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Invertir en la población rural

Estado de Eritrea

Programa sobre Oportunidades Estratégicas Nacionales (2020-2025)

Nota para los representantes en la Junta Ejecutiva

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Para **examen**

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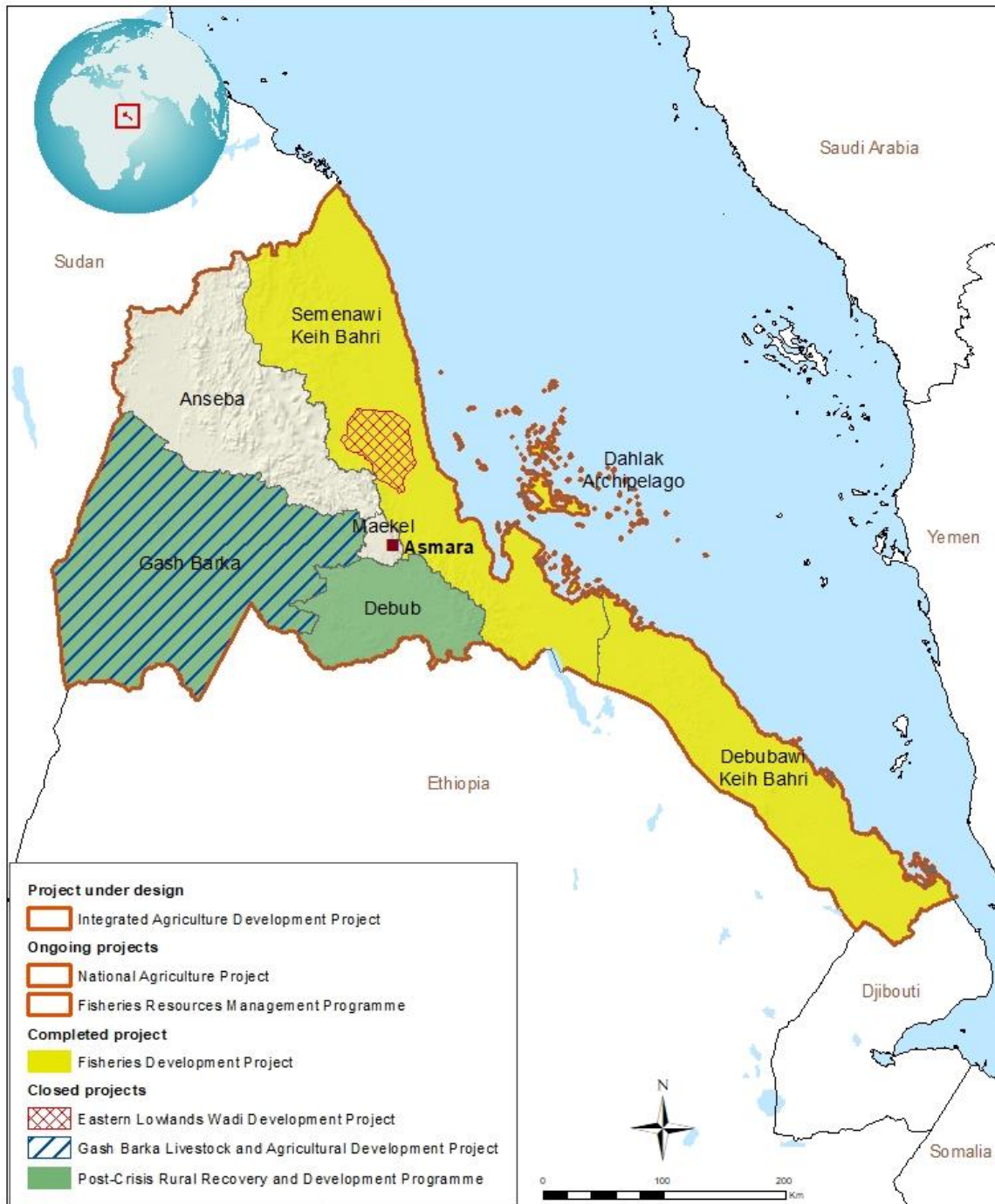
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Acrónimos y siglas

ASARECA	Asociación para el Fortalecimiento de las Investigaciones Agrícolas en África Oriental y Central
CGIAR	Consortio de Centros Internacionales de Investigación Agrícola
CIAT	Centro Internacional de Agricultura Tropical
COSOP	programa sobre oportunidades estratégicas nacionales
FAO	Organización de las Naciones Unidas para la Alimentación y la Agricultura
FIDA11	Undécima Reposición de los Recursos del FIDA
ICARDA	Centro Internacional de Investigación Agrícola en las Zonas Secas
ICRISAT	Instituto Internacional de Investigación de Cultivos para las Zonas Tropicales Semiáridas
MSD	Marco de Sostenibilidad de la Deuda
ODS	Objetivo de Desarrollo Sostenible
OSR	organismos con sede en Roma
PIB	producto interno bruto
PMA	Programa Mundial de Alimentos
PNUD	Programa de las Naciones Unidas para el Desarrollo
SyE	seguimiento y evaluación

Mapa de las operaciones financiadas por el FIDA en el país



Las denominaciones empleadas y la forma en que aparecen presentados los datos en este mapa no suponen juicio alguno del FIDA respecto de la demarcación de las fronteras o límites que figuran en él ni acerca de las autoridades competentes.

Fuente: FIDA | 28-1-2020

Resumen

1. El Estado de Eritrea y Etiopía firmaron un acuerdo de paz en julio de 2018 y el Consejo de Seguridad de las Naciones Unidas levantó las sanciones en noviembre de ese mismo año. El restablecimiento de la paz ofrece oportunidades para que Eritrea reasigne recursos públicos al desarrollo económico y social, actualice sus estrategias de desarrollo, genere puestos de trabajo para los jóvenes y los soldados desmovilizados y mejore la cooperación internacional.
2. El FIDA sigue decidido a apoyar los esfuerzos del Gobierno del Estado de Eritrea en este proceso y, por consiguiente, ha colaborado con él en la elaboración del presente programa sobre oportunidades estratégicas nacionales (COSOP) para el período 2020-2025. El COSOP se ajusta a la Política y Estrategia Nacional de Desarrollo Agrícola de Eritrea, que se ha actualizado recientemente, al Plan Estratégico Quinquenal de Desarrollo Agrícola (2019-2023) y al proyecto de Plan de Desarrollo Estratégico (2016-2020), elaborado por el Ministerio de Recursos Marinos. El COSOP garantizará que el apoyo que preste el FIDA por medio de herramientas crediticias y no crediticias se ajuste a las prioridades del Gobierno.
3. La **meta** del COSOP será contribuir a mejorar la seguridad alimentaria y nutricional de los agricultores y los pescadores en pequeña escala mediante intervenciones destinadas a fomentar la resiliencia. Para ello deberán conseguirse tres objetivos estratégicos, a saber:
 - i) Objetivo estratégico 1. Aumentar la resiliencia y la adaptación al cambio climático mediante la gestión y el uso sostenibles de los recursos naturales (terrestre e hídricos);
 - ii) Objetivo estratégico 2. Mejorar el acceso a tecnologías, infraestructura y servicios apropiados para aumentar la productividad y la sostenibilidad de los sistemas agrícolas y pesqueros en pequeña escala;
 - iii) Objetivo estratégico 3. Desarrollar la capacidad institucional, comunitaria e individual para mejorar la seguridad alimentaria y nutricional y la sostenibilidad de los medios de vida.
4. La **teoría del cambio** de este COSOP se centra en ampliar los objetivos centrales del FIDA en los sectores de la agricultura y la economía azul mediante: i) el establecimiento de la base de recursos para impulsar la agricultura y la pesca gestionando los recursos hídricos y los suelos y desarrollando el riego; ii) la estructuración y el fortalecimiento de organizaciones de productores; iii) la mejora de los sistemas de producción y suministro de insumos nacionales; iv) el acceso a medios de intensificación y la adición de valor; v) el fomento de la formación y la capacidad institucional, y vi) la gestión de los ecosistemas acuáticos. La cartera de inversiones del FIDA integrará los temas transversales (el género, los jóvenes, la nutrición y el cambio climático) y promoverá especialmente la creación de oportunidades de empleo para los jóvenes, las mujeres y los soldados desmovilizados.
5. El presente COSOP abarcará los ciclos de la Undécima Reposición de los Recursos del FIDA (FIDA11), la FIDA12 y parte de la FIDA13. Durante la FIDA11, Eritrea reúne las condiciones para recibir un 80 % en concepto de donaciones y la opción de recibir el 20 % restante en concepto de préstamos en condiciones muy favorables con arreglo al Marco de Sostenibilidad de la Deuda (MSD). Las condiciones de los préstamos que se concedan a Eritrea y las condiciones de financiación conexas se evaluarán durante la FIDA12, teniendo en cuenta el ingreso nacional bruto, la carga de la deuda y la aplicación del MSD del FIDA.

I. Contexto del país y programa del sector rural: principales desafíos y oportunidades

1. **Contexto macroeconómico.** El Estado de Eritrea está situada en la costa occidental del Mar Rojo, tiene un litoral de más de 1 200 km y su territorio abarca una superficie de 124 000 km². Durante varios decenios, se alejó de la senda del desarrollo como consecuencia de 20 años de guerra, a los que siguieron una situación de “ni paz, ni guerra” y 10 años de sanciones internacionales. La situación se normalizó con la firma del acuerdo de paz entre Eritrea y Etiopía en julio de 2018 y el levantamiento de las sanciones por parte del Consejo de Seguridad de las Naciones Unidas en noviembre de ese mismo año. Desde entonces, Eritrea ha ido adquiriendo progresivamente un mayor nivel de desarrollo y resiliencia, pero sigue siendo muy vulnerable a las perturbaciones económicas, climáticas y externas, en particular a la fluctuación de los precios de las materias primas que exporta¹.
2. Los sectores que más contribuyen al producto interno bruto (PIB) de Eritrea son los servicios (58,9 %) y la industria (23,5 %). La agricultura y la pesca representan solamente el 17,6 %², a pesar de que emplean a entre un 65 % y un 70 %³ de la población. El crecimiento real del PIB cayó del 11,0 % en 2011⁴ al 4,8 % en 2016, pero ha comenzado a repuntar gradualmente (el 5,4 % en 2018)⁵ debido sobre todo a la inversión pública y privada en el sector minero.
3. El índice de facilidad para hacer negocios de 2019 sitúa⁶ a Eritrea en el puesto 189 de 190 países, y la participación del sector privado está limitada por políticas restrictivas. En 2018 el déficit fiscal ascendió al 7,9 % del PIB y el país presentó un déficit en cuenta corriente del 2,7 %⁷. El tipo de cambio se ha mantenido en 15,08 nakfas eritreas (ERN) por dólar de los Estados Unidos desde diciembre de 2016, tras haberse fijado en 15,37 ERN por dólar desde 2005. El nakfa se ha sobrevaluado considerablemente debido a una inflación de dos dígitos combinada con déficits en cuenta corriente y la monetización de los déficits fiscales. Por consiguiente, el sector agrícola del país tiene dificultades para competir a nivel internacional, en particular debido a las restricciones de los movimientos transfronterizos provocadas por la volatilidad en el Cuerno de África.
4. **Contexto de la pobreza, género, juventud y nutrición.** Se calcula que Eritrea tiene 3,29 millones de habitantes⁸ y una tasa de crecimiento demográfico del 2,9 % anual. Aproximadamente el 70 % de la población tiene menos de 35 años. La desmovilización de los adultos jóvenes tras el acuerdo de paz con Etiopía requerirá que se creen empleos en el sector privado y la agricultura, lo que exigirá a su vez inversiones públicas y privadas y transferencia de tecnología.
5. Las estadísticas sobre la pobreza aún no se han publicado. El país sigue teniendo una índice de desarrollo humano bajo (0,44), y ocupa el puesto 178 entre los 189 países de la lista que elabora el Programa de las Naciones Unidas para el Desarrollo (PNUD). Ello se debe al impacto de la guerra y las sanciones, a la pobreza rural generalizada y al hecho de que aproximadamente entre un 65 % y un 70 % de la población depende de la agricultura en pequeña escala.

¹ <https://www.afdb.org/en/knowledge/publications/african-economic-outlook>

² Gobierno del Estado de Eritrea.

³ Gobierno del Estado de Eritrea.

⁴ Banco Mundial.

⁵ Informe de la Economist Intelligence Unit (agosto de 2019).

⁶ Banco Mundial (2019).

⁷ The Economist Intelligence Unit (septiembre de 2019).

⁸ Estimaciones del Gobierno para 2012 (Ministerio de Gobierno Local - Oficina de Administración Local).

6. Las mujeres constituyen el 55 % de la población de Eritrea⁹ y encabezan el 47,2 % de todos los hogares¹⁰. Los factores culturales y el acceso desigual a los insumos y las oportunidades económicas limitan el empoderamiento socioeconómico de la mujer en las zonas rurales.
7. Eritrea tiene graves déficits de seguridad alimentaria y nutricional. La malnutrición entre los niños menores de 5 años ha dado lugar a elevadas tasas de retraso estatural (50,3 %), retraso ponderal (38,8 %) y emaciación (15,3 %)¹¹. Entre las causas se encuentran la desnutrición crónica y la deficiencia de micronutrientes. Eritrea obtuvo una puntuación baja (33,8) en el Índice Global del Hambre en 2014¹². Al depender en gran medida de las importaciones de alimentos, Eritrea también se ve gravemente afectada por la fluctuación de los precios internacionales de los alimentos, que sigue teniendo efectos perjudiciales para los compradores netos de alimentos de las zonas rurales y otros grupos vulnerables.

Agricultura, ganadería y pesca

8. Alrededor del 75 % de la población depende de la producción de cultivos de secano y de la cría de ganado en explotaciones tradicionales en pequeña escala, que se ven afectadas por la elevada inestabilidad de las condiciones climáticas, la escasez de agua y la degradación del medio ambiente. El rendimiento deficiente del sector agrícola puede explicarse por: i) la fuerte dependencia de la agricultura de secano en un contexto de precipitaciones escasas y erráticas; ii) la escasa fertilidad del suelo, combinada con la dificultad para acceder a mejores insumos, tecnología y equipos como consecuencia de las restricciones cambiarias, y iii) la falta de conocimientos técnicos en distintos niveles. Otro de los problemas es la falta de energía. El acceso al riego (normalmente entre 0,1 y 0,25 hectáreas por hogar) permite que los agricultores completen dos o tres campañas agrícolas y produzcan excedente para el mercado.
9. Por su parte, la ganadería sigue siendo importante en los sistemas de producción rural eritreos, ya que el 49 % de la superficie total de la tierra es apta para el pastoreo y solo el 17 % es apta para el cultivo. La productividad del ganado es generalmente baja en comparación con su potencial, y esto se debe en parte a la baja disponibilidad de insumos y servicios veterinarios o la dificultad para acceder a ellos. El subsector de la pesca aporta aproximadamente el 3 % del PIB. Eritrea tiene ingentes recursos marinos que están relativamente subexplotados. Las capturas registradas en el país difícilmente superan las 10 000 toneladas anuales y, de estas, menos de 2 000 toneladas corresponden a los pescadores en pequeña escala. El Gobierno, con el apoyo de sus asociados, ha construido más de 330 estanques continentales, de los cuales solo 70 han sido poblados con distintas especies de peces a fin de mejorar la alimentación de las poblaciones rurales.
10. La comercialización de los productos agrícolas y la capacidad de añadir valor a esos productos siguen siendo muy precarias en las zonas rurales. Los pequeños productores rurales que desean vender sus excedentes se enfrentan a una serie de problemas, entre ellos: la gran variabilidad interestacional de los precios que se pagan a los productores; la enorme diferencia entre los precios que se pagan a los productores y los que cobran los mayoristas en las zonas urbanas debido a la precariedad de las plantas de acopio rurales y las dificultades para transportar la mercancía; las deficiencias de infraestructura, acopio y transporte, y la falta de servicios institucionales de agricultores para apoyar el desarrollo de las pymes.

⁹ FAO: Country Programming Framework for the State of Eritrea, 2017 to 2021.

¹⁰ Encuesta Demográfica y de Salud de Eritrea, 2010.

¹¹ Encuesta Demográfica y de Salud de Eritrea, 2010.

¹² Instituto Internacional de Investigación sobre Políticas Alimentarias (2018).

11. El **cambio climático** y el aumento de la variabilidad climática están afectando gravemente a la producción agrícola y los medios de vida. La adaptación al cambio climático es fundamental, en vista de la modificación de los regímenes de lluvias y el aumento de la temperatura registrados en Eritrea. El país ha ratificado la Convención de las Naciones Unidas de Lucha contra la Desertificación, la Convención Marco de las Naciones Unidas sobre el Cambio Climático y el Convenio sobre la Diversidad Biológica.

II. Marco institucional y de políticas públicas

12. La visión del Gobierno está plasmada en el Plan Indicativo de Desarrollo Nacional (2014-2018). Los principales marcos del sector agrícola son la Política y Estrategia Nacional de Desarrollo Agrícola (2019); el Plan Estratégico Quinquenal de Desarrollo Agrícola (2019-2023); la Estrategia para Pequeños y Medianos Productores Rurales, y el Conjunto Mínimo Integrado de Medidas para la Agricultura Familiar. La Estrategia para Pequeños y Medianos Productores Rurales tiene por objeto crear empresas agrícolas que participen en cadenas de valor productivas y rentables y conectadas a los mercados nacionales e internacionales antes de 2023.
13. A pesar del firme compromiso del Gobierno de impulsar la agenda de desarrollo de Eritrea, existen deficiencias en materia de capacidad institucional, entre las que destacan: i) la ausencia de procedimientos y marcos normativos adecuados que orienten la ejecución de los proyectos; ii) la falta de capacidad técnica y administrativa; iii) la escasa coordinación entre los sectores, y iv) una gestión financiera y sistemas de seguimiento y evaluación (SyE) inadecuados. Todo ello afecta la posibilidad de demostrar el impacto en el desarrollo.
14. El Gobierno es el principal proveedor de insumos y equipos para la agricultura, la ganadería y la pesca, y se vale para ello de fondos rotatorios distribuidos con arreglo a principios cooperativos. Las organizaciones y cooperativas de rurales campesinas deben mejorar y diversificar sus modelos para poder prestar mejores servicios a sus miembros y asegurar su viabilidad. Una institución de microcréditos presta servicios financieros rurales en el marco del Programa de Ahorro y Microcrédito, que es de ámbito nacional.
15. El marco normativo del Ministerio de Recursos Marinos¹³ se centra en: i) fomentar la pesca continental y el consumo de pescado, y ii) promover el crecimiento sostenible de la pesca marina para obtener ingresos en divisas.

III. Actuación del FIDA: enseñanzas extraídas

16. El COSOP relativo a Eritrea para el período 2006-2015 se centró en ayudar al país a pasar de la reconstrucción al desarrollo estructurado. En 2015 el FIDA preparó una nota sobre la estrategia en el país de 24 meses para el período 2016-2018, que se prorrogó posteriormente hasta diciembre de 2019.
17. El FIDA empezó a colaborar con Eritrea en 1995, y desde entonces se han aprobado siete programas o proyectos, a los que el FIDA ha destinado un total de USD 114,78 millones. El total de inversiones desembolsadas hasta la fecha, incluida la cofinanciación, asciende a USD 165,92 millones. La cartera en curso del FIDA consta de dos proyectos, que cuentan con una financiación total de USD 77,78 millones: el Programa de Gestión de los Recursos Pesqueros y el Proyecto Nacional de Agricultura. El Proyecto Nacional de Agricultura es el primer proyecto de ámbito nacional que recibe apoyo del FIDA y ha dejado valiosas enseñanzas.

¹³ Proyecto de política nacional de costas, proyecto de plan de acción nacional para la conservación de las tortugas marinas, proyecto de plan de gestión integrada de las zonas costeras y el Plan de Desarrollo Estratégico (2016-2020).

18. **Principales enseñanzas extraídas.** Las principales enseñanzas extraídas de la experiencia del FIDA en Eritrea son las siguientes:
- i) La confianza entre el FIDA y el Gobierno, en particular durante el período de aislamiento de Eritrea, permitió que las intervenciones del FIDA en el sector agrícola incidieran en el conjunto del sector. Los limitados recursos que aportó el FIDA se han aprovechado al máximo para poder abordar los diferentes problemas del sector.
 - ii) Muchos problemas de aplicación en las *zobas* (regiones) obedecen a las diferencias de capacidad que hay entre ellas. Antes del Proyecto Nacional de Agricultura, las intervenciones del FIDA en el país se centraban principalmente en las *zobas de Gash-Barja* y *Dehub*, por lo que en general estas han obtenido mejores resultados que el resto. Hacer que diversas estructuras gubernamentales existentes asuman funciones de ejecución de proyectos promueve la sostenibilidad.
 - iii) La gestión de las cuencas hidrográficas, combinada con el desarrollo del riego, es una solución sostenible para aumentar la producción y la productividad de los pequeños agricultores situados en tierras áridas y semiáridas. Las represas de control construidas en el marco del Proyecto Nacional de Agricultura en la llanura de Tselma (en la *zoba* de *Dehub*) permiten que se hagan dos o tres campañas agrícolas por año, con lo que el número de hogares productores ha aumentado de 300 a 800.
 - iv) La falta de energía, sobre todo de la electricidad, afecta negativamente a los componentes de los proyectos relacionados con la infraestructura, lo que se traduce en bajos desembolsos. Por eso la aplicación de los proyectos requiere cierta flexibilidad.
 - v) La limitada disponibilidad de recursos de los fondos rotatorios para la distribución de insumos condiciona el crecimiento de la producción en los diferentes subsectores (agricultura, pesca). En aras de una mayor eficacia y sostenibilidad, debe mejorarse el acceso a servicios de financiación rural apropiados.
 - vi) El desarrollo de las cadenas de valor ocupa un lugar central en el enfoque del Ministerio de Agricultura en el marco de la Estrategia para Pequeños y Medianos Productores Rurales, pero la experiencia de otros países (Kenya, Malawi, República Unida de Tanzania) indica que primero hay que reforzar los mecanismos que propician el buen funcionamiento de las relaciones entre los distintos actores de la cadena de valor. Además, el uso insuficiente de los instrumentos de la agroindustria obstaculiza la eficiencia de la asignación presupuestaria y la sostenibilidad de las intervenciones¹⁴
 - vii) El empoderamiento de la mujer es fundamental para conseguir los objetivos de seguridad alimentaria y nutricional de los hogares, pero las medidas deben tener en cuenta las tradiciones sociales y culturales a fin de fomentar rápidamente la participación económica de la mujer. La ganadería en pequeña escala ha sido muy eficaz para la rehabilitación de hogares indigentes, monoparentales y encabezados por mujeres¹⁵.
 - viii) Debido a considerables limitaciones de capacidad técnica en el país, la elaboración de las especificaciones técnicas sigue siendo la principal causa de las demoras en la aplicación, en particular en lo que respecta a las obras de infraestructura y la adquisición de equipos y bienes importados. La matriz de riesgo de las adquisiciones y la contratación pone de relieve deficiencias en numerosos ámbitos, entre ellos la ineficacia del marco

¹⁴ Informe de supervisión del Proyecto Nacional de Agricultura (agosto de 2019).

