

# Eritrea

<b>Status Index</b> (Democracy: 3.32 / Market economy: 2.57) <b>2.94</b>		<b>Management Index</b> <b>2.18</b>	
<b>HDI</b>	0.444	<b>Population</b>	4.1 mn
<b>GDP per capita (\$, PPP)</b>	849	<b>Population growth<sup>1</sup></b>	2.4 %
<b>Unemployment rate</b>	-	<b>Women in Parliament</b>	22 %
<b>UN Education Index</b>	0.49	<b>Poverty<sup>2</sup></b>	-
		<b>Gini Index</b>	-
Source: UNDP: Human Development Report 2005. Figures for 2003 unless otherwise indicated. <sup>1</sup> Annual growth between 1975 and 2002. <sup>2</sup> Population living below \$ 1 (1990-2003).			

## A. Executive summary

The state maintained its monopoly on the use of force during the period of review. Military mobilization continued to be exceptionally high. There is separation of church and state, although there have been arrests of Christians who attend "Pentecostal" churches and some Muslim teachers. Administrative structures are located across the country but are seriously limited in their functions due to a growing shortage of necessary resources.

There have been no free elections held on the national level since independence. The political system does not indicate any move toward a transformation to democracy. The constitution still has yet to be implemented and the president rules by decree. The National Assembly has not met since January 2002, and opposition parties are forbidden to operate inside the country. The formation of civic organizations is not permitted. There is no freedom of the right to assemble or freedom of the press. Violations of freedom of the press became acutely evident in 2001 when 17 journalists were arrested and placed in jail.

A system of checks and balances does not exist. The judiciary is controlled by the government and is de facto inactive, and there is no parliamentary legislative. The ruling party, the People's Front for Democracy and Justice (PFDJ), government institutions and the military together form one single conglomerate of power and display a low level of transparency. The so-called war on corruption is often used as a political instrument to unduly arrest officials who show signs of political dissent. Since 2001, civil liberties have been gradually restricted, i.e. there have been numerous arbitrary arrests, and the violation of human rights is alarming.

Eritrea can be clearly defined as an authoritarian system without democratic institutions. There are no official channels for civic interests to be communicated. Yet, there are some traditional mechanisms of mediation between civil society and the political system guided by local elders and mediators as well as religious leaders. The role of these traditional leaders is partially accepted by the government. Self-organization of the society relies on these highly elaborated, traditional structures.

There has been no transition toward liberal reforms with respect to socio-economic development. A significant percentage of the productive, able-bodied population is forced to work in the army or the National Service and is thus excluded from normal social activities. "Religious dissenters" are deprived of their civil rights. The ruling party has recently extended its economic activities to also apply to the military. This shift has put serious restrictions on the private sector. Traders are held responsible by the government for the deteriorating economic situation. State- or party-held oligopolies control the most important economic sectors in the country.

All foreign trade is supervised by the state and there is no system of private independent banks. Inflation rates have risen steadily in recent years. This rise can be explained by the high amount of military spending during the war with Ethiopia, which led to severe shortcomings of foreign currency. The Bank of Eritrea has not been able to maintain its goal of fiscal stability. Private networks guarantee a net of social safety, and there are no state-run social security systems with the exception for veterans and for the distribution of food donations.

There is a lack of reliable data concerning Eritrea's economic performance. No budget has been made public since independence. It is assumed that the Eritrean economy faces grave problems considering the high rate of inflation, inadequate employment levels, the negligence of subsistence agriculture, large budget deficits, and a very unfavorable trade balance. Remittances from the diaspora are one of the most important forms of income.

The educational system is severely underdeveloped and has undergone changes, albeit arbitrary, since 2003. Academic freedom is severely restricted and many students opt for studying abroad.

The government shows no signs toward a transformation of the political system. The political leadership is unwilling to carry out policy innovation. Advocates of reform were detained in 2001, and since then the government has demonstrated anti-democratic attitudes. Under the guise of maintaining internal peace, political cleavages are stemmed through repression measures and not consent.

Eritrea's relationship with the international community is strained due to its lack of transparency and communication. However, the government is involved in regional organizations such as IGAD, yet relations with Ethiopia and the Sudan remain tense.

Eritrea has encountered negative developments on its way toward democratic and economic transitions. This negative outcome might, in turn, lead to a rise in political extremism.

