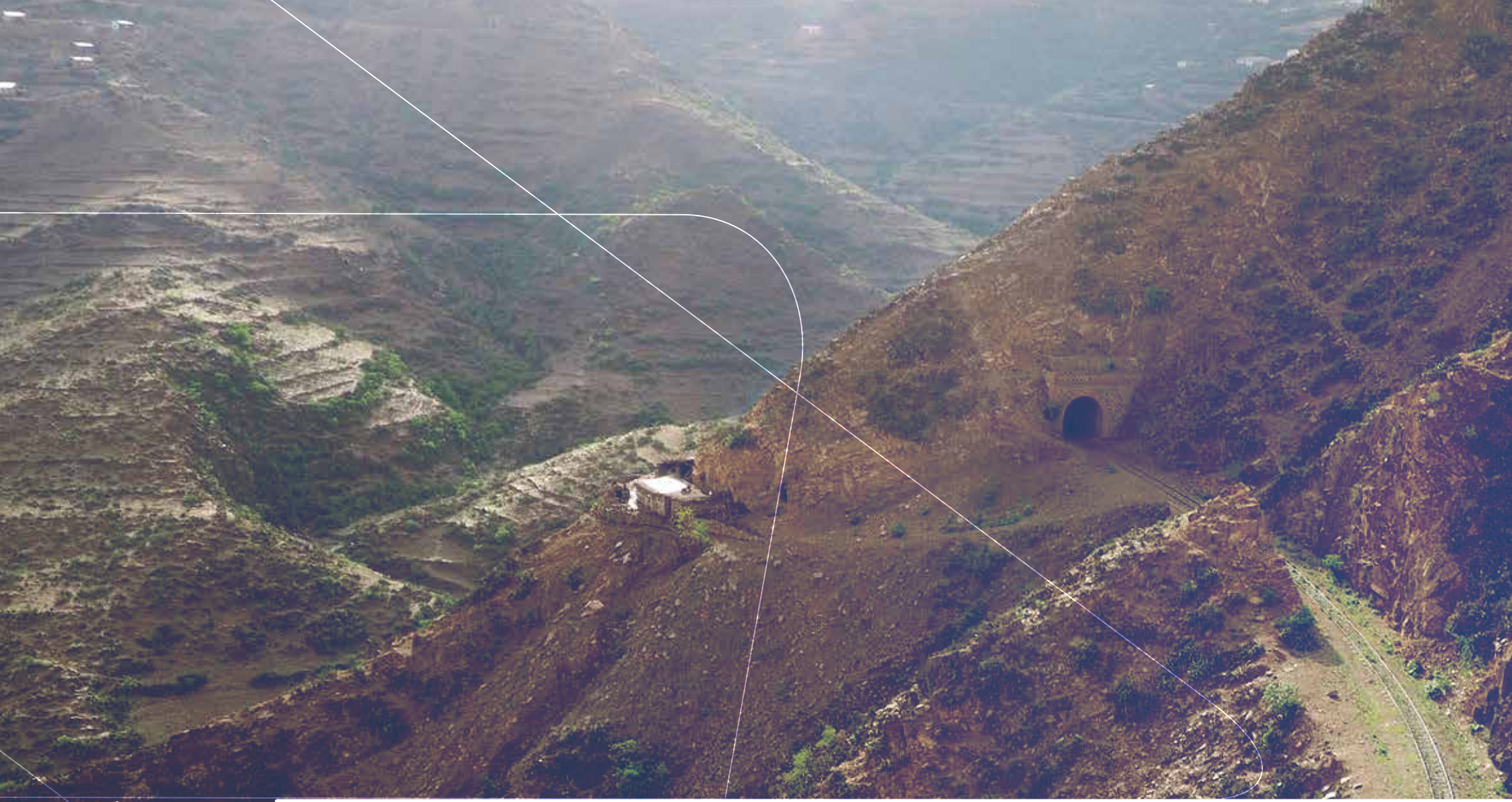


IOA — 2019 — ACBR

AFRICA COUNTRY BENCHMARK REPORT



Eritrea Profile



A lonely stretch of railroad through an unpopulated and rugged area symbolises the isolation Eritrea's authoritarian government has preferred for the country, although a diplomatic outreach by Ethiopia has lessened political tensions.

