

The Eritrean Economy and Opportunity Cost of Wars

A Study by Researcher:
Abdul Aleem Al Baroudi.
Date: 02/02/2022

Introduction

Before studying the state of the Eritrean economy, it is important and necessary to present the economic concepts related to the subject in detailed headings. This is important because it provides academic bases for studying the state of the Eritrean economy in a way that can be agreed upon on common grounds of reference. As for the necessity, it stems from the fact that these rules constitute the framework that guides the approach and course of the study. This study is not intended to fully assess or critically analyze the Eritrean economy to provide plans and solutions. Rather, it is a modest attempt to understand its problems, and draw the attention of those interested to some of the real reasons that impede its development and growth.

Eritrea is a small country strategically located in the northern part of Africa known as the Horn of Africa. It is bordered by the Red Sea on its eastern coast, Sudan to the west and north, Ethiopia to the south, and Djibouti on its far southeastern edge. Eritrea has a surface area of about 125,000 square kilometers, with a coastline of around 1,200 kilometers and has 354 islands in the Red Sea. Based on 2019 data it has a population of around 5.35 million with a rapid population growth rate of 2.35% per year and a very high fertility rate of 4.13 births per woman. Although there are no official geological survey reports, it is largely believed that the country possesses abundant mineral resources of various kinds.

The Concept of Economics

When talking about economics, the first thing that comes to mind is the world of business and finance. This might be true to some extent, but the real picture is wider and deeper. Economics is a social science that is concerned with the study of available alternative choices for the adequate allocation of resources for development. In

simple words, it is the provision and management of livelihood to the people by creating economic opportunities for all, eliminating poverty, fighting corruption in the economic system, and tangible reduction in economic disparities to establish social justice.

Economic Development and Growth

Economic growth is the positive change in the indicators of economy. It refers to the increment in the amount of goods and services produced by an economy. It is reflected in the increase in real national income or national output. While on the other hand Economic development is the quantitative and qualitative change in an economy. It refers to the reduction and elimination of poverty, unemployment and inequality with the context of growing economy. It is reflected in the improvement in the measures of literacy, life-expectancy and health care which represent the quality of life and living standards.

Economic growth is the precursor and prerequisite for economic development. Its indicators are Gross Domestic Product (GDP), Gross National Income (GNI), and Per Capita Income (PCI). Economic development is the result and positive impact of economic growth. Its indicators are the Human Development Index (HDI), Human Poverty Index (HPI), Gini Index (GINII) (a measure of the distribution of income across a population), Gender Development Index (GDI), and Physical Quality of Life Index (PQLI).

Requirements of Economic Development

Economic development primarily depends on the availability of capable Human Capital, sufficient Natural Resources, accumulated Physical Capital, adequate Infrastructure and appropriate Technology. In order for these elements to function successfully, in harmony and in perfect integration, they need an effective economic system, rational economic policies, and political stability. The economic system defines the general ideological framework of the economy. While economic policies maintain and control the stability of both macroeconomics and microeconomics, through designing effective monetary and fiscal policies, managing foreign trade and providing attractive investment incentives. Political stability, in turn,

helps in the preservation and development of human and natural resources, and also helps to attract foreign capital and maintain good international trade and relations. With the importance of all mentioned factors of development, Human Capital remains the most important factor in the economic development process.

Role of Governments in Economics

If there was only one role for a government to play it would be the economic development of the nation, because it is the backbone of all other activities and the main core of its existence. Among others, the important economic objectives of governments are: to achieve a high and sustained level of economic growth by improving the quantity and quality of the factors of production, full employment of manpower and economic resources, controlling inflation, maintaining a sound balance of payments in the international trade, and maintaining a strong currency value in the foreign exchange market. Governments manage the economy by setting up clear strategic economic policy goals. These goals are framed into quantifiable policy targets and once the policy targets are set, governments choose the suitable policy instruments to achieve them.



By not having a clear economic system or defining clear economic goals, governments in many poor countries are part of the economic problems rather than an agency for solutions. Without hesitation, the biggest obstacles to economic development in poor countries are political instability, lack of freedom, corruption, and contrived unnecessary wars. Often these major obstacles are interrelated. Unless governments make serious efforts to address these issues, to the detriment of any other goals, their nations will always remain poor, and dependent on foreign aid, which surely leads to the loss of their will and sovereignty.

