This report is part of the Bertelsmann Stiftung’s Transformation Index (BTI) 2022. It covers the period from February 1, 2019 to January 31, 2021. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at https://www.bti-project.org.


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Key Indicators

<table>
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<tr>
<th>Population</th>
<th>HDI</th>
<th>GDP p.c., PPP</th>
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<tr>
<td>M</td>
<td>0.459</td>
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<td>Pop. growth¹</td>
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<tr>
<td>% p.a.</td>
<td>HDI rank of 189</td>
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<tr>
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<tr>
<td>Urban population</td>
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| Sources (as of December 2021): The World Bank, World Development Indicators 2021 | UNDP, Human Development Report 2020. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than $3.20 a day at 2011 international prices.

Executive Summary

Following the peace agreement with Ethiopia in 2018, the Eritrean government made no changes to its political and economic agenda, continuing to be a surveillance state committed to a command economy and an autocratic political system. Politically, the peace deal between Ethiopia and Eritrea in July 2018 was not implemented and has brought no benefit to the Eritrean population at large. The border between the two countries was not demarcated due to the opposition of the Tigray regional government. Instead of demobilizing its forcibly recruited army, the Eritrean government has been engaged in an undeclared war against the Tigray People’s Liberation Front (TPLF) in Tigray alongside Ethiopian federal forces since November 2020, which has resulted in a humanitarian catastrophe.

The economy remained under the control of the ruling People’s Front for Democracy and Justice (PFDJ) and the military. High-ranking military officers were involved in illegal activities, including goods smuggling and the human trafficking of Eritreans seeking to leave the country. All border checkpoints with Ethiopia were closed again by early 2019, and the peace agreement was not implemented. Smuggling across the border with Sudan has continued with the involvement of corrupt Eritrean and Sudanese officials. All political prisoners arrested between 2001 and 2018 remained in custody without due process of law.

The economy remained in its poor state, and chronic electricity blackouts continued alongside shortages of fuel and drinking water. The government imposed strict restrictions on movement under the pretext of the coronavirus pandemic and all forms of public transport were shut down. These measures have led to a hidden famine, which most probably claimed more victims than the virus did. The government has not invested revenues from the Bisha mine or funds it has received from Saudi Arabia and the United Arab Emirates to improve the situation of the population, which suffers from scarcity of goods, decaying infrastructure and lack of access to potable water. Military officers apply their own regulations in the administrative regions under their control, while the civilian administrative apparatus is powerless. Military and PFDJ leaders continue to run their own shops.
Since the “currency reform” of 2015, withdrawal of cash has been severely limited – to 5,000 Eritrean nakfa (ERN) per family per month, a rule that also applies to businesses, and the black-market exchange rate was close to the official exchange rate of ERN 15 to $1 during the period under review. This practice has severely hampered economic activities in the absence of modern cash-free payment methods. The coronavirus pandemic further hampered economic and agricultural/pastoral activities.

Politically, Eritrea is still a dictatorship in which political participation is impossible for the general public, civil rights and freedom of expression and assembly are absent, and human rights are routinely violated. The old constitution of 1997 has not been implemented, and no new constitution has been drafted. The unlimited-term national service, which UN agencies have called a form of institutionalized forced labor, is still in place without any reforms. Males aged between 18 and 60 and women between the ages of 18 and 27 are forced to serve either in the army or the national service. Since November 2020, they have been forced to take part in the civil war in Tigray, and Eritrean refugees living in camps in Ethiopia’s northern province were shot or deported back to Eritrea by the Eritrean army.

Government functions are executed by the president and a small group of advisers, in which Yemane Gebreab has played a decisive role. The ruling PFDJ is the only party allowed to exist. Together with the military, it holds a monopoly on the economic sphere. The party-owned Hdri Trust Fund controls all state enterprises, and no external financial monitoring is allowed. The exodus from Eritrea continued, but refugees had few options other than staying in Sudan due to coronavirus-related travel restrictions and the EU’s anti-refugee measures. State institutions and social services remained weak, and arbitrary arrests and religious persecution have continued, although some Jehovah Witnesses were released from prison.

During the period under review, there was absolutely no progress toward democratization, which has been ruled out by the president. The public is unable to communicate civic interests without the risk of being arrested. In the absence of free-market mechanisms, the import-export trade has remained in the firm grip of the ruling party’s elite, while the military has operated large-scale contraband activities. The peace agreement with Ethiopia did not lead to bilateral cooperation except for a military alliance forged by Isaias Afwerki and Abiy Ahmed, the respective leaders of both countries. There is no public welfare system, and traditional social safety networks based on extended family structures have been weakened by the national service. Most diaspora Eritreans support their families inside Eritrea financially, and many of them pay the 2% tax imposed on them by the government either voluntarily or by coercion, which helps to stabilize the regime.

Trade routes are blocked due to the pandemic, but contraband activities by military personnel continue. However, the country is in extreme economic hardship due to a shortage of foreign currency and a scarcity of consumer goods. In particular, the COVID-19 pandemic restricted the activities of the informal sector even further due to the total lockdown since April 2020. Small amounts of goods are smuggled across the borders and are only available on the black market, where they are sold at high prices by corrupt military officers and co-opted merchants.
Malnutrition and poverty remain endemic in Eritrea, and locust infestation and restrictions of movement have further aggravated the situation. The continuous use of charcoal for cooking purposes has accelerated environmental degradation. Generally, Eritrea has continued to follow a destructive path over the past two decades that runs counter to democratization and economic liberalization.

**History and Characteristics of Transformation**

Eritrea gained independence de facto in 1991 and de jure in 1993 after a 30-year struggle (1961 – 1991). From the early 1980s, the struggle had been dominated by the Eritrea People’s Liberation Front (EPLF), which later formed the government of the independent state of Eritrea. In 1994, the EPLF held its third and last organizational congress and changed its name to the PFDJ. The former secretary-general of the EPLF, Isaias Afewerki, has ruled the country as president since independence without ever having been confirmed in his office by a popular vote. In the aftermath of the border war with Ethiopia, he cracked down on the high-ranking PFDJ reformists (the G15) in 2001. Since then, he has strengthened his power by bringing the state apparatus under his control. He dismantled all institutions such as the only ruling party, the judiciary and the legislative and turned the country into authoritarian one-man rule. In addition, he suppressed the entire population through systematic societal militarization. He developed unstable narrow personal networks and created cleavages along ethnic and regional lines in order to secure loyalty. He has managed to solidify his power base through his tough style of authoritarian rule with totalitarian tendencies, although his popularity has sharply declined due to the continuous deterioration of the economic situation, gross human rights violations, the forced military conscription of large parts of the population of productive age and the country’s complete lack of civil liberties.

In recent years, relations with Western donor nations have been strained, as the government has shown a lack of transparency, has refused with very few exceptions to accept NGO activities in the country and has even rejected emergency aid, claiming to be self-reliant in food production (an assertion that is obviously not true). The EU granted €115 million to Eritrea under its Emergency Trust Fund for Africa with the aim of curbing migration. This includes road constructions projects despite the fact that the PFDJ-owned construction firms make use of forced labor.

Eritrea does not have stable and solid relationships with its neighboring countries (Sudan, Djibouti, Saudi Arabia and Egypt) because they depend on President Isaias’s whims and he mistrusts the international community. Despite the peace agreement between Ethiopia and Eritrea in July 2018, the border demarcation issue remains unresolved. The current civil war in Ethiopia’s Tigray region and the border conflict between Sudan and Ethiopia has further worsened the situation of the border population at large. President Isaias is directly or indirectly involved in both conflicts, according to international observers. However, there were no violent conflicts between Eritrea and its neighbors in recent years, until Eritrea entered into an undeclared war against Ethiopia’s Tigray Region alongside the Ethiopian federal government in November 2020. This has led to a
humanitarian tragedy and a looming famine. The peace agreement with Ethiopia was not implemented. The border was not demarcated and border crossings remained closed. No trade agreement was reached. The leaders of Eritrea and Djibouti were also unable to solve their border problem peacefully. The Eritrean government did not end the extremely high level of military mobilization through a reform of the national service and a demobilization program; instead, the use of national service recruits as an unpaid labor force for party and military-owned enterprises continues, with the recruits forced to serve as soldiers in Tigray. Eritreans living abroad have to pay a 2% diaspora tax, and most of them send remittances to their relatives in Eritrea to assure their survival. During the period under review, Eritrea remained in a military alliance with Saudi Arabia and the United Arab Emirates.

There were no internal political reforms during the period under review, and the constitution ratified in 1997 was not implemented. In the aftermath of the border war with Ethiopia (1998–2000) President Isaias developed a command economy or “mafia-economy,” in which all enterprises are controlled by himself and the small ruling elite composed of high-ranking PFDJ cadres and military officers that dominates all political and economic affairs. The military was given a free hand to pursue all kinds of illegal activities including human trafficking, and it has so far not posed a serious threat to the president. Leading PFDJ cadres, particularly Yemane Gebreab, play an important role in political decision-making. Eritrea was ranked third-from-last worldwide in Reporters Without Borders’ assessment of press freedom during the period under review.