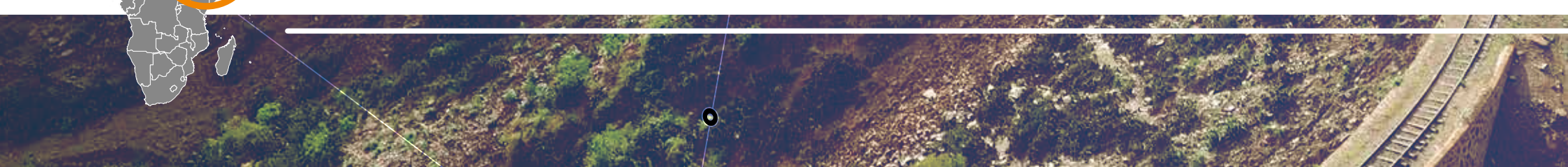




Image courtesy of Clay Gilliland

ERITREA

#52

ERITREA



OVERVIEW ANALYSIS

Eritrea is burdened by a secretive, isolated government autocracy that has earned the country the moniker of 'the North Korea of Africa'. National work or military conscription is compulsory for all adult Eritreans. The country's people form the majority of migrants that cross the Mediterranean to Europe in search of political and economic advancement. Eritrea ranks 52nd in the ACBR 2019's country ranking, ahead of civil-war struck Somalia and South Sudan. The ranking is unchanged from ACBR 2017. Eritrea might be considered to be engaged in a low-level civil war that sets an oppressive government, led by President-for-Life Isaias Afwerki, against a restive population whose emigration may not be a permanent answer to Eritreans' aspirations.

KEY OPPORTUNITIES

- The country's mineral deposits are solid, led by gold and silver
- The Architecture of Asmara is a World Heritage Site, confirming Eritrea's tourism potential
- Eritrean diaspora of skilled labourers will return with democracy

KEY CONCERNS

- Government is run by a secretive dictatorship that violates human rights
- Compulsory national work service breeds resentment and emigration
- The media is government-owned, and businesses are hindered by corruption

COUNTRY HIGHLIGHTS

PREDOMINANT RELIGION



Islam

PREDOMINANT LANGUAGE



Tigrinya

POPULATION WITHOUT ELECTRICITY



53.3%
(#27) ▼³

LITERACY RATE



73.8%
(#26) ▼²

PRIMARY ELECTRICITY SOURCE



Oil

IMPORT/EXPORT



Machinery/Ore

EXTERNAL DEBT



US\$ 0.869 billion
(#47) ▼¹

ACTIVE CONFLICT



No

LAND SIZE



117,600 km²
(#37)

INTERNET PENETRATION



1.2%
(#54) ▬

11.7%



AGRICULTURE

29.6%



INDUSTRY

58.7%



SERVICES

40.1%



0-14

19.6%



15-24

32.6%



22-54

7.6%



55+



Term:

08/06/1993 - present
5 years (2 term limit)



Political Party:

People's Front for Democracy and Justice



Recent Electoral Information:

06/08/1993
Elected by the National Assembly
95%
Voter turnout: N/A



President
Isaias Afwerki

CONTRIBUTIONS TO GDP BY SECTOR

POPULATION AGE BREAKDOWN

NATIONAL GOVERNANCE

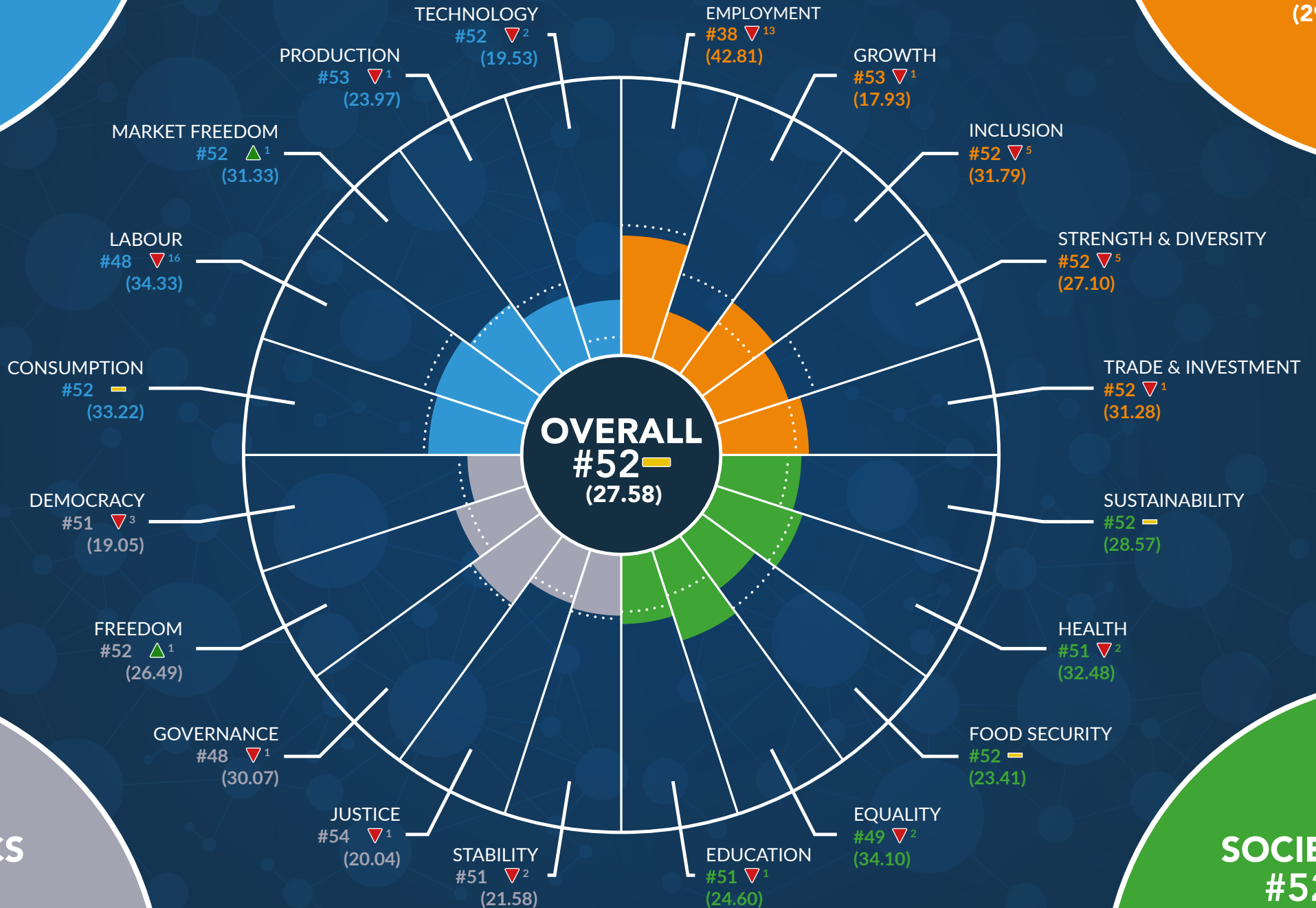
BUSINESS

#52
(28.48)

ERITREA PERFORMANCE OVERVIEW

ECONOMICS

#52
(29.09)



▲ Increase from 2017

▼ Decrease from 2017

— No change

..... 2017 Score

POLITICS

#52
(23.44)

SOCIETY

#52
(29.30)

#52

BUSINESS OVERVIEW

Business opportunities and operations are restricted by a corrupt government and a state-controlled command economy. Government awards contracts to state companies that are used to enrich the ruling elite. International organisations that monitor business environments, like the World Bank, give Eritrea low scores. Government in particular brings the scores down due to their unwillingness to enact regulatory reforms needed to facilitate doing business in the country.