Economic Systems and Development

It is a well-known fact that for any government in order to assume its economic duties, initially, it has to decide which economic system to adapt and follow to develop its economy. This step is important and essential because each and every economic system has its own distinguishing characteristics and functions based on a unique set of conditions and assumptions. Generally, the economic systems are categorized into four main types: traditional economies, command economies (Socialist), market economies (Capitalist), and mixed economies. Despite the differences among the economic systems, they all share some basic features. Though these previous systems are the most widely practiced in today's world, there is another system that is more capable to address the economic problems of the world and solve them from roots, that is Islamic Economics.

The Concepts of Scarcity, Choices, and Opportunity Cost

In Western economics, the concept of opportunity cost is based on the belief that resources are scarce and needs are unlimited, and therefore this necessitates selection and comparison among the many needs in order to optimally employ resources because all the needs cannot be achieved at once. The belief in the scarcity of resources cannot be asserted at all, especially those related to natural resources. Therefore this belief requires to be corrected, with a reconsideration of the statement that needs are unlimited. Addressing the concept of needs in economics needs to differentiate between those needs that are necessary for humans and others that are produced by the movement of the economy and make them needs through conception and promotion only for the sake of continuity and survival. Perhaps this step provides an effective solution to the problems of contemporary economics, both microeconomics and macroeconomics.

In economic terms, the opportunity cost of a particular activity option is the loss of value or benefit that would be incurred by engaging in that activity; relative to engaging in an alternative activity offering a higher return in value or benefit. Accordingly, opportunity cost means the opportunities forgone in the choice of one expenditure over others. This concept is applicable to governments with limited

resources, businesses with a given capital, or individuals with fixed income. The concept of opportunity cost allows economists to examine the relative monetary values of various alternatives.

When governments make a choice or a decision, they are actually making a variety of decisions. Not only are they choosing what to do, but they are also simultaneously choosing a plethora of things not to do. When they decide to invest in one project, they are also choosing not to invest in other available alternatives. The opportunity cost is what they give up on the benefits or advantages that they avoid.

Opportunity Cost of Wars

During wars, the human costs are much higher than any other costs. More civilians die as an indirect result of conflict than those who die directly on battlefields. Besides taking the lives of many civilians and soldiers, wars also cause permanent disabilities, displacement of many people, diseases, starvation and poverty. In the long run, peoples may be able to survive the scourge of wars and rebuild up war destroyed buildings and facilities, but what cannot be compensated for is the lost opportunities for education and investing in human health.

Governments finance wars by diverting precious resources from more productive uses to war-related purposes. As a result, other economic sectors in the country are affected and lack the necessary and appropriate resources. The health and education sectors are severely affected by the shortage of capital and manpower. Doctors, teachers and students are called upon to join the national armies and other supporting forces. Some vital facilities are being disrupted by direct strikes or shortages of supplies and staff. Some factories are modified to provide war related products. All these decisions and measures lead to a misplaced drain of resources, which results in the loss of appropriate opportunities for development and economic growth, and therefore the opportunity cost of wars is very expensive and difficult to compensate. If governments employed the resources used to wage wars in their most productive uses, in addition to saving precious lives, they would be able, to achieve sustainable development and good levels of growth rates.

The Eritrean Economic Situation

In order to study and analyze the Eritrean economy, we need to adopt the economic concepts that were previously clarified and link each concept to the topic it relates to from the reality of the Eritrean economy.

To start with, we mentioned earlier that economic growth is the positive change in the indicators of the economy, which is reflected in the increase in real national income or national product, that is, Gross Domestic Product (GDP), Gross National Income (GNI), and Per Capita Income (PCI). Further, we have defined economic development as a positive consequence and effect of economic growth, and said its indicators are the Human Development Index (HDI), the Human Poverty Index (HPI), the Gini Index (GINII) (a measure of income distribution across a population), the Gender Development Index (GDI), and the Physical Quality of Life Index (PQLI).

We also showed that economic development depends primarily on the availability of capable Human Capital, sufficient Natural Resources, accumulated Physical Capital, adequate Infrastructure and appropriate Technology. We mentioned that these elements need an effective economic system, rational economic policies, and political stability in order to function successfully, in harmony and in perfect integration. Based on these definitions, we will study the Eritrean economy by analyzing some of these indicators and their components. In addition to studying the elements of factors of production for their importance, which consist of Human Capital, Natural Resources, Infrastructure, Physical Capital, and Economic Policies.

