Eritrea has been led for almost 20 years by a Government that evolved from a liberation movement and whose right to rule has not been confirmed in free and fair elections. Political repression has never been so glaring as during the first decade of the new millennium. The Government is continuously frustrating the economic and developmental aspirations of the people. In the face of new sanctions imposed by the UN Security Council in December 2009, economic recovery and social development will continue to be unreachable goals.

Development policy versus human rights
Although the aftermath of the global economic crisis has posed some challenges for Eritrea, foreign direct investment (FDI) and aid have not been seriously affected. A number of mining companies are involved in exploration for precious minerals, and there are suggestions that some will begin exporting in the near future. However, there are neither the institutional and legal guarantees nor the required transparency to ensure this has a positive impact on social development. In terms of official development assistance (ODA), the EU – the country's leading (and possibly only) international donor – signed an agreement with the Government in September 2009 that formalized the amount of EUR 122 million (USD 150 million) for development aid. These funds are being provided in the face of disapproval from international human rights groups, which are concerned about whether the money will be spent on its intended purposes, in view of Eritrea's poor record on transparency. Moreover, allocating such a large amount of money to a Government with one of the world's worst records of human rights violations sends all the wrong messages.

This is not the first time that the country has received enormous amounts of ODA. Yet, experience shows that the role of aid in changing the lives of ordinary Eritreans has been minimal due to flawed economic policies and extreme levels of political repression. There might be some progress, particularly in terms of investing in physical infrastructure such as schools, hospitals, roads and dams. Little has been invested in people, however, who should be the primary beneficiaries. All public projects in the country since 2002 have been implemented under archaic methods of manual labour, including forced labour schemes. Combined with the alarming record of human rights violations, this has prompted thousands of Eritreans to flee the country. According to the UN Refugee Agency (UNHCR), Eritrea was the world's second largest refugee-producing country in 2008, with 62,700 newly registered asylum seekers. A population engaged in an unparalleled and ongoing exodus is not in a position to enjoy the benefits of any physical infrastructure built in the country. This shows a development policy that is not aligned with a human rights-based approach.

Starvation and denial
Although Eritrea is located in one of the driest parts of Africa and suffers from poor and erratic rainfall, 80% of the population is dependent on subsistence farming and seasonal rains. The rainy season of 2009 was no exception and, together with a steep increase in the price of staples, drought has further compounded the vulnerability of a greater proportion of the Eritrean society, particularly women and children.

In its 2010 Humanitarian Action Report, UNICEF notes that the number of children with acute malnutrition who were admitted to therapeutic feeding centres in 2009 was as much as six times higher than in 2008. It reports that children were more susceptible to diarrhoea and other infectious diseases as a result of acute malnutrition, poor sanitation and a shortage of clean water.

Lack of access to water is exacerbating the poor health and nutritional status of children and women. In 2009, most of the small-to-medium-sized dams were either dry or had little water left. Out of desperation, people began sharing their borehole drinking water sources normally reserved for the watering of their animals, putting an even greater demand on this water supply.

every three Eritreans are facing malnourishment. This means that Eritrea has the second-highest percentage of malnourishment in the world after the conflict-ridden Democratic Republic of the Congo. One sign of this is the dramatic increase in the number of children begging in the streets of the capital, Asmara. In spite of such alarming reports, the Government has never admitted the urgency of the crisis. President Isaias Afwerki has repeatedly denied the looming hunger in the country and stated that there is no food shortage; the latest such claim came at a briefing he gave to senior government officials on 8 March 2010. The Government has also denied access to some humanitarian groups wanting to visit those areas that have been most severely affected by starvation.