## **B. History and characteristics of transformation**

Eritrea gained de facto independence from Ethiopia in 1991 and formal independence in 1993 after a referendum was held. Prior to 1991, the Eritrean liberation movements, ELF (until 1981) and EPLF, had struggled for independence for 30 years. The EPLF took over the provisional government in 1991. During its third organizational congress in 1994 it changed its name to PFDJ (People's Front for Democracy and Justice). The former Secretary General of the EPLF, Isayas Afewerki, has been president of Eritrea since independence. His legitimacy is doubtful considering there has never been a democratic election in Eritrea.

A constitutional commission was formed after independence with the task to formulate the national constitution. There was an attempt to include the population into this process was performed by holding seminars and discussions with different segments of the society, e.g. representatives of women, and various ethnic groups and traditional elders. The process was completed in 1997, and the National Assembly ratified the constitution. However, it is important to note that the National Assembly is an institution that was not elected democratically. The constitution has not yet been implemented and exists only on paper. This move was justified by the PFDJ by pointing to the unstable relations with Ethiopia and the border war from 1998 to 2000. Although parties reached a peace agreement in December 2000 in Algiers, the transformation toward democracy remained blocked ever since. Ironically, the Eritrean regime turned out to be more repressive in comparison to its pre-war reputation. In 2001, a group of high-ranking government officials and members of the military challenged the Afewerki's style of government of , particularly his autocratic leadership, and demanded that the constitution be implemented. This group became known as the "G 15". In September 2001, all members of this group of "dissidents", including several ministers, were arrested. At the same time, the beginnings of a free press were quashed, and journalists were arrested or forced to flee the country. At the time of this writing, 17 journalists remain in jail in Eritrea. This statistic is the third highest in the world (one is held by China, two by Cuba).

In January 2002, the National Assembly ruled that both the reform-minded dissidents and the journalists were guilty of treason, but neither group was formally brought to trial. The human rights situation in Eritrea has been deteriorating since 2001 with numerous arrests of citizens practicing their religion (Pentecostals), for alleged corruption, for being supposedly “anti-government” or attempting to evade conscription into the National Service. Clearly, since the hopeful outset immediately after independence, there has been no move toward a democratic transformation. In fact, there has been instead a transformation toward an autocratic system dominated by the president. National elections, supposed to be held at the end of 2001, were cancelled. The president consults only with his cabinet of ministers and close advisers. The National Assembly, whose members were appointed by the ruling party, has not met for four years.

Eritrea inherited a socialist state-controlled industrial sector from the Ethiopian Derg. During the early years of independence, one could detect a positive, yet cautious, approach toward privatization. Asmara brewery and the national insurance company NICE were the last corporations to be privatized. Since the post-war period, private business has faced strong privatization restrictions. The PFDJ controls strategic parts of the economy in the import-export sector, infrastructure construction and owns the only “private” bank, Himbol. There has been no movement toward a transformation to liberal market economy, and what little was achieved existed in the 1990s has since been reversed.

## **C. Assessment**

### **1. Democracy**

#### **1.1. Stateness**

After the illegal annexation of Eritrea by Ethiopia’s Emperor Haile Selassie in 1962, Eritrea has struggled for its stateness over the past 30 years, and there is a strong belief in Eritrea that its stateness must be protected. National identity is based on a strong sense of unity and this form of nationalism serves to help to ease tensions between the nine different ethnic groups and the religious communities (about 50% of Eritreans are Christians and 50% Muslims). The only legal party in the country, the People’s Front for Democracy and Justice (PFDJ), is the direct successor of the former liberation movement EPLF. It therefore represents the “guarantor” of stateness in spite of its undemocratic behavior.

During the border war with Ethiopia (1998-2000), Eritrea’s stateness was challenged by the invasion of Ethiopian troops who temporarily occupied large

parts of Eritrean territory. This occupation further strengthened the nationalism of the Eritrean population and their belief in a strong nation-state. The stateness of Eritrea is not based on democratic institutions, but rather of the common experience of having been suppressed by various Ethiopian regimes and the ensuing struggle for independence.

There are no secessionist groups in the country. The state holds a strong monopoly on the use of force, and although there have been isolated acts of sabotage throughout the countryside these could be traced back to extremist Islamist groups.

Eritrean opposition groups operating in the diaspora do not question the stateness and territorial integrity of the country.

Eritrean citizenship is defined in terms of matrilineal and patrilineal descent, and is not a matter of debate. Eritreans in the diaspora are also considered a part of the Eritrean nation. However, there are some restrictions of civil rights for some groups. Jehovah's Witnesses have been denied civil rights since 1994 because they did not vote in the referendum for independence and refuse to take part in the National Service, a combination of military and civil service. Civil rights are also denied to Eritreans in the diaspora who refuse to pay the 2% tax (a tax imposed on all Eritreans living abroad).

