SUMMARY

Introduction

This evaluation was undertaken by an independent consultant for the Food Security Working Group (FSWG) in October/November 1995. It concerns the FSWG’s 1995 Humanitarian Relief and Agricultural Rehabilitation Project, funded by AusAID, which included a) the purchase within Eritrea of 5,400 mt of sorghum for free distribution to vulnerable groups and for use in food-for-work (FFW) activities and b) support for the Agricultural Rehabilitation Programme (ARP). The project was implemented by the Eritrean Relief and Rehabilitation Agency (ERRA) and provincial offices of key government ministries, notably the Ministry of Agriculture (MoA).

The terms of reference were (in summary) to examine:
- the cost-efficiency of internal purchase and its impact on local production,
- the impact of food relief on household food security and
- the impact of food-for-work projects on environmental rehabilitation.

The main focus was to be on internal purchase, including prospects for continuing to conduct purchases within Eritrea in 1996.

Impact on Production

The internal purchase of nearly 30,000 mt (including other NGOs and donors) had a considerable impact on the demand for sorghum in Gash-Setit Province, the main surplus area. However local and highland demand for this sorghum may have been adequate without the intervention and with a fall in production this year there will be even less need to intervene in the market in 1996 to shore up prices and maintain adequate incentives for farmers. Indeed it appears from the upward pressure on prices that the market may have been over-exploited in 1995 and the same danger exists for 1996.

In terms of boosting production it seems that the principle obstacle is no longer demand but the need for rural credit. Farmers are increasing the land they cultivate in anticipation of market sales but the small farmers face many hurdles expanding their production and NGOs should perhaps concentrate more in this area.

Cost-Effectiveness

Internal purchase was very cost-effective in 1995 being 30% (percent) cheaper than importation of wheat from Australia would have been, largely because of the saving on ocean freight. There was a mixed outcome on efficiency - over 60% of the contracted quantity was delivered promptly, much more quickly than it could have been imported, but the remainder of just under 40% suffered delays.

Supply Problems

A clear lesson to be drawn from the 1995 purchases for the FSWG and others is that although internal purchase is cost-effective and potentially very efficient careful consideration has to be given in any year to matters related to supply, including a) the quantity that could be deemed to
be the marketable surplus in each province, b) how much of this may be available for purchase for food assistance programmes taking into account local and inter-provincial demand, and c) the capacity of prospective contractors to collect and deliver it.

The main internal purchase contractor, the Red Sea Trading Corporation (RSTC), ran into supply problems in 1995 and its large scale purchasing appears to have driven up the price, good for farmers with a surplus to market but bad for deficit local and highland producers. NGOs and donors should be very cautious about the total amount contracted for internal purchase in 1996 because production is down and less sorghum will be available. The marketable surplus in the most important surplus producing province, Gash-Setit, may be roughly half what it was in 1995.

**Importation Recommended in 1996**

Given the greater constraint on supply for 1996 and the difficulties the FSWG may face coordinating internal purchase with other NGOs and donors the FSWG should withdraw from internal purchase for 1996 leaving the field to others and apply instead for funding from AusAID for 5,000 to 6,000 mt of imported wheat. This will go some way to addressing the larger problem in the context of Eritrea’s structural food deficit of meeting increased food aid needs which should be at least 140,000 mt in 1996.

The FSWG should return to a consideration of internal purchase in 1997. If internal purchase remains constrained an alternative to importation may be regional purchases (from Ethiopia particularly).

**Best Channel for Australian Food Aid**

There is really only one alternative to channeling food through the FSWG in 1996, and that is WFP (beyond 1996 there may be other alternatives). However consigning food directly to WFP would have few advantages because WFP does not handle the food (ERRA collects shipments right off the boat), and WFP are unable to effectively monitor its use (on its own admission).