¹⁵ Examen de mitad de período del Proyecto Nacional de Agricultura (noviembre de 2016).

jurídico y normativo, problemas con la documentación de las licitaciones públicas y la falta de acceso a la información sobre las adquisiciones y contrataciones públicas. La utilización de contratos marco y la asistencia técnica podrían ser eficaces para agilizar los procesos de adquisiciones y contratación.

- ix) La gestión financiera¹⁶ es ineficiente debido al carácter semimanual de los sistemas de presentación de informes, la precariedad de la infraestructura de comunicaciones (en particular la escasa cobertura de Internet) y la falta de capacidad de los contadores profesionales. De momento no se prevé la implantación de sistemas nacionales para la presentación de informes financieros, ya que los sistemas existentes no cumplen los requisitos del FIDA. Los mecanismos vigentes de auditoría internos y externos deben ser reforzados.
- x) La falta de datos de seguimiento dificulta la tarea de medir el impacto y la rentabilidad de los proyectos y de formular políticas con base empírica. La mayor parte de los datos recabados son sobre los productos o los insumos. El proceso de SyE requiere atención para que haya estudios de referencia disponibles, se documenten y difundan debidamente los logros y se extraigan enseñanzas para el diseño y la ejecución de proyectos. En el marco del Proyecto Nacional de Agricultura, el FIDA ya ha movilizado asistencia técnica para mejorar el SyE.

IV. Estrategia en el país

A. Ventaja comparativa

- 19. El FIDA uno de los principales asociados internacionales para el desarrollo que ha permanecido activo en el sector agrícola de Eritrea desde 2006. Ello le ha otorgado credibilidad ante el Gobierno para abordar los desafíos del sector agrícola en su conjunto y realizar intervenciones piloto en el sector de la pesca. Conforme a las nuevas prioridades definidas en la Estrategia para Pequeños y Medianos Productores Rurales, el FIDA colaborará con el Gobierno con una visión a largo plazo para encauzar progresivamente la agricultura y la economía azul (pesca) en una dinámica más comercial, resiliente y sostenible.
- 20. El objetivo general del FIDA será seguir sentando **las bases** para una agricultura y pesca sostenibles, productivas y orientadas al mercado, sobre todo fomentando la resiliencia y mejorando los medios de vida y la seguridad alimentaria en las zonas rurales. Esto se logrará mediante un enfoque programático centrado en la promoción de la adaptación al cambio climático y la gestión de los recursos naturales; el fortalecimiento de las capacidades individual e institucional; el aumento de la productividad y la creación de valor, y la creación de oportunidades alternativas de sustento no agrícola. Se prestará la debida atención a los enfoques participativos, la seguridad alimentaria y nutricional y el empoderamiento social y económico de las mujeres y los jóvenes.

B. Grupo objetivo y estrategia de focalización

- 21. **Grupo objetivo.** Se prevé que las intervenciones en el marco del presente COSOP beneficien directamente a 90 000 hogares (unas 450 000 personas). Los hogares encabezados por mujeres constituirán más del 40 % de estos hogares, y entre los beneficiarios habrá por lo menos un 50 % de mujeres y un 30 % de jóvenes adultos.
- 22. **Estrategia de focalización.** El programa del FIDA abarcará las seis *zobas* del país¹⁷. Dada la asignación de recursos basada en los resultados de la FIDA11 para Eritrea, se ejecutará aproximadamente en la mitad de las *subzobas*. Los lugares

¹⁶ Más información al respecto en el apéndice.

¹⁷ Eritrea se subdivide en *zobas* (regiones), *subzobas* y *kebabis* (conjuntos de aldeas).

de intervención se seleccionarán en función de los datos sobre la seguridad alimentaria y nutricional y la pobreza, la idoneidad agroecológica y la evaluación de los mercados.

23. Se procurará especialmente beneficiar a los jóvenes y a las mujeres mediante una combinación de medidas de autofocalización, orientación directa y empoderamiento, y obtener resultados en materia de nutrición. El COSOP priorizará las oportunidades de medios de vida basados en la producción para los hogares rurales de los sectores de la agricultura y la pesca. Se adoptarán enfoques específicos para atender las necesidades de las mujeres, los jóvenes (incluidos los soldados desmovilizados) y los miembros más pobres de las comunidades con acceso limitado a la tierra, que se beneficiarán de fuentes de ingreso alternativas, como el Conjunto Mínimo Integrado de Medidas para la Agricultura Familiar, el desarrollo de microempresas y el empleo estacional, a fin de garantizar su seguridad alimentaria y nutricional.
24. Con el COSOP se promoverá el desarrollo social, reforzando las organizaciones comunitarias con incentivos para la inclusión de las personas pobres mediante actividades de autofocalización.

C. Meta general y objetivos estratégicos

25. La **teoría del cambio** se centra en ampliar los objetivos centrales del FIDA en el sector de la agricultura y en la economía azul mediante: i) el establecimiento de la base de recursos para fomentar la agricultura y la pesca por medio de la gestión del agua y los suelos y el desarrollo del riego; ii) la estructuración y el fortalecimiento de las organizaciones de productores rurales; iii) la mejora de los sistemas de producción y suministro de insumos nacionales; iv) el aumento del acceso a factores de adición de valor y la intensificación de los mismos; v) el fomento de la capacidad institucional, y vi) el fortalecimiento de la gestión de los ecosistemas acuáticos.
26. La **meta general** del COSOP será contribuir a mejorar la seguridad alimentaria y nutricional de los agricultores y los pescadores en pequeña escala mediante intervenciones destinadas a fomentar su resiliencia. Mediante el COSOP también se contribuirá al logro de los Objetivos de Desarrollo Sostenible (ODS) 1, 2, 5, 13, 14 y 15.
27. Los **objetivos estratégicos** del COSOP se ajustan al Marco Estratégico del FIDA (2016-2025) y a la Política y Estrategia Nacional de Desarrollo Agrícola, el Plan Estratégico de Desarrollo Agrícola, y el Conjunto Mínimo Integrado de Medidas para la Agricultura Familiar, y contribuirá a sentar las bases para la Estrategia para Pequeños y Medianos Productores Rurales.
 - **Objetivo estratégico 1. Aumentar la resiliencia y la adaptación al cambio climático mediante la gestión y el uso sostenibles de los recursos naturales (terrestres e hídricos).** Este objetivo estratégico contribuirá a preservar la integridad ecológica y el capital natural para la producción mediante modelos de gestión y conservación de la tierra, el suelo y el agua destinados a combatir la escasez hídrica y la degradación de la tierra. Concretamente, se buscará aplicar un enfoque integrado de gestión de las cuencas hidrográficas para fundamentar las intervenciones agrícolas; generar recursos naturales estratégicos para hacer frente a la erosión del suelo y la degradación de las tierras (incluidas las de pastoreo), y promover la energía renovable y la conservación de los ecosistemas marinos costeros para mejorar los medios de vida de las comunidades pesqueras. Se fomentarán oportunidades de sustento para las mujeres y los jóvenes mediante la prestación de servicios en las intervenciones de preservación de los ecosistemas. Se prevé que el objetivo estratégico 1 contribuya a lograr los siguientes efectos directos, a saber: i) la adopción de mejores tecnologías apropiadas y climáticamente inteligentes, y ii) la incorporación sistemática de la sostenibilidad en la gestión de los recursos naturales.

- **Objetivo estratégico 2. Mejorar el acceso a tecnologías, infraestructura y servicios apropiados para aumentar la productividad y la sostenibilidad de los sistemas agrícolas y pesqueros en pequeña escala.** Este objetivo estratégico se centrará en mejorar los sistemas de producción para atender las necesidades alimentarias y nutricionales de los hogares y en fomentar medios de vida rurales sostenibles al tiempo que se incorpora capacidad de respuesta al mercado progresivamente en los sistemas de producción. Se promoverá el acceso a insumos, tecnologías e infraestructura y servicios de asesoramiento productivos y climáticamente inteligentes. Un instrumento clave a tales efectos será el desarrollo de sistemas locales de insumos, infraestructura hídrica (presas, riego) e instalaciones de poscosecha para fomentar medios de vida sostenibles dentro y fuera de las explotaciones agrícolas. Se prevé que con el objetivo estratégico 2 se contribuya a lograr los siguientes efectos directos, a saber: i) el aumento de la producción y la productividad (cereales, hortalizas, pequeños rumiantes, leche, aves de corral, pescado); ii) el desarrollo de infraestructura rural y sistemas de riego eficientes, y iii) la adopción de tecnologías que tengan en cuenta la nutrición.
 - **Objetivo estratégico 3. Desarrollar la capacidad institucional, comunitaria e individual para mejorar la seguridad alimentaria y nutricional y la sostenibilidad de los medios de vida.** Este objetivo estratégico será transversal, ya que abordará las deficiencias de capacidad previstas en los objetivos estratégicos 1 y 2, y se basará en evaluaciones de las necesidades en materia de capacidad. En términos generales, se buscará desarrollar la capacidad técnica y administrativa de los ministerios responsables de la ejecución, los proveedores de servicios y las organizaciones no gubernamentales nacionales, así como de grupos de agricultores y comunitarios, individuos y hogares. Las intervenciones incluirán los temas de incorporación sistemática y se integrarán progresivamente enfoques orientados al mercado en la toma de decisiones. Se prevé que con el objetivo estratégico 3 se contribuya a lograr los siguientes efectos directos, a saber: i) el fortalecimiento de la capacidad de las instituciones públicas y otros proveedores de servicios, y ii) el aumento de la participación estructurada de la comunidad en la toma de decisiones y el desarrollo local.
28. **Se incorporarán sistemáticamente cuatro temas** en el programa del FIDA para el país:
- La seguridad alimentaria y nutricional, en particular para las mujeres y los niños. Se hará hincapié en: i) la agricultura, la horticultura y la acuicultura que tienen en cuenta la nutrición, y en particular en la distribución de variedades nutritivas y tolerantes a la sequía; ii) las campañas de sensibilización sobre la importancia de los alimentos nutritivos (verduras, legumbres, frutas, aves de corral, productos lácteos y pescado); iii) la promoción de buenas prácticas en la manipulación y el almacenamiento poscosecha, las normas de inocuidad alimentaria y la preparación de alimentos; iv) el acceso al agua potable, y v) la actualización de los protocolos de certificación e inocuidad de los alimentos.
 - Igualdad de género y empoderamiento de la mujer. Las mujeres podrán i) recibir apoyo de expertos en agricultura de regadío, en particular en la producción de cultivos de alto valor; ii) recibir apoyo en el desarrollo de microempresas (ganaderas en pequeña escala, de prestación de servicios); iii) aumentar su representación en cooperativas y en funciones de liderazgo; iv) obtener acceso a financiación, y v) obtener acceso a capacitación sobre la incorporación de la dimensión nutricional en la agricultura y el sistema educativo (escuelas de campo para mujeres). Además, el enfoque de género se fundará en: i) un sistema de cupos, de ser necesario, para garantizar que las mujeres constituyan por lo menos el 50 % de los beneficiarios de las

actividades; ii) el seguimiento de la participación de las mujeres, y iii) la capacitación sobre cuestiones de género para sensibilizar a los responsables de la ejecución de los programas. El índice de empoderamiento de la mujer en la agricultura se utilizará a modo de marco.

- Empleo juvenil. Los jóvenes de 18 a 35 años de edad, en particular los soldados desmovilizados, se beneficiarán sistemáticamente de oportunidades, entre ellas: i) programas de riego y actividades en las fases iniciales y finales de la cadena de valor, y ii) la promoción de pymes y cooperativas. Los jóvenes tendrán prioridad para recibir formación (técnica, de competencias para la vida, sobre prestación de servicios y sobre desarrollo de microempresas) y se les dará acceso a tecnologías apropiadas y activos productivos (ganado menor) en el marco del Conjunto Mínimo Integrado de Medidas para la Agricultura Familiar.
- Cambio climático. Se intensificarán las inversiones para la adaptación al cambio climático y la mitigación de sus efectos, así como para evitar o revertir la degradación ambiental. Se promoverá una serie de tecnologías climáticamente inteligentes, entre ellas: i) la captación de agua de lluvia; ii) variedades de cultivos de maduración temprana tolerantes a la sequía; iii) especies de forraje de agroforestería y forrajeras tolerantes a la sequía; iv) la gestión y conservación de las cuencas hidrográficas; v) la forestación; vi) la rehabilitación y conservación de los manglares, y vii) la energía solar y otras fuentes de energía renovable, y estrategias de ahorro energético.

D. Gama de intervenciones del FIDA

Logro de los objetivos estratégicos

29. **Enfoque estratégico.** Dada la necesidad de evaluar exhaustivamente la evolución de los efectos del restablecimiento de la paz en el sector del desarrollo rural, el FIDA seguirá continuamente la situación durante las misiones destinadas a prestar apoyo en materia de diseño, supervisión y ejecución. Esto ayudará a determinar si el contexto propicia la profundización del enfoque orientado al mercado en la cartera del FIDA. El examen de mitad de período del COSOP, en 2023, será fundamental para examinar en su caso los objetivos estratégicos.
30. **Préstamos y donaciones.** La cartera del presente COSOP (véase el cuadro 1) incluirá dos proyectos en curso (el Proyecto Nacional de Agricultura y el Programa de Gestión de los Recursos Pesqueros) y una nueva inversión en el marco de la FIDA11, a saber, el Programa Integrado de Desarrollo Agrícola. El Programa Integrado de Desarrollo Agrícola, que aprovechará la experiencia del Proyecto Nacional de Agricultura, representa una consolidación de la ventaja comparativa del FIDA en la gestión de cuencas hidrográficas, el desarrollo del riego y la producción agropecuaria, e integrará los temas de incorporación sistemática del FIDA. Asimismo, se espera que el programa sienta las bases para la ulterior colaboración del FIDA con el Gobierno en el enfoque impulsado por el mercado establecido en la Estrategia para Pequeños y Medianos Productores Rurales. En el examen de mitad de período del COSOP se podría considerar la posibilidad de una nueva inversión, supeditada a la asignación de recursos basada en los resultados del país en el marco de la FIDA12.
31. En cuanto a las dificultades para llevar la cartera, el tercer objetivo estratégico prevé específicamente el fomento de las capacidades técnica y administrativa de las diversas instituciones que participan en la ejecución. Se incorporará un programa informático de gestión integrada de proyectos para reforzar la gestión financiera y las actividades de SyE. Los proyectos mantendrán una estructura sencilla, incluirán disposiciones relativas al apoyo continuo para la ejecución (gestión financiera, adquisiciones y contratación, SyE) y se ajustarán plenamente al Manual sobre la adquisición de bienes y la contratación de obras y servicios del FIDA. En el examen de mitad de período del Programa de Gestión de los Recursos

Pesqueros se considerará la posibilidad de reestructurar el programa para armonizarlo con el enfoque del presente COSOP en cuanto a los temas de incorporación sistemática.

Cuadro 1

Orden secuencial de proyectos y programas en curso y futuros de la cartera del FIDA

	FIDA8			FIDA9			FIDA10			FIDA11			FIDA12			FIDA13		
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
Proyecto Nacional de Agricultura USD 40 millones																		
Programa de Gestión de los Recursos Pesqueros USD 37.7 millones																		
Programa Integrado de Desarrollo Agrícola USD 45 millones (fase de diseño)																		
Nueva inversión (FIDA12)																		

32. Se movilizarán varias donaciones regionales mediante el Consorcio de Centros Internacionales de Investigación Agrícola (CGIAR) para complementar la cartera de inversiones, que, en particular, procederán de: i) WorldFish, para proyectos piloto de maricultura y acuicultura continental climáticamente inteligentes; ii) un programa especial de la Unión Europea y el FIDA para el Cuerno de África (Djibouti, Eritrea, Somalia y Sudán del Sur), cuya ejecución correrá por cuenta del Centro Internacional de Agricultura Biosalina, y iii) el Centro Internacional de Investigación Agrícola en las Zonas Secas (ICARDA). Asimismo, se reforzarán las capacidades de ejecución mediante el Programa de Seguimiento y Evaluación Rurales (PRiME) y el proyecto RESOLVE (enfoque de gestión basada en los resultados para la transformación rural), que deben presentarse a la Junta Ejecutiva del FIDA, y un proyecto relativo al desarrollo de la capacidad para mejorar el proceso de adquisiciones y contratación en el ámbito de los proyectos (que debe presentarse a la Junta Ejecutiva del FIDA). El FIDA también procurará movilizar financiación adicional para aumentar la resiliencia de los pequeños agricultores en el marco del próximo Programa de Adaptación para la Agricultura en Pequeña Escala ASAP+.
33. **Actuación en el ámbito de las políticas a nivel nacional.** El diálogo del FIDA con el Gobierno se centrará en el fortalecimiento de las condiciones necesarias para aumentar la capacidad de absorción de los fondos de inversión y sentar las bases para una producción orientada al mercado y climáticamente inteligente. En concreto, el diálogo con el Ministerio de Agricultura se centrará en la sostenibilidad del Conjunto Mínimo Integrado de Medidas de Agricultura Familiar como un posible vehículo para impulsar el programa de comercialización de la agricultura en el futuro. Con el Ministerio de Recursos Marinos, el compromiso del FIDA pasará por integrar la planificación empresarial como un paso importante para la determinación de las intervenciones de inversión. Se mantendrá asimismo un diálogo permanente sobre el fortalecimiento del marco de gestión ambiental y social previsto en los Procedimientos del FIDA para la Evaluación Social, Ambiental y Climática (PESAC).
34. El FIDA seguirá participando activamente en el Grupo de Trabajo sobre Agricultura, Seguridad Alimentaria, Medio Ambiente y Cambio Climático, en el que el Gobierno y sus asociados para el desarrollo examinan las estrategias y programas sectoriales e intersectoriales y los progresos en su aplicación. También colaborará con el Grupo de Trabajo sobre Estadísticas del Foro de Asociados para

el Desarrollo de Eritrea y la Organización de las Naciones Unidas para la Alimentación y la Agricultura (FAO) en la implementación del censo agrícola nacional para subsanar deficiencias en materia de SyE.

35. Las actividades de **desarrollo de la capacidad** se fundarán en diagnósticos realizados a nivel nacional, de las *zobas* y las *subzobas*, y tendrán por objeto mejorar la capacidad en materia de conocimientos técnicos, gestión de proyectos, SyE, adquisiciones y contratación, y gestión financiera. La estrategia, desarrollada con arreglo al tercer objetivo estratégico, incluirá además cursos de capacitación cortos y largos (maestrías y doctorados) para personal joven de esferas técnicas (investigación) y operacionales con el fin de canalizar los recursos humanos, junto con escuelas de campo para campesinos. La aportación de los institutos regionales del CGIAR, la FAO y el Fondo Africano de Creación de Capacidad, entre otros, será clave para el desarrollo de la capacidad. El programa del país se beneficiará también de los conocimientos extraídos de la colaboración en curso entre el FIDA e Islandia, particularmente sobre la economía azul.
36. **Gestión de los conocimientos.** En 2020 se elaborará una estrategia de gestión de los conocimientos que incluirá: i) la detección de falta de conocimientos y la priorización de los productos del conocimiento; ii) la difusión de experiencias y buenas prácticas mediante los instrumentos de comunicación disponibles (el boletín del Ministerio de Agricultura, folletos, sitios web, programas de radio, escuelas de campo y de negocios agrícolas); iii) la reunión de datos, y iv) las evaluaciones de las necesidades de capacidad. Podrían desarrollarse, por ejemplo, modelos de producción agrícola con un enfoque de mercado aplicables al contexto local, formas sostenibles de conservación del agua, tecnologías avanzadas de riego, fondos rotatorios sostenibles y eficientes y energías renovables.
37. La **cooperación Sur-Sur y la cooperación triangular** se consolidarán y se vincularán estrechamente con los objetivos de innovación, el desarrollo de la capacidad y la ampliación de escala. El centro del FIDA de cooperación Sur-Sur y cooperación triangular y gestión de los conocimientos en África, establecido en Addis Abeba, y los centros y plataformas internacionales de investigación, como el Instituto Internacional de Investigación de Cultivos para las Zonas Tropicales Semiáridas (ICRISAT), el ICARDA, la FAO, WorldFish y la Asociación para el Fortalecimiento de las Investigaciones Agrícolas en África Oriental y Central (ASARECA), participarán en la promoción de la transferencia de conocimientos y experiencias. Entre los posibles asociados para la cooperación bilateral se cuentan China, Egipto, Etiopía, Kenya, Rwanda, Sudáfrica y Viet Nam. Como parte de la cooperación Sur-Sur y la cooperación triangular se explorarán vínculos comerciales para bienes y servicios, especialmente insumos agrícolas como semillas, pescado y productos de origen animal. El mecanismo de cooperación Sur-Sur y cooperación triangular entre China y el FIDA será un posible instrumento.
38. **Comunicación y visibilidad.** Se adoptará una estrategia de comunicación para facilitar la difusión de conocimientos e información, en particular de las enseñanzas extraídas y buenas prácticas relacionadas con las principales esferas temáticas del presente COSOP. Esta se fundará principalmente en el desarrollo y el mantenimiento de sistemas de gestión de la información.