Eritrea is a secular state, although religion plays an important role for both the Christian and the Muslim population. The liberation movement was Marxist and therefore secular-oriented. Policy is not defined by religious dogmas.

The state has functioning administrative structures all over the country, although there is some lack of efficiency in the countryside, due to scarce resources and lack of training. Compared to other African countries, the administration works relatively efficiently. There is a deficiency of transparency resulting from the authoritarian style of government that is also mirrored in the administrative structures.

## **1.2. Participation**

Political participation is severely restricted in Eritrea. The constitution, which was ratified in 1997, has yet to be noticeably implemented. The PFDJ is the only legal party in the country. Since independence, there have been no national elections. Elections have been held irregularly on the regional and local levels. Local elections were frequently held only in particular parts of the country. For example, in 2002 there were local elections in the villages of the central zone (Zoba Maakel), but not in the capital of the central zone.

President Isayas Afewerki gained his position of power as the Secretary General of the EPLF/ PFDJ, the party that emerged victorious in the liberation movement against the Ethiopian Derg regime. It can be safely assumed that Afewerki harbors no intention of holding national elections. Even the National Assembly, appointed from members of the EPLF and representatives of the diaspora, as well as some general representatives of the population, remains powerless and has ceased to meet for the past four years. The president governs with the consent of his cabinet of ministers and rules by decree.

Independent political or civic organizations are forbidden to organize and operate in Eritrea. The former mass organizations of the EPLF, the National Unions of women, youth, and workers were transformed into nominally independent organizations, namely the National Union of Women (NUEW), the National Union of Eritrean Youth and Students (NUEYS), and the Workers Federation. In reality, they depend very strongly on the PFDJ financially and ideologically; their role as independent civic organizations is very limited. There is no de facto right to assemble and associate freely.

There has been no freedom of the press in Eritrea since September 2001, when reform-minded members of the PFDJ were arrested. The media apparatus operating in Eritrea (TV, radio, newspapers) is government controlled. There have been 17 journalists in Eritrea held in prison without being formally charged. The imprisoned journalists were removed from the Asmara prison and relocated after they initiated a hunger strike. After China and Cuba, Eritrea ranks third worldwide in arresting journalists.

### **1.3. Rule of law**

There is no separation of powers or checks and balances in the country. The constitution formally provides mechanisms of checks and balances. However, these mechanisms have never been implemented. The executive is controlled by the president, his cabinet of ministers, and the so-called “macro policy,” a board controlled by the president. The National Assembly does not pass any legislation, and the executive de facto took over the legislative branch. The judiciary is weak in Eritrea. The high court has been defunct since 2001, when its head, Judge Teame Beyene was fired after some critical remarks he made related to government interference in the judiciary at an international conference. In 1995, the government established “special courts” run by military officers without legal education. Even these so-called courts do not function effectively, and leave those arrested without due legal process under the arbitrariness of the president. Civil courts function, but they rely heavily on the well-established traditional law and make use of traditional mediation processes.

Generally, the ruling party PFDJ, the government institutions and the military together form one single conglomerate of power.

Anti-corruption campaigns do exist, although the level of corruption has remained relatively low. In some cases, allegations of corruption are used to dismiss potential critics of the government within the administration without due process of law.

Eritrean citizens are deprived of their civil liberties. There is no opportunity to express critical opinions in public, no freedom of association or to form civic organizations or NGOs. There were numerous arbitrary arrests, and the government has a network of informants to find out about the opinions of citizens, which creates an atmosphere of intimidation. Academic freedom is severely restricted, critical faculty members of the University of Asmara were dismissed and forbidden to lecture. The Internet is the only form of media where one can express criticism toward the government, but this source is largely restricted to members of the Eritrean diaspora outside the country.

Religious freedom is severely curtailed. The government denied the Muslim communities in some parts of the country the right to practice their Islamic culture. Since 1993, there have been numerous arrests of teachers, students, and elders due to their religious belief.

#### **1.4. Stability of democratic institutions**

Eritrea can be clearly defined as an authoritarian system without democratic institutions. The central political institutions are the president himself and his cabinet as well as the president's office with its macro-policy department. The potential for democratization is estimated to be very low, in particular since the arrests in 2001 of those party members who advocated for reform. The president declared in several interviews that he has no intention to step down or to hold national elections. He justifies this by pointing to the unstable relations with Ethiopia. The failure to demarcate the boundary between the two states is seen as a justification for the stalemate. There has been no move toward political reconciliation between the countries and there is not much hope that any further negotiations will take place. Therefore, the future looks pessimistic concerning a transformation toward democracy.