WFP does have the advantage of being much more involved in the food aid policy dialogue in Asmara, an important consideration, but this has to be weighed against the cost of using WFP as a channel. WFP would charge up to 6% of the C&F value of a shipment amounting to over A$150,000 on 5,500 mt of wheat. The FSWG is a much cheaper option, with program support charges of around A$45,000.

**Impact of Food Assistance**

The food provided by the FSWG/AusAID had a considerable impact on household food security. A substantial proportion of the food was provided to disadvantaged groups (End piii)

which make up 20% of the population. There is however a strong argument for tightening the selection process to focus more on the poor.

Food allocated to FFW activities is not targeted at the poor, it is a means of undertaking priority public works. But the work achieved has a longer term impact on food security by contributing to soil and water conservation. The main FFW activity, hillside terracing is generally effective,
particularly when combined with a period of enclosure to allow regrowth to occur, although there should be an additional investment in the capacity of the MoA to design and manage projects.

Management and Coordination

ERRA has a reputation for logistical efficiency and this would appear to be ERRA’s main strength. However in other respects ERRA is overstretched and preoccupied and this is leading to some breakdown in ERRA’s functioning, which is evident is ERRA’s lack of initiative in providing fora for coordination between NGOs and donors. Given the pressures on ERRA the FSWG should not expect too much in terms of information and coordination and should take the precaution of strengthening links with NGOs operating in Eritrea to ensure the coordination of assistance and adequate representation for Australia’s contributions.

Like everyone else the FSWG depends ultimately on the effectiveness of the village assemblies, the baitos, in selecting beneficiaries. This system is generally believed to be remarkably effective but more needs to be known about the criteria they apply and the actual process in terms of community participation.

ERRA’s Allocation of Australian Funded Food

ERRA regarded the food aid purchased through the FSWG in 1995 as unearmarked i.e. not tied to specific purposes. As a result a large proportion (nearly two-thirds) was used in a manner not contemplated by the FSWG or AusAID. The Australian funded purchases were supposed to be for vulnerable groups and FFW activities but nearly two-thirds were used instead for demobilised soldiers and returnees.

It would not be fair to say however that ERRA diverted the food in the sense of doing something wholly improper. ERRA has to be given the benefit of the doubt because the FSWG did not obtain ERRAs commitment to use the food for particular purposes. No agreement was signed.

Because ERRA did not inform the FSWG how it had allocated the food the FSWG was not in a position to advise AusAID of any changes, as required, and the FSWG is consequently in breach of the agreement. It is now imperative that the FSWG signs an agreement with ERRA for all activities.

Future of the FSWG

The raison d’etre of the FSWG has been to lobby for resources for Eritrea, particularly food aid. This has worked very well bearing in mind the large amount of food sourced (End piv)

over the years. But circumstances have changed dramatically over the ten years the FSWG has been in operation. With the end of the cross-border operation following independence many NGOs have become operational and/or placed representatives in Asmara. The FSWG continues to rely on ERRA as its eyes and ears but the context has become complex with differences developing between the government and FAO/WFP and the major food aid donors over food aid policy.

There is value in maintaining the FSWG for as long as it is an effective means of securing
resources for Eritrea (unless the individual members believe they can be more successful in securing resources in their own right). But it is not just a matter of agreeing to continue. An additional investment will be required to protect and advance the FSWG. Firstly, the FSWG has to protect its role vis a vis AusAID by improving its accountability. Secondly, the FSWG has to protect its standing as the channel of first choice by making a greater investment in ensuring Australian food assistance is effective.

The members of the FSWG should also give more consideration to the long-term role of the consortium. Should the FSWG concentrate more on agricultural rehabilitation and become more involved in rural credit? When will the time be ripe for NGOs to withdraw from their partnership with ERRA (i.e. the government) and look for opportunities to work with local NGOs and communities? And what issues should the FSWG members be pursuing in Eritrea? What about justice and equity? The members may now be of more use to the Eritrean people by joining the loyal opposition.

(End pv)