Levels of state and military intervention in the economy have remained consistently high in recent years, while the private business sector has continued to be severely restricted by import-export regulations and a lack of hard currency, and local cash circulation has been severely limited. The degree of political suppression has remained extraordinarily high, and arbitrary arrests without due process of law have continued. The political dissidents and journalists arrested in 2001 are still in detention, while hundreds of Christians and Muslims are still in jail for alleged religious extremism without being formally accused or brought before a court of law. The mass exodus of the younger generation has continued as a result of the widespread frustration and disillusionment related to the unlimited scope of national service obligations, which have made it difficult for the majority of the population of productive age to feed their families, and the lack of envisaged political reforms after the reconciliation with Ethiopia. However, COVID-19-induced travel restrictions made it more difficult for Eritrean refugees to reach safe havens.
The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The state’s monopoly on force exists in principle. Supposedly, the commanders of the military administrative zones continued to enjoy unconstitutional executive and judicial rights, and the civilian administration was powerless. The post of minister of defense remained vacant during the period under review, and the army’s lack of institutionalized power continued.

Militant opposition groups based in Ethiopia were no longer active following the political rapprochement between Eritrea and Ethiopia in summer 2018. In that year, Ethiopian Prime Minister Abiy Ahmed had announced that his government would accept the 2002 ruling of the Ethiopia-Eritrea Boundary Commission (EEBC) and was ready to hand disputed areas back to Eritrea, including the town of Badme. However, no concrete steps to implement the EEBC decision were taken.

Human trafficking and the smuggling of goods with the involvement of the military continued, although all borders with Ethiopia were closed again by early 2019. Most of the smuggling activities involved East Sudanese officials. In the course of the civil war between the Ethiopian federal government and the Tigray People’s Liberation Front that started in November 2020, Eritrean troops were involved and allegedly brought the area around Badme under its control through military means.

The mass exodus of the younger generation continued, and the loss of large numbers of educated persons further weakened the administrative capacities of the state.
The legitimacy of the nation-state is rarely questioned because most Eritreans see it as the legacy of a 30-year liberation struggle (1961 – 1991) that took a heavy toll on all segments of society. However, the ruling People’s Front for Democracy and Justice (PFDJ) enjoys very little support and credibility among the population, especially among the youth. The unlimited national service requirements imposed on the younger generation have led to increasing levels of alienation from the state, especially since no national service reform was announced following the peace declaration with Ethiopia in July 2018. On the contrary, national service conscripts were forced to fight in Eritrea’s undeclared war in Tigray along with the Ethiopian Defense Forces.

Therefore, most young Eritreans continued to believe that fleeing the country is the only option for leading a meaningful life and starting a family, given the extensive demands of the state with no rights and benefits in return.

Ethnic and religious minorities continue to be underrepresented in higher education and state institutions. Jehovah’s Witnesses are barred from such citizenship rights as owning a business.

Following the peace initiative by Ethiopian Prime Minister Abiy Ahmed, Eritrea’s president Isaias Afewerki courted the prime minister due to their common resentments against the TPLF leadership, which had dominated Ethiopia for 30 years. Many Eritreans feared this political alliance was endangering Eritrea’s political sovereignty because there was no evident roadmap for dealing with the technicalities of peace, such as currency exchange, freedom of movement and tariffs.

The state is defined as a secular order in which religion and state are separated. The PFDJ ideology prioritizes “martyrdom for the nation” over spiritual values and demands that citizens act accordingly. However, this doctrine has lost even more credibility since the end of the “no war, no peace” situation with Ethiopia. The government considers religion to be a highly politicized issue and tries to keep strict controls over religious practice. Members of Christian minority churches such as Pentecostals and Jehovah’s Witnesses as well as Muslims considered “radical” (especially adherents of Wahabi Islam) continue to be under the scrutiny of the state.

In summer 2019, the government closed all health clinics run by the Catholic Church after the country’s four bishops had criticized the government.

Religious leaders of the “legal” communities are controlled by the state, namely the Orthodox, Catholic and Lutheran churches, and Sunni Islam. The Orthodox Church is headed by a layman by the name of Lukas, who is a puppet of the government. The same applies to Eritrea’s Grand Mufti, Sheikh Al-Amin Osman Al-Amin.

However, the government accepts the application of customary and religious law (Shariah and Orthodox Church-related customary laws) in civil jurisdiction and conflict mediation in the absence of a functioning secular judiciary system.
The state’s administrative structures continue to cover the whole country, but the quality of the provided services has been declining continuously both in the countryside and in urban centers due to the massive outflux of qualified personnel. The economy continues to suffer due to control by the state, more specifically by the PFDJ and the military, and its output was minimal during the period under review. Both families and business owners are still not allowed to withdraw more than 5,000 nakfa (approximately $333) from their accounts per month. The banking sector has remained severely underdeveloped, and the use of checks is the most “modern” form of money transfer in the absence of electronic payment methods.

Juridical services are poor, civil litigation is mainly handled by customary law institutions, and levels of corruption are high. Basic services and commodities such as electricity, cooking fuels and staple foods remained scarce during the period under review. There was a severe shortage of potable water in Asmara. Free entry for Ethiopian traders, which had somehow eased the situation, was stopped in early 2019. The government imposed an extremely severe COVID-19-related lockdown on the entire country. All movements from one place to another (including agricultural and herding activities) needed written permission, and all businesses had to close down without compensation. Schools were also closed. These restrictions led to famine-like conditions that were more dangerous to the population than the pandemic. The ministry of health reported coronavirus cases brought to the country from outside, but aid in the form of sanitizers, masks and the like was rejected by the government.

The EU granted funds for road construction under its Emergency Trust Fund for Africa in spite of being aware that such programs were carried out by the forced labor of national service conscripts. The capital city, Asmara, had been declared a UNESCO World Heritage Site in 2017, but most buildings were in a severe state of decay and no measures had been taken to restore them.

2 | Political Participation

Since Eritrea’s independence in 1993, there have been no elections on the national or regional (zoba) levels and no free elections on the subregional and local levels. The PFDJ has been the only legal political party, and President Isaias Afwerki, who has been in power since independence, shows no readiness to accept elections or any change in the country’s political status quo. He rules in conjunction with a small number of advisers from the PFDJ leadership, most importantly Yemane Gebreab (in recent years referred to as “presidential adviser”), Hagos “Kisha” Gebrehiwot (head of PFDJ’s financial affairs) and Yemane Gebremeskel (the minister of information). The military continues to enjoy considerable political power and the defunct National Assembly has not met since 2002. Plans announced by Isaias to draft a new constitution have not materialized, and the 1997 constitution is still not implemented. The cabinet of ministers, which was handpicked by the president, has very little
decision-making power, and the office of minister of defense has remained vacant since 2014. The political rapprochement with Ethiopia has not led to any kind of internal reform, even though the conflict-ridden relations between the two countries were often used as an excuse to refrain from holding elections.

The COVID-19 pandemic had no impact on this political constellation.

Political decision-makers in Eritrea are not democratically elected or restricted in their policymaking by constitutional constraints. Twenty-eight years after its de facto independence, the country still has no implemented constitution. Veto powers that undermine democratic procedures do not exist, as democratic procedures are alien to Eritrea’s policymaking process. High-ranking military officers have maintained their influence. They might have the ability to prevent the government from making political decisions that could threaten the profits they make through contraband trade and the exploitation of national service conscripts. Eritrea’s military elite had profited from the stalemate with Ethiopia over the years, and reconciliation with Ethiopia first led to growing unrest within the military.

However, it seems that Eritrea’s president and the Ethiopian prime minister clandestinely worked on a military strike against the TPLF, which materialized in November 2020. Since then, the Eritrean army reportedly was involved in severe looting of health stations, universities, factories and even private houses, and such goods were sold in Eritrea, most certainly for the profit of the military leadership. This can be seen as an appeasement strategy of the political leadership toward the high-ranking military officers.

Association and assembly rights are completely denied in Eritrea. Independent civic groups are prohibited, and the PFDJ is the only political party allowed in the country. The National Union of Women, the National Union of Youth and Students, and the Confederation of Eritrean Workers are government-controlled satellites of the ruling party and mostly inactive. Assembly rights are severely restricted, and even gatherings of religious groups (Pentecostal Christians, reformist Orthodox Christians, followers of Wahabi Islam, etc.) are prohibited. There is an atmosphere of general suppression, surveillance by security agents and widespread use of force by the police, the military and the state security services. Due to the COVID-19 pandemic, private gatherings such as funeral and wedding ceremonies, which usually attract hundreds of visitors and were the only legal form of public gatherings, were prohibited. Surveillance by state security became even more profound due to the extreme restrictions of movement imposed to contain the spread of the virus. These restrictions were still in place by January 2021, and due to Eritrea’s involvement in the war in Ethiopia’s Tigray Region, it seems improbable that they will be lifted any time soon.
Freedom of expression is completely denied in Eritrea. The private press has been banned since 2001, and the state media continues to be controlled by the Ministry of Information. Eritrea ranked 178 out of 180 countries in Reporters without Borders’ Press Freedom Ranking. Numerous independent journalists jailed in 2001 have been kept in detention, and the state media are restricted to reporting on the alleged progress of development projects and about people receiving benefits from the government. Private conversations in bars, cafés, social meetings and religious feasts – all of which had been monitored by a countrywide network of agents working for the government and the military’s security apparatuses – have been prohibited due to the COVID-19 epidemic.

Even individual expressions of opinion are being criminalized by the PFDJ government.

3 | Rule of Law

Separation of powers including checks and balances is nonexistent both de jure and de facto, as Eritrea has no implemented constitution. A small number of high-ranking cadres from the ruling PFDJ and the government form a monolithic power apparatus, and the parliament is not convened. The president handpicks the cabinet of ministers, who have very limited decision-making power in their respective portfolios. Most of them have been in their positions for many years without having challenged the president’s decisions. The legislative, executive and judicial branches of government are controlled by the president, who rules by decree. State power is thus not subjected to law. Military officers continue to exercise juridical functions over their conscripts and the lines between civilian and military rule are blurred.