All the country's business sectors – from agriculture and communications to mining and services – await future investors who are largely reluctant at present to put money into a country led by an unaccountable totalitarian regime. Assessing the degree of corruption in government, Transparency

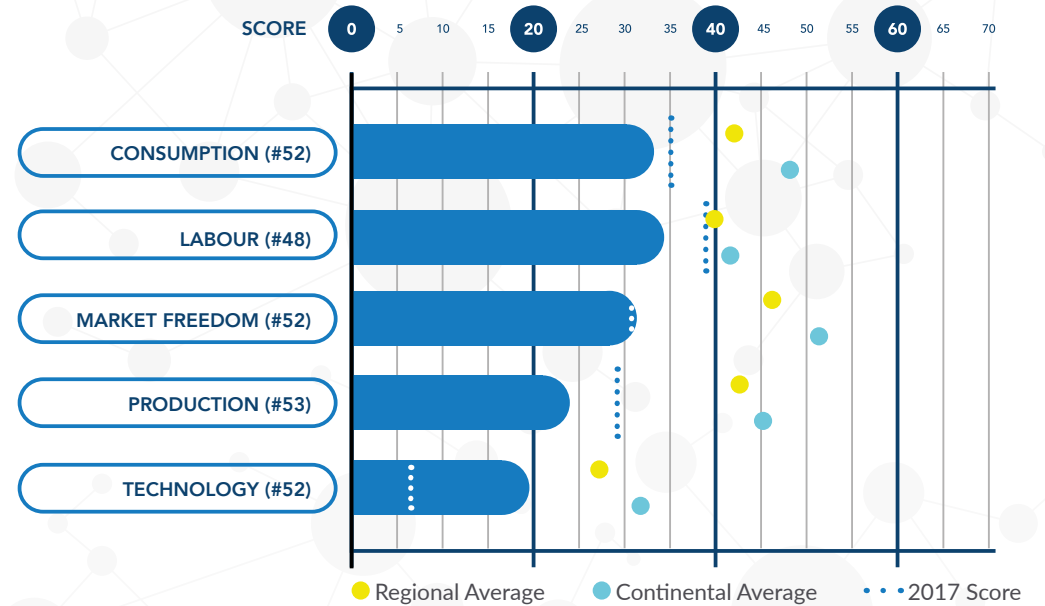
International gives a failing score of 20 on a scale where '0' is 'absolutely corrupt' and '100' is 'clean'. Consequently, the major investors in the country are other autocratic governments, Iran and Saudi Arabia. Their interests in Eritrea are not in doing business but in buttressing the Afwerki regime in exchange for support of their foreign policy agendas.

Eritrea's position in the ACBR 2019 Business quadrant has maintained the extremely low position of 52nd place, unchanged from the previous period of review. The stagnation of position in this and all other quadrants reflects a lack of progress towards better conditions in any sector.

BUSINESS DATA COMMENTARY

<p>Eritrea data availability 43.96%</p>	<p>REGIONAL AVERAGE 70.97%</p>	<p>AFRICAN AVERAGE 77.78%</p>	<p>CONTINENTAL RANK #50</p>
	<p>Along with a few other countries, Eritrea has one of the worst business data availability scores on the continent, with a current score of 43.96% and a corresponding continental rank of 50th. This compares very poorly with both the regional average of Eastern Africa, currently at 70.97%, as well as the continental average of 77.78%. Despite boasting valuable resource deposits, autocratic closure and political instability have resulted in a severe lack of business data coverage.</p>		

