17. Country profile: Eritrea



1. Development profile

Eritrea's 30 year struggle for independence from Ethiopia ended in 1991 when rebels defeated Ethiopian Government forces. In the years following independence, Eritrea made significant strides in repairing basic infrastructure, improving socio-economic indicators and encouraging macroeconomic stability. From 1993 to 1997, the average real GDP growth rate was 10.9 percent annually.¹ A border war with Ethiopia began in 1998 and lasted for 2 and a half years, halting any developments and destroying the economic and social progress made in the previous years. The war caused hundreds of millions of dollars of property damage and millions more in the loss of potential production.² A UN peacekeeping force monitored the Temporary Security Zone but the mission ended in 2008 when the Eritrean Government refused to back the operation. Ethiopia has since occupied much of the disputed territory and tensions in the region remain extremely high, as both nations have troops stationed at the border in a stalemate described as 'no war, no peace'. The Government has maintained a heightened state of emergency, with the largest army in Africa and the largest in the world measured "the army itself, over 300,000 strong, is the largest in Africa in absolute terms and the largest in the world measured as a percentage of population."³ Economic and social developments are thus not the Government's top priority.

The country is desperately poor and the situation has been exasperated by the restrictive economic policies exclusively implemented by the People's Front for Democracy and Justice political party.⁴ These policies are a unique mix of socialist and capitalist ideals, where for example commodities as bread and milk are subsidized and rationed and gasoline sells for \$11 a gallon. Besides that, closed borders results in frequent shortages, illustrated by the fact that the local Coca-Cola factory recently had to close because of lack of foreign currency to buy syrup.⁵ Part of the self-reliance programme is 'national service', which requires every able-bodied person between the ages of 20 and 40 to

¹Eritrea: Country Brief. (2009, September). Retrieved from World Bank:

http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/AFRICAEXT/ERITREAEXT/0,,menuPK:351396~pagePK: 141132~piPK:141107~theSitePK:351386,00.html

² *Eritrea*. (2010, April). Retrieved from United States Central Intelligence Agency: https://www.cia.gov/library/publications/the-world-factbook/geos/er.html

³ Eritrea Guide. (2010, August). Retrieved from OneWorld: http://uk.oneworld.net/guides/eritrea/development

⁴ *Eirtrea*. United States Central Intelligence Agency

⁵ Sanders, Edmund. *Struggling Eritrea puts Self-Reliance Before Aid.* (2007, October). Retrieved from: Los Angeles Times. http://articles.latimes.com/2007/oct/02/world/fg-eritrea2

participate in a standby military force. The service is stated to only last 18 months but in reality, it can last for over a decade. The participants receive a salary of 1 a day and are primarily deployed in public-service jobs, working in government ministries, building roads and irrigation systems, or teaching in schools.⁶

Eritrea has rejected hundreds of millions of dollars of international aid since embarking on a policy of self-reliance in the mid 1990s. Little attention is paid to this unique situation as "the Government increasingly finds itself in the international doghouse, largely because of its poor human rights record, isolationism and belligerent stance toward its neighbors and the West."⁷ In an increasingly integrated world, Eritrea is isolating itself, sealing its borders, halting imports, expelling diplomats and aid groups, and withdrawing from several East African intergovernmental alliances. The United States has threatened to classify Eritrea as a state sponsor of terrorism and in 2009, Secretary of State Hillary Clinton accused Eritrea of supporting the terrorist group Al-Shabaab, which operates in Somalia.⁸

Eritrea is one of the poorest countries in the world, ranking 164 out of 179 on the Human Development Index and almost two-thirds of the population lives under the poverty line. About two-thirds of the population lives in rural areas.⁹ The Eritrean diaspora is large and constantly increasing. One study suggested that 443,000 left the country between 1994 and 98; 269,000 between 1999 and 2003, totalling to about 20% of the population during the whole period.¹⁰ It is estimated that there are over one million registered and unregistered Eritrean migrants living outside the country.¹¹