The COVID-19 related lockdown was also declared by decree on April 1, 2020, and is not subject to any form of judicial review. On December 22 the government introduced further restrictions for an indefinite period of time. The lockdown is used by the authorities to control the borders and the population at large. There are no means of transportation between the different regions (zobas), and even in cities like Asmara no buses or taxis have been available since April 2020.

The formal judiciary is poorly organized and dependent on the government, which often means that the president interferes directly. The Supreme Court has been defunct since 2002. The special courts, headed by military officers acting as lay judges and operating without standard procedures, seem to have become defunct and replaced by even more informal and arbitrary activities of power holders. High-ranking military officers continue to exercise juridical power over army recruits. The police, state security and military personnel often arrest people, hold them for several months or years and release them without ever launching formal charges or bringing them before a court of law. The weakness of the formal judiciary has increased because there has been no possibility to study law since the closure of Asmara
University in 2006, after which many former judges left the country. Therefore, informal customary juridical institutions remain the backbone of juridical practice in civil matters and to a certain extent in criminal cases. These institutions decide cases on the basis of traditional law, which focuses strongly on mediation and reconciliation between the conflicting parties. There are also government-controlled community courts that are supposed to provide rulings based on customary law, but these enjoy the confidence of the public less than the informal customary institutions. However, even the traditional mediation systems of the rural population groups have come under the scrutiny of the local security organs.

According to the Ministry of Information’s reports, people suspected of being infected with the coronavirus were held at quarantine centers, many of them close to the border to Sudan, before being tested.

Corruption in the civil administration and especially in the military is still widespread. High-ranking officers continue to engage in illegal activities such as smuggling goods, and their involvement in human trafficking continued during the period under review. Borders between Eritrea and Ethiopia have remained closed since early 2019 while smuggling and human trafficking activities between Eritrea and Sudan continued. Abuse of office and officeholders who engage in corruption are neither prosecuted nor held accountable.

Due to European activities to restrict access to the continent through Libya and other North African countries and coronavirus-related travel restrictions, it has become much more difficult for Eritrean refugees to reach Europe, and it is unclear how this has affected human trafficking activities by Eritrean military officers. In the course of the war in Tigray, it has been reported that hundreds or even thousands of Eritrean refugees have been deported back from refugee camps by the Eritrean army, and possibly their dire situation is exploited by army officers who demand ransoms.

There is absolutely no protection of civil rights in Eritrea. The country has never had an implemented constitution, and there is no law guaranteeing civil rights. Top government officials including the president openly express their disregard for internationally accepted civil rights and the due process of law. There is no press freedom, no right to habeas corpus and no freedom of expression or assembly. Religious freedom is restricted to the four officially accepted faiths: Orthodox, Roman Catholic and Lutheran Protestant Christianity, and Sunni Islam. Even representatives of these religions are subject to surveillance, intimidation and arrests.

The right to life and security is ignored, and torture is widespread in prisons and army prison camps. The lack of civil rights affects the entire population, but ethnic and religious minorities are often subject to relatively harsher treatment. In addition, large segments of the population continue to be kept as recruits in the unlimited-term national service, and party-owned companies such as Seghen Construction use them as forced laborers.
Eritrea’s government did not declare a state of emergency due to the COVID-19 pandemic, claiming that there were almost no deaths occurring due to the virus, but it restricted freedom of movement even more drastically than it before. Citizens cannot seek redress even if they face severe malnutrition due to these restrictions.

4 | Stability of Democratic Institutions

There are no democratic institutions in Eritrea. The president’s position has not been confirmed by elections since he came to power as a guerrilla leader in 1991, and no parliamentary elections have been held since independence. The PFDJ is the only party allowed in the country, and its leadership is not subject to intraparty elections. The party held its last congress in 1994. The National Assembly, a parliamentary body comprised of members of the former politburo and central committee of the PFDJ, has not convened since 2001 and is obviously defunct. Many of its members are either in jail, deceased or forced into exile. Political power rests solely with the president and a few of his advisers within the PFDJ leadership. Three decades after formal independence, the country still lacks an implemented constitution. High-ranking military officers have broad decision-making powers in the regional administrations, and they control legal and illegal economic activities. In the absence of democratic procedures, the economy is controlled by a highly interlinked conglomerate of the PFDJ elite, the government and the military. The president, who is aware of the generals' powerbase, continues to use divide-and-rule strategies in order to limit the potential threat they pose to his monopoly on power.

All of the few relevant political actors remain determined to obstruct the emergence of democratic institutions. This includes the president and his advisers, the military leadership and the cabinet of ministers. The former supporters of political pluralization within the PFDJ (the so-called G-15) have been in detention since 2001, and many are believed to be dead or in poor health due to unbearable conditions and the denial of medical treatment. Other potential proponents of democratic change have either been arrested, forced into exile or silenced by fear for their own and their family’s lives. When Berhane Abrehe, former finance minister and close confidante of the president, published a book in which he criticized the president’s policies in 2018, he was immediately arrested and remains in jail without legal process. The middle-ranking military personnel and high-ranking PFDJ cadres of Muslim faith who were arrested after an attempted coup in 2013 are still in custody. The political opposition abroad is fragmented and lacks a clear agenda for political change. Several youth movements in the diaspora have been struggling for human rights and political change, but without success. It is difficult to say if Arbi Harnet (Freedom Friday), the only movement that was active inside the country, continues to exist in Eritrea.
5 | Political and Social Integration

The PFDJ has been the only permitted party since independence. The political leadership has no intention of allowing a multiparty system to develop in the foreseeable future. Over the past decade, the population has become progressively alienated from the ruling party, which had initially been welcomed as the liberator of the country. It is now perceived as a “mafia organization” rather than a political party by the majority of Eritreans, with the exception of the considerable number of PFDJ supporters in the diaspora. The PFDJ as the only existing party has been severely weakened by the president. It is not in a position to articulate and aggregate societal interests, and it has lost its former interconnections with at least some parts of society. The PFDJ also has not taken any steps to develop a roadmap for reforms following the declaration of peace and friendship between Eritrea and Ethiopia in 2018.

Associations and interest groups acting independently of the PFDJ are prohibited. The party claims that the Eritrean people are a single mass sharing the same interests, and that it is the only organization representing the interests of all societal groups. It has suppressed the emergence of civil society organizations from the beginning and firmly controls the organizations that do exist (the unions of women, workers, youth and students). In reality, the party and the military are groups that represent their own narrow self-interest, while the social interests of the vast majority of the population are unrepresented. Among the population, local elders are highly respected and have acted as mediators when social groups’ interests have collided, for example in cases of land conflict. However, they are barred from intervening in political affairs.

There are no public opinion surveys in Eritrea.

Social trust and solidarity are rooted in networks based on customary law, common descent and religion. These networks used to alleviate social hardships, but they have been continuously weakened by the structural militarization of society through the national service requirement, which deprives large parts of the population of the opportunity to earn incomes large enough to enable them to support their extended families. Existing local networks such as “equbs” (saving clubs) are infiltrated by government agents, creating further mutual mistrust. Even the traditional family networks that acted as solidarity communities in the rural areas have been infiltrated; their leaders were co-opted or are threatened if they refuse to obey the security personnel of the regional administration.
However, there are social networks linking Eritreans in the diaspora with those inside the country. In fact, the main objective of the increasing numbers of Eritreans who flee their country is to establish themselves in the diaspora and send remittances back to their extended families, thereby making a major contribution to the stability of the ailing economic system. However, mutual mistrust in Eritrea’s society remains high because of the large networks of informants employed by the national security services and the military. The strict lockdown imposed by the government due to the COVID-19 pandemic makes communication virtually impossible. Online communication is almost nonexistent, especially since Internet cafés have been closed along with all other public facilities. This may have a negative impact on social cohesion.

II. Economic Transformation

6 | Level of Socioeconomic Development

Eritrea remains one of the world’s poorest countries, and poverty is endemic. The Global Hunger Index did not rank Eritrea’s nutritional situation in 2020 due to insufficient data. UNICEF also did not publish data concerning the number of malnourished children. As usual, the government did not give details about the nutritional situation in the country. The prolonged national service continues to hamper subsistence farming and pastoral activities, from which an estimated 80% of the population makes a living. In addition, extreme restrictions on movement, allegedly to combat the COVID-19 pandemic, and a lack of public transport further interrupted supply chains. Eritrea was also affected by a locust infestation. All these circumstances contributed to an extremely critical situation. The supply of basic consumer goods such as potable water, cooking fuels and electricity in urban areas remains insufficient.

Statistical data is either not available or unreliable due to the complete lack of government transparency. Rankings on the Gender Inequality Index and Gini Index are not available, and neither is the poverty rate. The UNDP’s 2019 Human Development Index ranked Eritrea 180th out of 189 countries (with a score of 0.45), indicating a very low level of socioeconomic development. Due to the unlimited-term national service, which has been in place for 18 years and has forced the majority of the adult population to serve as recruits in return for pocket money, the poverty rate is very high and large numbers of Eritreans depend on the support of relatives in the diaspora for survival. Thus, the majority of the people are structurally excluded from opportunities to make a decent living, which has led to a continuous mass exodus. Most vocational training centers, colleges and health centers are found in the capital and in the Southern Region where the dominant Tigrinya ethnic group is concentrated, while other groups have little access to education and are generally taken as conscripts to the Sawa military training center when they reach the age of 18. Subsequently, they are used as forced laborers in PFDJ and military-owned
enterprises or in the civil service and administration. Ethnic minority groups such as the Saho, Afar, Kunama, Nara and Hedareb tend to be more vulnerable and poorer, and they suffer more frequently from malnutrition; among these communities, the child mortality rate is very high as few parents have family members in industrialized countries who can support them financially.