V. Innovaciones y ampliación de escala para el logro de resultados sostenibles

39. **Innovaciones.** Las esferas prioritarias de innovación serán, entre otras: las tecnologías avanzadas de riego; el desarrollo de cooperativas y los vínculos comerciales; las energías renovables; la mejora de la nutrición; la prestación de servicios financieros para la agroindustria, y las tecnologías de acuicultura y maricultura. La promoción y ampliación de escala de las innovaciones requerirá la colaboración de organismos nacionales competentes (como el Instituto Nacional de

Investigación Agrícola), centros de investigación internacionales (como el ICRISAT, el ICARDA, el Centro Internacional de Agricultura Tropical (CIAT), el Instituto Internacional de Investigación en Ganadería, WorldFish, la FAO) y otros asociados para el desarrollo.

40. **Ampliación de escala.** Con el COSOP se propagará una serie de buenas prácticas seleccionadas mediante la gestión de los conocimientos a nivel nacional y regional. Se priorizarán las esferas siguientes: i) el uso eficiente del agua de riego; ii) la sostenibilidad de la gestión de la tierra y los recursos hídricos, la agricultura de conservación y la fertilidad del suelo; iii) el uso del Conjunto Mínimo Integrado de Medidas para la Agricultura Familiar para abordar las prioridades de incorporación sistemática de la FIDA11, y iv) la inocuidad alimentaria en el sector de la pesca y el financiamiento de la expansión de la capacidad de la flota pesquera nacional.

VI. Ejecución del COSOP

A. Recursos financieros y metas de cofinanciación

41. El COSOP 2020-2025 abarcará dos ciclos de financiación del FIDA e incluirá USD 37 millones en la FIDA11. De esa cantidad, y conforme al Marco de Sostenibilidad de la Deuda del FIDA (MSD), Eritrea reúne los requisitos para recibir el 80 % de los fondos en forma de donaciones y el 20 % en forma de préstamos en condiciones muy favorables. El Gobierno está de acuerdo con estas condiciones y se compromete a utilizar la totalidad de la asignación. Las asignaciones y las condiciones de préstamo aplicables para la FIDA12 (2022-2024) aún no han sido confirmadas, ya que el diálogo con los Estados Miembros del FIDA sobre la política relativa al MSD sigue en curso.

Cuadro 2

Financiación del FIDA y cofinanciación para los proyectos en curso y previstos
(en millones de dólares de los Estados Unidos)

Proyecto	Financiación del FIDA	Cofinanciación		Coeficiente de cofinanciación
		Nacional	Internacional	
En curso				
Programa de Gestión de los Recursos Pesqueros	15	Gobierno: 1,42 Beneficiarios: 1,35	Fondo para el Medio Ambiente Mundial: 7,89 Alemania: 11,55 FAO: 0,50	1:1,51
Proyecto Nacional de Agricultura	26,61	Gobierno: 5,4 Beneficiarios: 3,7		1:0,3
Previstos				
Programa Integrado de Desarrollo Agrícola	37	Gobierno: 7,0 Beneficiarios: 6,0		1:0,3
Total				1:0,6

42. Eritrea se ubica en la categoría "roja" de acuerdo con la clasificación del MSD. La misión que el Fondo Monetario Internacional realizó a Eritrea con arreglo al artículo IV de sus estatutos en mayo de 2019, después de una interrupción de 10 años, constituye un paso positivo en la normalización de las relaciones internacionales. En el marco de la FIDA11, los requisitos de Eritrea para acceder a la financiación son los previstos en el MSD del FIDA.

B. Recursos destinados a actividades no crediticias

43. Los recursos no crediticios destinados a esferas temáticas técnicas provendrán de donaciones a nivel **regional**, cuyo concepto incluye una dotación combinada de USD 3,5 millones para Eritrea y otros países. Eritrea también se beneficiará de una dotación de donaciones a nivel **mundial** (USD 5,5 millones), que se utilizará para crear capacidad en materia de adquisiciones y gestión (RESOLVE). Se movilizará asistencia técnica adicional para el sector pesquero a través de los fondos

suplementarios aportados por Alemania para el Programa de Gestión de los Recursos Pesqueros (EUR 700 000). Además, se elaborarán propuestas para el mecanismo de cooperación Sur-Sur y cooperación triangular entre China y el FIDA.

C. Principales asociaciones estratégicas y coordinación del desarrollo

44. Los principales asociados del FIDA en el país son el Ministerio de Finanzas y los dos órganos responsables de la ejecución de los proyectos: el Ministerio de Agricultura y el Ministerio de Recursos Marinos. Otros asociados fundamentales son el Ministerio de Tierras, Agua y Medio Ambiente, la Asociación Nacional de Mujeres Eritreas y la Unión Nacional de Jóvenes y Estudiantes Eritreos.
45. Se reforzarán las colaboraciones destinadas a apoyar los sectores de la agricultura y la pesca, en particular con el apoyo de la Unión Europea, el sistema de las Naciones Unidas, en concreto los organismos con sede en Roma (OSR) (la FAO y el Programa Mundial de Alimentos (PMA)). Alemania seguirá siendo fundamental para la cofinanciación del Programa de Gestión de los Recursos Pesqueros. Se estudiará la posibilidad de colaborar con el Banco Mundial, el PMA y la Agencia Italiana de Cooperación para el Desarrollo, que están renovando su compromiso con el Gobierno.
46. Una posible esfera de colaboración con otros OSR es la elaboración en el futuro cercano de una estrategia de resiliencia para Eritrea por la FAO y el PMA en asociación con el Gobierno.

D. Participación de los beneficiarios y transparencia

47. **Participación de los beneficiarios.** Todas las inversiones se ajustarán al marco del FIDA para recabar las opiniones y observaciones de las partes interesadas sobre cuestiones operacionales. Las inversiones promoverán entornos institucionales propicios y asociaciones que permitan mejorar la transparencia y la rendición de cuentas, fomentando la participación de los grupos objetivo del FIDA en todos los procesos de gestión de los programas en los países y la integración de las opiniones y observaciones en los sistemas de seguimiento y evaluación.
48. **Transparencia.** Se pondrán en práctica medidas para incrementar la transparencia y la visibilidad de las intervenciones del FIDA y de sus resultados (como la publicación de informes de supervisión y resultados financieros, la aplicación de procesos de adquisiciones y contrataciones justos y transparentes, y la publicación de evaluaciones participativas).

E. Disposiciones para la gestión del programa

49. El centro subregional del FIDA en Addis Abeba, por conducto de la Directora en el País y con el apoyo de los equipos técnicos del centro del FIDA en Nairobi y de la Sede, ayudará al Gobierno y a las unidades nacionales de coordinación de los proyectos a ejecutar el programa. Se prestará apoyo colectivo para la aplicación de las prioridades institucionales y los temas de incorporación sistemática del FIDA. Se prevé una fuerte actuación del equipo de investigación agronómica para el desarrollo del FIDA, dada la posible colaboración con las instituciones del CGIAR.
50. La gestión de los dos proyectos en curso está plenamente integrada en los sistemas de los distintos niveles del Gobierno, lo que asegura un sentido de apropiación. Un estrecho seguimiento y la realización de misiones periódicas conjuntas del FIDA y el Gobierno para prestar apoyo en materia de ejecución permitirán evaluar los resultados de los responsables de la ejecución de los proyectos con respecto a la planificación de actividades, las adquisiciones y la contratación, el seguimiento y la presentación de informes, y la gestión de contratos.

F. Seguimiento y evaluación

51. El marco de resultados del COSOP (véase el apéndice I) contiene indicadores de efectos directos mensurables, armonizados con los ODS, el Plan Indicativo de Desarrollo Nacional y la Estrategia para Pequeños y Medianos Productores Rurales. Los proyectos de la cartera generarán los datos necesarios para medir los indicadores de los efectos directos del COSOP. También se utilizará la información recopilada por otros organismos de las Naciones Unidas. Asimismo, las evaluaciones anuales de los resultados tendrán en cuenta en la medida de lo posible los requisitos de información del ciclo del COSOP. Los datos se desglosarán por sexo y por edad. En sus reuniones anuales, el equipo responsable de la ejecución en el país examinará los progresos realizados en la aplicación del COSOP, identificará las enseñanzas extraídas y propondrá recomendaciones. A mitad de período, en 2023, el FIDA y el Gobierno examinarán el rendimiento del COSOP y harán los ajustes necesarios. En 2025 se llevará a cabo un examen final del COSOP.

VII. Gestión de los riesgos

Cuadro 3
Riesgos y medidas de mitigación

<i>Riesgos</i>	<i>Calificación del riesgo</i>	<i>Medidas de mitigación</i>
Políticas y gobernanza	Alto	Los proyectos se incorporarán a las estructuras gubernamentales nacionales y regionales (<i>zobas</i>). El anclaje institucional del proyecto y la ejecución no cambiarán sustancialmente, ya que el alcance de los proveedores de servicios privados es muy limitado. Para fomentar el sentido de apropiación local, es preciso empoderar a las cooperativas reforzando la capacidad de planificación empresarial y promoviendo un fuerte sentido de apropiación de los miembros.
Macroeconómicos	Alto	En vista de la preocupación que suscita la competitividad internacional, conviene centrar los esfuerzos en la mejora de la seguridad alimentaria y nutricional del país, la innovación y la incorporación de nuevas tecnologías para aumentar la productividad, la oferta de los mercados internos y la sustitución gradual de las importaciones.
Estrategias y políticas sectoriales	Alto	Colaboración con asociados técnicos y financieros en el desarrollo de la cadena de valor; análisis de la sostenibilidad económica y financiera en el diseño de las inversiones; vínculos con el sector de servicios financieros rurales existentes; contribución a la configuración de políticas en los sectores relacionados con el medio rural.
Capacidad institucional	Medio alto	Prestación de asistencia técnica especializada internacional y nacional; desarrollo de la capacidad institucional en todos los niveles; capacitación del personal joven.
Cartera	Alto	Asistencia técnica; desarrollo de la capacidad continua del personal del Ministerio de Agricultura y el Ministerio de Recursos Marinos a nivel nacional y en las <i>zobas</i> en materia de adquisiciones y contratación, programación, salvaguardias y SyE.
Fiduciarios: gestión financiera	Alto	Fortalecimiento de la presentación de informes financieros, la infraestructura de las comunicaciones y los mecanismos de supervisión durante el período del COSOP, y prestación de apoyo en materia de aplicación.
Fiduciarios: adquisiciones y contratación**	Alto	En ausencia de sistemas nacionales, aplicar las Directrices del FIDA para la Adquisición de Bienes y la Contratación de Obras y Servicios en el ámbito de los Proyectos, el Manual sobre la adquisición de bienes y la contratación de obras y servicios, y los documentos de licitación normalizados del FIDA. Realizar más misiones periódicas de apoyo a la ejecución, impartiendo capacitación específica sobre cómo preparar los documentos de licitación con arreglo a los requisitos del FIDA.
Medio ambiente y clima	Alto	Realizar intervenciones climáticamente inteligentes e integrar la adaptación al clima en los proyectos de inversión de manera sistemática.
Sociales	Medio	Reforzar el apoyo específico destinado a las personas vulnerables, en particular las mujeres y los jóvenes.
Otros riesgos específicos del COSOP	n. a.	

<i>Riesgos</i>	<i>Calificación del riesgo</i>	<i>Medidas de mitigación</i>
Generales	Alto	

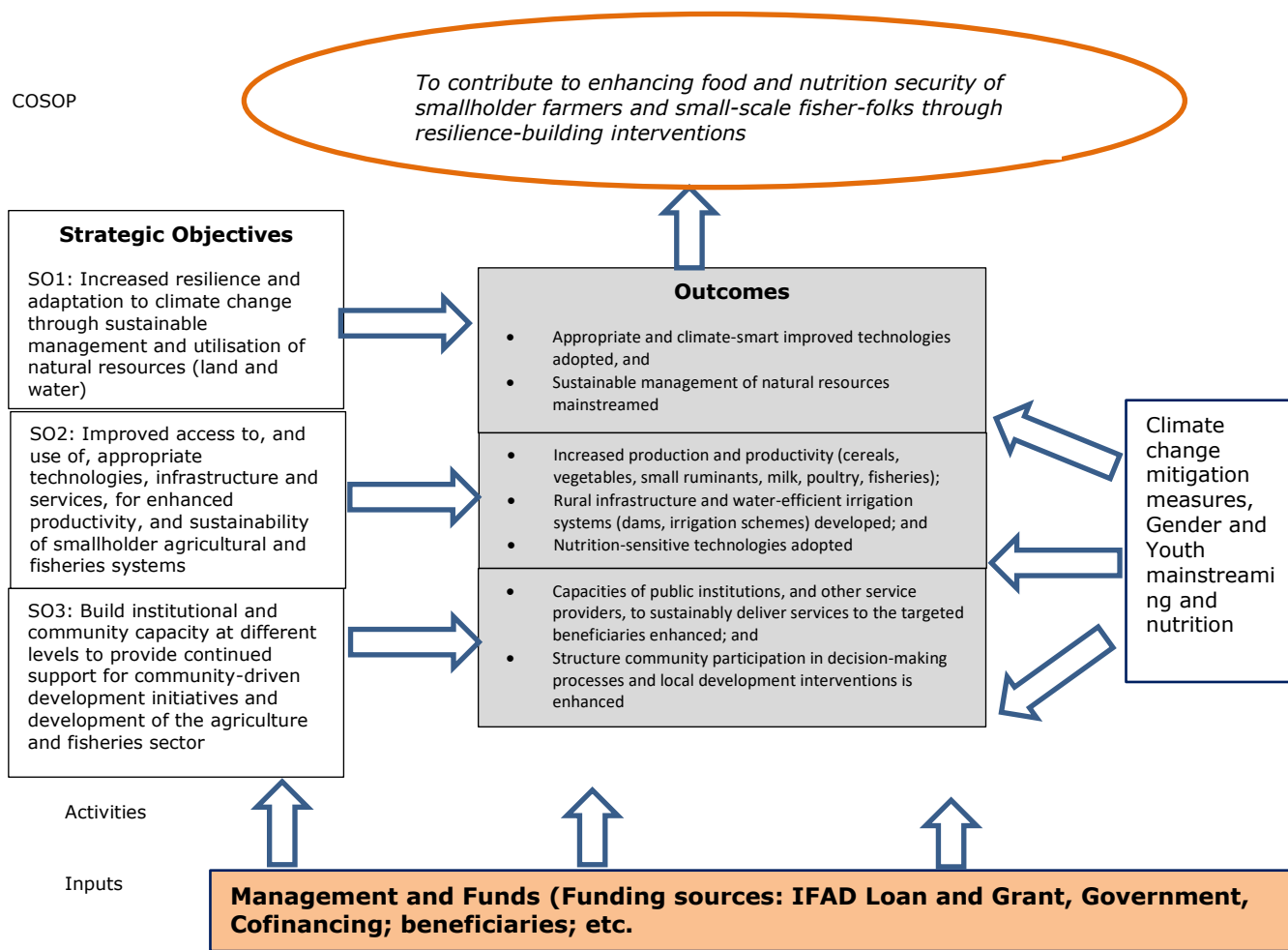
Appendix I: COSOP results management framework

Country strategy alignment	Related SDG and UNDAF outcomes	Key COSOP results			
		COSOP Strategic objectives	Lending and non-lending activities for the COSOP period	Outcome indicators	Milestone indicators
<p>National Indicative Development Plan: Inclusive growth, food security, and sustainable livelihoods</p> <p>Eritrea National Agriculture Development Policy and Strategy (2019)</p> <p>5-year Strategic Agriculture Development Plan (2019-2023)</p> <p>Marine Resources Draft Strategic Development Plan (2016-2020).</p>	<p>SDG 1, 2, 5 UNSPCF 4, 5, 6, 7</p>	<p>Overall objective: contribute to enhancing food and nutrition security of smallholder farmers and small-scale fisher-folks through resilience-building interventions.</p>		<ul style="list-style-type: none"> • 90,000 Rural households reached, of which at least 50% are women and 30% youth • 30% increase in annual net income of crop and livestock farmers, and from fishing and aquaculture • -3% reduction in prevalence of rural chronic malnutrition <p><u>UNSPCF Indicators</u></p> <ul style="list-style-type: none"> • Four (4). Environmental and natural resources management is gender responsive and sustainable, negating the impacts of ecosystem degradation, climate change, and strengthening community resilience to disaster • Five (5). The population, including vulnerable groups, benefits from evidence-based planning and policy; accountable public institutions and systems that ensure human rights and equitable public service delivery. • Six (6). Smallholder households have improved access to, and utilization of quality food and enhanced livelihood opportunities. • Seven (7). Women, men, children and youth, including vulnerable groups and refugees, have improved gender equitable opportunities to participate in economic, political, cultural and social development. 	

Country strategy alignment	Related SDG and UNDAF outcomes	Key COSOP results			
		COSOP Strategic objectives	Lending and non-lending activities for the COSOP period	Outcome indicators	Milestone indicators
	SDG 5, 13, 14, 15 UNSPCF 4, 5, 6, 7	SO1: Increased resilience and adaptation to climate change through sustainable management and utilization of natural resources (land and water)	Lending/investment activities: <ul style="list-style-type: none"> • FReMP, NAP, and the new projects to be developed during the COSOP period Non-lending/non-project activities: <ul style="list-style-type: none"> • CLPE: private sector engagement framework, capacity building of public institutions (procurement, etc.) • Partnerships: FAO, EU, ICARDA, ACBF, GEF, ICRISAT, WorldFish • SSTC: linkages with regional research centres, ToT, training of managers • KM: MCFS approaches, project management, FAS/FFS, IPM 	<ul style="list-style-type: none"> • 30% increase in the number of people earning livelihoods from natural resources in a sustainable manner. • 60% of producer organizations (Water Users Associations (WUAs), Community-Based Organizations (CBOs), cooperatives, etc.) empowered for sustainable Natural Resources Management and climate change resilience. 	<ul style="list-style-type: none"> • Number of people earning livelihoods from natural resources. • Number of hectares of community land managed by natural resource groups. • Total number of community members (m/f) in natural resource management groups
	SDG 1, 2, 5, UNSPCF 6, 7	SO2: Improved access to, and use of, appropriate technologies, infrastructure and services, for enhanced productivity, and sustainability of smallholder agricultural and fisheries systems.	Lending/investment activities: FReMP, NAP, and the new projects to be developed during the COSOP period Non-lending/non-project activities: <ul style="list-style-type: none"> • CLPE: private sector engagement framework, capacity building of public institutions (procurement, etc.) • Partnerships: FAO, EU, ICARDA, ACBF, ICRISAT, WorldFish • SSTC: linkages with regional research centres, ToT, training of managers 	<ul style="list-style-type: none"> • 70% of yield increase of main commodities • 70% of adoption of appropriate and climate-smart modern technologies • 40% of targeted farmers adopting good post-harvest practices • 8,114 ha of irrigation scheme developed • 71,736 ha of land under SWC and mangrove under sustainable management, rangeland and intensified forage production • 5,000 ha of specific nutritive foods • 6,900 tonnes of all fish annually delivered to consumers (dry Small pelagic and wet large fish) 	<ul style="list-style-type: none"> • Technical assistance provided • # Innovative tools for farming intensification developed • # Incentive schemes set-up for Inputs supply and agricultural services advisory systems diversification and improvement

Country strategy alignment	Related SDG and UNDAF outcomes	Key COSOP results			
		COSOP Strategic objectives	Lending and non-lending activities for the COSOP period	Outcome indicators	Milestone indicators
			<ul style="list-style-type: none"> • KM: MCFS approaches, project management, FAS/FFS, IPM 		
	<p>SDG 5 UNSPCF 5, 6, 7</p>	<p>S03: Build institutional, community and individual capacities to enhance food and nutrition security and sustainable livelihoods</p>	<p>Lending/investment activities:</p> <ul style="list-style-type: none"> • FReMP, NAP, and the new projects to be developed during the COSOP period <p>Non-lending/non-project activities:</p> <ul style="list-style-type: none"> • CLPE: private sector engagement framework, capacity building of public institutions (procurement, etc.) • Partnerships: FAO, EU, ICARDA, ACBF, ICRISAT, WorldFish • SSTC: linkages with regional research centres, ToT, training of managers <p>KM: MCFS approaches, project management, FAS/FFS, IPM</p>	<ul style="list-style-type: none"> • Institutional capacity at the national, Zoba, Sub-Zoba and Kebabi levels strengthened; • Capacity for Programme/Project implementation enhanced; Participatory and community-driven development approaches mainstreamed in most of Government development programmes. 	<ul style="list-style-type: none"> • Improved performance of institutions in rural poverty reduction; • Improved pace and quality of Programme/Project implementation as reflected in the disbursement and improved technology adoption rates; Participation of rural communities in planning and implementing development Programmes/Projects.