Those members of the political elite who did accept a transformation toward the implementation of democratic institutions were arrested or were forced to flee the country. The experience of the population with democratic systems is very limited (restricted to the period of the British Administration 1941-1952 and the Federation with Ethiopia from 1952-1962). During the latter period, Emperor

Haile Selassie and his representatives consistently undermined democratic institutions.

### **1.5. Political and social integration**

The ruling party is the only party with a mandate to shape political concepts and ideologies. This status has been accepted by large parts of the population since the early 1990s due to a certain amount of respect for the EPLF/PFDJ as the party that led the liberation movement. The party secured independence after a long struggle and initially introduced a number of social benefits. Popular support for the PFDJ is dwindling rapidly because of the deteriorating economic situation, the failure to demobilize large parts of the Eritrean army after the end of the war, and because of the general climate of repression.

There are no independent interest groups in Eritrean society, but there are some traditional mechanisms of mediation between civil society and the political system. Local elders and mediators as well as religious authorities play an important role in this regard. However, the arrest of well-reputed traditional mediators who aimed for reconciliation with the PFDJ leadership following the events of 2001, demonstrates that traditional mediation processes are limited to non-political affairs.

There is no data (reliable or non-reliable) on the population's potential support for democratic norms and procedures. However, there are strong democratic traditions within local communities used to resolve problems in line with democratic principles. These procedures are not linked to governmental procedures, which are strongly authoritarian.

Self-organization remains restricted to the local level and functions informally. The population's trust in these organizations or informal networks is relatively high, although they limit the participation of some groups of the population, such as women and certain ethnic or religious minorities.

## **2. Market economy**

### **2.1. Level of socioeconomic development**

There is a lack of reliable data concerning Eritrea's economic performance. No budget has been made public since independence. The data available via the UNDP and other international organizations must be interpreted cautiously. Eighty percent of Eritrea's population is engaged in subsistence agriculture, and is therefore excluded from market-based socioeconomic development. This is in part

due to the lack of meaningful attempts to demobilize after the border war with Ethiopia (1998-2000).

It is estimated that 480,000 to 500,000 people still serve in the army or are employed by the so-called “warsay-yekealo” development campaign, a National Service program that engages individuals in road construction, farming activities for the military and other infrastructure recovery. These numbers include high school students in the Sawa military camp, who failed to complete their education with certificates and were subsequently transferred to the National Service. These youth work for pocket money and are unable to provide for their families. This strategy has resulted in a paucity of experts in the free labor market. Although both men and women are intended to find employment with the “warsay-yekealo” project, it is easier for women to leave through marriage or pregnancy.

Many state-owned or party (PFDJ)-owned enterprises exploit the National Service. These enterprises are exempt from paying taxes and make use of the cheap labor force offered by those engaged in the “warsay-yekealo” campaign. This in turn creates disadvantages for entrepreneurs working in the liberal market economy.

## **2.2. Organization of the market and competition**

The liberal market economy is weak primarily due to state and military intervention in economic affairs. State involvement in the market economy grew during the period under review. Importing spare parts for defunct machines requires official permission by the Ministry of Trade and Industry, which has to declare that such spare parts are not available in the country. It is forbidden to buy such spare parts with funds flowing from outside the country (e.g. relatives living in the diaspora), and a declaration maintaining that the necessary funds have been acquired in the local currency has to be filled out. Special permission is needed to change nacfa into hard currencies in order to purchase the needed equipment. As this applies to private enterprises only, the companies led by the party, the state or the military have a clear advantage compared to those in the private sector. Eritrea has a limited informal sector, since it is almost impossible to run a business without a formal license. There has been a defamation campaign started by the government against import-export traders that positions them as responsible for the deterioration of the economy and the rising amount of inflation.

The state and military hold monopolies or quasi-monopolies in several economic sectors; e.g., trade, infrastructure, agricultural exports, construction. There are no legal means for private businessmen to object such monopolies.

Regarding foreign trade, there is an observable trend toward restricting licenses for private traders and bringing a large amount of foreign trade under government control. Tariffs for imports have remained high, as the government is facing serious shortages in hard currency. This has led to the rationing and/or sometimes complete failure to import oil for fuel and diesel, and it brings private transport almost to a halt.

Eritrea's banking sector is strictly under government control. There is the Bank of Eritrea, the Commercial Bank and the Housing and Commercial Bank, all of which are government institutions. In addition, there is the Himbol Bank that belongs to the governing party, the PFDJ. There are no private banks operating in the country. Since the end of 2004, all travelers to Eritrea are obliged to declare the amount of money they bring into the country, a measure intended to dry up the black market of money exchange in the country, which functions at relatively low levels. The official exchange rate does not reflect the weakness of the nacfa in comparison to foreign currencies, which is due to high inflation rates and ever-increasing prices for basic goods, e.g. sugar and coffee.