Wealth is concentrated in the hands of a few corrupt army officials and PFDJ cadres who control the command economy and are engaged in contraband trade and illegal activities such as human trafficking. It is believed that large sums of money have been transferred to Chinese bank accounts under the names of the president and his son. Gender inequality persists, especially in educational settings, as does indirect discrimination against citizens who do not belong to the dominant Tigrinya ethnic group.

<table>
<thead>
<tr>
<th>Economic indicators</th>
<th>2017</th>
<th>2018</th>
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<tr>
<td>GDP ($)</td>
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<tr>
<td>GDP growth %</td>
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<tr>
<td>Inflation (CPI) %</td>
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<tr>
<td>Unemployment %</td>
<td>-</td>
<td>6.5</td>
<td>6.4</td>
<td>6.3</td>
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<tr>
<td>Foreign direct investment % of GDP</td>
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<td>Export growth %</td>
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<td>Import growth %</td>
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<tr>
<td>Current account balance ($)</td>
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<tr>
<td>Public debt % of GDP</td>
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<td>202.5</td>
<td>185.6</td>
<td>189.4</td>
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<tr>
<td>External debt ($)</td>
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<td>791.2</td>
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<td>Total debt service ($)</td>
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<td>28.2</td>
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<td>Net lending/borrowing % of GDP</td>
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<td>Tax revenue % of GDP</td>
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<tr>
<td>Government consumption % of GDP</td>
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<tr>
<td>Public education spending % of GDP</td>
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<tr>
<td>Public health spending % of GDP</td>
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<td>0.8</td>
<td>0.6</td>
<td>-</td>
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<tr>
<td>R&amp;D expenditure % of GDP</td>
<td>-</td>
<td>-</td>
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<td>-</td>
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<tr>
<td>Military expenditure % of GDP</td>
<td>-</td>
<td>-</td>
<td>-</td>
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</tbody>
</table>

Sources (as of December 2021): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.
7 | Organization of the Market and Competition

In Eritrea the basic conditions for market organization are very weak. Starting a business is virtually impossible and most existing private businesses have been forced to become non-operational due to extreme cash-flow restrictions. In the World Bank Doing Business sub-index on starting a business, Eritrea is ranked 189th out of 190 countries. The reason for these weak results lies in the fact that the government maintains a command economy in which government activities predominate over private enterprise. Any form of government commitment to structural reform is missing, and the small ruling elite sees Eritrea as its private property. Until now, the government has not implemented specific measures to reform the command aspects of its economy or to spur broad-based growth and market development, nor has it taken steps to enable private business practices. The legal and regulatory frameworks for economic activities are underdeveloped, and Eritrea’s judicial system is not independent enough to protect the sanctity of contracts. Moreover, weak enforcement of property rights and uneven rule of law have driven many people into informal sector activities such as petty trade, but even very small micro-businesses have been increasingly restrained in recent years. The inefficient public sector remains the largest source of paid employment, but most public servants are unpaid national service recruits. Subsistence agriculture has been further weakened by restrictions of movement justified by the containment of the COVID-19 pandemic.

Market-based competition remained absent in Eritrea during the period under review. Borders with Ethiopia remained closed and no trade arrangement was implemented. Eritrean traders were subject to strict monetary controls, and the government, through the PFDJ and the military, dominated the economy. The state and the PFDJ retain control over trade, production and cash-crop agriculture. PFDJ-owned companies such as Seghen Construction have a monopoly in the construction sector, where private sector activities have been prohibited since 2006. Since early 2016, the withdrawal of local currency from bank accounts has been highly restricted and limited to 5,000 nakfa ($333) per month.

The scarcity of consumer goods and kerosene for cooking purposes, as well as regular blackouts due to electricity shortages, continues. Illegal activities by military officers, including contraband trade and human trafficking, also continue and are tolerated by the government. Eritrean-Sudanese cross-border trafficking networks continued their activities. The confiscation of locally produced agricultural goods for the purpose of sale on the black market continues. Foreign investment, including from diaspora Eritreans, remains low; rather, the government relies on remittances from the diaspora and continues to levy a 2% diaspora tax on all Eritreans living abroad. Diaspora Eritreans also contribute significantly to the survival of their relatives by sending private remittances, while possibilities to make a living through business activities have become almost nonexistent.
In Eritrea, there is no separate agency to protect competition and review transactions for competition-related concerns. The country does not have a domestic competition law regime and thus no legal framework for competition policy. Still, Eritrea is a member of the Common Market of Eastern and Southern Africa (COMESA). As part of the effort to promote economic integration, COMESA adopted a competition law regime to address anti-competitive business practices and to exert merger control, with its competition regulations binding for all member states of the COMESA. Enforcement of the regime lies with the COMESA Competition Commission, located in Lilongwe (Malawi). The Commission’s responsibilities include enforcement of the prohibitions against anti-competitive business practices and merger control.

Through membership of COMESA, a regional competition law regime has introduced a competition law in Eritrea indirectly. Nevertheless, the Eritrean leadership has consistently ignored these laws and Eritrea’s economy continues to be controlled by the ruling PFDJ and its enterprises in the trade, retail market, construction and cash-crop sectors and in the mining of copper and other precious metals. It also controls the mining activities of the Canadian company Nevsun through a joint-venture agreement. The PFDJ-dominated enterprises are run by national service conscripts without payment and most basic consumer goods are smuggled from neighboring countries, mainly Sudan. The government, PFDJ and the military continue to form a monopolistic conglomerate, leaving no space for fair competition. The Hdri Trust Fund, under the supervision of PFDJ Financial Director Hagos Gebrehiwot “Kisha,” controls all relevant companies operating in Eritrea. The government has not implemented any measures aimed at preventing the emergence of monopolies and has done nothing to change the inefficient monopolistic structures it has created.

All foreign trade and trade in foreign currencies are under the supervision and control of the state. The withdrawal of local cash (nakfa) and foreign cash from bank accounts has been severely restricted. The PFDJ-owned Red Sea Corporation controls the import-export trade, but contraband activities, which are mainly run by the military, continue.

Eritrea is the only country that did not join the African Continental Free Trade Area (AfCFTA). In 2020, Eritrea formed a “Horn of Africa Cooperation” agreement with Somalia and Ethiopia, but this did not result in the improvement of trade relations. There has been no trade between Eritrea and Ethiopia since borders were closed by Eritrea in early 2019.

Farm laborers and local merchants are not allowed to transport agricultural goods from one zoba (region) to another; doing so risks confiscation. These restrictions have been further tightened under the pretext of the COVID-19 pandemic. The military is involved in the confiscation of such goods, subsequently selling them on the black market for a high profit. The town Tessenei, which borders Sudan, is still a smuggling
hub where corrupt Eritrean and Sudanese officials cooperate in the contraband trade of goods.

The government continues its policy of alleged self-reliance and isolation from global free-market trade.

There are three state-controlled banks in Eritrea – the Bank of Eritrea, the Commercial Bank and the Commercial and Housing Bank – while the PFDJ runs Himbol Financial Services. Himbol is in charge of handling remittances and tax payments from diaspora Eritreans, which are channeled through Eritrean embassies and consulates abroad or through appointed government “money collectors.” Private banks are prohibited, and there is no free capital market. Eritrean banks operate under severely outdated conditions; there are no ATMs in the country and online banking is not an option. Checks are the most modern means of transferring money allowed.

The local currency, the nakfa, has been artificially fixed to the U.S. dollar for several decades at a severely overvalued rate of ERN 15 to $1. In 2015, the government introduced a currency reform that forced all citizens to exchange nakfa notes within their possession for new ones. Since then, access to cash notes has been severely limited. The currency black market using the “hawala” system remains in use for diaspora remittances, but severely limited cash flows have dried up the black market.

8 | Monetary and fiscal stability

The government continued to follow an irrational financial policy during the period under review and kept fixing the nakfa to the U.S. dollar at a rate of 15 to 1, which means that the nakfa has been severely overvalued for decades. This contributed to a steady expansion of the currency black market, which was curbed through a currency reform and an extreme restriction of cash in circulation. Withdrawals have been limited to 5,000 ERN ($333) per family per month. However, this applies only to the small number of privileged individuals living in urban centers like Asmara, Massawa, and Keren, whose relatives abroad send remittances regularly. The majority of the population – especially those living in rural areas – does not have bank accounts. They receive remittances irregularly, either smuggled or sent with relatives from abroad.

Import-export trade and the foreign currency market remained under the firm control of the government.

The IMF indicated an inflation rate of 2.6% in 2020, down from 9% in 2018, probably due to the extreme scarcity of circulating cash. Hard currency reserves remained very low and dependence on diaspora remittances high. Due to this chronic scarcity of hard currency and the limitations on the import of vital consumer goods and spare parts, a large number of corrupt government and military officials are involved in
illegal contraband activities that undermine the official austerity policy. The
government has continued to deny the existence of any food scarcity in the country
and has not accepted food aid from the international community. It also rejected
pandemic-related aid and urged the diaspora to make COVID-19-related donations
to the government. However, there was no transparency as to how such funds were
used. There was no trade agreement between Eritrea and Ethiopia.

