



Enabling the rural poor to overcome poverty in **Eritrea**

Rural poverty in Eritrea

Since it won independence from Ethiopia in 1993 after a 30-year war of liberation, Eritrea has had to cope with the socio-economic problems of a small, desperately poor country. Its economy, like that of many African nations, is largely based on subsistence agriculture, and 60 per cent of the population relies for food and income on agricultural activities such as crop and livestock production or fishing.

Located in the Horn of Africa, on the Red Sea, the African continent's youngest independent country is also one of the poorest in the world, with an annual per capita income of US\$150 in 2003 and a Human Development Index ranking of 155 out of 175 countries.

Poverty and food insecurity are widespread and are on the increase. Even in years with adequate rainfall, about half of the food that the country requires has to be imported.



Four years of extreme drought and the continuation of a no-war/ no-peace situation with neighbouring Ethiopia have heightened chronic humanitarian risk in Eritrea.

In the decade between 1990 and 2001, 53 per cent of the country's households fell below the poverty line, and 44 per cent of children under the age of five were underweight.

A large segment of Eritrea's population, totalling as many as 2 million people, faces economic hardship. Rural households are the most severely affected by poverty because of the low productivity of their crops and livestock enterprises. Almost two thirds of all households lack food security.

The simmering border dispute with Ethiopia has intensified poverty, especially in border locations such as the Gash Barka region, where IFAD invests efforts to improve agricultural and livestock productivity. Throughout the country, more than 1 million people, mainly farmers, have been displaced and have lost their few assets, including livestock. In 2006, more than 60,000 displaced people were still living in temporary camps, while large tracts of fertile land and pasture remain inaccessible because they are studded with an estimated 60,000 unexploded landmines.

The 2002-2004 droughts, by far the worst in many years, threatened the very existence of more than one third of the population. Crop production fell to about a quarter of the average of the previous ten years, and large numbers of livestock died or were sold off relatively cheaply to pay for food. Malnutrition levels are high. Rural Eritreans have little access to essential social services such as health care and they lack safe drinking water.

Armed conflicts and mandatory military service take many men away from their villages and their families. As a result, a large number of rural households are headed by women, many of whom are widows. These women bear the dual burden of producing food and providing care for their families. Households headed by women are disadvantaged: they cultivate less land and have fewer assets, including livestock, than those headed by men. Women are particularly disadvantaged during the period when land is prepared for cultivation, because they are not allowed to operate oxen teams for ploughing. They have to rely on help from male relatives and neighbours, who may not be available to do the work at the proper time.

Although the situation is bleak for many families, rural communities across Eritrea have traditional ways of protecting the poor. During times of extreme stress, wealthier households dispose of assets, mainly livestock, and then make loans to poorer relatives and neighbours. Labour-sharing is also common: at various times during the agricultural cycle, a community's wealthier adults will assist households that are unable to cultivate their land.

Eradicating rural poverty in Eritrea

Economic growth and food security have been the central objectives of the Government of Eritrea since independence in 1993. According to the country's interim Poverty Reduction Strategy Paper of 2004, its overall development strategy focuses on sustainable growth and the reduction of poverty, with the involvement of the private sector.

Key elements of the strategy are to:

- develop export markets for livestock, fruit, vegetables and flowers
- re-establish port activities
- increase agricultural productivity by strengthening public services to small-scale farmers, and promote development of a supporting private sector
- attract investment from the private sector
- privatize state-owned enterprises
- develop a sound financial system

Decentralization is also a high priority on the government's development agenda. It is expected to help reduce poverty by improving access to services.

Because at least one third of Eritrean households are headed by women, gender equality constitutes a key element of the country's poverty reduction strategy. Households headed by women are generally the poorest and most vulnerable to food insecurity. The National Union of Eritrean Women, with some 200,000 members throughout the country, is a major agency for implementation of rural projects.

Programmes to eradicate rural poverty benefit from a strong sense of community. Wealthier households traditionally dispose of assets, mainly livestock, to make loans to poorer relatives and neighbours during particularly hard times. Rural people also commonly practice labour-sharing, assisting households that for some reason are unable to cultivate their land as the agricultural cycle requires.



IFAD's strategy in Eritrea

IFAD's experience in Eritrea underscores the difficulty of operating in an acutely poor country affected by armed conflict. There are severe constraints on institutional capacity and human resources. Few skilled local staff are available and the capacity of public service providers to intervene in new projects is limited.

IFAD began operations in the country in 1995, just two years after independence, and its first project had the aim of rehabilitating the crucially important irrigation system in the eastern lowlands. A second project was approved in 2002 to increase farmers' incomes from crop and livestock production in the western lowlands. IFAD's loans to Eritrea total US\$22.7 million.

