

Briefing Note on the Wheat Assistance {Food Aid} from the Government of Japan to the Government of the State of Eritrea

Introduction

The Government of Japan has provided the Government of the State of Eritrea procured wheat assistance annually for the last ten years, except the year 2009. The last shipment of about 13,000 Metric Tons arrived at the port city of Massawa around Mid August 2011 as an allocation of the KR 2010. The wheat assistance has been playing the dual purpose of tackling existing shortfalls of supply at the same time funding vital activities that enhance food production programs. The cooperation with the Government of Japan has been complementing the Eritrean government's efforts towards food security and the attainment of the objectives of full recovery and self-reliance.

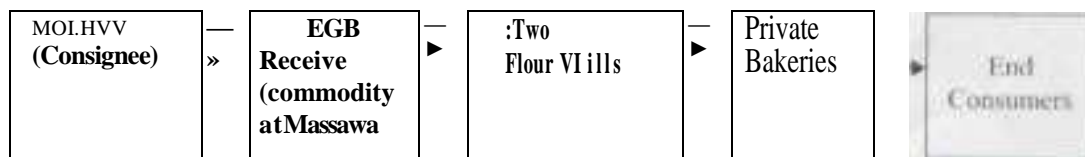
Objectives

The Japanese food Aid (KR) support satisfies the dual purpose of meeting the immediate food requirements and achievement of longer-term food security objectives, avoiding the perpetuation of dependence on food handouts. It is suitable and compatible with the government's policy of cooperation based on partnership to address real challenges.

Process of Implementation

Requests are prepared by the Government of the State of Eritrea annually based on assessments of the food situation in the country and submitted to the Government of Japan. Once the request is approved for funding by the Government of Japan, an Exchange of Note is signed between the two governments. This is followed by appropriate liaison and consultative meetings of the two parties. Subsequently, the process of procurement of the wheat through international bidding is conducted by JICS on behalf of the Eritrean party and the delivery of the wheat assistance to Eritrea is pursued.

Flow of the Wheat assistance in Eritrea



Benefits of this Food Aid modality

The KR supplies of wheat have been instrumental in ensuring steady bread supply at prices affordable by the majority of the poor. Target end consumers are low-income communities most of whom are poor elderly and women headed households. Flour mills supply flour to bakeries at regulated prices.

Steps in Deposition of Counter-Part Fund (CPF)

- MoLHW enters into agreement with the EGB on the sale of the product, based on the prices according to the Exchange of Notes (2/3 FOB price)

- MoLHW opens special CPF bank account at the Commercial Bank of Eritrea
- EGB deposits the sale amount in the CPF immediately after receiving the product.

(2) The Actual Results of Counter-Part Fund in Past Ten years

Japanese Fiscal	Date of E/N	Amount million JY	Deposit Obligation		Obligation Local Currency	Result of Deposit Complete
			F.O. B	JY		
2001	26/06/02	422	2/3-	203,460,224	22,304,903	
2002	07/03/03	360	2/3	175,094,169	20,014,560	Complete
2003	26/04/04	100	2/3	45,612,821	5,639,232	Complete
2004	07/03/05	100	2/3	34,394,000	4,920,458	Complete
2005	08/08/05	200	2/3	81,224,000	9,984,822	Complete
2006	12/09/06	350	2/3	260,034,390	22,778,843	Complete
2007		390	2/3	197,180,000	27,007,951	Complete
2008		630	2/3	322,216,754	45,429,830	Complete
TOTAL		1,532		996,999,604	158,080,599	

The KR 2010 deposit obligation will be implemented once the survey report of the arrived wheat at the port city of Massawa (about 13,001 MT) is completed and handing over to the Eritrean Grain Board is effected. Quantity of Wheat Assistance procured under KR

Fiscal year	Products	Total Quantity (MT)
2001	Wheat	14,608.000
2002	Wheat	15,794.170
2003	Wheat	3,304.000
2004	Wheat	3,558.000
2005	Wheat	7,384.000
2006	Wheat	10,362.000
2007	Wheat	5,915.400
2008	Wheat	17,233.300

There was no food aid through KR in 2009. The KR 2010 Wheat Assistance is expected to be about 13,001 MT. It will be included in this table once the process of the verifications and acceptance are finalized.

The Utilization of the Counter-Part Fund

Funds generated from the proceeds of the sale of wheat are being utilized to implement projects that are related to food security such as horticultural development in Halhale, Rural Integrated Development project in Berik, Community Dairy Development project in Anseba and Korbariya, Irrigated project in Fiza and Community Forestry and Horticultural Development Nurseries Rehabilitation Projects. It is more appropriate to expound the status of this project by the Ministry of Agriculture. More projects are expected to be submitted for approval to be funded from the remaining funds.

Balance Amount of Deposit of Counter-Part **Fund** not yet allocated for projects amounts to **ERN102,644,344.72.**

Conclusion

The Food Aid assistance has positive impact on nourishment of beneficiaries, keeps the price of bread flour at stable and affordable price by the majority of the poor (beneficiaries). At the same time, the generated local funds from the proceeds are playing crucial role in funding food Security related projects sponsored by the Ministry of Agriculture. The support has also been reliable program of cooperation that suits the Government's strategy towards food security.

The Ministry of Labour & Human Welfare would like to seize this opportunity to express its appreciation of the sustained assistance extended by the Government of Japan and looks forward to further cooperation in this regard.

Thank you