Statistical data on Eritrea’s macroeconomic stability is either nonexistent or
unreliable as the country has not published a budget since its independence. In
addition, all economic enterprises of any significance, including the mining sector,
are controlled by the PFDJ or the military and are not subject to financial oversight.
It is unclear how copper mining income generated through a joint venture with the
Canadian Nevsun has been spent over the years.

The African Development Bank estimates that the national debt-to-GDP ratio
increased to 190.3% in 2015 and 196.2% in 2017 before declining to 174.3% in 2018
and to 165.1% in 2019, and that the country is in severe debt distress. The government
did not apply any fiscal or monetary measures to alleviate the consequences of the
coronavirus pandemic. The prevailing shortage of basic consumer goods continues,
and the government has neither invested in the existing state-run factories nor created
new business opportunities. The government has been unable to import sufficient
fuels to generate a stable electricity supply. The use of national service conscripts as
forced laborers in return for only minimal pay continued during the period under
review and fueled the ongoing mass exodus. The continuous large outflow can be
mainly attributed to the poor macroeconomic situation and the impossibility of
making a decent living in Eritrea for the majority of the population. The current
situation is a vicious circle in which the government’s misguided economic policies,
including the recruitment of the workforce into the national service, fuels the exodus.
This damages macroeconomic stability even more severely in the long term and
cements the government’s dependence on remittances. Hopes of political and
economic reforms as a result of the reconciliation with Ethiopia in 2018 did not
materialize.

The coronavirus crisis and the total shutdown had a negative impact on the informal
sector. People that engaged in micro-business activities, most of them female, such
as selling vegetables, chicken, eggs, grains etc. have not been allowed to work since
April 2020 and are suffering from extreme poverty.
9 | Private Property

Property rights and regulations are formally defined by law; however, due to the lack of a constitution or the rule of law, there is no protection against arbitrary confiscation of land and property. Despite the 1994 land reform, which declares that all land belongs to the state, highland farmers are usually granted usufruct land rights based on customary law. There have been no major resettlement projects during the period under review, but generally the people are not safe from being arbitrarily expelled from land over which they enjoy usufruct rights.

The western lowlands have been the focus of numerous resettlement programs in the past (including ethnic Saho from the highlands), in which the indigenous population (Kunama, Nara and Beni-Amer) was not compensated for their loss of land. The eastern lowlands and highland escarpments on the Red Sea coast have also experienced resettlement programs in which members of the indigenous Saho population group were similarly uncompensated. The same is true for those who have lost their land to the military, which has established cash-crop farms run by conscripts, mainly in the Gash-Barka region. The handling of property rights by the government lacks transparency and is unpredictable.

Colluli Mining Share Company (CMSC), a joint venture between the Australian Danakali Ltd. (formerly South Boulder Mines) and Eritrean National Mining Corporation (ENAMCO), plans to construct a potassium mine in the Southern Red Sea region on an area comprising 400 square kilometers, although construction had still not started by the end of the period under review. The local Afar population fears that their customary land usufruct rights will be disregarded once the project becomes operational. The demarcation of the border between Eritrea and Ethiopia made no progress during the period under review. In November 2020, the federal government of Ethiopia started a war against the TPLF in Tigray, in which Eritrean troops are involved. There are reports that Eritrean soldiers have occupied chunks of territory that were administered by the regional government of Tigray along the common border.

The government’s hostile policy toward the private business sector continued during the period under review, and all economically significant companies are owned by the PFDJ, the government or the military. Foreign companies active in the exploration of gold and other precious metals or raw materials are forced to enter into joint ventures with government companies in order to obtain a license. Outside the mining sector, foreign investment is discouraged. The government has a record of extracting money from diaspora Eritreans for investment projects that fail to be finalized, for example in the housing construction sector. There are hardly any private companies left in Eritrea. The exceptions are mainly small enterprises and shops, and it is impossible for them to convert profits into hard currency in order to purchase spare parts and other materials. Tessenei, a city at the border with Sudan, continues to serve as a contraband trade hub. The smuggling business is run by high-ranking military personnel and by PFDJ cadres.
10 | Welfare Regime

The state does not provide a social security system that covers risks such as unemployment, illness, old age or disabilities, except for the Martyr’s Trust Fund, which raises money from diaspora Eritreans for the benefit of the relatives of fighters and soldiers killed in action. The funds are distributed in a nontransparent manner, and many potential recipients have passed away due to old age. Similarly, the government collected money from the diaspora to support people affected by the coronavirus crisis, however, it remained unclear how these funds were spent. The provision of social security is left to traditional solidarity networks based on clan and enda (extended family) structures. However, these traditional security networks have been weakened substantially by the unlimited-term national service program that has now been in place for eighteen years. Most male and many female Eritreans of working age (18 to 50 years and above) are conscripted. They are prevented from earning an income sufficient enough to care for themselves and their nuclear families, let alone their extended families. The state does not provide compensation for relatives of conscripts. Even the traditional solidarity networks are under the scrutiny of the ruling elite, because they are based on ethnic, clan and religious affiliations, which could develop into political resistance movements in collaboration with the diaspora’s political opposition movements. Consequently, the only options left for many Eritreans are fleeing the country to sustain themselves abroad or depending on diaspora remittances from their relatives to survive. Meanwhile, a transnational network has evolved in which the diaspora is responsible for caring for their relatives at home to compensate for the lack of social security provided by the state.

Eritrea has a functioning basic health care program, including malaria prevention. The World Bank estimated that 4% of GDP was spent on health care in 2018. The system suffers from increasing institutional weakness as large and rapidly increasing numbers of doctors and other qualified medical staff have fled the country in recent years. By the end of 2021, the government had reported only one COVID-19-related death in the whole country, but this information seems to be highly contested.

In principle, all social groups have equal access to the limited services provided by the state, including basic health care, education and food coupons in urban areas. Schools and the limited number of health care centers are concentrated in cities and towns dominated by the Tigrinya ethnic group, while other ethnic groups – especially pastoral and agropastoral social groups – are excluded from many services. Food coupons are often withheld for political reasons. In practice, women, Muslims and ethnic minorities are underrepresented in higher education and in the administration, which is dominated by Tigrinya men. Gross enrollment rates were 68% at the primary level in 2020 and 47% (allegedly up from 16.4% two years ago) at the secondary level. The tertiary rate was just 2.4% in 2020. The literacy rate was allegedly 76%, but probably much lower due to low school enrollment rates. All these numbers are highly unreliable.
The number of girls attending school is significantly lower than that of boys. There are structural disparities between urban and rural areas. Large numbers of qualified teachers have fled the country to avoid being forced to work without pay as national service recruits. They were regularly replaced by young college graduates with a lack of technical qualifications, motivation and experience who were trying to leave the country rather than serve as unpaid teachers for indefinite periods. This situation has contributed to a steady decline in the quality of instruction.

Jehovah’s Witnesses are denied all civil rights, and Christian and Muslim denominational minorities are persecuted. The 12th school year is held at the Sawa military training camp for all students nationwide, and female students often face sexual harassment there. This discourages all female students from school attendance, especially Muslims. Only a small minority of students who pass the 12th grade are granted access to tertiary education at so-called colleges, while the vast majority are directly conscripted into the army and the national service. Thus, most citizens are deprived of a personal career. According to the World Bank, the female labor force made up 46.7% of the total labor force in 2011 (no newer data available). However, the Eritrean Ministry of Labor and Social Welfare has never published any data related to the labor market, and large numbers of women either serve in the military as national service conscripts or perform labor in the informal sector as housemaids or service workers. Government officials have not mentioned any plans to reform the national service despite the peace agreement with Ethiopia.

11 | Economic Performance

The command economy controlled by the PFDJ and the military remained in very poor shape. The copper mining activities at the Bisha mine (a joint venture of the Canadian Nevsun and the Eritrean National Mining Corporation) were the only source of stable income. The World Bank has not given any figures for the economic growth rate in Eritrea since 2011 due to a lack of data. The government is still in a military coalition with Saudi Arabia and the UAE. It was reportedly rewarded with fuel deliveries and financial incentives for granting these states access to the port of Assab, which has been used as a military base in the anti-Houthi war in Yemen. Shortcomings in electrical supply and infrastructural neglect, resulting in a shortage of potable water supply in the capital, Asmara, continued during the period under review, and no maintenance measures were applied.

Asmara was declared a UNESCO World Heritage Site in 2017, but nothing was done to stop the decay of the historical buildings in the city center. Basic consumer goods remain scarce and most imports were in the form of contraband trade of consumer goods and fuel by the military. Borders with Ethiopia were closed in early 2019, and no trade arrangements were in place. Many goods were sold on the black market at exorbitant prices, while the formal economy was still very limited. Statistical data is
nonexistent or unreliable due to the complete lack of transparency and the failure of the government to produce a state budget and other statistical data. The continuing militarization of society, which requires most of the adult population to work in the national service for no more than pocket money, has distorted the labor market and continues to fuel the mass exodus of the youth and the educated, thus further increasing the fragility of the state’s institutions.