Human Capital

The first and most important thing that governments should start their journey towards economic development with is to identify and know their human and natural resources through a complete population census and a comprehensive geological survey. Despite being in power since the independence from Ethiopia in 1991, the Eritrean Government has never conducted any official census. Therefore, all the available data related to the demographic aspect of the country

such as the population size, age, gender, and religious composition remains mere estimates, and the high variations in these available estimations are based on political, social, and religious motivations.

The absence of an official population census negatively affects each and every aspect of the economy. Without knowing the exact and actual size of the population and its related compositions, it is difficult to calculate accurate figures of Per Capita Income (PCI) and growth rates. It is also difficult to plan properly for the provision of education, health, housing, public utilities, and all other services and productions.

The World Population Prospects 2019 estimated the Eritrean population as low as 3.60 million¹, while COMESA estimated the population as high as 6.72 million for the same year 2019². According to the United Nations 2016 projection, the Eritrean population is estimated at 5.35 million³ which somehow seems more acceptable. The Eritrean population has a rapid population growth rate of 2.35% per year and a very high fertility rate of 4.13 births per woman.

Nearly 40% of the population of Eritrea is under 15 years of age with a median age of 18 years. More than 20% of the population lives in exile outside the country, about 9.6% of them refugees mostly in neighboring Sudan, and 12% migrants⁴. The majority of the migrants are aged 18-40 years, those who mainly flee the country to escape from compulsory and endless military service. Other reasons for migration include lack of educational opportunities, poor economic and standard of living. According to the 2010 Eritrea Population and Health Survey (EPHS), persons with disabilities constitute around 5% of the country's total population⁵, and 2.78% of the population are orphan children under 15 years of age. Table 1 below shows Eritrea's Population Profile as estimated in 2019.

Table 1: Eritrea's Population Profile 2019

SN	Details	Figures	Measure
01.	Total Population	5.35	Million
02.	Annual Growth Rate	2.35	Percent
03.	Fertility Rate of Births Per Woman	4.13	Births
04.	Urban Population	40.10	Percent
05.	Rural population	59.90	Percent
06.	Refugees	9.60	Percent
07.	Migrants	12.00	Percent
08.	Age Groups 0-14 Years	39.53	Percent
09.	Age Groups 15-64 Years	56.52	Percent
10.	Age Groups 65 and Over Years	3.95	Percent
11.	Gender Groups Male	51.50	Percent
12.	Gender Groups Female	48.50	Percent
13.	Persons With Disabilities Due to War	5.00	Percent
14.	Orphan Groups Under age 15 Years	2.78	Percent
##.	Source: Data Compiled From Various International Agencies In Different Periods ⁶		

Human Development

Regarding human development, for almost three decades Eritrea recorded very low levels of Human Development Index (HDI) in values and ranks. It always remained at the bottom of the low human development category. According to the United Nations Development Program (UNDP), Eritrea's HDI value for 2019 is 0.459; this HDI value put the country in the low human development category positioning it at 180th rank out of 189 countries and territories. Between 1995 and 2019, Eritrea's HDI value increased from 0.401 to 0.459, an increase of 14.46 percent. Between 1995 and 2019, Eritrea's life expectancy at birth increased by 14 years, expected years of schooling increased by 1.2 years, and mean years of schooling increased by 0.2 years between 2005 and 2019. Eritrea's Gross National Income (GNI) Per Capita showed a 4.6 percent raise, increasing from USD 2,670 in 1995 to USD 2,793 in 2019. Contrary to these figures, official sources previously showed Eritrea's per capita GNI of 789 US dollars for the year 1995 and 837 US dollars for the year 2000. As we mentioned earlier, this huge difference in the data is due to the absence of systematic statistics that serve the economy. Table 2 below shows the contribution of each index component to Eritrea's HDI between 1995 and 2019.

