608 (ISCOS)				691.207	334.954		356.253			95.711			95.711	
Ctr		ER	FOOD/2005/108-897 (ICCO)				650.277	160.570		489.707				141.560		141.560	
Ctr		ER	FOOD/2005/109-020 (COSV)				564.743	0		564.743							
Ctr		ER	FOOD/2005/115-562 (GVC)				995.404	0		995.404							
Ctr		ER	FOOD/2006/125-627 (ECORYS)				19.965	5.990		13.975			13.975			13.975	
Ctr		ER	ONG-PVD/2000/47236 (ACORD)				986.603	682.083		304.520	304.520						
Ctr		ER	ONG-PVD/2003/21165 (ISCOS)				743.970	447.689		296.281			221.884		74.397	296.281	
Ctr		ER	ONG-PVD/2004/66136 (TPO)				721.024	254.632		466.392				197.145		197.145	
Ctr		ER	ONG-PVD/2004/66137 (CESVI)				443.523	118.974		324.549				63.385		63.385	
Ctr		ER	ONG-PVD/2005/113256 (CARE)				649.756	273.789		375.967							
Ctr		ER	ONG-PVD/2005/114026 (GVC)				740.891	0		740.891							
Ctr		ER	ONG-PVD/2005/114184 (Mani Tese)				744.985	0		744.985							
Ctr		ER	MAP/2004/87611 (UNDP)				1.000.000	600.000	0	400.000	400.000						
						17.045.252	21.986.871	11.697.790	8.527.858	18.816.939	1.996.071	2.123.316	1.370.280	3.500.000	3.589.621	5.623.316	4.959.901

The download from CRIS may have to be completed (manually) with components from global commitments (decision level 1) split between different delegations - since these will not in all cases be automatically attributed to the Delegation.

<b>Forecast start semester</b>	2007 S1
<b>Forecast end semester</b>	2007 S2

<b>Domain</b>	ALL
<b>Delegation in charge</b>	ER
<b>Budget line</b>	ALL

Eritrea

Situation before forecast						Forecast					Forecast					After forecast	
Decision nr	Commitment	Contracted	Paid	RAC	RAL	2007 S1	2007 S2	Contracted	Paid	Recovered	2007 S1	2007 S2	Contracted	Paid	Recovered	RAC	RAL
						Commitment	Decommitment				Commitment	Decommitment					
- no decision	0	2.803.910	1.642.092	-2.803.910	-1.642.092	0	0	0	0	0	0	0	0	0	0	-2.803.910	-1.642.092
DDH/2003/005-944	150.000	135.132	109.598	14.868	40.402	0	0	0	0	0	0	0	0	10.000	0	14.868	30.402
DDH/2004/006-144	550	550	550	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FOOD/2002/003-041	1.904.702	1.686.334	1.548.801	218.368	355.901	0	-355.901	0	0	0	0	0	0	0	0	-137.533	0
FOOD/2004/016-822	3.000.000	2.705.791	2.645.819	294.209	354.181	0	-354.181	0	0	0	0	0	0	0	0	-59.972	0
FOOD/2004/016-930	1.000.000	794.488	635.590	205.512	364.410	0	-269.396	0	95.014	0	0	0	0	0	0	-63.884	0
FOOD/2005/017-299	3.000.000	2.999.999	1.177.506	1	1.822.494	0	0	0	0	0	0	0	0	784.683	0	1	1.037.811
REH/2004/005-979	1.990.000	195.100	63.048	1.794.900	1.926.952	0	0	1.600.000	370.000	0	0	0	0	517.024	0	194.900	1.039.928
FOOD/2005/017-782	3.000.000	0	0	3.000.000	3.000.000	0	0	523.316	273.316	0	0	0	500.000	500.000	0	1.976.684	2.226.684
DDH/2005/017-250	150.000	0	0	150.000	150.000	0	0	0	0	0	0	0	0	0	0	150.000	150.000
FED/2004/016-983	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FED/2005/017-355	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FED/2006/017-930	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FED/2006/018-630	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FED/2006/018-673	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
FOOD/2006/018-025	3.000.000	0	0	3.000.000	3.000.000	0	0	0	0	0	0	0	0	0	0	3.000.000	3.000.000

**Notes:**

- This report contains decisions in status provisional, committed, decided and ongoing.
- This report contains figures from contracts and invoices in status provisional, committed, decided, ongoing and closed.
- Decisions without the analytical breakdown entered in CRIS will not appear in this report.
- Data in this report will have been refreshed the day before the 'Last Report Refresh' date mentioned at the bottom of the report.