12 | Sustainability

The government’s environmental policy remained unchanged during the period under review. While environmental protection is promoted in theory, it does not seem to be a government priority in reality. The only environmental policy plan was the “National Environmental Management Plan” published in 1995. However, there were no institutions or ministries responsible for implementing the policy plan, and it has since fallen into oblivion. Pollution levels are low due to the very limited levels of industrial production and limited exploitation of marine and coastal resources. However, chronic shortages of fuel and kerosene force the population to use firewood for cooking for extended periods, even in urban areas, which has resulted in countrywide deforestation. The contraband trade of illegally harvested wood with the involvement of the military is common. The informal production of charcoal for sale by poor households is still widespread and is largely tolerated by the government. It is unknown if the pollution created by the activities of the Bisha mine in the Gash-Barka region is dealt with appropriately, because access to the area is heavily restricted. Plans to use alternative sources of energy such as solar panels have progressed slowly due to import restrictions. In 2015, the European Development Fund granted €200 million to improve the use of solar and other renewable energies; however, so far only €8 million has been used for this purpose, which was spent on one single solar energy project in Zoba Debub. There seem to be no plans for further projects, which means that the bulk of this money has remained unused during the period under review.

Data related to public expenditure for education was not available for the period under review, but it has probably remained low at about 2% of GDP. The UN education index rates Eritrea among the worst countries worldwide with respect to school enrollment, with a score of 0.269 in 2019. The enrollment ratios are especially low among disadvantaged minority groups who are educated in mother-tongue primary schools, especially pastoral and agro-pastoral groups. Mother-tongue schools are located in remote rural areas and are very poor in manpower and facilities. They are mostly run by unqualified and unpaid national service teachers, many of whom have meanwhile fled the country. Many underage students are targeted and conscripted by the military in rural areas without consulting their parents. Early school withdrawal rates have steadily increased in urban as well as in rural areas. This is mainly due to the fact that all students have to pass their 12th school year at the Sawa military camp.
in order to finalize their secondary education. About 2% of each age cohort transfers from here to tertiary education, while the rest are forced to enter the unlimited-term national service, where some receive vocational training. For these reasons, large numbers of Eritrean youth prefer to drop out of school or flee to neighboring countries as unaccompanied minors before they reach the age of 18 in order to avoid subscription. The literacy rate was estimated at 76.6% in 2018, but functional literacy is probably much lower. Caretakers and educators of Eritrean refugees who have arrived in Germany in recent years regularly complain about the very poor reading abilities of those young people. The lack of paid employment opportunities since the introduction of the open-ended national service has had a negative effect on students’ motivation to study. There was no investment in research and development during the period under review, and the University of Asmara remained closed. Research is seen as a dangerous and challenging issue, and scholars are not allowed to perform research without first obtaining permission from the president’s office. The subject must be one accepted by the authorities. Tertiary education is limited to so-called colleges that do not grant internationally accepted grades, and only a very limited number of students have access to these facilities.
Governance

I. Level of Difficulty

When the current government came to power in 1991, it inherited structural constraints related to the 30-year struggle for liberation, such as poor infrastructure, widespread poverty and illiteracy. Another structural constraint is the dry climate, which limits the productivity of rain-fed agriculture. However, it also inherited a fairly developed and diversified industrial sector that had been created under Italian colonization and which continues to form the heart of the country’s industrial production. In the first years following independence, the government developed programs to overcome the damage done by the war, setting out a cautious path of liberalization and democratization. However, these developments came to an end with the outbreak of the Eritrean-Ethiopian war (1998 – 2000), when the population paid a heavy toll and parts of the newly erected infrastructure were destroyed. Since the end of the “border war,” the government has made no moves to loosen political, social or economic restraints, and has shown no interest in pursuing policies leading to democratization or the construction of a market economy. Indeed, the government is actively working against democratization by claiming that the educated and merchants are the primary enemies of the government’s development strategy. It has imprisoned or exiled hundreds of thousands of civilians and young officers who have criticized the government’s economic policies. NGOs and national investors seeking to provide aid or other supplies to the population have been refused access because the government claims that Eritrea is self-sufficient. During the period under review, the country received funds from the EU Emergency Trust Fund for road construction in spite of the use of forced labor by the government.

Because of the misguided economic policies, lack of democratic transformation and militarization of society, Eritrea has continuously created new constraints that hinder sustainable development. The government has now been forcing its population into unlimited-term national service for more than one and a half decades, a requirement that has driven hundreds of thousands of Eritreans into a mass exodus. Several thousand are fleeing the country each month, decisively weakening state institutions and public services. Even the reconciliation with the former “archenemy,” Ethiopia, in 2018 has not triggered a reform process.

The government’s policies create additional constraints by strictly limiting opportunities for entrepreneurship, tolerating contraband trade and human trafficking by military officers, and severely hampering higher education and increasingly the
rest of the education sector too. Through these failed policies, the government is increasing the risk of state failure from year to year and depriving generations of Eritreans of the ability to make a dignified living inside their home country. Fresh revenues created by the mining sector are not used for the benefit of the population or for investment purposes. They probably end up in the coffers of government and military officials, including those of the president himself. The sanctions imposed by the United Nations Security Council in 2009 and 2011 were lifted in late 2018 after Eritrea’s reconciliation with Ethiopia and Djibouti. Due to the peace agreement with Ethiopia and the lifting of the sanctions, the level of structural difficulties has decreased. However, in spite of making use of these new opportunities, the government is currently engaged in an undeclared war against Ethiopia’s neighboring region of Tigray with the purpose of destroying the TPLF, the archenemy of President Isaias.

By February 26, 2021, the number of confirmed COVID-19 cases in Eritrea was 2,847, with seven deaths according to the Ministry of Health. Although this indicates that only a small number of Eritreans have been affected by the pandemic, the real problem in Eritrea is the indefinite, extremely harsh lockdown including restriction of movement and the absence of public transportation. In addition, all businesses were closed without compensation. This has brought the economy to a halt and has led to a hidden famine that the government is concealing.

Civil society organizations such as NGOs, labor unions and organized interest groups of all kinds are prohibited in Eritrea. Attempts to create civil society organizations that work independently from the government have been suppressed from the beginning of the state’s existence. The national unions for women, youth and students, as well as the worker’s confederation, are the leftovers of the former mass organizations of the Eritrean People’s Liberation Front (EPLF) and are de facto branches of the government. They have become increasingly inactive during recent years. On the other hand, traditional civil society networks, based on elaborate mediation procedures performed by religious and local elders, have strong roots in Eritrean culture and continue to be a means of solving conflicts between various interest groups in the absence of a democratic judiciary system. These have also served as the backbone of the social security network given the lack of a state-run welfare system. The creation of PFDJ-loyal community courts in 2004 has weakened these traditional mediation networks to some extent, especially in urban areas. More importantly, the one and a half decade and a half-long militarization of society through the national service program, which alienates people from their social roots and prevents them from founding and caring for a family, has further weakened traditional civil society networks inside Eritrea. However, most Eritreans living in the diaspora continue to feel obliged to send remittances to their extended families in the homeland. These private remittances constitute the only existing social security network for Eritreans and provide a lifeline for increasing numbers of households.
According to government dogma, there are no conflicting interests between the various ethnic and religious groups in Eritrea, and the people are unified under the PFDJ’s doctrine of “one people, one heart.” In reality, there are cleavages between the dominant ethnic group, the Tigrinya, and smaller ethnic groups who feel disadvantaged and excluded from the limited services provided by the state such as education and employment in the state administration. Muslims also feel discriminated against as Arabic, their lingua franca, is suppressed in educational circles and is not used in the state administration. The attempted military coup of January 2013 was led by Muslim colonels, and consequently the government cracked down on various high-ranking Muslim PFDJ cadres who have remained in jail without trial ever since. The Tigrinya ruling elite and President Isaias portray any kind of criticism and protest from Muslim PFDJ leaders and intellectuals as jihadist or terrorist resistance attempts, and some Christian intellectuals in the diaspora follow this line of argumentation.

The extreme restrictions of movement that have been in place since the beginning of the COVID-19 pandemic have curbed potential violent confrontations due to the extreme scarcity of food and other commodities, especially in rural areas.

II. Governance Performance

14 | Steering Capability

The government’s long-term goals and implemented strategies run counter to the establishment of democracy and a market-based economy. President Isaias has made it clear several times that he has no intention of standing for election or of giving up power in the foreseeable future. It is still unclear how his succession will be organized. There are rumors that he plans to install his eldest son, Abraham Isaias, as his possible successor.

Eritrea’s political leadership has ruled out the market economy as a viable model for the country. Instead, the government’s ideology is based on militarism, state control over the economy and collectivization of the population within the framework of the unlimited-term national service. The inherent lack of sustainability in this system has led to increased corruption and a decline in values among the leadership, the high- and middle-ranking military officers, and segments of the population. The government has continued to ignore the negative impacts of its policies, such as the steadily declining economy, the lack of essential consumer goods, widespread poverty and a mass exodus that accelerated further after the opening of the border with Ethiopia. Despite that, the leadership seems to be unaware of or heedless of the long-term consequences of its policies, a fact that may result in state failure if policies are not changed in the near future.
The government’s strategy of dealing with the coronavirus pandemic was to restrict movement completely, which brought all economic and many agricultural activities to a halt, while rejecting outside support due to its self-reliance strategy.