Located in the Sahel region, Eritrea is plagued by frequent droughts and food shortages and even in times where the rainfall is good, domestic food production is estimated to only meet 60 to 70 percent of the food demanded.¹² Malnutrition remains a problem, especially among women and children; it is estimated that 46 percent of the population is undernourished and 37 percent of women have a low body mass index. Another challenge is the enrolment and retention of children in primary school. The elementary gross enrolment rate is 72 percent, much lower than the Sub Saharan average of 92 percent. The problem is especially pronounced among girls as the 2006 enrolment rate was only 44 percent.¹³ UNICEF has estimated that only 1.5 percent of people in rural areas have access to adequate sanitation and 58 percent have a source of potable water.¹⁴

Health indicators have improved since independence: infant mortality has decreased from 55 deaths per 1,000 births in 2000 47 deaths per 1,000 births in 2007; the average total fertility rate decreased from 6.1 to 4.8 births per woman; and under-five mortality dropped from 83 deaths per 1,000 in 2000

⁷ Ibid.

⁸ Ibid.

¹¹ Ibid.

⁶ Ibid.

⁹ Eritrea: Country Brief. World Bank.

¹⁰ Healy, Sally. *Eritrea's Economic Survival, Summary Record of a Conference Held on 20 April 2007*. (2007). Retrieved from the Royal Institute of International Affairs: www.africanidea.org/eritrea.pdf

¹² Eritrea: Country Brief. World Bank.

¹³ Ibid.

¹⁴ Eritrea Guide. OneWorld.

to 68 per 1,000 in 2007.¹⁵ In terms of epidemics and diseases, Eritrea has also made improvements: malaria fatalities have dropped 80 percent since 1999, the HIV prevalence is recorded as low and under control, and the life expectancy rate of 58 remains higher than the Sub Saharan average of 51 years.¹⁶

The command economy is based on subsistence agriculture and 80 percent of the population is dependent on farming and herding for their livelihoods. However, unpredictable rainfall and the delay of the demobilisation of agriculturalists from the military have hurt agricultural production and recent harvest has been unable to satisfy the country's food needs.¹⁷ The economy is also reliant on taxes paid by the substantial Eritrean diaspora. In 2007, remittances were estimated to amount to one-third of GDP and the largest source of foreign currency.¹⁸ Since the war, the Government has mandated the expansion of military and party-owned businesses. The Government furthers its tight control of the economy by limiting access to and the availability of foreign currency and there is only a few private businesses left in the country.¹⁹ Although, in spite of the seemingly insurmountable obstacles in conducting business with the Eritrean Government a Canadian mining company plans to begin mineral extraction activities in 2010. Export revenues are negligible, about \$17 million USD a year, largely as the result of the loss of Ethiopia as a trading partner.²⁰ Estimated at 10 percent of GDP, the fiscal deficit is high.²¹

Socioeconomic indicators ²²		
Population (millions)	5.0	
GNI per capita, PPP (current USD)	630	
GDP (current USD) (billions)	1.7	
GDP composition by sector 2005 (%)	Agriculture -24.3 Industry- 19.2 Services- 56.5	
GDP growth rate (%)	6.2	
Percent below poverty line (%)	53	
Inflation (%)	18.0	
GINI index	n/a	
Adult literacy rate (%)	64.2	
Life expectancy (years)	59	
Child dependency ratio	74.1	
Elderly dependency ratio	4.5	
HIV prevalence (%)	1.3	

¹⁵ Eritrea: Country Brief. World Bank.

¹⁶ Ibid.

¹⁷ Eirtrea. United States Central Intelligence Agency

¹⁸ Healy, S. (2007).

¹⁹ Eirtrea. United States Central Intelligence Agency

²⁰ Healy, S. (2007).

²¹ Eritrea: Country Brief. World Bank.