In Eritrea IFAD's strategy focuses on the reconstruction of communities and their development needs. Improving the management of natural resources is also a priority. Assistance is directed at the eastern and western lowlands, where rural poverty is most severe and where social and economic infrastructures have been seriously disrupted by the conflict. These are also the areas with the best immediate prospects for expanding the production of small-scale farmers.

The experience of IFAD in the country suggests that limited resources and lack of readily transferable technologies imply a need for simple, low-cost investments and for the self-reliance of communities in management and maintenance. New investments should preferably be made in activities that have already been tested and proven.

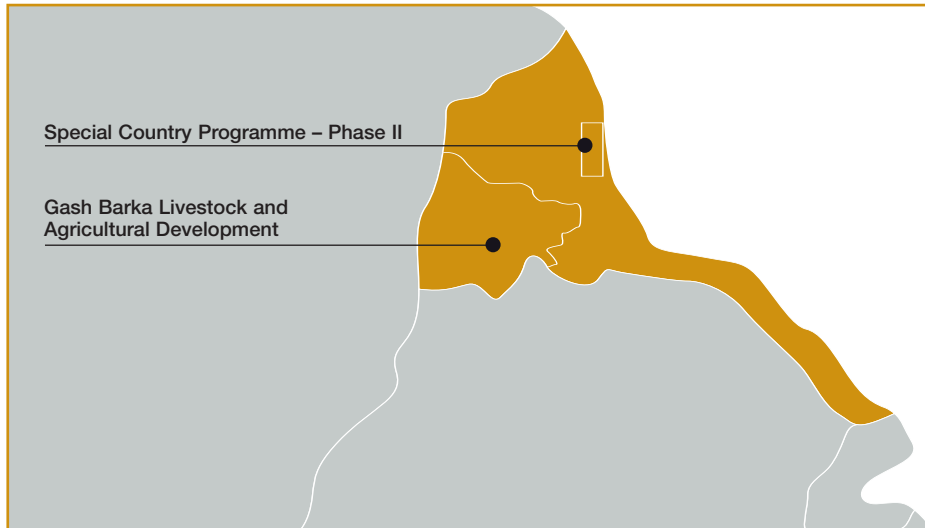
There are development opportunities in rangeland management, crop and animal husbandry, veterinary services and conservation farming. Expanding small-scale irrigated cultivation of higher-value crops in many localities offers another possibility for development.

Investments to improve people's access to health services and safe drinking water are also required and are a key to improving the living conditions of the poorest people, many of them in households headed by women.

Such investments, financed on a grant basis by the Belgian Survival Fund Joint Programme (BSFJP) in a strategic alliance with IFAD, directly complement productive investments financed by IFAD.

Projects: 2
Total cost: US\$36.3 million
Total loan amount: US\$22.7 million
Directly benefiting: 35,000 households

ONGOING OPERATIONS



Gash Barka Livestock and Agricultural Development

The Gash Barka project area covers 27 per cent of the country's total land area. Small-scale herders and farmers in the region are poor because their incomes depend on crops and livestock that are not profitable, and they have few other income-generating opportunities. The climate is harsh, and rainfall is limited and unreliable. Droughts cause partial or complete crop failure as often as one out of every three years. In years when crops fail, people are forced to sell their livestock and other assets so their families can survive. About half of the population depends on food aid.

The project supports investments in livestock and crop production enterprises benefiting 16,000 households.

The region has been adversely affected by the recent conflict between Ethiopia and Eritrea. Households lost many assets, including tools and cattle, infrastructure was destroyed and seasonal migration of livestock has been disrupted.

Under the project, improvements in grazing and farming include establishment of exclusion areas and communal management of rangeland. The project supports infrastructure works such as the building of water points, diversion of rivers and small streams and water harvesting for supplementary irrigation.

The project will also improve people's access to drinking water and medical services, including measures to combat malaria and tuberculosis and to improve health care for mothers and children.

Because of the difficult post-conflict environment, the project has been slow to gather momentum. By June 2005 about 20 per cent of total funds had been disbursed.

Total cost:

US\$16.1 million

IFAD loan:

US\$10.0 million

Cofinancing:

- Government of Eritrea (US\$1.4 million)
- Belgian Survival Fund Joint Programme (US\$3.5 million)

Duration:

2003-2009

Geographical area:

Gash Barka administrative region

Directly benefiting:

27,500 households

Eastern Lowlands Wadi Development Project

This area was one of the most severely affected by the war for independence, in terms of both material destruction and loss and disorganization of human life.

The project has the objective of improving spate irrigation systems, the most important agricultural development opportunity in the eastern lowlands. Specific activities include rebuilding structures for flood diversion that are used several times a year to allow water to soak deeply into the soil, to help the arable zones of Sheeb and Wadi Labka regain their status as one of the highest grain producing areas in the country.

The project will also develop agriculture and livestock production. It will improve community infrastructure by rehabilitating roads and domestic water supplies. Technical coordination will be provided to strengthen the Ministry of Agriculture's capacity to implement similar activities in other parts of the country.