The government has no clear policies to implement. Daily politics depend on the changing moods and attitudes of President Isaias and his small circle of advisers who seem to be unaware of the unsustainability of their “development model.” Despite the deteriorating economy and the mass exodus of people from the country, the government has no plans to reform its policy by introducing a market economy or by embarking upon a path of democratization. It has retained its policy of aiming to achieve development and social justice purely through self-reliance and the sacrifices of the population. The government’s main development policy instrument is still the recruitment of the working-age population into the unpaid unlimited-term national service. Recruits are supposed to improve the country’s infrastructure by building dust roads, micro-dams and the like. By pursuing this policy of forced labor while simultaneously strangling any private sector economic initiatives, the government has not only failed to achieve its goal of developing the country, but it has also maneuvered the country into a deep economic and social crisis. The government has increasingly tolerated the mass exodus of people fleeing the national service and regarded Eritrean refugees abroad as a secure source of income by coercing them to pay a 2% diaspora tax, which is levied on all Eritreans abroad. Eritrean embassies around the globe force national service deserters to sign a “letter of regret,” in which they pledge to pay the tax, which is also levied on social welfare benefits provided by Western governments. The government relies on private remittances sent by refugees and diaspora members abroad to compensate for the lack of a welfare system and the lack of income opportunities. The government intermittently uses the mass exodus as a political tool with regard to Western donors who show willingness to finance aid programs in Eritrea to curb the outflow of refugees and accepted EU emergency funds under the guise of “migration management.” In addition, Saudi Arabia and the UAE provide the government with substantial resources.

The regime used the coronavirus pandemic to raise additional funds from the diaspora, allegedly to contain the disease.

Since the 2001 political crisis, the government has demonstrated absolutely no willingness or ability to engage in policy learning. The president and a small group of advisers control the policymaking process. There is no constitution, no functional parliament, no independent press and no NGOs, and the cabinet of ministers does not have any decision-making power. Thus, the leadership has not been challenged in its decision-making and continues to ignore the serious problems arising from its failed development policies and the militarization of society. The peace agreement with Abyi Ahmed did not result in demobilization; on the contrary, both leaders engaged in a protracted conflict with the TPLF in Tigray. President Isaias and his followers in the diaspora still consider Eritrea as a model for other African countries, ignoring the
dire straits of a population forced to flee the country en masse. The only learning capacity perfected by the regime has been to compensate for its economic failure by deriving income from foreign sources who seek to gain advantages for their own political agendas. During the “refugee crisis,” these were European governments, and during the period under review Saudi Arabia and the UAE were the major financiers of Eritrea, compensating the government for their use of a military base in Assab in their war against the Houthis in Yemen and to consolidate their influence on both sides of the Red Sea coast.

The government’s COVID-19 response was in line with its usual policy of strict control rather than entering into a dialogue with society.

15 | Resource Efficiency

Substantial parts of the state administration are staffed with national service recruits who are forced to work for pocket money. Since 2002, the government has been recruiting high-school graduates into the national service, employing them in the administration to perform routine daily tasks, while the top administrative echelons are occupied by aging ex-fighters with often only a rudimentary education. This has seriously hampered the efficiency of public services. Rapidly increasing numbers of teachers, doctors and other qualified personnel trapped in the ranks of the national service program have fled the country, rendering state institutions and public services increasingly weak. Veterans of the independence struggle continue to be employed in the administration despite their old age and lack of requisite skills, while large parts of the younger generation are deprived of vocational training or higher education and instead used as a cheap labor force for infrastructure projects, on military-run cash-crop farms or in the administration. In recent years, every college graduate reportedly has had to serve as a teacher for one or more years, often teaching subjects he or she is not qualified in, in order to compensate for the severe lack of teachers since the last generation of educated teachers is increasingly aging. Eritrea has not published a state budget since independence, and there is no auditing of government spending whatsoever. Regional administrations are run in a parallel system by civil administrators and military commanders who control the country’s four military command zones. Each zone is supposed to be self-financing, collecting money both legally and illegally through the taxation of land and trade but also through the contraband trade of consumer goods and spare parts across borders. A basic public health service exists, but large numbers of qualified personnel have left the country, further reducing its efficiency. The mass exodus caused by the unlimited national service constitutes a huge waste of human resources because those who receive an education try to leave the country rather than perform forced labor under the current system. Financial revenues created by copper mining have been unaccounted for instead of being used to alleviate urgent problems such as a lack of energy and affordable food items.
There are no indicators that the health system was improved in order to tackle the coronavirus pandemic, and information published by the Ministry of Health reporting less than five coronavirus-related deaths contradicts international trends and seems unlikely.

Policymaking is concentrated in the hands of the president and a few top PFDJ advisers, among whom presidential adviser Yemane Gebreab and the head of the PFDJ’s financial department, Hagos Gebrehiwot “Kisha,” play crucial roles. The objectives of the government’s policy have become increasingly obscure since the 2001 political crisis, when Isaias cracked down on the PFDJ reformists and the free press. The military has retained considerable influence and plays an important role in the economy, in contraband trade and in the human trafficking of Eritreans who wish to flee the country. It has now become clear that the peace agreement with Abiy Ahmed was just a pretext to start a war against the TPLF, and there had been no intention to weaken the role of the military. The government’s overall policy is coherent in principle but only in a negative way: its core policy, the militarization of society within the framework of a command economy based on forced labor, has had adverse effects on all other policies such as economic development and social welfare, and it has triggered an alarming population outflow. Coordination between the various ministries is poor, the president’s unpredictable decision-making often depends on his unstable moods, and most state institutions are affected by corruption.

The government’s official goal of containing corruption has been effectively abandoned, and corruption by military personnel and civil servants is usually not persecuted. There is absolutely no auditing of state spending or income due to a complete lack of checks and balances. This includes the revenues derived from the mining of copper and other precious metals, which commenced in 2011. The PFDJ’s Hdri Trust Fund controls all major companies in the country (trade, construction, retail etc.) and is “audited” by a single person, the financial head of the PFDJ. Eritrea is ranked third-to-last worldwide in terms of press freedom, and state media sources are prohibited from reporting any negative developments. There is no public accountability for mismanagement or corruption, and even the military-headed special courts, which are supposed to deal with cases of corruption, have remained largely inactive. High-ranking military officers continue to be engaged in contraband trade and human trafficking. They accept bribes to smuggle young Eritreans out of the country and cooperate with corrupt Sudanese officials and members of the Rashaida tribe to traffic goods and refugees.
None of the few political actors who have remained in a decision-making position in Eritrea want democracy; on the contrary, they seem to be determined to continue the autocratic style of government. Accordingly, Eritrea was ranked third-to-last worldwide in terms of press freedom during the period under review, ahead of North Korea and Turkmenistan, and state media sources are prohibited from reporting any negative developments. There is no public accountability for mismanagement or corruption, and even the military-headed special courts, which are supposed to deal with cases of corruption, have become largely inactive.

The government continues to run a command economy based on the systematic forced labor of national service recruits and has no plans to liberalize the economy, which remains firmly under the control of the military and the PFDJ elite. There are also no plans to reform the national service and to reduce its length in the framework of a demobilization program. The reconciliation with Ethiopia did not trigger any economic reforms. Borders were closed in the period under review, and no trade agreements were reached. Eritrea is the only country that did not join the African Continental Free Trade Area.

The country’s significant political actors, which effectively means the president and his top PFDJ advisers, remained strictly opposed to the establishment of a democracy during the period under review. Political actors who had promoted reform from within the PFDJ (the so-called G-15 group) were still in jail without any access to the due process of law. Other critics of the government’s policy were forced into exile or remained silent due to the authoritarian political system. Former Minister of Finance Berhane Abrehe, who published a book in which he criticized the president’s policies and was arrested in 2018, remained in jail without a trial.

The opposition in exile is fragmented, and there is no opposition party that has developed a political program dealing with the implementation of democracy in a convincing manner. The underground resistance group called “Freedom Friday,” which was founded in the diaspora and had slowly gained support inside the country, was largely inactive due to increased restrictions on movement and lacking access to the Internet. Eritrea’s four Catholic bishops remained critical of the government, which closed all Catholic health clinics in retaliation. Generally, it can be assumed that the government has muted all possible resistance inside the country.
The government denies the presence of cleavages along ethnic and religious lines in Eritrea. By claiming that all societal groups have equal rights and form an inseparable unity of Eritrean nationalists, the state conceals the structural discrimination faced by ethnic and religious minorities. The administration, the educational system and the military are dominated by the Tigrinya ethnic group, which comprises around 50% of the population. While the entire population is subject to political oppression and human rights abuses, there is structural discrimination against the other eight ethnic groups, which are predominantly Muslim. The political leadership instrumentalizes ethnic and religious cleavages in order to maintain its power and political control. It also plays individual clans within ethnic groups against one another by dividing them into alleged government loyalists and alleged opponents. Accordingly, cleavages exist also within small minority clans because some minority ethnic leaders are co-opted by the PFDJ elite through rewards in the form of consumption goods and financial contributions. They are expected to keep the relevant authorities informed of those members of their clans who are critical of the PFDJ. The political leadership declares existing cleavages to be taboo on the one hand, while exacerbating them on the other by marginalizing pastoral groups, using the western and eastern lowland regions to host large cash-crop agricultural projects or resettlements, suppressing the Arabic language in the administration and as a medium of instruction, and pursuing a controversial mother-tongue policy. The existing cleavages manifest themselves in the diaspora, where most newly arrived refugees organize themselves into religious- or regional/ethnic-based communities.