Figure 1
COSOP theory of change



Appendix II: Transition scenarios

1. **Data sources.** Eritrea and Ethiopia signed a peace agreement on the 9th of July, 2018, which has put an end to a longstanding conflict and normalized ties between the two countries. In addition, the United Nations Security Council lifted sanctions in November 2018, opening the space for widening international cooperation. The peace dividend offers Eritrea opportunities to reallocate public resources to its economic development.
2. The Government of the State of Eritrea does not publish macro-economic data. The World Bank interrupted the monitoring and sharing of macro-economic data on Eritrean in 2010. However, a World Bank mission visited Eritrea to explore potential for renew its support to the country.
3. The most recent IMF Article IV Consultation – Staff Report dates from June 2003¹⁸. Article IV Consultation is delayed, due to a lack of adequate information that would allow IMF staff to make such an assessment. In May 2019, a new IMF Article IV Consultation mission visited Eritrea to renew consultations. No report is available
4. The Economist Intelligence Unit (EIU) publishes Country Reports for Eritrea. Their macro-economic data are mainly estimates and projections. EIU is the main source of information for this annex.
5. As per the Economist Intelligence Unit's (EIU) outlook for Eritrea, activity in the mining sector will sustain accelerating real GDP growth rates, from an estimated 5.4% in 2018 to 5.8% in 2020. Agriculture and fisheries contribute only 14.5% to GDP, although about 65% of the population depends on this sector for their livelihoods. Real GDP growth slowed down from 11% in 2011 to 5.4% in 2018. GDP growth depends mainly on investments in mining by public-private partnerships. Despite economic growth over the last 15 years, Eritrea remains one of the least developed countries in the world. The country depends on food and fuel imports, as local supply is structurally insufficient.
6. The exchange rate for ERN to US\$ has been fixed at 15.37 since 2005, while inflation has soared over the past two decades and was estimated at 13% in 2018, compared to 2% or less for international reference currencies. As a result, the ERN is overvalued, agriculture has difficulties to compete in the international environment and cross-border movements of capital, goods and services are restricted. The fiscal deficit was 7.9% of GDP in 2018 with a current account deficit of 2.7%¹⁹. As for inflation, it has soared over the past two decades, but is projected to ease to 11% in 2020. The country is also forecasted to have an unsustainable debt burden.
7. Based on International Monetary Fund Article IV 2009, Eritrea was at the pre-decision point for becoming a heavily indebted poor country (HIPC) and therefore may be eligible for HIPC multilateral debt relief. The Debt Sustainability Framework classifies Eritrea as "red".
8. In light of the circumstances, three possible trajectories were considered over the 2020-2025 period:
 - i. **Base case.** The base case reflects the projections in the EIU. Real GDP growth is projected to be on average about 5.5% per annum over the five years of the COSOP period. Under this scenario, the Government continues to implement prudent macro policies and the external environment remains benign. Prices of minerals remain at their current level while exports of minerals grow. Oil prices and international prices of cereals stay at current levels. **The country** remains in the lower income category.
 - ii. **High case.** Under the high case, mineral prices (gold, zinc, copper) increase significantly, while international oil prices decline. This would improve the current-account balance significantly, reduce the fiscal deficit and make resources available for the social sectors and for development of agriculture. Under this scenario, the

¹⁸<https://www.imf.org/en/News/Articles/2018/06/28/pr18262-delayed-article-iv-consultation-with-the-state-of-eritrea>

¹⁹ Economist Intelligence Unit. August 2019.

country would renew its collaboration with IMF and the community of technical and financial partners. In this case, a sustained 6.5% of GDP growth rate could be realistic. The country remains in the lower income category.

- iii. **Low case.** In the low case, Eritrea is hit by a number of shocks. Most significant shocks would be a sustained decline in mineral prices due to weak global growth and increase international food and petrol prices. Under this scenario, the current-account deficit would increase in growing fiscal deficits, increased debt and difficulties to import inputs and equipment that are required to develop agriculture. Under this scenario, the country remains in the lower income category.

Table 1 Projections for key macroeconomic and demographic variables²⁰

Case	2017	2018	2019	2020
Average GDP growth (2018 - 2020)	4.9	5.4	5.4	5.6
GDP per capita (2018)		1219 US\$		
Government balance (% of GDP)	-10.2	-7.9	-7.0	-6.3
Current account balance (% of GDP)	-3.5	-2.5	-2.4	-2.2
Inflation rate (%) (2018-2020)	14.0	13.0	12.3	11.4
Rural population	3.29 million (Government of the State of Eritrea) (End of COSOP period): 3.9 million Annual growth rate: 3.2% per annum			
Investment climate for rural business	Rating: 1/6 Ease of Doing Business: 189 th on 190 countries			
Vulnerability to shocks	Rating: 2/6 Eritrea is particularly vulnerable to changes of international prices of petrol, food (wheat, vegetable oil) and minerals (gold, zinc, copper, silver), which have a direct impact on the current-account balance and potential of the country to import international inputs and equipment to develop agriculture. The NG-Gain index classifies Eritrea as 179 th country. The country is very vulnerable to CC.			

Footnotes:

Economic Intelligence Unit (EIU) "Country Forecasts" with 4-year projections.

^b Rating (1-6), based on justified qualitative assessment. Source RSPA

^c Rating (1-6), based on justified qualitative assessment of vulnerability to CC; food price shocks; political risk.

9. The implications for IFAD Country Programme are as follows:

- (a) **Lending terms.** For IFAD11, Eritrea is eligible to receive 80% of financing as grant, and 20% as an optional loan on highly concessional terms, under the DSF. The country's lending terms and related financing conditions for IFAD12 will be assessed at the beginning of the replenishment period taking into consideration GNI, the country's debt burden and the application of the DSF reform, if approved by IFAD's Governing Council in 2020.
- (b) The **PBAS allocation** for Eritrea is unlikely to change under the three scenarios.
- (c) **COSOP priorities and products.** The COSOP is aligned with the Small and Medium Commercial Farmers Strategy under which the government seeks to modernize family farming and assist organizations of small producers gain access to the market. The COSOP strategy remains valid under the three scenarios, although under the low case, access to external inputs and equipment (cement, irrigation equipment, etc.) will become very problematic and slowdown innovations in agriculture.
- (d) **Co-financing opportunities and partnerships.** As the UN Security Council lifted sanctions, Eritrea is opening up to the international community and co-financing opportunities might arise during the COSOP period.

²⁰ Economist Intelligence Unit. August 2019.

Appendix III: Agricultural and rural sector issues

Production systems and rural incomes

1. The State of Eritrea has certain agro-ecological diversity: the Northern/Central Highlands (cool sub-humid to semi-arid, average annual rainfall of 300-700 mm); the Western Lowlands (hot semi-arid, annual rainfall of 200-600); and the Eastern Lowlands (arid, annual rainfall of 50-300 mm); and a coastline of over 1,000 km along the western coast of the Red Sea. This allows to develop various production systems: (i) crop farming (rain fed: sorghum, finger millet, teff, maize, barley, wheat and beans; and irrigated cropping: banana, citrus cropping, onions, potatoes, tomatoes, pepper, lettuce, cabbage etc.), (ii) agro-pastoralism (in addition to crops: dairy, small stock, and poultry); (iii) pastoralism (cattle, small stock, camels, donkeys and poultry), and (iv) marine fisheries. This zonal production specialization requires an inter-regional marketing and logistics organization (e.g.: development of cold chain to supply sea foods to the highlands). The main food import of Eritrea consists of wheat and edible oil.
2. The importance of livestock in Eritrea can be seen by the fact that 49% of the total land area is suitable for grazing whereas only 17% is suitable for cropping. This situation does, however, lead to competition between livestock raising and crop cultivation in some cases, and policy for resolving those conflicts is not yet fully articulated. Important quantities of live sheep and goats were exported to regional markets. Exports of hides and skins were also significant. Eritrea has substantial and relatively underexploited marine and fisheries resources: recorded fish catches rarely exceed 10,000 tons per year out of the maximum sustainable yield (MSY) of Eritrea's Red Sea fisheries estimated in 2005 at 80,000 tons per year.
3. Crop and livestock productivity is low, compared to potential yield, because of difficult access to land especially for youth and women; low and erratic rainfall and drought prone area; limited soil fertility and land degradation; weak agricultural services and limited outreach; poor access to modern inputs; inadequate technical skills; difficult access to information, knowledge, and technologies; and limited capacity of project implementers most of which are public institutions. Notwithstanding these limitations, there are good opportunities for agricultural development based on adoption of proven and affordable technologies, production and distribution of improved seeds, expanded and improved irrigation, innovative approaches to soil and water management and promotion of sustainable natural resource management.
4. Fisheries productivity is mainly constrained by lack of production tools and inputs. The fishers communities are mostly using artisanal method of fishing which does not allow them to increase in productivity. Under FDP and FReMP, many fishers were provided with inputs supplied on credit (net, fishing boats, engine) under the Cooperative Service Unit (CSU) but are however unable to repay their loans due to the high prices, particularly for bigger items such as fishing boats or engines, and low income-generating activity of fishing. Further training in modern fishing techniques shall continue to be held to enhance their capacity in addition to introduction to new/innovative technologies. The CSU shall be strengthened in terms of managerial and financial capacity. These need to be rebuild, by enabling fishers (paying particular attention to young fishers and demobilized soldiers) to acquire the fishing assets and providing the training they need in modern fishing techniques. Interventions will include ecosystem approach to fisheries management to ensure sustainability of resources and improvements in the value chain infrastructure and services to reduce post-harvest losses. Building the capacity of MMR for proper management of the sector will be essential.
5. To move from subsistence to profitable and market-oriented farming, priority should be given to: irrigation and catchment protection infrastructure development; equitable distribution of lands; agricultural services advisory strengthening; inputs

supply systems improvement; water and land conservation and management; animal genetic potential improvement and disease control; and animal feed production.

6. The main constraints for livestock intensification are: Degradation of rangeland from overgrazing; insufficient livestock watering points; shortage of supplementary feed in dry season; restrictive regulations on opening private feed plants; weak disease control systems and insufficient veterinary service; lack of qualified and professional veterinarians, animal breeders and animal nutritionists; underdeveloped export marketing.

7. Climate change adversely affects the crop and livestock production of 75% of the population who derives its livelihoods from rain-fed crop production and cattle rearing on traditional smallholder systems. Indeed, about 80% of the country receives less than 500mm of rainfall per year, and only 1.5% of the country receives more than 700 mm annually so water resources are limited. Rainfall is also erratic and droughts are becoming frequent. In recent years, the length of the main rainy season has been declining, and temperatures are increasing faster than the global average reflecting the emanating of the influence of climate change. In future temperatures are likely to increase further and though there is no clear prediction for trends in overall levels of rainfall, increased heat will increase. Smallholder farmers' livelihood resilience is still limited given that access to irrigated land is difficult; seeds are not yet adapted to rainfall variation, incentives for climate-smart practices and modern technologies adoption are not in place yet; etc. Farmers with access to wells continue to use fuel-led water pump system. The use of fossil fuel hinders the sustainability of the activity as fuel may not be available easily to farmers due to cost and availability while harming the environment. Through the COSOP, renewable energy method of irrigation shall be incorporated.

8. The marketing, aggregation and value addition of agricultural products are not enough organized and farmers cannot take advantage of them. Marketing of production and input supply is generally based on cooperatives, although some private intermediaries exist. Often, farmers sell some parts of their products to the cooperative and some directly in the market (weekly market places and merchants). Market prices vary on a weekly basis impacting the income of farmers. Overall, access to imported inputs and equipment remains difficult due to the currency constraint. Livestock and fisheries have high potential for export but affected by exchange rate, high transaction costs, lack of services including logistics and cold storage/chain system, less competitiveness of the value chain.

9. The approaches for marketing, aggregation and value addition development have not been developed yet. Moreover, they request an attractive environment for private investment, marketing infrastructures development, structured farmer organization and post-harvest handling to obtain quality products. The main motivation of farmers to intensify their production is a better farm gate price.

10. Farmers' organizations and cooperatives need to upgrade and diversify their models in order to better provide services to their members and ensure their viability. A minority of farmers are organized and some of them have already left their organization as a result of a lack of organization clear vision and objective, demand-driven service provision to members, know-how of market linkages, profitability, low capacity specifically of the Water Users Associations (WUAs), the cooperatives independence, etc.

11. The fisheries cooperative support unit (CSU) does not have a department for service delivery (business plan preparation, advice, coaching, financial service, etc.) as its structure at different level consists only of activities management. The ownership of its cooperatives members is limited because they have not been able to orient the CSU actions according to their needs: more ice, boat, engine and processing. There is also a need of the VC development coordination regarding those key interventions.

12. Access to rural financial services relies only on local revolving funds as the parastatal system (commercial and development bank) outreach is limited. There is almost no access to asset acquisition or working capital even through matching grant. This is the second limitation for investment promotion after the market access. The women federation is active in revolving fund and vocational training. In the short term, the revolving fund could be upgraded and institutionalized.
13. A rural financial sector development framework is not in place and hamper the involvement of financial institutions in the agriculture sector development to provide appropriate responses to its actors' needs. Then, its piloting and development still require demands and risks assessment, products promotion especially innovative financial products tailored for agriculture, training for financial knowledge and skills of farmers and enterprises, facilitation to women and youth formal finance access, capacity building of MFIs and SACCOs.
14. Youth and women could not take advantage of off-farm activities, which would have played key roles for agricultural and marketing service delivery, even for value chain development. However, number of youth entering the workforce are interested more in off-farm activities than the agricultural production itself due to perceived work painfulness, risk and lack of available finance. Youth are usually engaged in the national service system where they are assigned in different ministries and other government bodies according to their skills/education. The participation of youth will only be fully realised if there is a significant demobilization. But an off-farm opportunities assessment and business skills orientation and promotion should be carried out prior to the development of off-farm activities.

Policy and regulatory framework for smallholder agricultural development

15. The Ministry of Agriculture (MoA) has updated in 2019 the Eritrea National Agriculture Development Policy and Strategy, which covers rural energy, agriculture research, extension, forestry and wildlife, soil and water management, livestock and crop production. In parallel, the Five-year Strategic Agricultural Development Plan 2019-2023 sets the operational targets: (a) to increase the agricultural, horticulture and livestock output; and (b) to earn foreign currency through exports of agricultural and agro-industrial products and substitute imports. The Ministry of Marine Resources (MMR) prepared a draft Strategic Development Plan (2016-2020).
16. IFAD will remain an active member of the Agriculture, Food Security, Environment (AFE) and Climate Change Working Group (AFE-WG), in which the Government and its development partners discuss sector and cross-sector strategies, programs and implementation progress.
17. The main policy issues are related to the following topics:
- i. Enabling conditions for value chain development, in particular for high value commodities (fish, dairy and horticulture produce). The support could focusses on value chain coordination platform to ease actors' engagement; promotion of public and private investment synergy (including PPP based on the mining experience) ; planning of value chain upgrade and development; set-up of the requested services and capacity building.
 - ii. Implementation approach of the new Small and Medium Commercial Farmers Strategy (SMCFS; May 2019) on how to orient farm enterprises in highly productive, profitable agriculture value chains; prepare the related business plan; mobilize financial resource; and develop business development services including management coaching.
 - iii. Youth and women Small and medium enterprise promotion. In addition to the SMCFS, youth and women inclusion to business requires (i) access to land and other assets; (ii) income generation activities to cope with their immediate

- needs; (iii) knowledge and skills development in entrepreneurial and business opportunities; and (iv) continued management coaching.
- iv. Rural finance support would focus on the revolving fund case study preparation to orient its upgrading and institutionalization as well as its regulatory framework and development strategy formulation.
 - v. Migrant workers' remittances contribute to a secondary income surplus as a share of GDP. IFAD has acquired substantive experience in helping remittance families leverage the development impact of their own resources. Hence remittances to Eritrea remain very high and an important source of hard currency for the country both through formal channels (income tax, etc) and informal channels (relatives etc).
 - vi. Model and governance of cooperatives for better ownership and effectiveness
 - vii. Costing of the Strategic Development Plan;
 - viii. Statistics and national M&E system development;
 - ix. Land tenure reform;
 - x. Sustainable management of fisheries, aquaculture and the ecosystem;
 - xi. Vocational training organization; public staff specialization training (masters and PHD level);
 - xii. Information management system set-up.

18. IFAD Eritrea will support the MoA and MMR through analytical work, technical assistance and facilitation to translate policy orientations into regulations, institutional capacity and investments. IFAD Eritrea would also mobilize other organizations and institutions.

Public institutions and private sector

19. Non-Governmental Organizations and the Private Sector operations are currently limited and are restricted to relief and rehabilitation by Proclamation No. 145 of May 2005, entitled "A Proclamation to Determine the Administration of Non-Governmental Organizations". However, an NGO may engage in development work if it has an agreement with a specific ministry. The border stalemate has curtailed private sector operation, particularly in the construction sector where parastatals dominate.

20. The National Union of Eritrean Women (NUEW) is an autonomous non-governmental organization dedicated to improving the status of Eritrean women. The union partners with Government projects, financial and development partners to implement actions related to its advocating areas: development of women's confidence in themselves; laws that protect women's rights in the family; equal access to education and employment opportunities; improved access to adequate health care; the eradication of harmful traditional practices that endanger women's health and well-being.

21. Key institutional partners of IFAD are: (a) at the national level, the Ministry of Finance, Ministry of Agriculture, Ministry of Marine Resources (MMR), Ministry of Land, Water and Environment, (b) at the regional level – zoba and sub-zoba Administrations, the decentralized services that will be responsible for project implementation.

22. The COSOP and its project cycle involve the Ministry of Agriculture (MoA) and its national services such as the Planning and Statistics Division (PSD), the Regulatory Services Department (RSD); the National Agriculture Research Institute (NARI), the national breeding centres (poultry, rabbits and swine, horses, etc.), the National Animal Plant Health Laboratory (NAPHL), the Agricultural Extension Department (AED).

23. The Ministry of Land, Water and Environment has responsibility for the allocation of land concessions for agricultural development though areas under traditional agriculture have not yet been registered in accordance with the 1994 Land Proclamation. The Water Resources Department mandate includes establishment of the necessary legal and regulatory frameworks for water use; in this regard a new Water Proclamation has been approved in 2010.

24. Under the direction of the Governors, Zoba administrations are the lead agencies for the day-to-day implementation of agriculture and rural development interventions. These departments are replicated at the Sub-zoba level. For the community participation, each Kebabi administration has a Planning and Implementation Committee (PIC) to review and consolidate Village Development Plans, prepared by the communities, into a Kebabi Plan. At kebabi level, extension officers working closely with local communities are assigned. The AED will provide technical backstopping to the Zoba administrations, and ensure that Project implementation is aligned with GOE policy and strategy.

25. In brief, Government's departments and decentralized agencies are the main implementers of interventions. This favors alignment with GoE systems and procedures, stronger partnerships and harmonization with other development partners and other stakeholders in the sector, and optimization of partners and domestic resources.

26. However, those public implementers already face challenges in terms of implementation capacity gap, appropriateness of tools and procedures with no other alternative, limited outreach given the current staffing, limited option of capacity leveraging such service providers contracting, etc. Moreover, there is a risk of overlapping role of different institutions throughout the project cycle management (steering committee, planning, implementation, internal control, etc., which must be played by separate bodies).

27. Capacity building and empowerment expect to cope with the current implementation capacity gap but will take time and should also deal with the growth of the agriculture investment portfolio following the re-engagement of many development partners.

Appendix IV: SECAP background study

Introduction

1. The annex is the preliminary SECAP Review note that will be completed and fine-tuned during the COSOP and project preparation process.

Part 1 - Situational analysis and main challenges

Socio-economic situation and main challenges

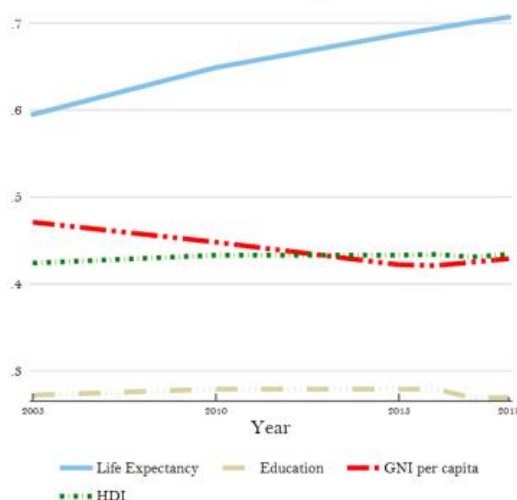
2. **Poverty and Social Indicators.** Several social indicators improved significantly during the last decades. Life expectancy at birth is 65.5 years²¹, up from 50 years a decade ago. For example, the child mortality rate has declined from 8.9% in 2000 to 4.5% in 2016 (see further details under the gender section below). The scarcity of statistics makes it difficult to establish the country's rural poverty situation but an estimated 80% of poor people live in rural areas²². For context, in spite of the incompleteness of reliable statistical information, inequality weighted metrics for Eritrea and other countries in the Horn of Africa are presented as Table 1. This shows that, in spite of the UNDP Human Development Index (HDI) in 2018 being relatively low at 0.43, that differences in life expectancy as a function of inequality are moderated compared to this group of countries. This means that material differences in equality do not necessary translate into worse health outcomes.

Table 1. Human Development Index and Trends

	Life expectancy at birth	Expected years of schooling	Mean years of schooling	GNI per capita (2011 PPP\$)	HDI value
1990	49.6			895	
1995	52.3	3.8		2,250	
2000	55.3	4.7		2,484	
2005	58.7	5.3	3.7	2,265	0.424
2010	62.2	5.4	3.9	1,941	0.433
2015	64.7	5.4	3.9	1,633	0.433
2016	65.1	5.4	3.9	1,627	0.434
2017	65.5	5.0	3.9	1,670	0.431
2018	65.9	5.0	3.9	1,708	0.434

Figure 1 below shows the contribution of each component index to Eritrea's HDI since 2005.