### **2.3. Currency and price stability**

Since the end of the border conflict with Ethiopia, Eritrea has faced a deficit in hard currency resources. This has led to a growing rate of inflation, particularly since 2003. Government attempts to control inflation have proven unsuccessful and the currency is unstable. The exchange rate has been modified three times since 2003, the nacfa was devaluated from 14.5/\$1 to 19/\$1 to 15/\$1, yet this still does not reflect the true weakness of the local currency. Black market trends clearly reveal the nacfa's overvaluation. Food and other basic commodity prices have been rising steadily somewhere between 300-400%. Some goods, e.g. baby milk, rice, sugar and coffee, are available only on the black market at quintupled prices.

It is difficult to estimate the government's commitment toward macroeconomic stability, as no official budget has been published since independence in 1991. Eritrea began its first years of independence as a debt-free country, since former debts were taken over by Ethiopia. This situation has changed due to the costs of the border war and credits taken from international organizations like the World Bank and several U.N. organizations (so far there are no IMF-structural adjustment credits). In this regard, there is little to no transparency in the country's fiscal status.

## **2.4. Private property**

In 1996, the government of Eritrea passed a new land reform declaration declaring all land state-owned and announced that land should be distributed in terms of need, e.g. for agriculture, industrial or residential purposes. As there are century-old laws on communal landownership and regulations of land distribution, the government was restricted in implementing its new land policy without risking popular uprisings. Nevertheless, some land was confiscated and handed over to ex-fighters, to foreign or diaspora investors and to resettlement programs. Minority ethnic groups with little access to government employees feel particularly betrayed by the new land regulations. As many of them are living in fertile areas of the country, they feel “invaded” and exploited by Sudan returnees, deportees from Ethiopia, settlers and ex-fighters from the overcrowded highlands, as well as by agro-industrial companies working privately or for the military.

Generally, the new land regulation failed to account for the interests of the pastoral and agro-pastoral ethnic groups in different regions of the country.

In principle, private companies are permitted in Eritrea, but there is a growing tendency of state intervention in the economy. Some companies were privatized during the 1990s, but since the end of the border war in 2000, state intervention in the economy and trade activities has increased. This intervention was accompanied by a government campaign against private traders and entrepreneurs. Private companies are obliged to pay taxes, whereas government, party and military-headed companies remain exempt from taxes. This privilege serves to create a severe imbalance in market conditions.

## **2.5. Welfare regime**

There is no state-run welfare regime in Eritrea. The system of granting pensions to former administration- and industrial workers was cancelled after independence. However, a high degree of solidarity between members of extended family networks serves to counterbalance the absence of pensions. In particular, members of the diaspora feel obliged to send remittances to their family members in cases of need. Civil society, not the government, cares for extended family members and helps the country avert extreme poverty. International aid organizations also provide food aid, allowing for a very basic level of survival for the vast majority of the population. However, large parts of society suffer from poverty, which is caused by poor harvests, environmental degradation, the high degree of mobilization into the army of those in their prime productive years, unemployment and other scarcities. Rudimentary health care exists throughout the country, but there is no adequate care for people with serious illnesses, unless they have some access to financial support from relatives living abroad.

The ruling PFDJ guarantees equal rights for women in principle. This principle dates back to the period of armed struggle in which up to 30% of the combatants were female. However, equality remains a distant goal in practical terms. While women theoretically have equal access to higher education, they in fact account for only circa 10% of the student body at Asmara University. A major retrograde step was taken in 2003, when the 12<sup>th</sup> year of secondary school was re-introduced. Since 2003, all who wish to attend university must complete their 12<sup>th</sup> year of school at Sawa (military camp). Those who do not qualify for university are immediately passed on to the National Service. In practice, this means that many parents, especially among the conservative Muslim communities, are very reluctant to send their girls to pursue a higher level of education. It is important to mention that due to the numerous reports of sexual harassment of young women in the army, there is a great reluctance of parents to expose their daughters to such risks.

Generally, women can participate in business activities and can serve in the government administration, although they are often limited to work as secretaries, cleaners or small shopkeepers.