The government has prevented the emergence of an independent civil society since coming to power, and it has banned all NGOs and other civic groups with the exception of the former EPLF mass organizations (the National Union of Eritrean Women, the National Union of Eritrean Youth and Students, and the Confederation of Eritrean Workers). However, these are under strict government control, and they do not play any role in representing the interests of the groups they should represent in theory. Their purpose is to impose the government’s ideology on their members; yet, they did not engage in any significant activities during the period under review. Traditional civil society, represented by religious and local elders and mediators, is still excluded from political decision-making. Private charities and religious civil society groups are prohibited. The PFDJ claims to be the only representative of society and denies the existence of other interest groups.

Civil society actors, including the national unions, were not involved in the government’s COVID-19 response.
Historical injustices are ascribed to the time of Ethiopia’s annexation of Eritrea and the period of the independence struggle between 1961 and 1991. The current regime has also committed countless atrocities against the population, which have been partially documented by the U.N. Commission of Inquiry on Human Rights in Eritrea. It will be the task of a future government to achieve reconciliation between the current victims of the regime and the perpetrators.

17 | International Cooperation

The government aims to achieve economic and social development through a strategy of self-reliance, a status it evidently intends to achieve by recruiting the working-age population into the unlimited-term and poorly paid national service program where recruits perform coerced labor for government- and military-led enterprises. Generally, the leadership considers international cooperation to be undesirable, believing that it creates dependency.

It has cut all relationships with bilateral and multilateral donors and has expelled all foreign NGOs from the country. One purpose of the government’s refusal to cooperate with international donor organizations is to deny expatriates access to the countryside, thus hiding the effects of its misguided policies, such as malnutrition, mass displacements and the use of forced labor in infrastructure projects. Foreigners, including diplomats, are not allowed to leave Asmara without prior permission from the Eritrean authorities. The government accepted funds provided by the EU Emergency Trust Fund for Africa, which are not subject to conditionalities such as civil society involvement and good governance. Foreign investment is tolerated in the mining sector, where companies from Canada, Australia and China have been granted exploration licenses. However, they are required to enter into joint ventures with the Eritrean National Mining Corporation (ENAMCO) and abide by its rules and regulations. Bisha mine, a joint venture of Canadian Nevsun Resources and ENAMCO, began operations in 2011 and is the only operating mine so far. Nevsun is currently being sued by a Canadian law firm for having been involved in the use of forced labor and crimes against humanity. The firm is acting on behalf of several Eritreans who claim to have been forced to work on the construction of the mine. As of January 2021, the lawsuit was pending in Canada’s Supreme Court.

The Eritrean government has no policies oriented toward democratic and market reforms. Apart from the mining sector, where companies from Canada, Australia and China have invested, there are hardly any foreign investors. The only official investment agreement is with Italy, but this seems to be obsolete. All foreign investors are supposed to enter into joint ventures with Eritrean state companies or PFDJ-run enterprises. Canadian Nevsun Resources, which runs the only operational mine in the country, was involved in the use of forced labor during the construction of its Bisha mine and is currently facing a lawsuit in Canada related to the exploitation of national service recruits as forced laborers.
The Eritrean government has a long record of acting unpredictably toward international donors. It has expelled most bilateral aid agencies and NGOs. In December 2011, it returned EU funds accepted in 2009, originally earmarked for supporting the agricultural sector and road maintenance, without giving an explanation. However, it accepted EU funds worth €200 million in December 2015. These funds are supposed to be invested in the renewable energy sector and in improving governance, but they remained almost untouched. Instead, the government accepted funds under the EU Emergency Trust Fund for Africa, inter alia for road construction to connect Eritrean ports with Ethiopia, although borders have remained closed under the period of review.

In a surprising move, Ethiopia’s Prime Minister Abiy Ahmed announced in June 2018 that he would accept the Eritrea-Ethiopia Boundary Commission’s 2002 border verdict and was ready to enter into talks with Eritrea. The Eritrean side reacted positively, and the two countries signed a peace and friendship agreement and pledged to work together for the development of the region. President Isaias then met his Djiboutian counterpart Ismael Omar Guelleh in September 2018, and both promised to solve their border conflict peacefully. As a consequence, the U.N. Security Council terminated all sanctions against Eritrea in November 2018, and the country’s membership in the regional Intergovernmental Authority on Development (IGAD) organization was fully restored. However, the border conflict remained unresolved and tensions between Eritrea and Djibouti persist. Relations between Eritrea and Sudan improved after the demise of long-term president Omar Al Bashir in 2019. However, they deteriorated again due to a border conflict between the Sudan and Ethiopia, in which President Isaias is backing Amhara-dominated Ethiopian militias against the Sudan. Since November 2020, Eritrea has been involved in Ethiopia’s war against the TPLF leadership, which has become a civil war that has precipitated a human catastrophe, including mass killings and a threatening famine. The government has not officially declared its involvement, and the Abiy government has denied the obvious facts on the ground, but the United States stated that they have evidence that Eritrean troops are involved in the violence committed in Tigray.

Eritrean relations with the EU have been lukewarm. The major motivation of European politicians dealing with Eritrea seems to be the containment of refugee flows.
Strategic Outlook

The Eritrean government has pursued since 2001 a strategy that has blocked democratization, strangled the economy through the ruling PFDJ and the military’s control, and resulted in a highly militarized society. The practice of unlimited-term conscription into the army and the national service has continued, resulting in hundreds of thousands of Eritreans who have been serving for up to 20 years without earning noteworthy salaries. Since November 2020, they have been forced to participate in an undeclared war against the neighboring Tigray province as allies of Ethiopia’s prime minister.

With the outbreak of the COVID-19 pandemic, the PFDJ government declared a lockdown that has involved prohibiting travel between the regions (zoba) since April 2020. Public transport has been closed and taxis are forbidden from operating in the cities. There have been strong restrictions on individual movement, and only one member of any family is allowed to go to the market to buy goods.

Escaping the country has become more difficult due to COVID-19-related restrictions of movement, and Eritrean refugees in Tigray are no longer safe. There have been reports of killings and deportations back to Eritrea.

The 2018 declaration of peace and friendship with Ethiopia has not yielded any palpable results other than the questionable military alliance between the Eritrea and Ethiopian governments aimed at crushing the TPLF and its support base. This war will make it very difficult to implement decisions such as demarcating the border, regulating border crossings and engaging in trade activities.

The government has consistently refused to abolish the open-ended national service or to follow a policy of demobilization and economic liberalization. The regime has used the refugees as a support base for the state budget through a 2% diaspora tax that is often extracted through coercion. Diaspora remittances are exceptionally high and make up more than one-third of the national budget. Most Eritreans living outside the country support their relatives who are national service recruits, providing the welfare safety net that the government denies its population.

The ongoing exodus has resulted in increasingly weak state institutions and continuously deteriorating services. The health and education sectors have suffered severely from the outflux of teachers, doctors and nurses. The government has made it clear that even in peacetime, it continues to demand self-sacrifice from the population as a legacy of the struggle for independence, while high-ranking military officers and other PFDJ officials profit directly from the forced labor of national service recruits. In addition, the mass exodus of economically active youth prevents people from rising up against the government. There has been no open unrest and/or demands for demilitarization following the peace declaration with Ethiopia in 2018, nor have there been domestic protests against the current involvement in the war in Tigray. However, Eritreans living in democratic countries have organized protests.
The government has failed to stop the economy from continuing its downward spiral. Despite deriving income from the mining industry and undisclosed funds from Saudi Arabia and the UAE, it has been unable to provide reliable services. It has been unable and unwilling to contain widespread poverty and malnutrition and to provide basic consumer goods at affordable prices. Human rights and civil liberties are denied.

The opposition in exile remains fragmented and lacks a convincing program for democratic change and economic liberalization. The complete lack of civil society institutions and the extremely high levels of oppression in Eritrea have long obstructed the emergence of internal resistance movements. It is unclear if the underground movement “Arbi Harnet” (Freedom Friday) continues to exist, as the government has used the coronavirus pandemic to further restrict movement and shut down internet access. The president’s popularity has remained extremely low, especially among disadvantaged minorities and the youth. The diaspora remains divided between those who are staunch PFDJ supporters and those who oppose it but are not organized as a group.

For large numbers of young Eritreans, leaving the country seems to be the only way to protest the regime’s policies and to strive for a decent life despite the dangers this involves. Since the peace deal, Eritrean authorities, operating within a defunct administrative system, have not come up with any roadmap for development. The regime, despite its ruinous economic policies, remains in power in part due to the influx of funds derived from taxes paid by the Eritrean diaspora and private remittances from Eritreans abroad. The president’s physical health seems stable and, at the time of this writing, no mechanism for his succession has yet to be established.

The international community’s impact on domestic Eritrean policies is very limited, and there has been no consistent pressure placed on the government to reform its economic policies, end its militarization strategy and introduce democratic reforms – not even since the peace agreement with Ethiopia. The international community has been reluctant to condemn the war in Tigray and Eritrea’s involvement. Under the EU Emergency Trust Fund for Africa, the EU granted the Eritrean government funds – which are not subject to scrutiny – with the aim of slowing the outflow of refugees. Ultimately, these funds help to further stabilize the status quo. The mass exodus of the younger generation over the last two decades amounts to a severe brain-drain, leaving Eritreans within the country to grow increasingly dependent on their relatives abroad for survival.

Despite resumed economic cooperation efforts with the EU, the international community’s ability to influence domestic policies in the country is limited. The regime no longer bothers promising reforms, and Europe has done little to pressure the country to take action. EU policymakers’ efforts to incentivize the authoritarian government in Asmara to engage in a reform process through dialogue and financial support have failed.