²² Country Data. (n.d). Retrieved from World Bank: http://www.worldbank.org/data/countrydata/countrydata.html

Overseas development aid per capita (current USD)	32
Net official development assistance (USD millions)	48
Remittances as % of GDP	32
2009 Human Development Index (HDI) ranking	103

2. Vulnerability analysis

2.1 External shocks

Food security in Eritrea is perhaps the most glaring concern facing the country. The semi-arid country experiences frequent droughts and some of the most fertile land are strewn with land mines. Crop yields only meet 60 to 70 percent of food needs in years of good rainfall and the Government's ability to purchase the necessary food imports has been in question since 2008 when food prices drastically increased.²³ Eritrea is extremely vulnerable to climate change. This has resulted in more frequent droughts, rising sea levels and rising temperatures.²⁴

2.2 HIV/AIDS

The HIV prevalence of 1.3 percent of the adult population (2007) is low compared with the Sub Saharan average of 5 percent, and is reportedly "under control."²⁵ However, it is estimated that in 2007, only 24 percent of those in need of antiretroviral treatment were receiving it.²⁶

2.3 Foreign aid and remittances

The economy largely is reliant on taxes paid by the substantial Eritrean diaspora. In 2007, remittances were estimated to amount to one-third of GDP and the largest source of foreign currency.²⁷ A 2 percent income tax is collected from Eritreans living abroad through the consulates. Compliance is generally good as not paying the tax jeopardises property and rights in Eritrea.²⁸

Aid inflows are at an all time low because the Government' relations with the UN and other western development agencies are strained. This is largely due to the Government's unwillingness to address the concerns made of the governance and human rights in the country and also due to the fact that Eritrea did not finalise its Poverty Reduction Strategy Paper (PRSP), which is viewed as an important instrument for donors. Besides that, new taxes and regulations have made it difficult for some international NGOs and others have even been told to leave the country, resulting in only the most resilient humanitarian agencies remaining active. As the situation is now, there is only 9 foreign aid

²³ Eritrea Guide. OneWorld.

²⁴ Ibid.

²⁵ Eritrea: Country Brief. World Bank.

²⁶ Eritrea Guide. OneWorld.

²⁷ Healy, S. (2007).

²⁸ Sanders, E. (2007, October).

agencies operating in Eritrea, compared to 37 in 2005²⁹, and the bilateral aid is mainly coming from China, Iran and Arab countries. ³⁰ Eritrea has championed a policy of self-reliance and the current president has said that he will not "lead another "spoon-fed" African country "enslaved" by international donors."³¹ This comes clear when looking at the rejected help of more than 200 million USD in food aid, development loans and grants from international charities during 2007. Also, the government decided to stop the WTP's free food handout in 2006 and replacing it with a food-for work scheme.³²

2.4 Political instability

The Eritrean-Ethiopian war, which occurred during the late 1990s, was devastating for both Eritrea's economy both also the country in general. The Ethiopian offensive caused about 225 million in livestock and 55,000 homes, totalling to 600 million in poverty damage and loss in general. Besides that, the war caused the food production to decrease by 62% due to the impossibility of planting crops and the overall GDP growth rate fell to zero in 1999 and to -12.1% in 2000.³³

3. Monitoring and evaluation

Data collection has been extremely weak in recent years, making it difficult to monitor the development situation in the country. The World Food Programme has helped Eritrea's Ministry of Health establish a National Nutrition Surveillance System that will conduct nutrition surveys in each region of the country every six months.³⁴ The Government has failed to complete a Poverty Reduction Strategy Paper and its progress toward the MDGs is unknown.

4. Social assistance programs overview

*All currency conversions are based on 17 February 2010 rates:

- 1 ERN = 0.06667 USD
- 1 EUR = 1.369 USD
- 1 GBP = 1.57161 USD.³⁵

²⁹ Ibid.

³⁰ Eritrea Guide. OneWorld.

³¹ Sanders, E. (2007, October).

³² Ibid.