Figure 1: Trends in Eritrea's HDI component indices 2005-2018

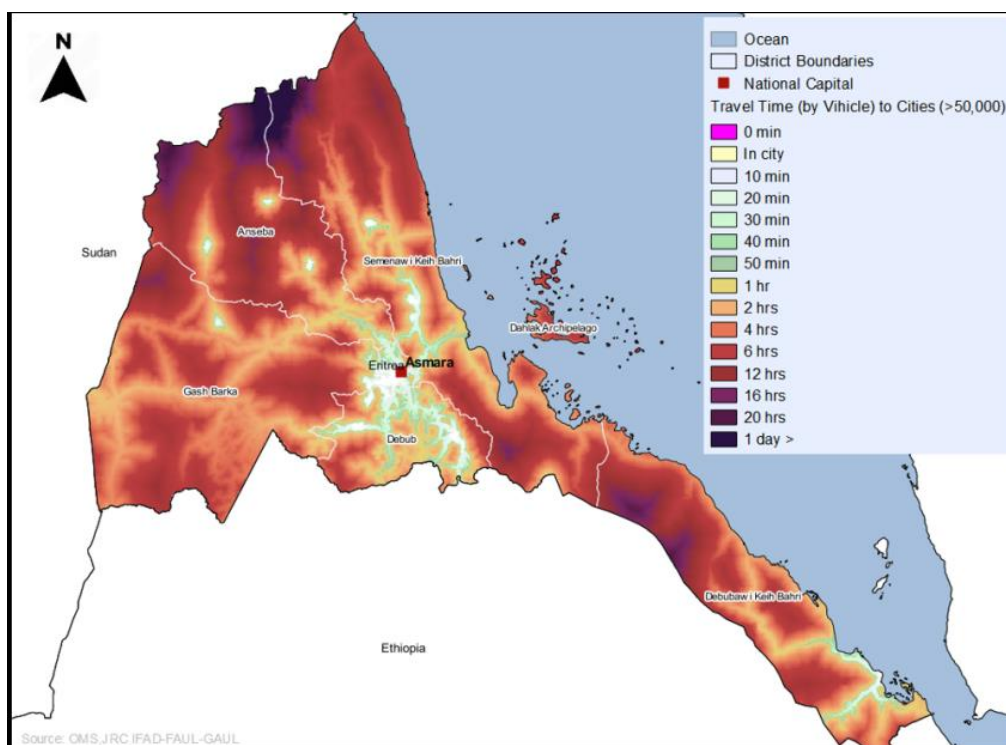


²¹ UNDP. Human Development Index. 2019

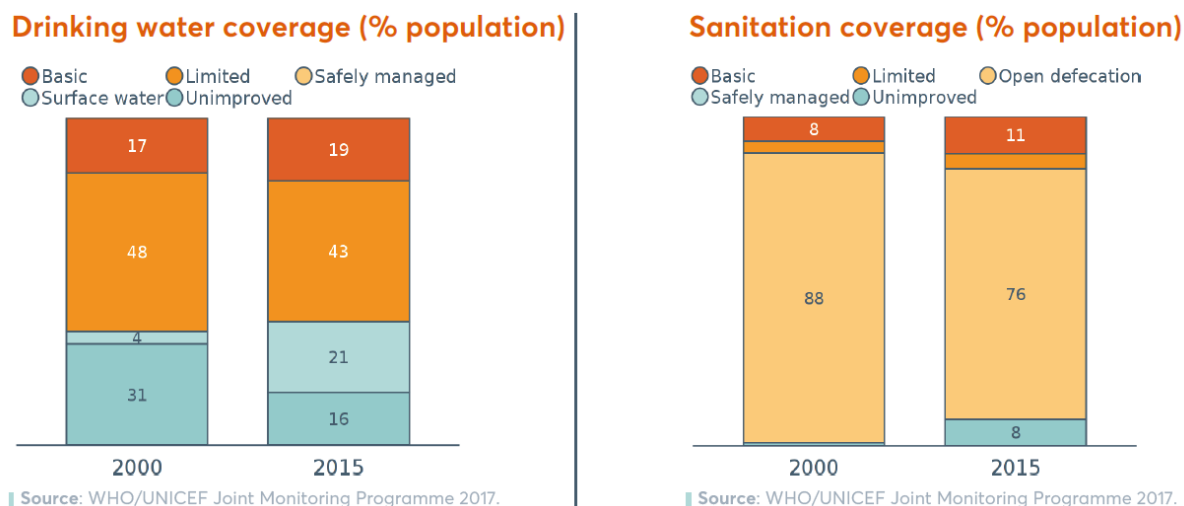
²² IFAD

3. **Poverty and Vulnerability in rural Eritrea.** Both poverty and vulnerability are often associated with distance to market centres and service centres. This affects, among others, the ability to acquire agricultural inputs and services, add value to and market agricultural products. As such IFAD's GeoSpatial Support Unit has created as Figure 1 a mapping of distance to urban centres of at least 50,000 people in terms of time by vehicle. In fact, depending on vehicle access it may take significantly longer for more remote populations. Vulnerability due to remoteness should be taken into account in IFAD's targeting strategy for interventions designed within this COSOP period.

Time required from any point to an urban centre of over >50,000, by vehicle



4. Other dimensions of vulnerability include climate change, which is further detailed at various points in this SECAP, as well as social discrimination which could be a result of cultural factors, meaning that women and youth may have less access to inputs and opportunities. Access to land and animal draught power may also be strongly influenced by cultural norms and practices. This is particularly important given the low level of mechanization. The time burden for women in particular to collect water should not be overlooked, as well as fuelwood. There is good reason to believe that in rural Eritrea there is an environment (water, fuel) – women – nutrition nexus, all exacerbated by climate change. Figure 2 highlights the challenges in terms of safe water availability and sanitation. Hence IFAD should ensure that this is reflected in the theory of change of development and reflected in interventions designed during this COSOP period.

Figure 2. Drinking water and Sanitation coverage in Eritrea 2000 and 2015

5. **Livelihoods and agriculture.** Rain-fed agriculture is the predominant economic activity employing more than two thirds of the population. The sector's contribution to GDP, however, has been moderate and declining, reflecting challenges that include recurrent droughts in the Horn of Africa, and low technology farming methods. Over two thirds of Eritreans work in agriculture, but with the scarce yearly rainfall having become ever more unpredictable, reliance on rain-fed agriculture is increasingly precarious. Deforestation has reached a critical rate, leading to limited water retention capacity of soils and thus a significant decrease in the availability of water for irrigation. Soil erosion and declining soil fertility are also major problems. Due to the lack of modern and mechanised tools, there was a need to invest in better techniques and a move towards irrigated agriculture to allow for year-round farming.

6. **Economy, Food Production and Food Insecurity.** Eritrea has one of Africa's highest level of food insecurity, a current low adaptive capacity and a fragile environment. By virtue of its location in the Sahel, Eritrea suffers periodic droughts and chronic food shortages hampering development efforts. Even in times of good rainfall, domestic food production is estimated to meet 60-70% of the population's needs. The value of imports in 2017 amounted to US\$ 396 million, of which 40.3% are food products (mainly wheat, pasta and soybean oil)²³. There is potential for export of livestock products in particular, especially to the Middle East.

7. **Gender empowerment and Gender Based Violence.** Women constitute 55% of Eritrea's population²⁴ and they head 47.2% of all households (EPHS²⁵, 2010). Women have been key players in Eritrea's nation building process, from their invaluable participation in the country's independence struggle to their ongoing contributions to the development agenda. Inspired by this powerful legacy, the Government of the State of Eritrea has made the empowerment of women a national priority, and committed to a development agenda grounded in social justice and gender equality. Gender discrimination remains prevalent in some aspects of Eritrean culture, however, and women continue to be affected by prejudice²⁶. However violence against women and girls is widespread, both in the domestic sphere and in the context of the mandatory National Service (OECD, 2019). The militarization of society through conscription is an underlying structural cause of the acceptance of violence in society, particularly against women

²³ UN COMTRADE, 2017

²⁴ FAO. Country Programming Framework for the State of Eritrea. 2017 to 2021.

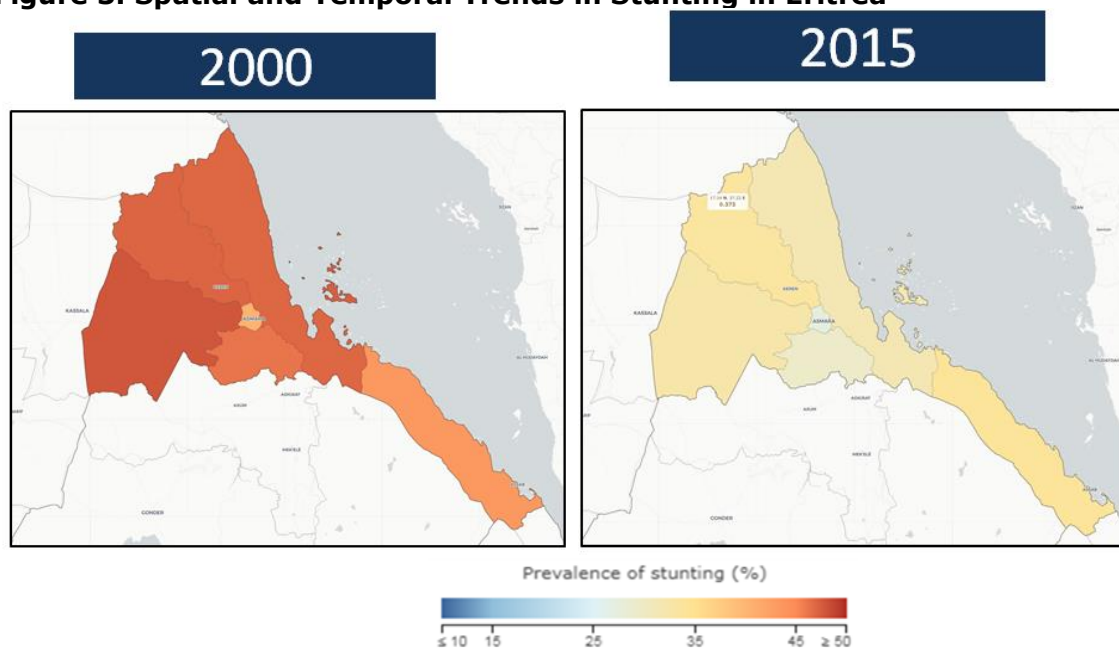
²⁵ National Statistics Office, Eritrea Population and Health Survey, 2010

²⁶ 10 Years Women in Eritrea NUEW/UNDP 2014

(OECD, 2019). On the SIGI scale, Eritrea scores 0.75²⁷ for the laws on violence against women; the legal framework covers some forms of violence against women, i.e. intimate partner violence, rape, sexual harassment (OECD, 2019). In reality, though, attitudes towards violence against women and girls still are embedded in discriminatory social and gender norms

8. **Nutrition security** is a serious challenges, due in part to frequent droughts and a high dependence on rainfed agriculture. According to WHO (2014), malnutrition is one of the greatest public health problems of Eritrea²⁸. Figure 4 shows that about half of children under 5 are not affected by any of wasting, stunting of overweight conditions. As can be seen from Figure 5, the location matters in terms of nutritional status; rural areas fare consistently worse. This distribution together with the magnitude of various measures of malnutrition warrants a focus on nutrition within IFADs investments in Eritrea. Nevertheless, as can be seen from Figure 3, there has been progress in the country between 2000 and 2015, albeit with some geographic variation (courtesy of IFADs GeoSpatial Support Unit, based on IHME 2015)

Figure 3. Spatial and Temporal Trends in Stunting in Eritrea

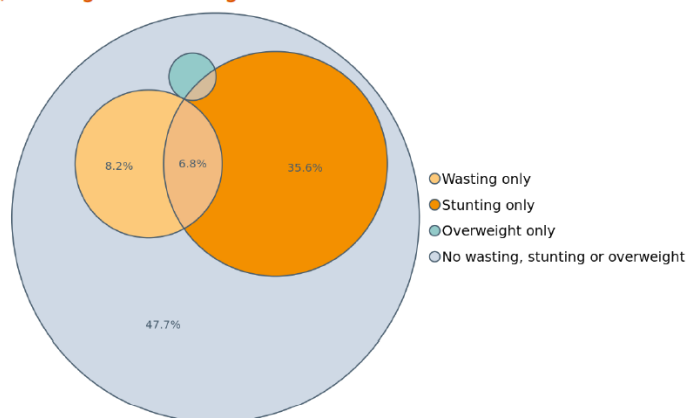


²⁷ The closer to 1, the higher the inequity.

²⁸ World Health Organization (WHO).

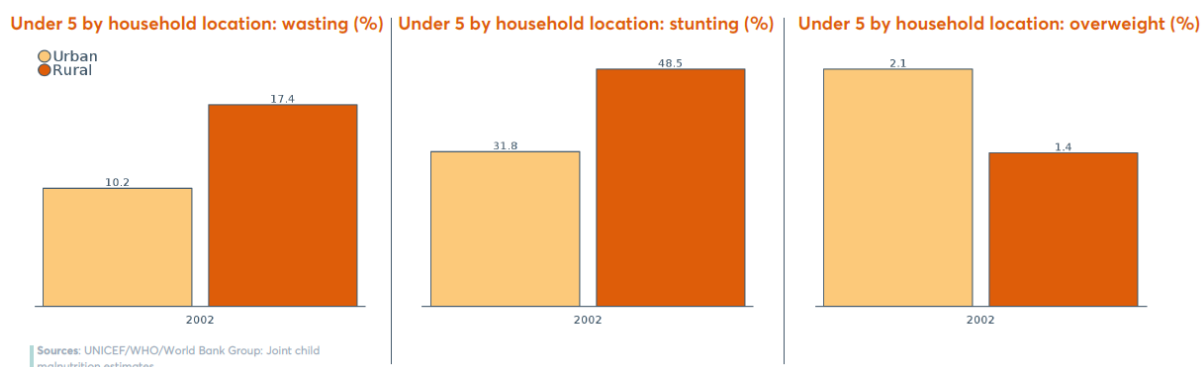
Figure 4 Metrics of Nutrition in Eritrea

Under-5 coexistence of wasting, stunting and overweight



Sources: UNICEF, Division of Data Research and Policy (2018), Global UNICEF Global Databases: Overlapping Stunting, Wasting and Overweight, New York, May 2018.
 Notes: Percentage of children under 5 years of age who experience different and overlapping forms of malnutrition.

Figure 5 Nutritional differences between rural and urban areas in Eritrea



Sources: UNICEF/WHO/World Bank Group: Joint child malnutrition estimates.

9. Specific and targeted interventions should be considered in IFADs work in the country to address these via project interventions as well as through policy engagement if possible. This should be based on specific information related to dietary needs. A snapshot at national level is provided as Figure 6. These needs would have to be further discriminated in terms of locality (local soil deficiencies, market access, purchasing power, dietary preferences, range of production possible, patterns by gender and age). This will also vary between agriculturalists, agro-pastoralists and pastoralists.

Figure 6. Dietary Needs in Eritrea in African and Global contexts

Dietary needs

Consumption of food groups and components, 2016



Source: Global Burden of Disease, the Institute for Health Metrics and Evaluation.
 Notes: Men and women aged 25 and older. TMREL = theoretical minimum risk exposure level.

10. **Women and Health Trends in Eritrea** There have been significant improvements in health, in particular for children and child bearing women, between 2000 and 2015. This can be seen from the Figure 7: Mortality per 1,000 live births (IFAD GeoSpatial Support Unit, based on IHME 2015). There have been major improvements and these improvements have been relatively well distributed across the country. In addition, as can be seen from Figure 8, orange line, birth rates per young (15-19) women has declined over the same period and is now approaching the average for middle income countries. This is typically associated with higher 'agency' for women. Finally, as can be seen from Table 2, life expectancy of both women and men has improved over the same period, as well as the under 5 mortality rate.

Figure 7. Spatial and Temporal Child Mortality Trends in Eritrea

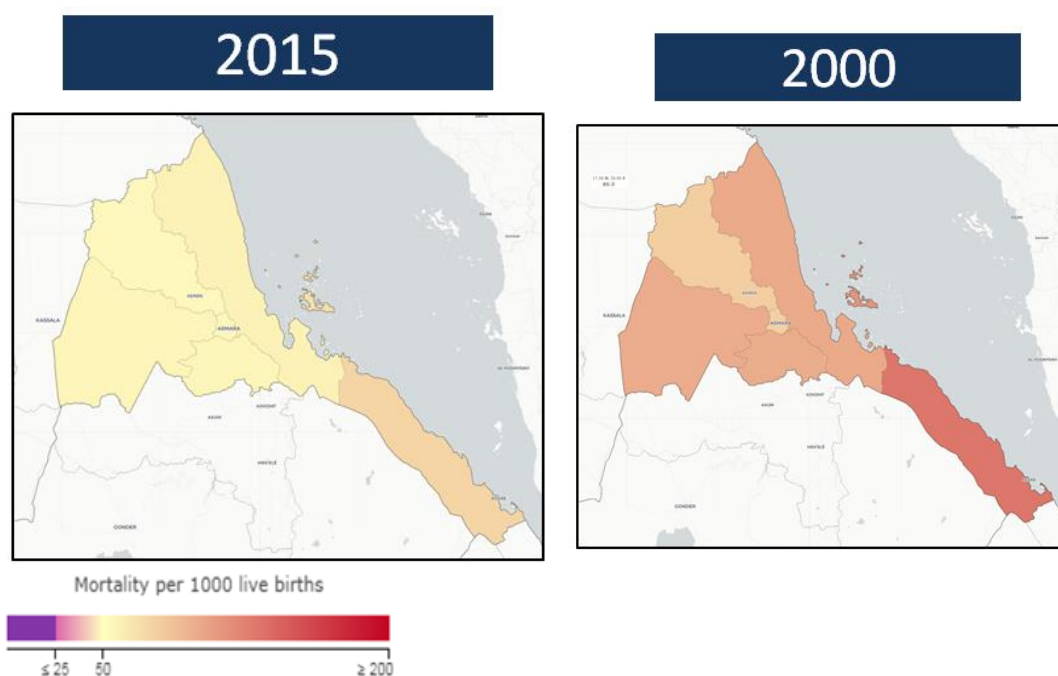
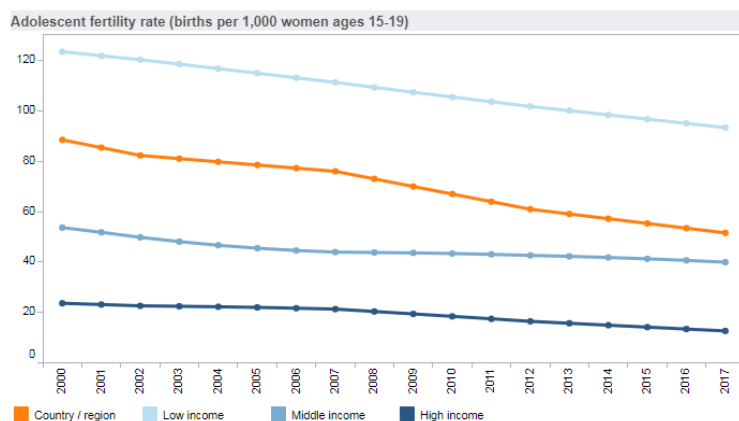


Table 2 Life Expectancy and Under 5 Mortality Trends by sex from 2000 to 2017

	2000	2017
Life expectancy at birth, female (years)	57.2	67.7
Life expectancy at birth, male (years)	53.4	63.4
Mortality rate, under-5, female (per 1,000 live births)	80.6	38.2
Mortality rate, under-5, male (per 1,000 live births)	95.8	47.8

Figure 8. Adolescent Fertility Rate trend 2000-2017 in Eritrea

11. **Gender and Land ownership:** The TCCE and the 1994 Land Proclamation No.58/1994 (Article 4) grants equal access to land for all citizens (OECD, 2019). Further, all citizens above 18 years of age is allowed access to land based on the usufruct principle through The Land Proclamation (OECD, 2019). All Eritreans residing in the rural areas are accorded equal access to land; both for agricultural activities and for housing. The Constitution asserts that any citizen shall have the right, anywhere in Eritrea, to acquire, own, and dispose of all property individually or in association with others and to bequeath to his heirs or legatees (Article 23(1)) (OECD, 2019). However, in reality, women's access and control over land is often affected by a number of factors including: customary law; attitudes of local authorities; marriage and the type of marriage they enter (i.e. if they enter a polygamous marriage); participation or non-participation (or their husbands) in the National Service (OECD, 2019).

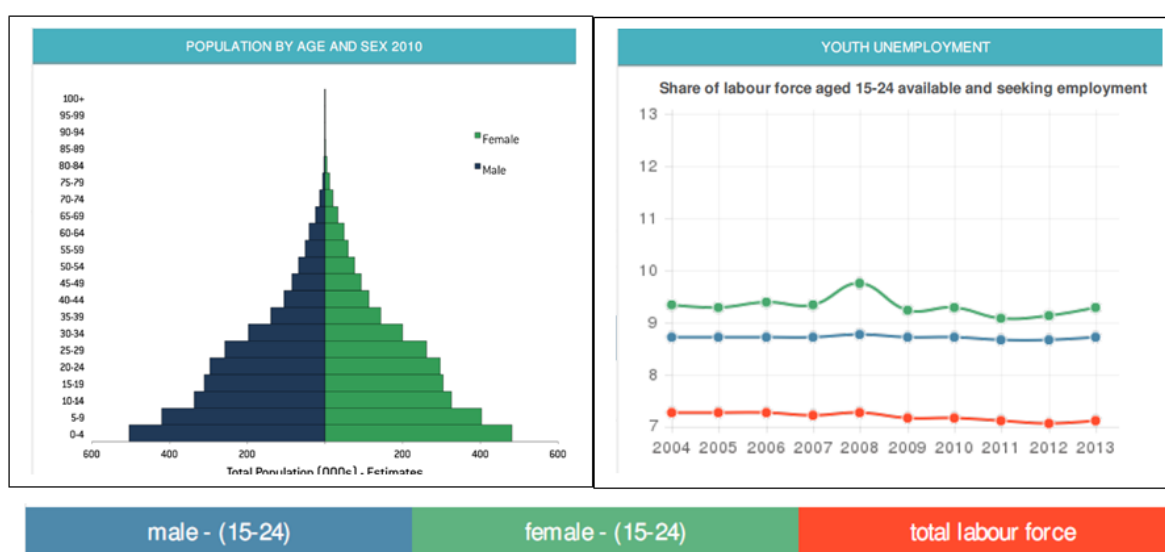
12. **Gender, Economic empowerment and Labour rights** About 30 per cent of employed women contribute to family enterprises. There are no legal restrictions on women's rights to open bank accounts or access loans, mortgages or other forms of financial credit. Banks and other financial institutions apply financial or collateral criteria equally to women and men when providing loans (OECD, 2019). Some of the challenges women face in accessing employment are related to a lack of opportunity based on limited or no education; illiteracy; lack of mobility; social and cultural norms that vies a woman's role as being one of caring for children and elders as well as looking after household responsibilities

13. **Education and Gender.** The completion rate for both females and males for primary school education is low; however has improved between 2000 and 2017, as can be seen from Figure X. For those who do complete primary education, progression to secondary school is good for both sexes; however current statistics are not available. Over the past 10 years, NUEW has worked in partnership with the Ministry of Education to eradicate adult illiteracy, both by organizing educational resources and campaigning for the increased participation of women in the programme. Since 2003, nearly 350,000 people – 92% of them women – have participated in the adult education program. However much remains to be done: many NUEW members are still illiterate and female participation in schools remains low. See Table 3 for sex disaggregated educational statistics comparing 2000 (left) and 2017 (right).