BUSINESS SCORES & RANKINGS



BUSINESS STATISTICS

<p>% POPULATION IN URBAN CENTRES</p> <p>40.1% (#35)</p>	<p>LABOUR FORCE IN MILLIONS</p> <p>2.71 million (#34)</p>	<p>INDUSTRIAL PRODUCTION GROWTH</p> <p>5.4% (#15)</p>	<p>PRIME LENDING RATE</p> <p>N/A (#N/A)</p>
<p>% ADULTS WITH A BANK ACCOUNT</p> <p>N/A (#N/A)</p>	<p>ANNUAL AIR PASSENGERS</p> <p>0.1 million (#33)</p>	<p>MOBILE SUBSCRIPTIONS</p> <p>13.70 per 100 (#53)</p>	<p>NATIONAL 3G COVERAGE</p> <p>N/A (#N/A)</p>

ERITREA ECONOMIC ANALYSIS



ECONOMIC OVERVIEW

The government's preference for a command economy provides limited space for a private sector. A majority 80% of Eritreans work the land on a subsistence level. The 4.2% GDP growth recorded in 2018, down from 5% in 2017, is attributed to the performances of industry, which contributes 30% of GDP, and the services sector, which contributes 58%. Extractives are the country's most profitable revenue earners, including copper, gold, potash, salt and zinc. Up to 5,000 Eritreans leave the country monthly, fleeing forced labour and a poor economy. Remittances sent back from Eritreans working abroad to their families account for 30% of GDP. Food for urban markets and other goods are imported, and high consumer price inflation accounts for a high overall

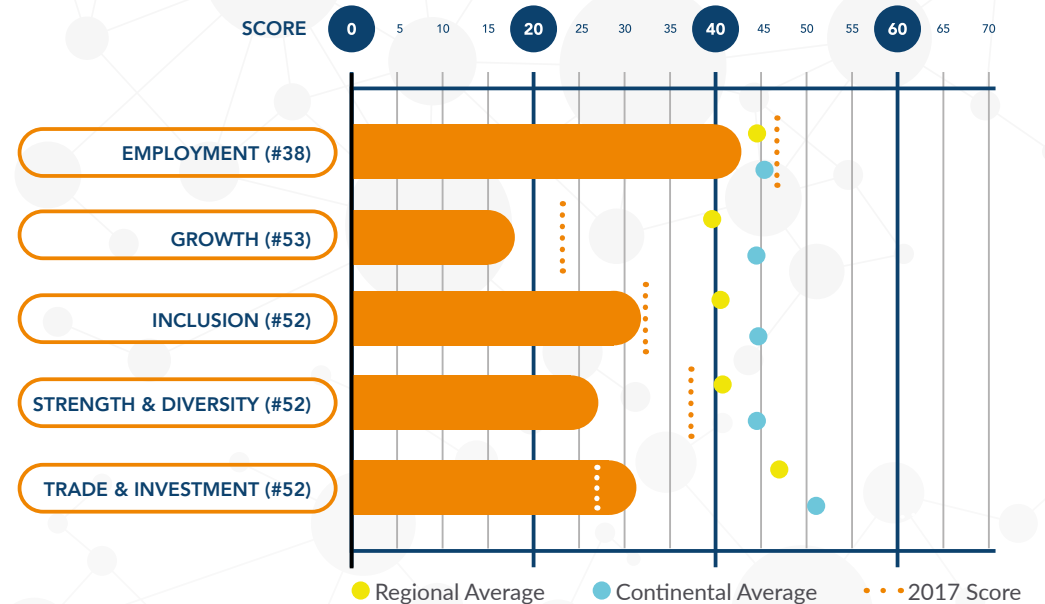
inflation rate of 9%. Price rises have been hard on Eritreans, half of whom (50%) live in poverty. Government's priorities are funding the military over economic stimulation. Eritrea's economy is also hobbled by United Nations (UN) economic sanctions imposed in punishment of the ruling regime's arming of militants in the East African region.