## **2.6. Economic performance**

Eritrea's economic performance has weakened since the end of the border war. Despite the lack of reliable statistical data, the country is plagued by the following: a high rate of inflation, growing external debt, poor harvests, an exceptionally high degree of military mobilization, state controls over the liberal economic sector, tense relations with almost all neighboring countries that limit regional trade options, and a government seeking to control all aspects of private economic activity, which hinders new investment. In the autumn of 2004, all foreign gold mining companies operating in the country (mainly Canadian ones) were asked to leave the country without any explanation. They were called back to continue their explorations, but the level of confidence between the Eritrean government and foreign companies worsened as these companies suffered on the stock markets. A general lack of confidence between foreign or diaspora investors and the Eritrean government, which acts arbitrarily, leads to a general mood of distrust and an unhealthy economic environment. In real terms, the growth of per capita GDP might be negative, due to rising inflation, increasing prices for basic goods and an ever-shrinking market.

## **2.7. Sustainability**

In 1995, the Eritrean government published a plan for environmental sustainability and protection. As no substantial industrial growth has been observed, the seriousness of this approach cannot be determined empirically. Parts of the country suffer from serious erosion due to environmental abuse carried out before independence. Reforestation efforts have been undertaken, but no data exists to measure how useful these efforts have been. There were also minimal efforts to establish solar energy systems. Eritrea is affected by global climatic changes, i.e. there is less and less rainfall in regions across the country. Efforts to use irrigation systems like micro-dams are still in their initial phases.

As there is no real economic growth, it is difficult to estimate the environmental consciousness of the government. One point of concern is using the Barka (one of the few rivers existing in the country) for banana and other fruit plantings, but this could prove harmful to the economic balance of this region.

In terms of education, the government has made it a priority to ensure Eritrea's future in a globalized world system. Priority was given to primary education, and much has been achieved during the past decade. Yet, access to schools remains limited, especially in rural areas. People often prefer to send boys to school, while girls remain home attending to their domestic duties such as carrying drinking water and collecting wood.

In terms of higher education, Eritrea has suffered serious setbacks since 2001. An emerging student's movement was crushed and its leader arrested (he later managed to escape). Academic freedom is severely restricted and university professors suspected of being critical of the government are dismissed from their positions. Eritrea does not have the financial means to engage in serious research in the field of science. However, at this point it is difficult to conduct proper research under such severe restrictions. There is an open government strategy depriving the University of Asmara from acquiring new students, and students are instead channeled to technical colleges. Since 2003, the government's education policy has become disastrous, which will negatively influence the long-term development of human capital in the country.

## **3. Management**

### **3.1. Level of difficulty**

Eritrea's unresolved conflict with Ethiopia constitutes Eritrea's key structural challenge. Although the EEBC (Eritrea Ethiopia Boundary Commission) – an institution based in the Hague along with the International Court of Justice – ruled

out in 2002 that the contested village of Badme lies in Eritrea, the Ethiopian government has thus far refused to accept the international border ruling and border demarcation. There has been no political rapprochement of the former enemies; Eritrea remains barred from resuming trade relations with Ethiopia and land-locked Ethiopia from using Eritrean harbors. On the other hand, it seems that the Eritrean government exploits its troubled relations with Ethiopia to block any domestic democratization reforms, the restoration of human rights, a free press, or a liberal economy. The lasting conflict with Ethiopia has been used as an excuse for postponing national elections indefinitely, and for not bringing to court internal “dissidents” critical of President Isayas Afewerki, as well as the seventeen journalists who were detained in September 2001.

Analyses of civic traditions in Eritrea must be differentiated. From the start, the government discouraged the emergence of a “modern” civil society. Consequently, there are no modern civic organizations operating in the country, with the exception of the National Union of Women, the National Union of Youth and Students and the Worker’s Confederation. All three, however, are extensions of the government. Nevertheless, Eritrea has a rich culture of traditional civic organizations, traditional mediators (shemagelle), traditional elders and religious leaders (both Christian and Muslim), who are appreciated by the general population and cannot be neglected by the government. In the absence of any modern democratic procedures and civil liberties, traditional civil society plays a crucial role in maintaining social stability and mediates conflicts between government and civilians. These traditional civic organizations help keep in check tensions between ethnic, religious, and social groups from escalating, and thus prevent the outbreak of serious struggles over scarce resources, which might otherwise lead to a civil war.