Table 3 Education trends in Eritrea by sex from 2000 to 2017

Primary completion rate, female (% of relevant age group) [†]	32.2	42.6
Primary completion rate, male (% of relevant age group)	39.2	47.9
Progression to secondary school, female (%)	84.8	
Progression to secondary school, male (%)	87.6	
Lower secondary completion rate, female (% of relevant ..	22.0	30.8
Lower secondary completion rate, male (% of relevant a..	32.4	30.5

14. **Youth.** As can be seen from Figure 9, a substantial proportion of the population are under 35. Currently, as can be seen from Figure 10, youth unemployment is low, an anticipated progressively demobilization of youth will require job creation in the private sector and increased employment in agriculture for the rural youth. The Youth Development of the Commonwealth Secretariat (2016) found that Eritrea has a low Youth Development Index (YDI)²⁹ (Table 5) ranking 163 out of 183 countries with a score of 0.449 where the global average is 0.616 and the Commonwealth average is 0.606.

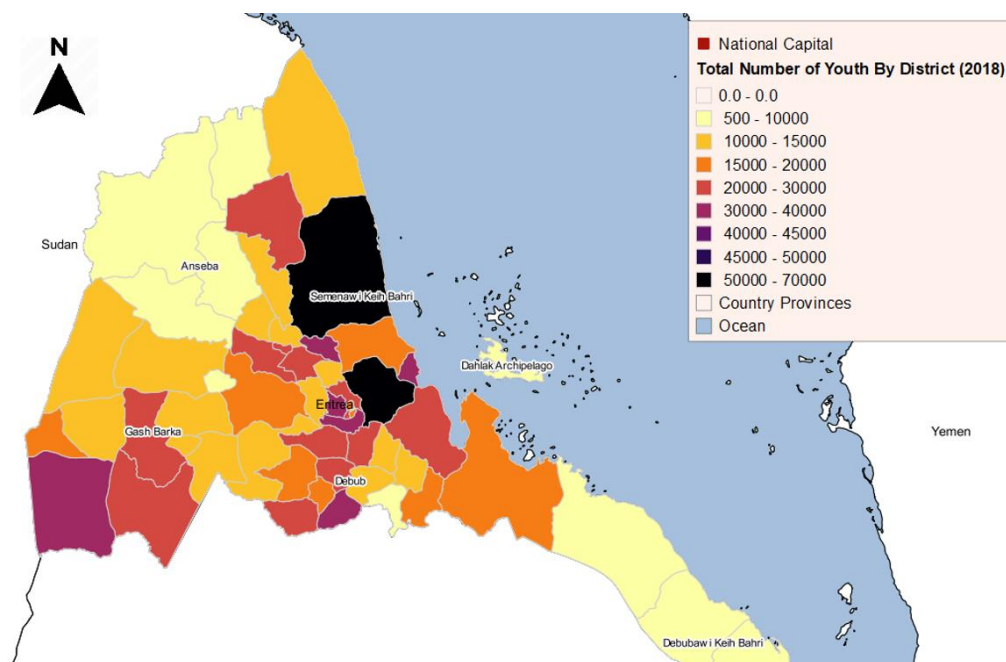
Figures 9, 10 Population Pyramid by Age/Sex and Youth Employment by Sex

15. Labour force participation in general is high for both male and female over 15 compared to other countries in the same economic bracket. As described by Weldeab (2010), conscription typically starts after the completion of high school or college, meaning that Eritrean society is highly dependent on its youth for its national defence and reconstruction. Eritrea has a very high labour force participation for both men and women and across all ages, in particular for youth (in comparison with other LDCs). However the case of Eritrea is particular in terms of youth employment due to universal conscription that existed during the war. Estimated actual numbers and the spatial distribution of the youth in the country in 2018 is mapped as Figure 11. This is, not surprisingly, generally correlated with the population distribution. Nevertheless this may provide a basis for geographic targeting if youth is a primary beneficiary. Hence the

²⁹ "The YDI score is a number between 0 and 1. For a country to receive a perfect score of 1, it would represent the highest possible level of youth development attainable, with 0 reflecting little to no youth development. This scoring system is the same as the one that underpins the HDI produced by the UNDP's Human Development Report Office (HDRO)." Commonwealth Secretariat, 2016, p. 12.

types of activities chosen if targeting youth in the agricultural sector would need to vary by location.

Figure 11. Distribution of Youth by district in Eritrea 2018



16. **Ethnic minorities** Eritrea recognizes a number of ethnic groups.³⁰ Most of the Tigrina, mostly farmers who constitute about 55 per cent of the population -- live in the highlands, although they have also migrated to other parts of the country. The Tigre, nomadic pastoralists and the Hidarb (Cushtic Beja) (the latter who make up under 5 per cent of the population), reside in the northern, western, and coastal lowlands although many also migrated to Sudan during the Ethiopian-Eritrean conflict; they make up about 2 per cent of the population. The Rashaida reside in the northern coastal lowlands and the northern eastern coasts of Sudan and represent about 2 per cent of the population. The Afar constitute under 5 per cent of the population and live in the Debubawey Keyih Bahri Region and Ethiopia and Djibouti. They suffered greatly from the famine of the 1970s as well as the conflicts. Recent droughts have also put the Afar at risk of hunger and disease.³¹ The Saho represent 4 per cent of the population and mostly reside in the Debubawey Keyih Bahri Region and the Northern Red Sea Region of the country. At about 2 per cent of the population, the Bilen, mostly farmers, are primarily concentrated in the north-central areas, in and around the city of Keren, and south towards Asmara. The Kunama make up around 2 per cent of the population and live mostly around in the Gash Barka Region and the Nara, who make up under 5 per cent of the population live mostly around the south-western border with Sudan and Ethiopia.

17. **People living with disabilities** The 2010 Eritrea Population and Health Survey estimated the total number of persons with disabilities in Eritrea is 149 103, out of which, 96 748 live in rural areas. According to this survey, persons with disabilities constitute around 5 per cent of the country's total population (Abbay, 2015). The EPHS did not provide information on women with disabilities (Abbay, 2015). The EPHS indicates the most prevalent forms of disability as those related to vision, mental/intellectual and motion impairments (Abbay, 2015). The most prevalent forms of

³⁰ State of Eritrea. Ministry of Information. <http://www.shabait.com/about-eritrea/erina/16508-eritreas-9-ethnic-groups> (Accessed 12 January 2020)

³¹ Minority Rights Group International. Eritrea: Afar. <https://minorityrights.org/minorities/afar/> (Accessed 12 January 2020)

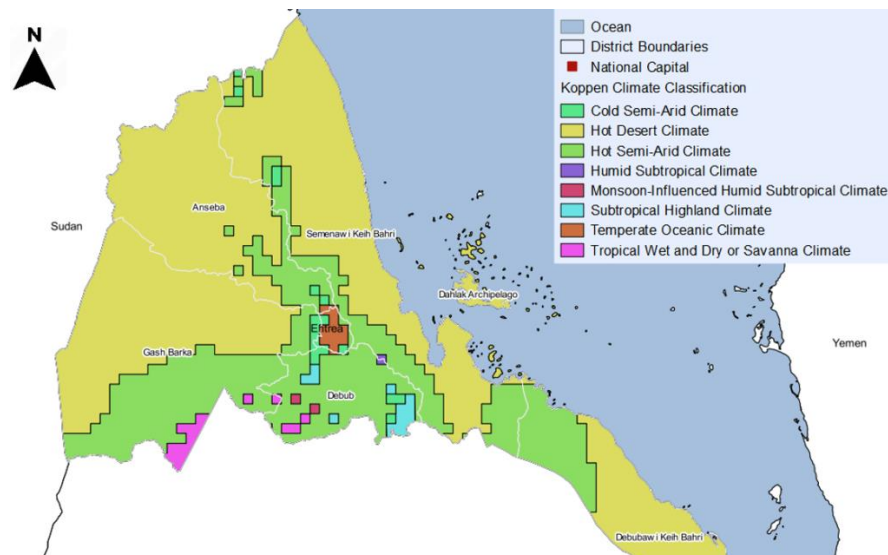
physical disabilities and mental illnesses are those caused by years of war and unexploded ordinances (Abbay, 2015).

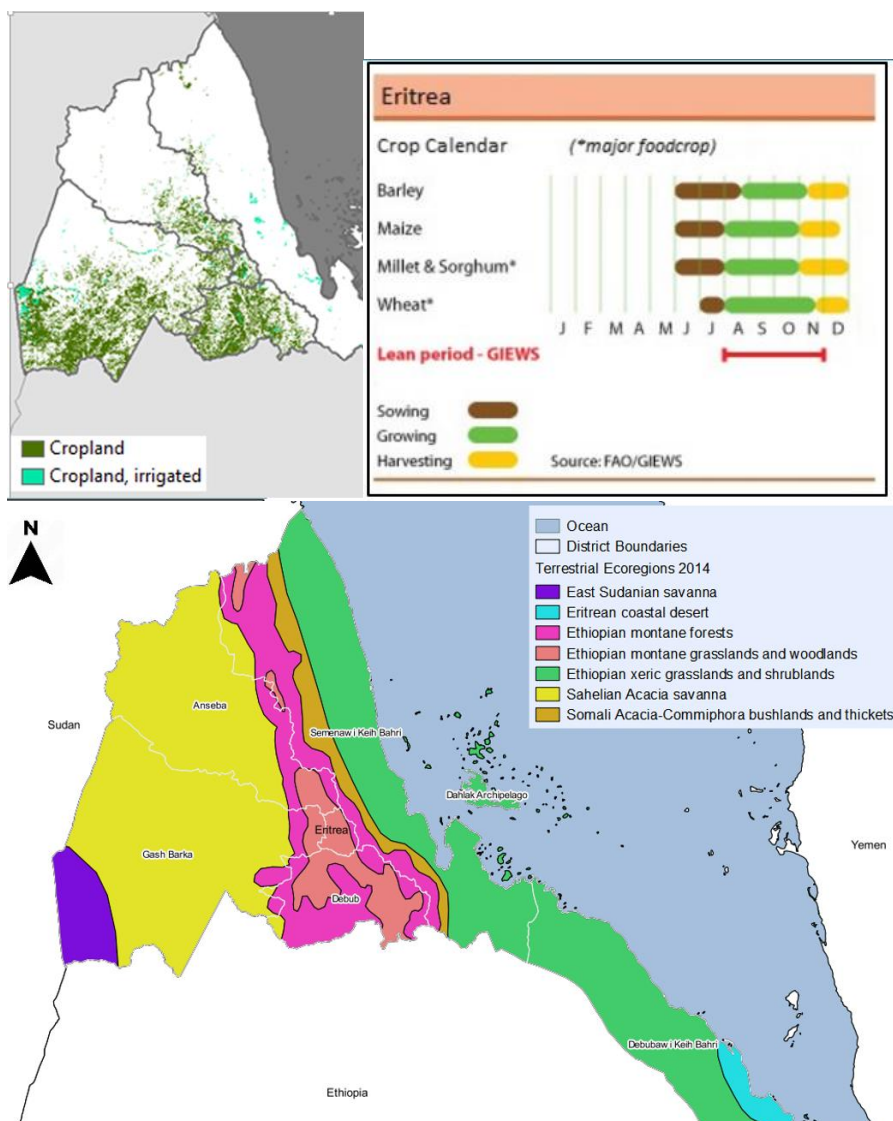
Environment and climate context, trends and implications

18. **Agriculture.** About 75% of the population derives its livelihoods from rain-fed crop production and cattle rearing in traditional smallholder systems, affected by highly variable climatic conditions and environmental degradation. Farm holdings are typically one to two ha with one cropping season. When access to irrigation is ensured, farmers have two cropping seasons, which allows producing surpluses for the market and applying a more commercial approach. Cereals include barley, wheat, teff, sorghum and millet in the highlands, and millet and sorghum in the lowlands. To move from subsistence to market-oriented farming, priority is given to irrigated agriculture and horticulture along seasonal rivers and downstream of dams, combined with watershed management and conservation measures. The livestock sub-sector consists of agro-pastoralism and pastoralism systems.

19. As can be seen from Figure 12, Climate Zones of Eritrea, the country is characterized by (Figure 13) a general semi-aridity, with arid lowlands. As result and as can be seen from Figure 14, Cropland of Eritrea, there is a relative scarcity of arable land and we note also the very small area under irrigated production. This, together with the Cropping Calendar in Eritrea, Figure 15 - showing the seasonality for the principle food crops - highlights the great potential for water development led interventions. Assuming water is available on a sustainable basis, this should inform IFADs interventions in the country. Note a "lean period" of 3-4 months. The reduction or elimination of the hunger associated with this lean period is one development outcome which could be addressed in this way.

Figures 12, 13, 14, 15: Climatic zones, Agro-Ecological zones, Cropland (including irrigated areas); and Cropping Calendar of Eritrea

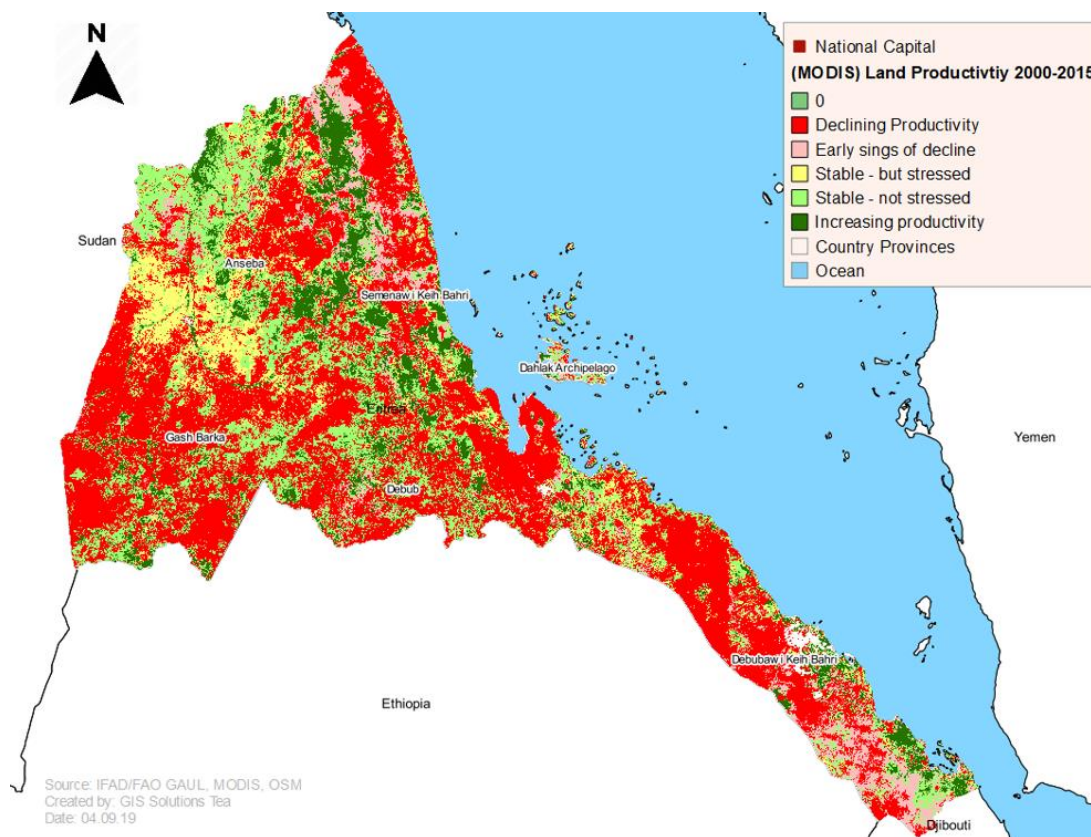




20. **Agricultural, Environment and Climate.** Over the last several decades there has been a trend in declining land productivity in Eritrea, as can be seen from Figure 15. This is essentially a measure of vegetation cover and health, which is taken to be a metric for land productivity. While not sufficient in and of itself, and the result of different dynamics in different places, it paints an overall picture which warrants concern. Vulnerability to potential negative impacts of climate change is considerable because of serious problems of land degradation, limited access to modern agricultural techniques, the population high dependence on precipitation and groundwater for agricultural production. Now the risk of crop failures and loss of livestock is rising (e.g. rainfed wheat has the potential for yield losses as high as 25% or more³²). As documented in the country's NAPA (2007), traditional coping strategies have been already affected by different factors (e.g. desertification) and will be increasingly disturbed by recurrent droughts, high and spatial variability of rainfall.

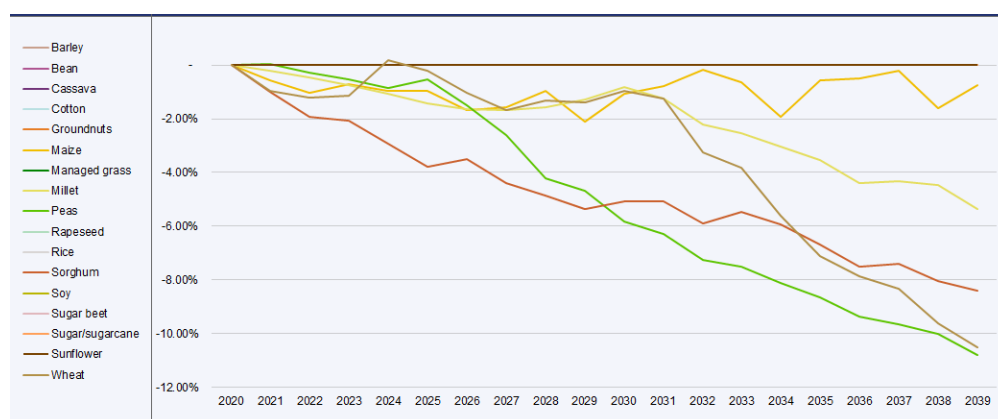
³² IFPRI. 2012. East African Agriculture and Climate Change: Eritrea.

Figure 15. Index for Land Productivity Change in Eritrea 2000-2015



21. The impacts of climate change will exacerbate this general picture, as can be seen from the 20 year projection from 2020 in Figure 16 below. This is based on the median risk scenario using the CARD tool developed by IFAD. As can be seen, the impact varies by crop. This should be taken into account when selecting either the crop(s) to focus on and/or the water management regime. There are further distinctions between highland and lowland agro-ecosystems which are detailed further below in Figures 17 and 18

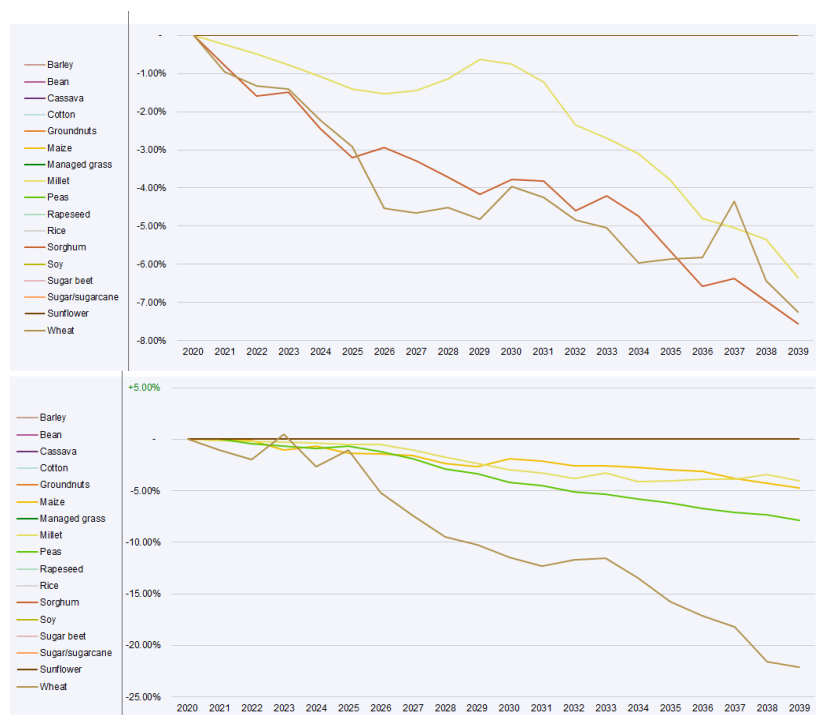
Figure 16 Projected national average crop yield decline due to Climate Change using IFADs CARD model for the period 2020-2040



22. Nevertheless, there will be also areas of the country, where longer growing seasons and potential increases in total rainfall may increase productivity (e.g. sorghum expected to boost in the area of production and in yield²). Adaptation is therefore

essential, not only to response to foreseen changes and unpredictable changes, but also to maximise potential gains³³.

Figures 17, 18 Projected crop yield decline due to Climate Change using IFADs CARD model for the period 2020-2040 by agro-ecological zone: Tropical Highland Semi-Arid (Top) vs Semi-Arid (Below)



Figures 17,18
Projected yield decline over 20 year period with median risk climate impact scenario, by agro-ecozone and crops
Tropical Highland Semi-Arid (top)
Millet, Sorghum, Wheat (from least to greatest yield decline)
Semi-Arid zone (bottom)
Maize, millet, peas, wheat (from least to greatest yield decline)
Source: CARD (IFAD)

23. **IFADs investments will be strengthened** in Eritrea to adapt to and mitigate CC and to prevent and reverse environmental degradation. Some of the climate smart technologies to be promoted include: a) rainwater harvesting; b) drought tolerant and early maturing crop varieties; c) drought tolerant forage and agroforestry fodder species; d) watershed conservation and management; e) afforestation ;f) mangrove rehabilitation and conservation; g) solar and other forms of renewable energy sources, and energy saving approaches etc

Cross-thematic drivers of poverty & implications for project interventions

24. Determinants of poverty: Poverty in Eritrea has many underlying causes. The economy is one of the poorest performing; according to a recent estimate, a third of the nation's GDP is comprised of remittances from Eritreans living abroad (Callender, 2017). Agriculture has under-performed, also leading to poverty. About two thirds of households are impacted by food insecurity, with most of the threat in rural areas, particularly isolated regions (Callender, 2017). Finally, limited access to education has contributed to poverty - with one of the lowest primary enrolments in the world with just over an estimated 33 per cent (2017 figures) (Callender, 2017). However, a study in Zoba Meakel by Bahta and Haile (2013) found that determinants of poverty also included: number of family members, number of children, children at school age, and rent of land of household head is statistically significant and positively related to household's poverty.