³³ *Eritrea*. United States Central Intelligence Agency

³⁴ *Eritrea*. (2010, August). Retrieved from World Food Programme: http://www.wfp.org/countries/eritrea

³⁵ Currency Converter. (n.d.). Retrieved from OANDA: http://www.oanda.com/currency/converter/

	Programme name	Integrated Early Childhood Development Project II ³⁶
es	Programme objective	 The project is the second part of the integrated Early Childhood Development Project for Eritrea to help children under the age of seven in the project' villages by improving health, nutrition and access to pre-school education.
and social services		 Maternal and child health and nutrition: This part of the project will continue the growth monitoring and promotion in villages from the first project along with strengthen the community based health system.
are and so	Programme components	 Early childhood care and education (ECCE): This component will aim to expand the current costs of ECCE to cover all children in the target villages and also ensure sustainability.
nme# 1: welfare		 Management, monitoring, evaluation, advocacy and strategic communication: This part of the project will provide overall coordination and manage cross cutting issues of monitoring and evaluation and also advocacy and strategic communications.
Programme#	Programme duration	 26th June 2008 until 17th August 2012.
Ā	Financial commitments	 \$12,000,000 by the International Development Association Grant.
	Administrative framework	 Ministry of Education will be implementing this project.

	Programme name	Integrated Early Childhood Development Project II ³⁷
rvices	Programme objective	 The project aims to increase enrolment for especially girls and neglected groups and poor districts children at well as improving the quality of education at primary and secondary levels. At the same time, strengthen the Ministry of Education's capacity to deliver education services.
and social services		 The project also aims to improve the quality of teachers by financing the establishment of a Teacher Training and Development Unit while developing a master plan for teacher recruitment, training, deployment and utilisation.
welfare a	Programme coverage	 About 88,000 children
wel		 The project consists of the following components:
ä		 modify and adjust the outcome indicators and targets
le#		 revise and expand the project range
L L	Brogramma	 reallocate credit between eligible categories
grai	Programme	 decentralise implementation arrangements
Programme#	components	 extend the closing date of project
		 The project are implemented to improve the effectiveness of the project
		implementation, meet the sector development financing needs, and
		strengthen the overall education sector performance. This will be achieved

³⁶ Table drawn from *Projects & Operations* (2008, June). Retrieved from World Bank: http://web.worldbank.org/external/projects/main?Projectid=P107254&theSitePK=40941&piPK=64290415&pagePK=64283 627&menuPK=64282134&Type=Overview

³⁷ Table drawn from *Projects & Operations*. (2007, September).World Bank http://web.worldbank.org/external/projects/main?Projectid=P070272&theSitePK=40941&piPK=64302772&pagePK=64330 670&menuPK=64282135&Type=Financial

	 through strengthening the community participation in school construction (prioritise disadvantaged areas and demographic groups) balancing the expanding supply with the stimulating demand sharpening the strategic focus in improving education quality and learning outcome Besides that, the project intends to improve the monitoring and evaluation of the project's performance.
Programme duration	 19th June 2003 until 28th February 2011
Programme coverage	• 88,000 children
Financial commitments	 \$45,000,000 by the International Development Association.
Administrative framework	 Government of Eritrea will be implementing this project.

	Programme name	Eritrea HIV/AIDS/STI, TB, Malaria and Reproductive Health Project (HAMSET II) ³⁸
	Programme overview	 This project is the second report of HIV/AIDS/STI, Malaria and Tuberculosis Control Project (HAMSET II), following up on the first HAMSET report. strengthen the overall health system, which will enable Eritrea to address HAMSET diseases in a better way
Programme# 3: welfare and social services	Programme objective	 The objectives of second report is to: contain the spread of HIV/ADIS increase the coverage of directly observed treatment reduce or at a minimum maintain the current low levels malaria mortality and morbidity improve the coverage of effective reproductive health interventions
/elfa		 The project consists of four components:
nme# 3: v		 Multi-Sectoral Response: Support to ministries and civil society organisations in improving prevention, care and support for HIV/AIDS/STI, malaria, TB and reproductive health.
Progra	Programme components	 Health Sector Response: Comprises of three categories for HAMSET diseases: Human resources Improve prevention interventions Improve diagnostic, treatment, care, and support services
		 Community Managed HAMSET Response Program: Addresses HAMSET diseases (including reproductive health) by improving consolidate community- driven initiatives.
		Project management and coordination : Inclusive capacity building, monitoring and evaluation, and innovation and new policy development.