The completion evaluation report of December 2004 concluded that the achievements of the project were modest, and some activities were either curtailed or not implemented at all. Many shortcomings were attributable to the conflict situation.

Despite these difficulties, activities centred on irrigation have been successful and provide guidelines on how to implement spate irrigation schemes in Eritrea. Participation is a key factor, and people who will benefit are involved from the outset, committing themselves to taking responsibility for operation and maintenance of irrigation systems.

Total cost:
US\$20.1 million

IFAD loan:
US\$12.7 million

Cofinancing:
– Belgian Survival Fund Joint Programme (US\$5.3 million)
– Government of Eritrea and beneficiaries (US\$2.1 million)

Duration:
1995-2006

Geographical area:
Sheeb and Wadi Lakba,
in the eastern lowlands

Directly benefiting:
7,500 households



IFAD's strategy for rural poverty reduction in eastern and southern Africa

The eastern and southern Africa region probably has the highest concentration of poverty in the world. Three out of four people in the region, about 260 million people, live in rural areas, and more than half of them live in extreme poverty. About 85 per cent of these extremely poor people depend on agriculture, particularly smallholder farming, for their livelihood. Yet agricultural development is falling behind. The region has suffered a general decline in development assistance and a dramatic decline in investment in agriculture.

With a wealth of human and natural resources, rural areas in the region have enormous potential for growth that would benefit not only rural poor people but also national economies. The potential for improvements in smallholder agriculture offers the most immediate practical opportunity to reduce rural poverty and stimulate broad-based growth.

Since starting operations in 1978, IFAD has financed 127 investment projects and programmes in the region, for a total commitment of US\$1.6 billion. IFAD is one of the principal sources of development assistance for rural poverty reduction in the region.

IFAD's regional programme takes the growth potential of the smallholder economy as its starting point. It focuses squarely on new opportunities and challenges associated with the region's incomplete economic transition, the result of structural adjustment that modified the landscape of economic policy and institutions. It also makes support to women a priority. Women are the least empowered people in rural communities, but have the potential to make a key contribution to poverty reduction.

Working with governments, donors, rural poor people and community-based and non-governmental organizations, IFAD explores opportunities created by governments through political opening, decentralization and economic liberalization. It supports a wide range of activities through which smallholder farmers develop new relations with the private sector and public services and a new approach to resource management. The strategy's objective is to ensure that activities can be replicated and scaled-up to reduce poverty.

Designing and implementing projects and programmes that reflect its mandate to enable rural poor people to overcome poverty, IFAD:

- ensures careful targeting, focusing on rural poor people in areas of medium to high potential, without excluding more marginal areas
- invests in empowerment of rural poor people to strengthen their own productivity and assets, and to enable them to assert their influence on government and the private sector
- supports development of rural poverty reduction policies and establishment of institutions that help give poor people a voice in their future

IFAD's operations in the eastern and southern Africa region have a particular focus on:

- promoting efficient and equitable market linkages
- developing rural finance systems
- improving access to and management of land and water
- creating a better knowledge, information and technology system

Building up resilience to crises such as the HIV/AIDS epidemic and civil strife is an essential element of IFAD's strategy. The region is the epicentre of the epidemic, and adult prevalence rates are among the highest in the world. Most of those who suffer the impact of the epidemic are extremely poor people living in rural areas. IFAD's response is to extend knowledge empowerment at the community level into the realm of HIV/AIDS to support prevention, and to work towards establishing livelihood options for the poor, outside high-risk activities.



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For further information on rural poverty in
Eritrea, visit the Rural Poverty Portal:
<http://www.ruralpovertyportal.org>



Building a poverty free world

IFAD is a specialized agency of the United Nations dedicated to combating poverty in the most disadvantaged regions of the world.

Through low-interest loans and grants, it develops and finances programmes and projects that enable rural poor people to overcome poverty themselves.

Since starting operations in 1978, IFAD has invested US\$9.2 billion in 716 programmes and projects around the world. These operations have enabled more than 300 million small farmers, herders, fishers, landless workers, artisans and members of indigenous communities to take steps to achieve better lives for themselves and their families.

But this represents only part of the total investment in IFAD programmes and projects. In the past 28 years, a further US\$15.9 billion in cofinancing has been provided by governments, project participants, multilateral and bilateral donors and other partners.

Working with partners, including rural poor people, governments, NGOs, financial and development institutions, and the private sector, IFAD tackles poverty not just as a lender but also as an advocate for rural poor people. One of its priorities is to assist rural poor people in developing and strengthening their organizations so that they can advance their interests and remove the obstacles that prevent so many people, especially women, from creating a better life for themselves. In this way, rural poor people are able to participate more fully in determining and directing their own development.



Enabling the rural poor
to overcome poverty

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