Eritrea places 52nd out of 54 countries in the Economics quadrant. By all measures, the command economy is squandering the country's economic potential. Among individual Economics segments, Eritrea descended 13 positions in Employment, dropped five places in Inclusion and Strength & Diversity and recorded a one-place descent in the segments of Growth and Trade & Investment.

ECONOMIC DATA COMMENTARY

<p>Eritrea data availability 42.74%</p>	<p>REGIONAL AVERAGE 69.37%</p>	<p>AFRICAN AVERAGE 77.78%</p>	<p>CONTINENTAL RANK #50</p>
	<p>Following closely on the previous quadrant, Eritrea's economic data availability is similarly poor, with a current score of 42.74% and a corresponding rank of 50th. Once again, this falls significantly short of the respective regional and continental averages of 69.37% and 77.78%. Due to the closed nature of the economy and its privileged oversight by autocratic leaders, economic transparency is severely impeded, with the National Statistics and Evaluation Office falling far short of global standards.</p>		

ECONOMIC SCORES & RANKINGS



ECONOMIC STATISTICS

<p>GDP PER CAPITA</p> <p>US\$ 1,400 (#46)</p>	<p>UNEMPLOYMENT RATE</p> <p>6.4% (#28)</p>	<p>TRADE BLOC MEMBERSHIP</p> <p>AFTZ, COMESA</p>	<p>INFLATION RATE</p> <p>9% (#41)</p>
<p>GDP AT PPP</p> <p>US\$ 9.4 billion (#43)</p>	<p>CURRENCY AND GOLD RESERVES</p> <p>US\$ 0.24 billion (#34)</p>	<p>FDI NET INFLOWS</p> <p>US\$ 52 million (#45)</p>	<p>BUDGET SURPLUS (+) OR DEFICIT (-)</p> <p>-9.5% (#48)</p>