25. Dependency ratio: As noted above, family size is directly related to poverty status. Extreme poor households tend to have larger families; in a study from 2003, these averaged 6.1 persons compared to the non-poor which averaged 4.2 (State of Eritrea, 2004).

³³IFAD, 2012.

26. **Gender and age dimensions of poverty:** The World Bank Poverty Assessment of Eritrea (1996) found that women headed about 30 per cent of households, of which 18 per cent were widows. Women generally earned less than men and most poor rural women were engaged in low-paying manual labor in construction and agriculture. Female-headed households tended to have fewer household assets including livestock than male-headed households. Further, rural women were less likely to be literate – often leaving school early for marriage (World Bank, 1996).

27. **Local responses to poverty:** A 2006 report by IFAD indicated that rural communities across the country have coping strategies in place to protect the poor. In times of stress, wealthier households dispose of assets, mainly livestock, to provide loans to poorer relatives and neighbours. In times of duress, people also make use of labour-sharing including throughout the agricultural cycle where wealthier adults will assist households unable to cultivate land (IFAD, 2006).

28. High unemployment and a lack of skills are constraints for an inclusive economy in Eritrea. Over 80 per cent of students do not acquire specific job-related skills after high school leading to high youth unemployment. Additionally, access to technical and vocational education and training (TVET) at the secondary level is limited (see Figure 4 for numbers enrolled in TVET), increasing the shortage of middle level skills. In 2014, only 2.1 per cent of total secondary school enrolment was in TVET, of which only 25 per cent were women (African Development Fund, 2015).

29. In 2015, over 54 per cent of men, particularly youth, were either unemployed or under-employed in seasonal agricultural work or as casual labourers. The need to skill up youth was identified for the formal and non-formal sectors, including entrepreneurship skills to facilitate the start-up of small businesses, e.g. in agriculture, textiles, and footwear (African Development Fund, 2015). The government also is trying to modernise agriculture to provide improved economic opportunities including youth who are tempted to migrate to Europe and other countries to seek other options (Magidu, 2018).

30. In short, there are complex reasons for poverty and malnutrition in Eritrea, as well as some specific causal explanations for specific potential target groups of IFAD/GoE interventions. Some of these are beyond the scope of interventions via the project modality and over a COSOP timeframe, such as educational levels, but can nevertheless be mitigated through specific actions such as vocational training. There are some technical interventions which can be envisioned however certain outcomes will be contingent upon engaging in policy dialogue even if sectoral if policy barriers can be identified which are subject to change and which are critical.

Part 2 -Institutions and legal framework

Institutions

31. **Gender.** The National Union of Eritrean Women (NUEW) is advocating women's equal participation and is present at all levels of society. To raise women's awareness of the culture of gender discrimination prevalent in Eritrea, NUEW has conducted a number of political advocacy campaigns and educational interventions, including special courses and capacity building programmes for women in leadership positions. Overall, more than 2.9 million people – including 90% women – have been reached through nearly 25,000 meetings over the past 10 years. These have included political advocacy meetings, seminars, short courses and workshops covering a range of topics, including gender mainstreaming, women in decision-making roles and women's participation in elections, among others.

32. **Youth.** The National Union of Eritrean Youth and Students (NUEYS) is a national youth organization with the mission to "cultivate and produce capable youth by promoting and strengthening Eritrean youth in all aspects of national, regional and international development processes". Its main functions are: (1) Advocacy and lobbying, ensuring youth needs and issues are raised with decision-makers, and; (2)

Service provision, temporarily providing services to youth that are in scarce supply, such as establishing and running youth health centres around the country.

33. **Agriculture.** Key institutional partners of IFAD are: (a) at the national level, the Ministry of Agriculture (MoA) and its national services such as the Planning and Statistics Division (PSD), the Agricultural Extension Department (AED), the National Agriculture Research Institute (NARI), the national breeding centres, the National Animal Plant Health Laboratory (NAPHL).

Policy and regulatory frameworks

34. Eritrea has signed onto a number of international agreements, treaties and commitments including the development framework in support of development, reducing poverty, and improving the lives of the population including the 2030 Agenda for Sustainable Development and the Sustainable Development Goals (SDGs). Eritrea has also signed up to the African Union Agenda 2063, which include goals and targets that align with the Government's Self-Reliance Policy and Development Agenda (UN Eritrea, 2017). The Government's Interim Poverty Reduction Strategy Paper (I-PRSP) (GOE, 2003) lays out a macroeconomic framework and steps to create the conditions for resuming rapid economic growth, and policies and programs for poverty reduction.

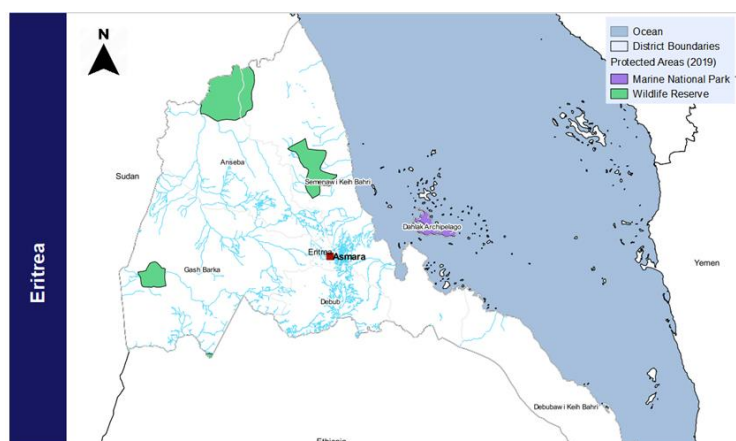
35. The vision of the Government of the State of Eritrea is operationalized in the National Indicative Development Plan 2014-2018, which has four pillars, namely (i) basic social services; (ii) environmental sustainability, resilience and disaster risk management; (iii) public sector capacity development; and (iv) inclusive growth, food and nutrition security, and sustainable livelihoods.

36. **Youth.** There is no governmental authority that is responsible for youth but however incorporated into each sector's priorities (education, health, etc). As described by Weldeab (2010), government agencies that deliver programmes to youth often so do without a specific youth strategy in mind. In some limited cases, government bodies such as the Ministry of Health have sought the input and assistance of youth in the design of their programmes. In one instance, the Ministry partnered with the National Union of Eritrean Youth and Students (NUEYS) because of their success with grassroots HIV/AIDS awareness.

37. **Gender.** The Government adopted several policies supporting equal opportunities, namely the National Education Gender Policy and Strategy (2003), National Policy on Gender (2015), National Gender Action Plan (2015-2019), and a gender awareness strategy of communities. In terms of key institutions, The National Union of Eritrean Women (NUEW) is advocating women's equal participation and is present at all levels of society. The National Union of Eritrean Women (NUEW) was established in 1979 with the support of the Eritrean People's Liberation Front. In its present form, NUEW is an autonomous non-governmental organization dedicated to improving the status of Eritrean women. The organization's mission is to ensure that all Eritrean women confidently stand for their rights and equally participate in the political, economic, social and cultural spheres of the country and share the benefits. NUEW is a member of ECOWAS and other international organizations.

38. **Environmental agreements.** Eritrea has ratified the UN Convention to Combat Desertification (UNCCD) and UN Framework Convention on Climate Change (UNFCCC). Several biospheres have been declared (see Figure 19) across different areas of the country. Considerable progress has been made in particular in combating desertification and towards its Land Degradation Neutrality target.

39. With respect to the environment, the National Environmental Management Plan (NEMP) is the primary policy document. Other key documents are the National Environmental Impact Assessment Procedure and the Integrated Water Resources Management Action Plan (2009-2016).

Figure 19. Protected Biospheres in Eritrea

40. More specifically on climate change, and as per the **Nationally Determined Commitment** (NDC) the GoE is committed to reduce the CO₂ emissions from fossil fuels by 23.1% in 2020, 30.2% by 2025 and 39.2% by 2030 visa-vis to the reference year. If additional support is solicited, it can be further reduced by 36.4% in 2020, 61.1% by 2025 and 80.6% by 2030." "Unconditional mitigation scenario: With internal resources Eritrea can implement its unconditional scenario reaching 1.3 MtCO₂ in 2020, 1.6 MtCO₂ in 2025 and 1.9 MtCO₂ in 2030 from fossil fuel CO₂." Furthermore "Conditional mitigation scenario: With external assistances Eritrea can implement its conditional scenario reaching 1.1 MtCO₂ In 2020, 0.9 MtCO₂ in 2025 and 0.6 MtCO₂ in 2030 from fossil fuel CO₂

41. Finally, Eritrea intends to raise the share of electricity generation from renewable energy to 70% of the total electricity generation mix (wind, solar, geothermal) [by 2030].

Programmes and partnerships

42. Core national partners of IFAD are the Ministry of Finance, and the two lead ministries for project implementation, namely the Ministry of Agriculture (MoA) and the Ministry of Marine Resources (MMR). Other essential partners are the Ministry of Land, Water and Environment (MoLWE), the National Union of Eritrean Women (NUEW) and the National Union of Eritrean Youth and Students (NUEYS).

43. Current key development partners of IFAD in Eritrea include the European Union (EU), UNDP, FAO, African Development Bank (ADB), Global Environmental Fund (GEF), OPEC Fund for International Development (OFID) in order to attract more co-financing, and maximize synergies and complementarities of operations. Potential partners would be World Bank, World Food Program (WFP) and the Italian Cooperation, which are in the process of renewing their partnership with the Government. UNDP, in partnership with FAO, will implement a US\$ 40 million program in agriculture that will be financed by EU.

Part 3 - Strategic recommendations

Lessons learned

44. There is a the need to further enhance IFAD's Country Programme with respect to environmental management and climate change mitigation, while prioritizing future interventions in areas where the Fund has developed a lead position and comparative advantage vis-à-vis other sectors of the economy in Eritrea (i.e. agriculture, agro-pastoralism, horticulture and fisheries sectors) and generated knowledge over the years.

45. Women empowerment is key to addressing household food security and nutrition goals but needs to pay attention to social – cultures conditions to quickly foster women' economic participation. The development of small livestock (sheep, goats and poultry) have been very effective in the economic recuperation of destitute, single-parent and

woman-headed households. No gender-disaggregated data are available to measure outreach to women.

Scenarios and risks

46. **The IFAD Country Strategy Note** (2016) outlines a number of risks including: i) country fragility linked to critical environmental issues, increased climatic variability, recurring drought, flash flooding, and sea level rise; ii) limited institutional implementation capacity within government systems, procurement delays, limited availability of service providers, etc.; iii) ineffective fishing technology leading to fisheries over-exploitation; and iv) potential risks of siltation that can endanger dams/reservoirs and the livelihoods of fishers.

47. Lack of economic opportunities for youth: The lack of economic opportunities for rural youth, and the ensuing challenge of migration to urban areas and outside of Eritrea is a scenario that is likely to affect the country over the short to long term and will likely increase as climate change impacts increasingly impact rural areas and populations.

48. Gender and social inequality are long term challenges and poverty determinants that need to be addressed to achieve the SDGs and other national and global commitments. While policies and programmes are needed as well as translation of these on the ground, behavioural changes are also needed at all levels. Social and cultural norms that discriminate against and limit the opportunities of girls and women, marginalized youth, ethnic minorities, and people living with disabilities need to be addressed in a cross-sectoral fashion including in agriculture and rural development.

49. Price of staple foods: The price of staple foods in Eritrea and the East African Region (WFP, 2018) is an issue that affects the country in the short, medium, and long term depending on what happens due to the impacts of climate change, world markets, and other pressures on agriculture, food, and trade. Rural infrastructure and transport can also affect prices. When the prices of staple foods rise above average, they erode the purchasing power of poor market dependent households, leaving them more vulnerable in lean times (WFP, 2018).

50. Institutional and human resources capacity constraints: The country continues to experience institutional and human capacity gaps across all sectors in both public and private institutions (ADB, 2017). This is not an issue that can be resolved in the short-term, but one that demands investment in education and training institutions over the long term as well as developing the economic opportunities for those skills to be used.

51. Inadequate infrastructure: Deficiencies in agriculture and water and sanitation infrastructure continue to undermine the country's inclusiveness by slowing the transformation of the Eritrean economy, which is heavily dependent on the mining sector (ADB, 2017).

52. A young private sector: The country's infrastructure challenges, a dominant public sector, restrictive economic and financial policies, skills gaps and miss-match, continue to undermine the existing potential in agri-business and agro-processing, manufacturing enterprise growth and employment creation and, therefore, curtailing the private sector development.

Strategic orientation

53. the Government has requested the UN Country Team (UNCT) to update the UN Partnership Framework to reflect the 5-year operational plan of the national development strategy. This UN Strategic Partnership Cooperation Framework (SPCF) would focus on inclusive growth and national capacity enhancement for sustainable development. The IFAD Country Programme could contribute to pillars 2 (environmental sustainability, resilience and disaster risk management) and 4 (inclusive growth, food security and sustainable livelihoods).

54. The COSOP will also contribute to achieving the following Sustainable Development Goals (SDGs): Eradicating extreme poverty (1), Ending hunger, guaranteeing food security, improving nutrition and promoting sustainable agriculture (2), Achieving gender equality and empowering all women and girls (5), Fighting climate change and its repercussions (13), Preserving and restoring terrestrial ecosystems (15).

Strategic actions and targeting

55. The Project will contribute to the Small and Medium Commercial Farmers Strategy. The SMCFS identified the following main challenges³⁴ of agriculture and livestock: (a) lack of value chain facilities, infrastructure, technology; (b) inadequate or limited human and financial resources; (c) weak institutional capacity; (d) insufficient access and linkage to markets. In response, the SMCFS proposes two strategic axes, namely: (i) Technological Support; (ii) Creating an Enabling Environment.

56. **Priority strategic areas**, with a focus on innovation, will include: (a) water conservation and advanced irrigation technologies; (b) job creation for youth and SME development, (c) renewable energy, (d) nutrition improvement, (e) sustainable financial services development; (f) food safety and certification. Their promotion will be implemented through partnerships with international research centres and with other development partners.

57. **Priority beneficiaries** will be: (i) rural poor smallholders involved in subsistence agriculture, horticulture and small livestock-keeping; (ii) farmers and youth agribusiness enterprises or farmer organizations, such as cooperatives and small agribusiness groups; (iv) women, especially female-headed households; and (v) youth (18-35 years), in particular IDP and demobilized soldiers.

58. **The target group** is represented by smallholders cultivating only rainfed crops, have food deficits even in good years. This is largely due to low yields resulting from low level of technology, late ploughing (because they have no draught animals), small holdings, and lack of livestock. Specific target groups are: (a) households cultivating small areas of rainfed crops (<2 ha) or small areas of irrigated crops (0.1-0.25ha); (b) pastoralist households with a maximum of 5 cattle and 10 sheep/goats; (c) resettled households (IDPs, expellees, returnees, demobilized soldiers); and (d) woman-headed-households (WHHs). WHHs constitute over 40% of households in the Project area.

59. **Targeting strategy**. The needs identification will be undertaken at the village level by the Sub-zoba and Kebabi administration on the basis of the guidelines provided by the NPCU. Special efforts will be undertaken to reach out to youth and women through a combination of self-targeting, direct targeting, facilitation and empowerment measures.

60. **Gender strategy**. Gender will be mainstreamed in implementation with a focus on supporting women to overcome constraints including access to assets, training and inputs. The MoA has put in place a gender strategy. The Project will help women to: (i) access irrigation schemes; (ii) enhance their skills in irrigated farming, with particular reference to production of high value crops (FFS for women); (iii) enhance women's representation in cooperatives and strengthening of their leadership capacity; (iv) access financial support; (v) nutrition-sensitive agriculture and home gardens for women. In addition, the gender approach will be based on: (a) quotas if required, at least 50% of women among beneficiaries of the various activities; (b) monitoring of women participation in activities; (d) gender training for programme implementers.

61. **Youth strategy**. The interventions will create rural job opportunities, in particular for rural youth in irrigation schemes and upstream/downstream value chain development opportunities. The Project will prioritise young people for training related to the development of skills and capacities in cooperatives, post-harvest handling and marketing.

³⁴ MoA. SMCFS, 2019.

Appendix V: Resilience assessment note

Building resilient agriculture, livestock and fisheries sub-sectors

1. IFAD is providing support to the Government of the State of Eritrea to build sustainable and resilient agricultural, livestock and fisheries sub-sectors, which are key drivers for the country to reduce rural poverty and to follow its development path. After years of conflict, Eritrea is gradually shifting from post-conflict to development in a context that is highly vulnerable to economic, environmental, climate and other shocks. Eritrea has a Country and Policy Institutional Assessment (CPIA) score of 2.0³⁵.
2. According to IFAD, the four main entry points for building resilience are: (i) gender and youth empowerment; (ii) institution-building; (iii) food and nutrition security; and (iv) natural resources management (NRM). These four entry points are particularly prevalent in the COSOP and also in the proposed Integrated Agriculture Development Project.
3. **Poverty context, gender and youth.** Eritrea's population is estimated at 3.29 million people³⁶, with an annual growth rate of 2.7%. No poverty statistics are published. The UNDP Human Development Index (HDI) remains low at 0.44 and ranks Eritrea 178th out of 189 countries, due to the impact of the long years of war and sanctions, widespread rural poverty and the dependence of about 65-70% of the population on small-scale agriculture, with limited land resources in difficult agro-climatic conditions. About 82% of the rural population owns agricultural land³⁷.
4. Eritrea faces severe food and nutrition security challenges. The malnutrition situation among the under five-year old children portrays severe burden of stunting (50.3%), underweight (38.8%), and wasting (15.3%)³⁸. Causes are the chronic failure to receive sufficient and diversified nutrition, including micronutrient deficiency. Eritrea also scored poorly (33.8) on the Global Hunger Index³⁹ in 2014.
5. **Agriculture, livestock and fisheries.** Eritrea is situated along the western coast of the Red Sea with a coastline of over 1,200 km and has a total land area of 124,000 km². Eritrea has certain agro-ecological diversity: the Highlands are sub-humid to semi-arid; the Lowlands are arid with minimum rainfall, which allows the development of various production systems.
6. Agriculture is one of the main economic activities in the country, having two main farming systems. Agro pastoralism and pastoralism is practiced in arid and semi-arid areas, being mainly the east and west lowlands, whereas sedentary mix crop-livestock farming is practiced in the highlands and midlands. Challenges to the sector include: considerable climate variability; soil erosion and declining soil fertility as well as unpredictable water (frequent droughts) and energy supply challenges. Access to irrigation (typically 0.1 – 0.25 ha per household) allows for two or three cropping seasons and production of surpluses for the market. Livestock is an important sub-sector since 49% of the total land area is suitable for grazing whereas only 17% is suitable for cropping. Crop and livestock productivity is generally low, compared to potential yield.

Drivers to enhance Eritrea's resilience

7. As resilience in the context of Eritrea is particularly a multidimensional concept,

³⁵ Assesses the quality of a country's present policy and institutional framework. For each criterion, countries are rated on a scale of 1 (low) to 6 (high). World Bank

³⁶ Government of the State of Eritrea

³⁷ EPHS2010

³⁸ EPHS2010

³⁹ International Food Policy Research Institute (IFPRI), 2018

the transition towards sustainability and resilience requires different operational responses. The dimensions of resilience in the context of agriculture and fisheries in Eritrea have been tackled in the COSOP and the IADP concept note (CN) in the following way:

8. **Gender and youth empowerment** have been mainstreamed in the COSOP and the CN to make them as inclusive as possible with regards to women and youth participation. This will be done by building further on partnerships established by previous IFAD projects, namely with the National Union of Eritrean Women (NUEW) and the National Union of Eritrean Youth and Students (NUEYS), and by working together with other UN partner organizations, particularly IFAD's partnership with FAO and WFP, which are working on resilience.
9. Women will be supported through (i) access irrigation schemes; (ii) enhanced skills in irrigated farming, with particular reference to production of high value crops (FFS for women); (iii) enhanced representation in cooperatives and leadership capacities; (iv) access to finance; (v) nutrition-sensitive agriculture and home gardens for women; (vi) gender training for programme implementers.
10. Rural men and women, aged 18-35, will systematically benefit from rural employment opportunities, e.g. in irrigation schemes and upstream/downstream value chain development opportunities; cooperatives and SMEs promotion. Young people will be prioritised for training in cooperatives, post-harvest handling and marketing. Investment projects will collaborate with the NUEYS.
11. **Natural resource management** has always been a key concern in IFAD interventions in Eritrea, in particular: (a) to reduce the dependency on rain water and to promote water-efficient irrigation; (b) to support land and water conservation measures; (c) to identify and promote innovative technologies and build the institutional capacity. Climate smart practices technologies include a broad range of technologies, including rainwater harvesting, drought tolerant and early maturing crop varieties, drought tolerant forage and agroforestry fodder species, watershed conservation and management, afforestation, mangroves rehabilitation and conservation, solar and other forms of renewable sources of energy.
12. **Food and nutrition security** is essential given (a) the country's structural dependence on imports, in particular cereals (wheat, sorghum, vegetable oil, sugar); (b) the low productivity of rainfed agriculture, which does not allow to produce sufficient surpluses and also leads to seasonal hunger; (c) the malnutrition statistics. The three dimensions of food and nutrition security will be targeted.
13. Specific emphasis would be on: (a) nutrition-sensitive agriculture, horticulture and aquaculture, including distribution of nutritious and drought tolerant varieties, high-quality seeds and fingerlings; (b) community awareness and sensitization campaigns on the importance of nutritious food (vegetables, pulses, fruits, dairy and fish); (c) promotion of good practices in post-harvest handling and storage, food safety standards and food preparation; (d) access to safe drinking water.
14. **Institution building** will include the following dimensions: (a) enhancing key institutions that are involved in project implementation (extension, research, breeding centres) with respect to infrastructure and equipment; (b) enhancing human resources at different levels (capacity building, knowledge management, South-South and Triangular Cooperation); (c) enhancing social capital of youth groups and farmers' organizations; (d) developing the building blocks and linkages for value chains which is likely to give rise to more sustainable results in the long term, as the benefits of better value chain structuring provide incentives for all actors to continue to invest in value chain institutions. Institutional

capacity building will be provided both at national and regional levels.