Forecast start semester	2007 S1
Forecast end semester	2007 S2

Domain	ALL
Delegation in charge	ER
Budget line	ALL

Eritrea

Situation before forecast						2006 S1			2006 S2			Situation after	
Budget line	Domain	Contract nr	Status	Contracted	Paid	Forecast Contracted	Realised	%	Forecast Paid	Realised	%	Forecast RAL	Realised RAL
21.020300	NGO co-financing (PVE)	ONG-PVD/2003/021-165	Ongoing	743.970	447.689	0	0	N/A	0	0	N/A	221.884	296.281
21.020200	Food Security	FOOD/2001/048-421	Ongoing	1.271.773	959.700	0	0	N/A	0	0	N/A	312.073	312.073
	Food Security	FOOD/2003/061-750	Ongoing	1.414.878	1.277.345	0	0	0 %	0	0	0 %	0	137.533
	Food Security	FOOD/2003/061-750	0	0	0	0	0	0 %	0	0	0 %	0	0
21.020300	NGO co-financing (PVE)	ONG-PVD/2004/066-136	Ongoing	721.024	254.632	0	0	N/A	0	0	0 %	197.145	466.392
21.020300	NGO co-financing (PVE)	ONG-PVD/2004/066-137	Ongoing	443.523	118.974	0	0	N/A	0	0	N/A	50.000	324.549
21.020200	Food Security	FOOD/2004/084-597	Ongoing	497.739	346.296	0	0	N/A	101.669	0	0 %	0	49.774
21.020200	Food Security	FOOD/2004/084-598	Ongoing	680.000	409.106	0	0	N/A	101.447	0	0 %	0	169.447
21.020200	Food Security	FOOD/2004/084-599	Ongoing	661.291	194.037	0	0	N/A	200.562	0	0 %	200.562	270.894
21.020200	Food Security	FOOD/2004/084-608	Ongoing	691.207	334.954	0	0	N/A	143.566	0	0 %	0	66.130
19.020400	Antipersonnel mines	MAP/2004/087-611	Ongoing	1.000.000	600.000	0	0	N/A	400.000	0	0 %	95.711	356.253
19.040300	Human rights & Democ	DDH/2005/089-073	Ongoing	0	0	0	406.326	N/A	171.166	171.166	100 %	0	0
	European Development	FED/2004/093-408	Ongoing	17.700	0	0	0	0 %	0	0	0 %	0	-171.166
19.040300	Human rights & Democ	DDH/2004/096-073	Ongoing	44.493	28.959	0	0	N/A	0	0	N/A	0	235.160
19.040300	Human rights & Democ	DDH/2004/096-155	Ongoing	50.000	40.000	0	0	N/A	0	0	N/A	15.534	17.700
	European Development	FED/2004/096-207	Ongoing	146.529	0	0	0	0 %	0	0	0 %	10.000	15.534
21.020200	Food Security	FOOD/2005/099-363	Ongoing	794.488	635.590	0	0	N/A	158.898	0	0 %	0	10.000
21.020100	Food Security	FOOD/2005/102-912	Ongoing	149.972	0	0	0	N/A	0	90.000	N/A	95.013	146.529
21.020200	Food Security	FOOD/2005/102-912	Ongoing	149.972	0	0	0	N/A	90.000	90.000	100 %	0	-95.013
	European Development	FED/2005/105-542	Ongoing	173.963	0	0	0	0 %	0	0	0 %	0	149.972
	European Development	FED/2005/107-225	Ongoing	179.985	0	0	0	0 %	0	0	0 %	0	59.972
21.020100	Food Security	FOOD/2005/108-897	Ongoing	0	0	0	650.277	N/A	0	160.570	N/A	0	14.972
21.020200	Food Security	FOOD/2005/108-897	Ongoing	0	0	0	650.277	N/A	0	160.570	N/A	0	59.972
21.020100	Food Security	FOOD/2005/109-020	Ongoing	0	0	0	564.743	N/A	228.319	0	0 %	0	173.963
21.020200	Food Security	FOOD/2005/109-020	Ongoing	0	0	0	564.743	N/A	155.220	0	0 %	0	179.985
	European Development	FED/2005/110-152	Ongoing	23.146	0	0	600	0 %	0	0	0 %	0	179.985
	European Development	FED/2005/110-152	0	0	0	0	600	0 %	0	0	0 %	0	0
21.020300	NGO co-financing (PVE)	ONG-PVD/2005/113-256	Ongoing	0	0	0	649.756	N/A	0	273.788	N/A	0	489.707
21.020300	NGO co-financing (PVE)	ONG-PVD/2005/114-026	Ongoing	0	0	0	740.891	N/A	352.763	0	0 %	0	489.707
21.020300	NGO co-financing (PVE)	ONG-PVD/2005/114-184	Ongoing	0	0	0	744.985	N/A	315.101	0	0 %	0	0
21.020500	Environment	ENV/2006/114-379	Ongoing	0	0	0	0	0 %	0	0	0 %	1.000.000	642.670
21.032000	REHABILITATION/REF	REH/2005/115-411	Ongoing	0	0	0	195.100	N/A	63.048	63.048	100 %	0	-357.330
21.020100	Food Security	FOOD/2005/115-562	Ongoing	0	0	0	995.404	N/A	311.063	0	0 %	0	642.670
21.020200	Food Security	FOOD/2005/115-562	Ongoing	0	0	0	995.404	N/A	212.939	0	0 %	0	132.052
						0	0	N/A	0	0	N/A	0	995.404

21.020100	Food Security	FOOD/2006/123-167	Ongoing	0	0	0	0	N/A	0	0	N/A	0	988.362	N/A	320.318	320.318	100 %	-320.318	668.044
21.020100	Food Security	FOOD/2006/123-181	Ongoing	0	0	0	0	0 %	0	0	0 %	0	972.176	N/A	126.325	421.751	334 %	-126.325	550.425
21.020100	Food Security	FOOD/2006/124-297	Ongoing	0	0	0	0	0 %	0	0	0 %	0	1.039.461	N/A	130.610	435.437	333 %	-130.610	604.024
21.020200	Food Security	FOOD/2006/124-297	Ongoing	0	0	0	0	0 %	0	0	0 %	0	1.039.461	N/A	304.827	435.437	143 %	-304.827	604.024
21.010401	Food Security	FOOD/2006/125-627	Ongoing	0	0	0	0	0 %	0	0	0 %	0	19.965	N/A	19.965	5.990	30 %	-19.965	13.976
	European Development	FED/2006/128-476	0	0	0	0	0	0 %	0	0	0 %	0	19.995	0 %	0	0	0 %	0	19.995

**Notes:**

- This report contains contracts and invoices in status ongoing which have received a definitive visa.
- Contracts in this report without a budget line mentioned have no forecast registered.
- Contracts without the analytical breakdown entered in CRIS will not appear in this report.
- Data in this report will have been refreshed the day before the 'Last Report Refresh' date mentioned at the bottom of the