ERITREA POLITICAL ANALYSIS



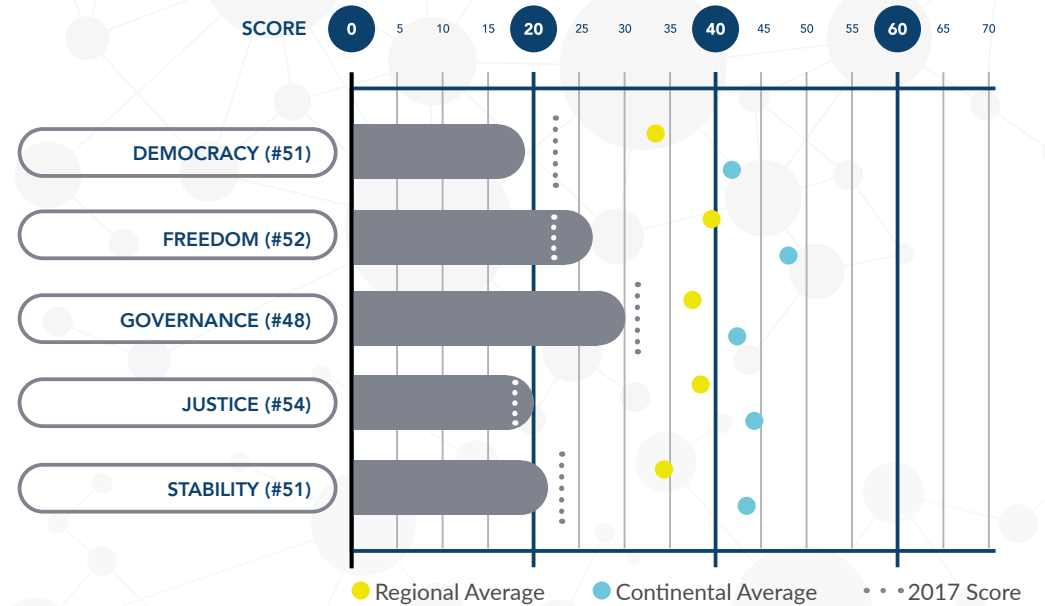
POLITICAL OVERVIEW

Ethiopia's reformist Prime Minister Abiy Ahmed's surprise diplomatic concord with Asmara in 2018 offered a solution to years of conflict between the two countries. The communication also led to wider diplomatic thawing among the other countries of the Horn of Africa. The gesture resulted in an end to a tense situation along the border that has persisted for years. The action has robbed the Afwerki regime of Ethiopia as a perennial enemy, who government has habitually blamed for their own failures. Afwerki has used the border issue with Ethiopia for a long time as an excuse to exercise repressive domestic policies in the name of national security. Although Eritrea followed the trend in diplomatic outreach on the Horn of Africa towards Djibouti as well, any internal change of course toward

regime reform did not occur and is not likely to. A special UN Commission of Inquiry (COI) on Eritrea released their report in June 2016 and recommended that Eritrea's leadership be investigated and prosecuted for crimes against humanity by the International Criminal Court in The Hague.

Eritrea's country position of 52nd in the Politics quadrant is unchanged from the previous period of study. Although individual segment scores have gone down, a rise by one place in Freedom was accomplished relative to other low-performing African countries. Other segment's positions decreased, such as Democracy, which dropped by three positions, Stability by two places and both Governance and Justice by one.

POLITICAL SCORES & RANKINGS



POLITICAL DATA COMMENTARY

<p>Eritrea data availability 56.74%</p>	<p>REGIONAL AVERAGE 74.88%</p>	<p>AFRICAN AVERAGE 82.86%</p>	<p>CONTINENTAL RANK #49</p>
	<p>Of all quadrants, Eritrea scores the highest for political data availability, which currently stands at 56.74% and ranks 49th continentally. With a regional average of 74.78% and a continental average of 82.86%, Eritrea's score betrays a substantial lack of political coverage, this being largely due to the barriers to transparency constituted under the autocratic government. As with other countries of this type, the bulk of reliable political data may be sourced from international organizations.</p>		

POLITICAL STATISTICS

<p>NUMBER OF POLITICAL PARTIES</p> <p>1 (#53)</p>	<p>MILITARY EXP AS % OF GDP</p> <p>N/A (#N/A)</p>	<p>REFUGEE INFLOW</p> <p>N/A N/A</p>	<p>NUMBER OF RIGHTS</p> <p>54 (#24)</p>
<p>DATE OF INDEPENDENCE</p> <p>24/05/1993</p>	<p>NET OFFICIAL DEVELOPMENT ASSISTANCE</p> <p>US\$ 67 million (#48)</p>	<p>WOMEN IN PARLIAMENT</p> <p>22% (#22)</p>	<p>CAPITAL PUNISHMENT</p> <p>Special Cases</p>

ERITREA SOCIETAL ANALYSIS



SOCIETAL OVERVIEW

The government is virtually at war with the people of Eritrea, as long reported by the international media and human rights groups. A US State Department review of the country in 2018 found the authoritative government tortures, abducts and indefinitely detains its citizens. Eritreans lack basic civil rights and freedoms. A half million Eritreans have fled the country in recent years, many to avoid the compulsory military service required of all Eritreans – a system that the UN describes as mass enslavement. The internet is not yet regulated, and news podcasts from foreign sources are popular with young Eritreans. The country's youth uses social media to connect with and learn about the outside world, bypassing the restricted news of the state media.