### Profile of the Political System

Regime type:	<i>Autocracy</i>	Constraints to executive authority:	<i>1</i>
1. Head of Government:	<i>Issayas Aferworki</i>	Cabinet duration:	<i>1991- present</i>
		Parties in government:	<i>1</i>
		Number of ministries:	<i>15</i>
		Number of ministers:	<i>14</i>
<p>Source: BTI team, based upon information by country analysts, situation in July 2005. Constraints to executive authority (1-6 max.) measures the institutional constraints posed by a federal or decentralized state, a second parliamentary chamber, referenda, constitutional and judicial review and the rigidity of the constitution. Number of ministries/ ministers denotes the situation on 1 January 2005.</p>			

### **3.2. Steering capability**

Currently, Eritrean government activities concentrate on the “almighty” President Isayas and his select confidants. The president governs by decree; the National Assembly and even the central committee of the ruling party (PFDJ) have ceased to convene upon his will. The president demonstrates no intention of introducing reforms, and his policies regarding political transformation, the economy, and his diplomatic actions are destroying the country. The government’s ineffectiveness has brought the country to a point where people are deprived of their basic needs. There are mass arrests without due cause, no judiciary capable of meeting basic demands, no free press or freedom to express opinions in private, and the economy has been ruined by ruling party and military control. The implications of ineffective governance are “justified” by the alleged threat of Ethiopia and Eritrea demonstrates no willingness to engage in constructive discussions involving the international community. Although Eritrea has international law on its side, its refusal to engage in dialogue renders it difficult to imagine the outcome of this stalemate.

No reform policy exists and all advocates of reform were arrested in 2001; there are no plans to bring them to court. The political leadership insists on a damaging course of maintaining its grip on power and shows no political will to change.

### **3.3. Resource efficiency**

State resources in Eritrea are not wasted through broad consumption by state officials, but rather by the following: depletion of existing resources through the discouragement of a free market economy, retaining those in their most productive years in the military, and the destruction of potential foreign investors and aid companies’ confidence in Eritrea. The government has also alienated the large Eritrean diaspora, an important source of revenue, through its arbitrary politics and poor human rights record.

The Eritrean government denies the existence of dissent. In 2001, several senior members of the liberation sought to express their opposition, but were arrested and thus silenced. Since 2001, the government has come up with the slogan “one people one heart,” implying that there is no dissent within the Eritrean people or between the people and the government. Citizens do not have the opportunity to articulate their discontent, which in turn makes it impossible to solve the problems that plague the country.

Corruption is not one of the key problems facing the Eritrean government or its citizens. There have been cases of corruption since independence, but on a relatively benign level. There are some exceptions, for example, among the

leading army generals. Allegations of corruption have been used for political gain in past years by charging individuals of corruption who seemed politically “unreliable.” These cases were not brought before ordinary courts, and people were released after several months without any legal procedures. It is not known how far high-ranking party/government or military personnel are involved in acts of corruption.

### **3.4. Consensus-building**

Lacking any form of democracy, the Eritrean state demonstrates no interest in facilitating any form of a market-based democracy. The political actors within the government who strongly promoted reform were arrested in 2001. Since then, Eritrea has moved further away from transforming itself into a democratic system strengthened by a market-based economy. Individuals in Eritrea who attempt to advance democratic, political or social reforms face the immediate threat of arrest. The government aims to avoid cleavages within society by propagating its “one people one heart” ideology. However, this lip service does nothing to ease the sense of exclusion among ethnic minorities.

The government aims to promote social capital and civic engagement through the “warsay-yekealo” (National Service) development campaign. While Eritreans have proven ready to sacrifice much for the common good, the government has exploited this good will and seems destined to destroy society. There is a 6-month compulsory military service for both men and women, and another year in the National Service to work in reforestation, infrastructure, etc. For many this has de facto meant a service of five years or longer, which prevents many from sustaining or starting a family. This situation could facilitate conflict and further destroy the Eritrean economy.

### **3.5. International cooperation**

Eritrean policy has been built up on a strategy of self-reliance since the struggle for independence, which is in part due to a lack of international support. Ethiopians, on the other hand, cooperated with the United States after the 1974 coup, and the military government of the Derg under Mengistu Haile Mariam cooperated with the Soviet Union from 1977 on. Consequently, the Eritrean government maintained a critical stance toward international donors and sought to determine its own development.

In 1997, many international donors, especially NGOs, were forced to leave the country because the government felt their policies did not match its real needs. Following the end of the devastating war with Ethiopia in 2000, most NGOs were

called back to the Eritrea. However, the level of reliability and trust remained low, as select mine clearing agencies were expelled from the country without proper explanation. Relations with U.N. agencies, especially the UNDP, have been more encouraging. There were also tensions between the government and the UNMEE (United Nations Mission to Ethiopia and Eritrea), as well as the peacekeepers controlling a 25-mile security zone within Eritrean territory. The extent to which reliability and trust characterize cooperation with international donors is often contingent upon conflicts with single individuals representing those organizations.