³⁸ Table drawn from *Projects & Operations* (2005, June). Retrieved from World Bank: http://web.worldbank.org/external/projects/main?Projectid=P094694&theSitePK=40941&piPK=64290415&pagePK=64283 627&menuPK=64282134&Type=Overview

Programme duration	 30th June 2005 until 30th June 2010
Finance	 \$24,000,000 by International Development Association. \$500,000 by local Communities.
Administrative framework	 The Ministry of Health will be implementing this project.

	Programme name	Improving Fishing Communities' Livelihoods to Enhance National Food Security ³⁹
	Programme overview	 The fishing industry is very important in Eritrea due to its role in achieving the national objective of food security and is actually regarded as relatively under exploited.
		 To improve national economic growth and household food security and livelihood strategies of fishing coastal communities, a development programme of three year is implemented (2009-2011).
		 The overall objective of the programme is to improve households' food security by increasing food availability, expanding export of fisheries products and increasing productivity of the artisanal fisheries.
ervices		 Besides that the program contributes to the following targets (from UNDAF (2007-2011)):
social s	Programme objectives	 Enhanced decision making on food security: This requires development of regulatory procedures related to fisheries.
Programme# 4: welfare and social services		 Improved access and availability of food: Requires improvements in income-generation activities and thereby improvements in the livelihoods of the poor.
me# 4: we		 Capacity support: Provided through capacity development to reduce harvest losses and improve the availability of food products that will strengthen food production at both household and national level.
Progran		 The programme consists of five elements to meet the overall fisheries development objectives:
	Programme components	 Promote local fish markets and export Improve sustainable community based fisheries Quality assurance schemes standardised to international standard Implement sustainable fisheries development and institutional capacity strengthened Training centres strengthened
	Programme duration	o 2009-2011
	Finance	 Estimated costs: \$ 2,174,714 USD. \$1 million USD from UNDP \$500,000 USD from IFAD (not confirmed) USD 20,000 from WHO

³⁹ Table drawn from *Improving Fishing Communities' Livelihoods to Enhance National Food Security*. (n.d.). Retrieved from United Nations Development Programme: http://www.er.undp.org/poverty/po_fishing.html

	 When the program was implemented, a further financial support of \$ 1,174,714 USD was still needed
Monitoring and evaluation	 Monitoring and evaluation will be conducted by WHO
Administrative framework	 This programme will be implemented under National Implementation (NIM) Joint Programming modality, involving UN agencies UNDP, WHO and other donors.

	Programme name	Anseba Local Development Project ⁴⁰
Programme# 5: welfare and social services	Programme overview	 The Government of the State of Eritrea (GoSE) has, since its independence in 1993, dedicated itself to a policy of decentralisation and local governance, which the Anseba Local Development Project (ALDP) will contribute to, by strengthen local government capacities in the Anseba region.
	Programme objectives	 The development of the ALDP is to reduce poverty in the Anseba Region by providing basic social and economic infrastructure, improving the base for natural resources in local communities along with improve local human capital endowments. The immediate objective of the ALDP is to make sure that the local government in the Anseba region delivers public infrastructure and services and address the institutional issues of planning, finance and implementation arrangements that are linked to the delivery of public infrastructure and services.
	Programme components	 A key component of the ALDP is innovation and the project will be highly innovative in the country by: Testing and promoting an integrated and participatory development planning process within the local governments. Introducing additional ways of financing local development. Strengthening and improving the local governments' and communities' capacities to make then able to deliver, operate and maintain public infrastructure and services. The project finance locally identified priority activities.
	Programme duration	• 2002 - 2010
	Financial commitments	 \$6,942,892 funded by UNCDF, UNDP and Belgian Survival Fund (BSF).
	Administrative framework	 Ministry of National Development/Zoba Anseba Administration are implementing this project. The Anseba Regional government implements the project with technical assistance from UNCDF.