15. To further reduce the institutional risks, mitigation measures have been mainstreamed throughout the COSOP. Specific attention during design and implementation will be given to (i) preparation of the implementation manual during design, in close collaboration with the national team; (ii) programming and M&E; (iii) analysis of FM and procurement, as well as capacity building (including linking up with regional grants); (iv) provision of implementation support (financial management, procurement) and mobilization of international technical assistance.

Appendix VI: COSOP preparation process

1. The COSOP preparation process featured a participatory exercise that saw the active involvement of a broad range of stakeholders. The process was led by the IFAD Country Director (DC) for Eritrea in collaboration with FAO's Investment Centre Division (DPI). The COSOP Delivery Team (CDT), established by the Country Programme Manager (CPM), both at IFAD and in Eritrea, contributed to the entire process. The in-country COSOP Delivery Team (CDT) comprised the officials of Ministries of Agriculture and Marine Resources in addition to the national coordinating officers from both National Agriculture Project (NAP) and the Fisheries Resources Management Programme (FReMP).
2. The following consultations were undertaken at national level (i) meetings with the key government ministries involved in the proposed COSOP thematic areas, in particular the Ministry of Finance, the Ministry of Agriculture, and the Ministry of Marine Resources; (ii) the development partners, including FAO, WFP, EU, Italian Embassy, UNDP; (iii) the National Union of Eritrean Women, the National Union of Eritrean Youth; (iv) the Zoba and Sub-Zoba administration, as well as other implementing entities; (v) the beneficiaries at the grassroots levels. The Government of Eritrea led the discussion on the future IFAD support to the country and a new project pipeline, subject to the PBAS of IFAD. This participatory process aimed to ensure that strategic public and non-public stakeholders provided substantive and prioritised inputs and engagement, at various stages of the COSOP formulation.
3. A COSOP formulation mission in Eritrea took place from 8th to 26th July 2019. The mission also conducted field visits to the Zoba Maekel/Central, Debub/Southern, Anseba and Northern Red Sea Region to visit the achievements of the NAP and FReMP projects, to consult beneficiaries and to exchange with implementing entities of these projects.
4. The draft COSOP has been shared with the Government and the UN Resident Coordinator in September 2019. Their feedback has been incorporated in the COSOP.
5. The draft COSOP was submitted for in-house review at IFAD. This process involved a peer review, a review by the Regional Economist, the Network of Regional Economists, and a Quality Assurance Group (QAG) process managed by Operational Strategy and Policy Guidance Committee Secretariat (OSC).

Composition of the COSOP Delivery Team

6. The in-house component of the CDT consisted of the below IFAD and FAO staff members (Table 1). Table 2 presents the composition of the extended in-country CDT, which includes representatives from key government agencies involved in the IFAD country programme, coordinators of IFAD supported projects in the country, key external development agencies, and resource persons.

Table 1: COSOP Delivery Team

Technical Division	Name	Title
East and Southern Africa - HQ	Sara Mbago-Bhunu	Regional Director
ESA-HQ	Shirley Chinien	Lead Regional Economist
ESA-Addis Ababa	Ulac Demirag	Country Director
ESA-Addis Ababa	Joseph Nganga	Country Programme Officer
FAO / DPIA	Frans Goossens	Senior Economist
FAO / DPIA	Haingo Rakotondratsima	Agricultural Economist
ESA-Addis Ababa	Dagim Kassahun	Administrative Assistant
ESA-Asmara	Meala Tesfamichael	Consultant
ESA-HQ	Sylvia Frattini	Programme Assistant
ESA-Nairobi	Zainab Semgalawe	PTL
ESA-HQ	Bernadette Mukonyora	Programme Analyst
Environment, Climate, Gender and Social Inclusion (ECG)	Eric Patrick	Regional Climate and Environmental Specialist
Office of General Council (LEG)	Purificacion Tola	Counsel
Financial Management Division	Virginia Cameron	Finance Officer
Procurement Division	Marie-Claire Colaiacono	Senior Procurement Officer
Environment, Climate, Gender and Social Inclusion (ECG)	Steven Jonckheere	Senior Technical Specialist, Gender and Social Equality
PMI-HQ	Richard Abila	Fisheries and Aquaculture Specialist

Table 2: Extended In-Country Programme Management Team

Organization	Name	Title
Minister of Agriculture	H.E Arefaine Berhe	Minister of Agriculture
Ministry of Marine Resources	H.E Tewolde Kelati	Minister for Marine Resources
Ministry of Finance	Mr. Efreem Tesfai	Director, International Cooperation
Ministry of Agriculture	Mr. Heruy Asghedom	Director General, Agricultural Extension
Ministry of Agriculture	Mr. Bereket Tsehaye	Director, Planning and Statistics, Ministry of Agriculture
Ministry of Agriculture	Mr. Misghina Ketema	National Programme Coordinator-NAP
Ministry of Marine Resources	Mr. Tewolde Woldemikael	National Programme Coordinator-FReMP
UN	Ms. Susan Ngongi	UN Resident, Humanitarian Coordinator
UNDP	Mr. James Wakiaga	Resident Representative
FAO	Mr. Saeed Bancie	Resident Representative, FAO
WFP	Mrs. Miriam Tesfaldet	Officer in Charge

Appendix VII: Strategic partnerships

Strategic Area	Rationale	Expected Outcome/ Result	Partner	Strategic Objective contribution	Monitoring/ reporting
Policy engagement	The SMCFS strategy requires a value chains development approach which is new in Eritrea	Enabling conditions for value chains development in place	FAO Multi-lateral Institutions	SO2	# of value chain study and platform supported # Key Private Sector enterprises engaged in the coordination platform
	Lack of rural finance development and regulatory framework	Rural finance development and regulatory framework piloted and rural finance products improved	UN Multi-lateral Institutions	SO2	Participatory process supported Development Strategy and regulatory framework formulated
	Lack of specific support to youth and women Small and Medium Enterprises (SMEs) and cooperatives development	the promotion strategy of youth and women Small and Medium Enterprises (SMEs) and cooperative piloted	UN Multi-lateral Institutions	SO2	Related capacity (youth & women inclusion) of Business Development Services and vocational training providers built
	Very limited number of cooperative models which are unprofitable	Profitable and viable cooperative and SMEs providing appropriate services to farmers	FAO	SO2	Diversified and profitable models and governance of cooperatives and SMEs developed
	Issues of outreach and response to farmers' specific needs of current services delivery	Greater and diversified capacity of services delivery	FAO	SO1	# of new delivery mechanisms developed
Scaling up	IFAD best practices available on: improved irrigation, catchment protection, production and distribution of improved seeds, animal feed production, etc.,	Increased impact of agricultural development on poverty, food security and nutrition.	Multi-lateral Institutions	SO1	# of partners replicating and upscaling IFAD best practices
Coordination support	The current implementation capacity, tools and approaches gaps require Technical Assistance (international and national)	Capacity of implementing departments and agencies Built Outcome indicators of the COSOP and contribution to SDGs measured	All	All	Capacity of key departments and agencies strengthened Risks anticipated and managed Implementation challenges overcome

Strategic Area	Rationale	Expected Outcome/ Result	Partner	Strategic Objective contribution	Monitoring/ reporting
		Analysis and lessons learnt drawn from M&E			
Knowledge Management and innovation	Limited access to innovation and knowledge products due to the past Country context Lack of documentation on best practices and lessons learned	Innovations discovering tours organized KM products developed Documenting best practices and lessons learned via identification/analysis of date/impact assessment of ongoing projects/focus groups with beneficiaries	UN Agencies Multi-lateral Institutions CGIAR centers	All	Effective KM and innovation management to improve implementation effectiveness and management and enable scaling-up and policy engagement
Co-financing mobilization led with FAO Eritrea	Partners' collective actions are required to cope with the current and future (resumption of other partners' operations) institutions implementation and coordination capacity gap	Smooth and effective implementation of strategy, programme and project Increased procurement and internal control capacity	ACBF UN Multilateral Institutions	All	USD 15 million mobilized to implement the capacity building and KM action plan on staff specialization, institution function development, statistics, etc. Investment plan, programmes and projects M&E development supported
	Synergy development	Resilient practices, agroforestry, conservation agriculture; diversification of income, etc., financed	ASAP GEF, GCF, AF	All	USD 20 million mobilized for CSA, climate change adaption, Climate environment management integration into farming systems

Appendix VIII: South-South and Triangular Cooperation Strategy

I. Introduction

28. Developing countries across all income levels have become increasingly interested in learning from and drawing on the development experiences and resources of their peers. Through SSTC, two or more developing countries: (i) pursue their shared national capacity development objectives (relevant rural development solutions and knowledge) and/or (ii) establish and support partnerships and other forms of collaboration for improved rural livelihoods.

29. In response to the growing importance of South-South and Triangular Cooperation (SSTC), IFAD aims to strengthen its comparative advantage and expand its work in SSTC, in terms of both knowledge-based cooperation and investment promotion, seeing it as an integral part of its business model and of its country programming process.

II. Opportunities for rural development investment promotion and technical exchanges

30. After attaining its independence in 1993, Eritrea faced with many development challenges because of longstanding conflict and post-conflict sanctions until Eritrea and Ethiopia signed a peace agreement on the 9th of July 2018.

31. Eritrea was not able to invest enough public resources to institution and capacity development such as Higher Education (at master level), diversified agricultural services delivery, business development, financial services, etc. The post-conflict sanctions limited its contribution to regional and sub-regional platform (research and exchange centres) as well as international cooperation for investment promotion.

III. SSTC engagement rationale

32. Through South-South Triangular Cooperation (SSTC), this COSOP will support Eritrea to catch up with the (i) innovation: enabling conditions for value chains development, SMEs, rural finance development framework, etc., (ii) capacity building: technical assistance, staff specialization training, etc.; and scaling up agenda: catchment protection, irrigation development, etc., in order to speed-up rural transformation and agricultural development. The related process will be facilitated by IFAD and eventually specific SSTC fund (China, Argentine, etc.) and linked to capacity building and knowledge management.

IV. Partnerships and initiatives

Innovation discovering

33. Participation and sponsorship of thematic, regional and international events (workshops, symposiums, forums, etc.) will remain an important SSTC tool for innovation discovering. IFAD Eritrea will therefore seek to identify opportunities for engagement to exchange lessons on strategy and investment plan formulation; enabling conditions for value chains development, model of SMEs, rural finance development framework, etc. This will include sharing experiences and good examples on innovative development solutions as well as to develop professional networks.

34. Existing regional structures and frameworks, such as the African Union's Comprehensive African Agriculture Development Programme (CAADP), the Economic Commission for Africa (ECA), Intergovernmental Authority on Development (IGAD) in Eastern Africa (IGAD), etc. could contribute to such study tours.

Technical exchange visit for capacity building.

35. Once the appropriate models, skills and training needs are identified, longer technical exchange visits would be organized for staffs from public institutions, agencies,

or services providers' capacity building with targeted countries (involving government, civil society, academia and the private sector) which can host them and share knowledge, skills, resources and technical know-how. This can include specialization and refreshment training by universities in the sub-region. Distance or in situ coaching (periodic technical assistance) from host countries is key to ensure quick learning and overcome challenges related to the practice of knowledge acquired.

Mutualization and partnership

36. International research centres and platforms such ICRISAT, ICARDA, FAO, WorldFish, ASARECA, could support SSTC opportunities and promote mutualization of intervention in vaccine and seeds production, cross boarder diseases management, cross country watershed and infrastructure development and management, etc.

37. Potential partners for bilateral cooperation are countries which have successful experiences in the specific areas of Eritrea interests (including training and capacity building, advanced irrigation technologies, food standards, cooperative development, financial services, and SME business models) for experience exchange like China, Vietnam, Ethiopia, South Africa, Egypt, and Kenya, etc.

Regional portfolio (projects exchange)

38. Through lending and grant financing activities, IFAD-funded projects and country partners have deployed traditional approaches to delivering knowledge-based technical cooperation – peer-to-peer exchanges of knowledge, technology and know-how to improve agricultural productivity – to broaden access to market information, enhance policies and increase community participation in local development, and in some cases bring about new investment opportunities. RB-COSOP 2019-2025 expects to design grants that will support knowledge management and capacity building on specific thematic areas such

39. SSTC activities will also cover activities aimed at improving the efficiency and effectiveness of IFADs operating model such: the Single Project Implementation Unit (SPIU in Rwanda), COSOP support unit (CAPFIDA in Madagascar or PSU in Cambodia) to strengthen the implementation capacity and promote IFAD country programme approaches.

V. Conclusion

40. Given the current institutional country context, SSTC is a key option for the COSOP development as well as the rural transformation and agricultural development. To bringing all partners on board, communication related to SSTC should be based on work plan (expected results), budget and planning.

Appendix IX: Country at a glance

Country profile – The State of Eritrea

	Figure	Year	Other Source
World view			
Population, total (millions)	3.29	2018	Government
Population growth (annual %)	3.2	2017	
Surface area (sq. km) (thousands)	124	2018	
Population density (people per sq. km of land area)	25.80	2818	Government
Poverty headcount ratio at national poverty lines (% of population)	69.0	1993	
GNI, Atlas method (current US\$) (billions)	1.79	2100	
GNI per capita, Atlas method (current US\$)	570	2010	
GNI, PPP (current international \$) (billions)	6.1	2010	
GNI per capita, PPP (current international \$)	1,900	2010	
People			
Income share held by lowest 20%			
Life expectancy at birth, total (years)	66	2018	
Fertility rate, total (births per woman)	4.1	2018	
Adolescent fertility rate (births per 1,000 women ages 15-19)	52	2018	
Contraceptive prevalence, any methods (% of women ages 15-49)	8	2010	
Births attended by skilled health staff (% of total)	8	2010	
Mortality rate, under-5 (per 1,000 live births)	43	2017	
Prevalence of underweight, weight for age (% of children under 5)	50.3	2010-16	
Immunization, measles (% of children ages 12-23 months)	99	2017	
Primary completion rate, total (% of relevant age group)	45	2017	
School enrolment, primary (% gross)	49.4	2017	
School enrolment, secondary (% gross)	30.8	2017	
School enrolment primary & secondary (gross), gender parity index (GPI)	1	2018	
Prevalence of HIV, total (% of population ages 15-49)	0.02	2017	
People using at least basic drinking water services (% rural population)			
People using at least basic sanitation services (% rural population)	6.1	2017	
Environment			
Arable land (% of land area)	6.8	2016	
Forest area (sq. km) (thousands)	15.1	2018	
Terrestrial and marine protected areas (% of total territorial area)	3	2018	
Annual freshwater withdrawals, total (% of internal resources)	20.8	2014	
Population affected by droughts, floods and extreme temperature (annual %)	7.3	2009	
Energy use (kg of oil equivalent per capita)	281	1990	
CO2 emissions (metric tons per capita)	0.16	2010	
Electric power consumption (kWh per capita)	86	2010	
Economy			
GDP (current US\$) (billions)	2.1	2010	
GDP growth (annual %)	5.4	2018	WB
Inflation, GDP deflator (annual %)	13	2018	WB
Agriculture, value added (% of GDP)	14.5	2019	EIU
Industry, value added (% of GDP)	22	2010	
Exports of goods (million USD)	418	2019	EIU
Imports of goods (million USD)	396	2019	EIU
Gross capital formation (% of GDP)	-11.4	2000-2018	
States and markets			
Time required to start a business (days)	84	2018	
Domestic credit provided by financial sector (% of GDP)	114.4	2010	
Arm forces personnel (x 1000)	202	2016	

	Figure	Year	Other Source
Mobile cellular subscriptions (per 100 people)	13.7	2017	
Individuals using the Internet (% of population)	1.3	2017	
Global links			
Export value growth (%)	60.1	2006-2016	
Net barter terms of trade index (2000 = 100)	85.2	2016	
External debt stocks, total (DOD, current US\$) (millions)	819	2017	
Total debt service (% of exports of goods, services and primary income)	1,042	2010	
Net migration (thousands)	-160	2012	
Personal remittances, received (% of GDP)	0.7	2015	WB
Foreign direct investment, net inflows (BoP, current US\$) (millions)	55	2017	
Net official development assistance received (current US\$) (millions)	79	2017	

Source: World Development Indicators database, 04/09/2019.

Appendix X: Financial management issues summary

FINANCIAL MANAGEMENT ISSUES SUMMARY

COUNTRY	Eritrea		
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COUNTRY and CURRENT PROJECT -Fiduciary KPIs:

<i>Country Fiduciary Inherent Risk</i>	High	<p>The inherent risk is high. The State of Eritrea ranked 157th out of 180 countries in the Transparency International Corruption Perception Index in 2018, with a score of 24, although this represented an improvement compared to 20 in 2017 and 18 in 2016. The country ranked 178th out of 189 countries in the UNDP Human Development Index (HDI) in 2017. Eritrea has two ongoing projects – National Agriculture Project (NAP) and Fisheries Resources Management Programme (FReMP), which entered into force respectively in 2012 and 2016. In April 2018, FReMP's Financing Agreement was re-stated to include a EUR 9 million supplementary fund grant from Germany. NAP is classified as a problem project and FREMP is classified as a potential problem project, due to fiduciary performance and low rate of budget execution, amongst other factors.</p> <p>The use of country systems for IFAD's projects in Eritrea is partial. Project units are fully embedded within implementing agencies (national and district), with Government staff. Project funds transit through the Bank of Eritrea, which slows down payments. The Office of the Auditor General (OAG) sub-contracts the external audit function to private audit firms, whose capacity varies. Based on available information, there are no quality assurance mechanisms in place in OAG for reports issued by sub-contracted firms, neither are audit recommendations monitored at this level. There is no evidence of projects' being covered by executing agencies' internal audit plan of work, and IA capacity is weak. Project accounting is not recorded in an Integrated Financial Management System (IFMIS), although FREMP has recently procured an accounting software which is expected to strengthen financial management and reporting. No PEFA is available for Eritrea.</p> <p>The Economist Intelligence Unit's 2019 Country Report for Eritrea highlighted that the economy continues to be dominated by the agricultural and mining sectors, which are both highly vulnerable to shocks (weather-related and global prices respectively). Prospects of economic growth remain modest owing to lower global economic growth and slowdown in China, one of Eritrea's key trade and investment partners. According to the IMF, which completed an Article IV mission to Eritrea in May 2019, a sustained period of high fiscal deficits— albeit reversed over the past three years — has led to a heavy public debt burden. However the authorities have not consented to publication of the IMF report, so little information on the country's debt is publicly available.</p> <p>Eritrea's local currency, the nakfa, has been pegged to the dollar at Nfa15.08: US\$1 since December 2016, after earlier being pegged at Nfa15.37. Over this period, the currency has become severely overvalued because of Eritrea's double-digit inflation and large current-account deficits. It is considered unlikely that the currency peg will be dismantled entirely and replaced by a free-floating exchange rate in 2019-20, given the local economic upheaval that this would trigger.</p> <p>Eritrea is expected to take financing from IFAD in US\$ in the IFAD11 period</p>
<i>Pending Obligations</i>	No ineligible expenditure has been reported for the ongoing projects	
<i>Country Contribution in IFAD Replenishments</i>	IFAD10: US\$30,000 pledged and paid IFAD11: US\$40,000 pledged and paid	
<i>PBAS – Programme's cycle coverage</i>	IFAD 11 allocation: US\$ 37.08 million	
<i>Disbursement - Profile</i>	NAP: moderately unsatisfactory FReMP: moderately satisfactory	
<i>Counterpart Funding - Profile</i>	NAP: moderately unsatisfactory FReMP: satisfactory	
<i>Current Lending terms (IFAD11)</i>	20% Highly concessional (optional), 80% DSF Grant	

Existing portfolio

Project	Financing instrument	FLX Status	Lending Terms	Currency	Amount (million)	Completion date
NAP	200000195000	DSBL	DSF HC GRANTS	XDR	6.71	30/12/2020
NAP	G-I-DSF-8107-	DSBL	DSF HC GRANTS	XDR	11.40	30/12/2020
FReMP	200000228700	DSBL	SUPPLEMENTARY FUNDS GRANTS	EUR	9.00	30/12/2023
FReMP	200000170000	DSBL	DSF HC GRANTS	XDR	10.75	30/12/2023

Project	Financing instrument	Curr.	Amount (million)	Project risk rating	PSR quality of FM	PSR audit	PSR disb. rate	Disbursed to Approved
NAP	200000195000	XDR	6.71	Medium	Mod. unsatisfactory	Mod. unsatisfactory	Mod. unsatisfactory	29 %
	G-I-DSF-8107-	XDR	11.40					97 %
FReMP	200000228700	EUR	9.00	Medium	Mod. unsatisfactory	Mod. satisfactory	Mod. satisfactory	18%
	200000170000	XDR	10.75					24%

Concept note – Key Fiduciary OBSERVATIONS:

The Integrated Agriculture Development Programme will be national in scope, targeting six *zobas* (regions). Investments will cover 50% of all Sub-*zobas*, spread across all six *zobas* and all agro-ecological zones. The key actors involved in the implementation of the project will be the Ministry of Agriculture (MoA), the Agricultural Extension Department (AED), the National Agriculture Research Institute (NARI) and the national breeding centres. At the regional level the coordination and implementation responsibilities will be carried out by the Zoba Project Coordination Committees (ZPCCs). Project costs are preliminary estimated at US\$ 50 million, of which US\$ 37 million from IFAD, while Government will provide counterpart funding and tax exemptions. Beneficiaries will provide labour and construction materials for works and co-financing will be sought.

1. The ongoing projects in Eritrea are moderately unsatisfactory for FM and AWPB execution is very weak, impacting disbursement performance
2. Projects implement under conditions that are not conducive to efficiency. The communication infrastructure is particularly weak, with frequent internet and power outages. Current Government directives require vehicles procured with donor funding to be pooled centrally, resulting in projects operating without vehicles
3. Current projects do not use modern automated accounting systems expenditure, which limits the efficiency and effectiveness of financial reporting. FREMP is in the process of procuring an off-the-shelf accounting software
4. All the above factors significantly constrain project performance and should be addressed as part of the COSOP process
5. Government oversight mechanisms are in place for IFAD's projects, but should be strengthened. The upcoming design will attempt to address gaps in internal audit services and the quality of external audits