Since independence, Eritrea has been engaged in conflicts with neighboring countries. There have been armed conflicts with Yemen over the Hanish Islands, with Djibouti (both conflicts are meanwhile resolved), with Ethiopia (border war 1998-2000) and with the Sudan. Several observers agree that the international community failed to treat Eritrea justly. For instance, Eritrea was forcefully federated with Ethiopia in 1952 following a U.N. resolution based on several investigative missions. Eritrea was annexed by Ethiopia in 1962, without condemnation by the international community. The United States maintained strong connections with Emperor Haile Selassie at the time and failed to object to his systematic sabotage of the democratic system established in Eritrea by the British.

Consequently, the Eritrean liberation movement and population remained deeply distrustful of the international community. Atrocities committed against Eritreans by the Ethiopian army under Haile Selassie and Mengistu Haile Mariam were not discussed by a U.N. body before Eritrea's independence in 1991/93. After independence, Eritrea joined the regional organization of IGAD as well as the OAU/AU, which maintained a pro-Ethiopian attitude, and is based in Addis Ababa. The Eritrean-Ethiopian war destroyed any confidence in cooperation with these organizations. The international community's failure deserves critical attention, as does the Eritrean leadership's exploitation thereof. The government manipulates the historical trauma of being "forgotten" by the international community and the possible Ethiopian threat as a justification for its non-democratic behavior.

In direct cooperation with development partners, Eritrea has proven a reliable partner as long as its ideology is respected by its foreign counterparts. Furthermore, it must be noted that during the 1990s, officials charged with development issues held the interests of the population in mind.

## 4. Trend of development

### 4.1. Democratic development

Political participation and the rule of law have deteriorated significantly. This is due to the arrest of reformers within the ruling party in September 2001 and the transformation of the political system into a “one-man rule” system under the president and his political confidants. Repression has increased tremendously. Since 2001, the free press has been eliminated, and critics of the government have been arrested and detained in undisclosed places. Seventeen journalists of the free press disappeared in secret detention without due justice. There is no academic freedom and the faculty at the University of Asmara work under intimidating conditions and can be dismissed arbitrarily.

The National Assembly was dissolved, and the president rules by decrees passed during his irregular meetings with the Cabinet of Ministers. There are no national elections. There is no independent judiciary; even “special courts” headed by military personal do not function effectively. Religious persecution has increased, especially among “Pentecostal” Christians who do not belong to the traditionally registered religions in the country. Even the Orthodox reform movement is under threat, as well as some Islamic teachers (not belonging to extremist groups) in Asmara.

### 4.2. Market economy development

**Table: Development of macroeconomic fundamentals (2000-2004)**

	2000	2001	2002	2003	2004
Growth of GDP in %	0.0		1.8	5.0	
Export growth in %					
Import growth in %					
Inflation in % (CPI)	21.9	12.4	17.4	12.3	10.0
Investment in % of GDP					
Tax Revenue in % of GDP					
Unemployment in %					
Budget deficit in % of GDP					
Current account balance in billion \$					

Sources: Growth of GDP: World Bank; inflation: EIU Country Reports 2004. Note: the quality of the data is highly questionable.

**D. Strategic perspective**

Movement toward both political liberalism and democracy and a free market economy are blocked in Eritrea. The president is an autocrat and is losing all touch with reality. The president's refusal to demobilize the army and his practice of keeping productive citizens out of the free labor markets or their farms has led to a severe decline in his popularity. It is highly unlikely that the president will resume a policy of transformation, and other supporters of such a transition have been arrested, are silenced or live in exile.

The Eritrean government cooperates minimally with international partners. This minimal cooperation is flawed by the president's arbitrary decisions e.g., in 2004, soldiers of the UNMEE peace mission were forbidden to use main supply roads for months without any explanation. Most recently, the government expelled all gold mining companies in the country, and issued them back after several weeks, again without any explanation.

In bilateral relations, Eritrea refuses to accept talks with international mediators concerning the border problem with Ethiopia. Although Eritrea accepts the border commission's decision and has international weight on its side, there is a lack of communication avoided a process to find a political solution to the problem.

Most donor organizations have either canceled or downsized development programs and concentrate strictly on food and relief aid. The poor human rights record and the lack of transparency of Eritrean politics is most often given as a justification for canceling or downsizing aid. Eritrean institutions have traditionally been suspicious of foreign aid agencies, which then make it difficult to bring about change. On the other hand,, it is important to continue to engage in a dialogue with Eritrean institutions whenever possible. The catastrophic economic situation will perhaps be the key in forcing the government to make a change.