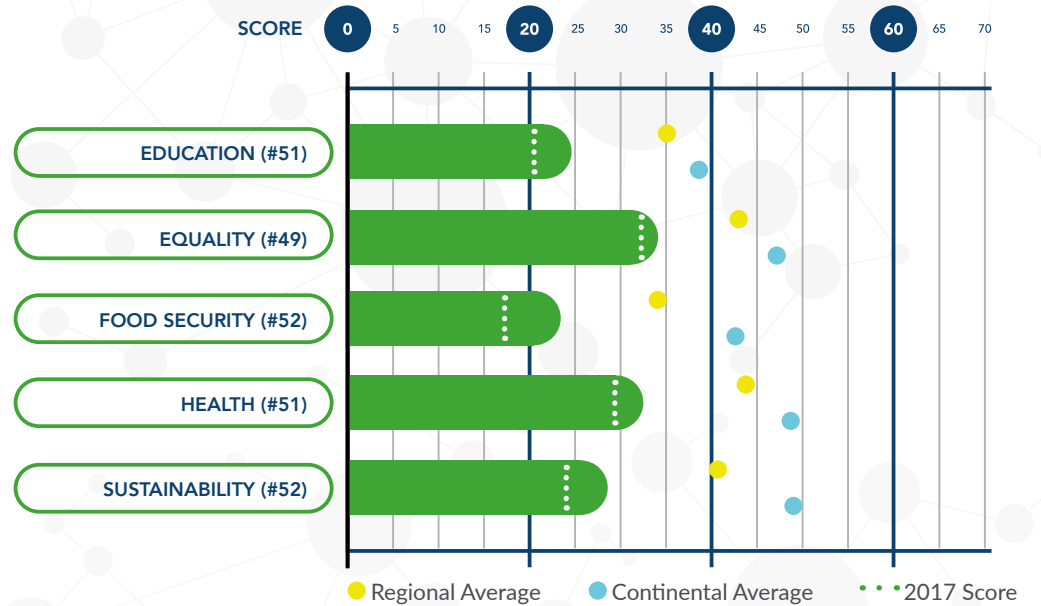
The 1.5 million Eritreans living abroad, who provide sustenance to families they left by sending them money, are often subjected to threats and violence if they do not pay a 2% income tax. Social infrastructure is poor due to limited investment in health and educational services. One indicator of poor gender equality is that 89% of Eritrean girls are victims of female genital mutilation (FGM).

The Society quadrant is close to the bottom of countries assessed in ACBR 2019, positioned in 52nd place. Society segments have dropped down two places in Equality and Health, and Education has descended by one rank.

SOCIETAL DATA COMMENTARY

<p>Eritrea data availability 30.61%</p>	<p>REGIONAL AVERAGE 63.78%</p>	<p>AFRICAN AVERAGE 75.28%</p>	<p>CONTINENTAL RANK #49</p>
	<p>The lowest of all quadrants, societal data availability in Eritrea comes in at a dismal 30.61%, thus ranking 49th continentally. Admittedly, this has much to do with ongoing demographic shifts associated with sizeable annual migrant outflows and political instability. Despite these factors, even UNICEF indicates a total lack of basic societal statistics ranging across categories as diverse and pivotal as Child Protection, Early Childhood, Education, HIV/AIDS, Maternal and Newborn Health, as well as Sanitation.</p>		

SOCIETAL SCORES & RANKINGS



SOCIETAL STATISTICS

<p>POPULATION SIZE AND GROWTH RATE</p> <p>5,918,919 at 0.85% p.a. (#36) (#51)</p>	<p>LIFE EXPECTANCY</p> <p>65.2 years (#13)</p>	<p>HIV PREVALENCE</p> <p>0.6% (#39)</p>	<p>SEXUALITY TOLERANCE</p> <p>Illegal</p>
<p>ACCESS TO DRINKING WATER</p> <p>57.8% (#43)</p>	<p>HEALTH EXPENDITURE (% OF GDP)</p> <p>3.32% (#48)</p>	<p>PRIMARY EXPENDITURE (% OF EDU. TOTAL)</p> <p>N/A (#N/A)</p>	<p>SOCIAL MEDIA PENETRATION</p> <p>1% (#51)</p>

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