**Declining income and excessive military expenditure**

There is no officially published national budget, making it difficult to trace the structure of Government income and expenditure. However, some sources indicate that remittances constitute as much as one-third of the national economy. The country has one of the largest diaspora communities proportional to its population; more than 1 million out of around 2 million are said to be outside of the country. There are three major types of remittances from the Eritrean diaspora: money sent to relatives in the country; money officially collected by the Government in the form of a 2% income tax; and money collected in the name of support to “development projects,” “national defence,” “the martyrs’ fund” and other causes. Money in the last two categories is collected by Eritrean embassies in major world cities. Remittances to relatives were in the past sent predominantly via Government-owned financial institutions. However, due to the sustained overvaluation of the national currency, the Nakfa, many Eritreans now use alternative channels. This has caused considerable loss of hard currency to Government coffers. Moreover, due to the increased political repression, remittances in the other two categories have dropped significantly.

As the Government is one of the most secretive in the world, the Eritrean public does not know how and for what purposes money is spent. There are, however, reports indicating that the country has one of the highest military expenditures in the world. In their 2009 annual report, the Bonn International Centre for Conversion (BICC) ranked Eritrea as the country with the highest military expenditures in the world after the conflict-resolution claim came at a briefing he gave to senior government officials on 8 March 2010. The Government has also denied access to some humanitarian groups wanting to visit those areas that have been most severely affected by starvation.

**Increasing international isolation**

Few developing countries can effectively tackle the challenges of economic development without international cooperation. Yet, Eritrea finds itself at odds with the international community. In the last 10 years, it has been described by the international media and observers as: “the lonely corner of the world,” “the open-air prison,” “the North Korea of Africa,” “the insular and pariah state” and “the centre of attraction for all the wrong reasons.” This is mainly due to the rigid political culture of the Government, its alarming level of human rights violations, as well as its archaic and futile experiment in economic self-reliance.

At the regional and international levels, Eritrea’s reputation has been tarnished irremediably due to its destructive role in almost all of the conflicts in the Horn of Africa. This volatile region has been continually ravaged by inter-state conventional wars, guerrilla warfare, coups and revolutions. Since its independence in 1991, Eritrea has been in a war with all of its immediate neighbours – Djibouti, Ethiopia and Sudan – as well as a proxy war in Somalia, with which it does not even have a common border. The country also had an armed conflict with Yemen.

Due to the hostility of its leaders, Eritrea has been visibly isolated from major regional and international forums, from the Intergovernmental Authority on Development (IGAD) – the regional organization of the Horn of Africa countries – up to the African Union (AU) and the UN. In 2009, the level of indignation felt by the international community against the Government over its destabilizing activities in the Horn of Africa prompted the adoption of stringent punitive measures by the UN Security Council against the military and political leadership. Resolution 1907 imposed a new sanctions regime comprising an arms embargo, travel bans and freezing of assets. The latter two categories target high-ranking Government officials and the financial institutions directly or indirectly controlled by them.

Resolution 1907 was initiated by IGAD and taken up by the AU, the first time a UN resolution has been formally initiated by the AU against one of its own member states. The Government has reacted with a campaign of misinformation, including the manipulation of diaspora communities to stage “mass protests” against the resolution in major world cities. There are speculations that the resolution may affect FDI as it includes clauses referring to the flow of capital by foreign citizens and companies.

**Challenges ahead**

No official travel and research permits are currently granted in the country to independent researchers, particularly on human rights and political development. As a result it remains extremely difficult to assess the advances made in and setbacks to the attainment of the MDGs or provide a complete picture of the real situation on the ground. In spite of such acute limitations, there are still several reliable reports compiled by independent researchers and think-tanks, and not a few of them depict Eritrea as a failed state in the making and a country already bent to the breaking point.

The greatest challenge is the lack of political will on the part of the Government to facilitate democratization, respect human rights and liberalize the economy. As in previous years, the Government’s track record with regard to its international commitments and obligations on poverty eradication, gender equality and the promotion of human rights has been abysmal. Eritrea suffers from repression by the ruling party, the People’s Front for Democracy and Justice (PFDJ), and its flawed economic policies and from the increased levels of international isolation. Without a peaceful political transition to democracy, these challenges will continue to pose tremendous obstacles in terms of realizing Eritrea’s aspirations of economic recovery and social development.