⁴⁰Table drawn from *ANSEBA Local Development Project (ALDP)*. (n.d). Retrieved from United Nations Development Programme: http://www.er.undp.org/poverty/po_aldp.html

	Programme name	Youth's Employment Skills Development ⁴¹
Programme# 6: welfare and social services	Programme overview	 The project consists of vocational and entrepreneurship skills training to help create jobs in the regions of Anseba and Gash Barka for vulnerable youth. The First Phase vocational skills training programme was implemented successfully in the year 2007/2008 which has led to an increase in the intended number of beneficiaries in this second phase. An important component is to empower women in the training.
	Programme objectives	 The project long term objective is to solve the unemployment rate in the regions of Anseba and Gash Barka and thereby reduce poverty. The more specific objective is to train 200 vulnerable youth in the Vocational Skills Training Centre in drought and war affected regions of the country.
		 Training was provided for youth in Keren (Anseba Region) and Barentu (Gash Barka region) within the areas of metal and wood works for six months. 24 beneficiaries graduated from metal workshops and 26 from wood workshops in Barentu; females counted for 6 in all. 27 beneficiaries graduated from metal workshops and 23 from wood workshops in Keren; females counted for 4 in all. Another important component is the training of trainers who also will have access to support services
nme# 6: \	Programme components	 To comply with the growing demand of the youth in both regions, resource centres will be upgraded and further equipped.
Progran		 Project assists in the areas of enhancing trainers' skills, developing more tailored training materials, preparation in the area of entrepreneurship, and plumbing skills development. The training will also include development of entrepreneurship skills which can help the youth to establish for example small businesses.
		 To empower women in the training, gender related workshops will be arranged for and traditional crafts like baskets and mats will be maintained due to the importance in the homes and due to the potential income it can create.
	Programme duration	• 2009 until 2010
	Financial commitments	 UNDP will be funding the budget of \$250,000.
	Administrative framework	 National Union of Eritrean Youths will be implementing this project.

⁴¹ Table drawn from *Youth Employment Skills Development, Phase II*. (n.d.) Retrieved fromUnited Nations Development Programme: http://www.er.undp.org/poverty/po_youth.html

vices	Programme Name	Capacity Building of the Ministry of National Development, Phase I ⁴²
	Programme overview	 The project focuses on supporting the Ministry of National Development (newly established) in capacity building to strengthen management and coordination at national, sectoral and regional levels.
	Programme components	 Several indicators for the implementation of key capacity building activities will be used: Approval of staff and functional responsibilities of departments. Recruitment and retention of Government experts along with the purchase of office furniture, supplies and equipment, and vehicles. Completion of analytical tasks and collection of quality sector and macroeconomic data for planning. Preparation of National Medium-Term Development Plan (2004-2006), and Food Security and Poverty Reduction Strategies. Mobilise resources for priority programs and projects through consultations with national stakeholders and development partners. Phasing out of national and international consultants by transferring knowledge and responsibilities to national trained staff along with retention and selection of experts with interest in permanently work the Ministry.
l social	Programme duration	• 2004 until 2011
Programme# 7: welfare and social services	Financial commitments	 USD 5,838,158 has been committed by UNDP, UNFPA, and UNICEF.
ne# 7: w	Administrative framework	 Ministry of national Development is the implementing agency.
ogramn	•	 The Ministry of National Development has been fully established and operates efficiently.
Pro		 Departments have established capacity of sectoral and regional levels to design, prepare and prioritise development programmes.
	Socioeconomic impacts	 Capacity has been developed to formulate public policies and actions analysing the impact of policies and programmes on growth and poverty reduction review and analyse sectoral and regional development programmes carry out poverty analysis guide and coordinate the preparation and implementation of development plans, programs and project activities deal with cross-cutting problems along with analysing links between sectoral problems monitor and evaluate
		 Capacity of the National Statistics Office has been developed to provide timely, accurate, and reliable development data.
		 The national capacity of the mining sector has been strengthened.

⁴² Table drawn from *Capacity Building of the Ministry of National Development, Phase I.* (n.d). Retrieved from United Nations Development Programme: http://www.er.undp.org/poverty/po_mnd.html