Table 2: Eritrea's HDI and Component Indicators Trends 1995-2019

Years	HDI Value	HDI Rank	Life Expectancy At Birth	Expected Years Of Schooling	Mean Years Of Schooling	GNI Per Capita (2017 PPP\$)
1995*	0.401	129 of 148	52.3	3.8		2,670
2000	0.421	157 of 173	55.3	4.7		3,121
2005	0.427	157 of 177	58.7	5.3	3.7	2,432
2010	0.436	134 of 169	62.2	5.4	3.9	2,084
2015	0.454	179 of 188	64.7	5.4	3.9	2,540
2019	0.459	180 of 189	66.3	5.0	3.9	2,793

##. Source: Data Compiled From Various UNDP Report⁷
* 1995 figures were calculated using HDI formula because Eritrea was not in the UNDP list.

The previous analysis does not present the real level of human development in Eritrea unless it is read within the regional landscape of human development levels. Therefore it is important to present a comparison between the levels of human development in Eritrea and those levels in Sub-Saharan Africa and the low human development groups.

The comparison shows that Eritrea's 2019 HDI of 0.459 is below the average of 0.547 for countries in Sub-Saharan Africa and also below the average of 0.513 for countries in the Low Human Development group. The figure 66.3 years of Life Expectancy at Birth in Eritrea exceeds those figures for both Sub-Saharan Africa and Low HDI Group averages of 61.5 and 61.4 years respectively. In terms of Expected Years of Schooling, Eritrea records 5.0 years and falls behind Sub-Saharan Africa and Low HDI Group averages who recorded 10.1 years and 9.4 years ahead respectively. The scenario in Mean Years of Schooling follows the same trend recording 3.9 years in Eritrea and, 5.8 years and 4.9 years in Sub-Saharan Africa and Low HDI countries respectively. As for the situation in GNI per capita (2017 PPP US\$), Eritrea records USD 2,793 and slightly bypasses the Low HDI Group average at USD 2,745, while significantly falling short of Sub-Saharan Africa average at USD 3,686.

All these data put Eritrea at the bottom of the list of countries with the Human Development Index ranking 180th out of 189 countries in total

and these facts clearly summarize the miserable conditions of people in Eritrea and confirm the impossibility of development under these compelling circumstances. Table 3 presents Eritrea's HDI and Component Indicators for 2019 Relative to Sub-Saharan Africa and Low HDI Countries.

**Table 3: Eritrea's HDI and Component Indicators for 2019
Relative to Sub-Saharan Africa and Low HDI Countries**

Indicators	Eritrea	Sub-Saharan Africa Average	Low HDI Average
HDI value	0.459	0.547	0.513
HDI rank out of 189 countries	180	**	**
Life expectancy at birth	66.3	61.5	61.4
Expected years of schooling	5.0	10.1	9.4
Mean years of schooling	3.9	5.8	4.9
GNI per capita (2017 PPP US\$)	2,793	3,686	2,745
##. Source: Data Compiled From UNDP Reports ⁸			
** Ranks not applicable due to average figures			

Natural Resources

Natural resources are important for economic development. Historically, Eritrea has been known for its abundant mineral resources. Under the Italian colonization [1936 - 1940] many explorations were done in search of gold, copper iron, and oil. Though no comprehensive geological survey has been conducted to estimate the mineral resources, Eritrea is highly believed to possess abundant natural resources of different kinds that will help grow its economy. Eritrea's natural resources can be classified under six categories: Mineral resources, water resources, marine resources, agricultural resources, animal resources, and forest resources.

The main mineral resources are copper, granite, potash, gold, and marble. The largest known deposit of potash also named as Sulphate of Potash (SOP) in the world exists in Eritrea. The United Nations Development Programme believes potash mining has the potential to boost the Eritrean economy. Currently, the world consumes about seven million tons of potash annually and Eritrea has the ability to meet the world demand for many years to come. Certainly, if this resource alone gets more attention and studied plans for proper

utilization, could enormously change the entire economic scenario of the country by developing the economy, creating enough jobs and completely removing poverty. This is not a difficult task, but again it needs a conscious and committed government that cares and preserves the interests of the people and the country over any other interests.

Water resources are scarce in Eritrea; the country mainly depends on rainfalls and seasonal rivers. It has five main rivers and river basins namely: Mereb, Gash Basin, Barka and Anseba Basin, Tekeze - Setit Basin, Red Sea Basin, and Dankalia Basin. The total area drained by these rivers is estimated to be about 143,150 square kms. The amount of water drawn is 49.6 billion cubic meters annually⁹.

All other recourses too are of great importance to economic development. In fact, natural resources and economic development are interrelated, the development of one leads to the development of the other. Natural resources boost economic development and developed economy adopts advanced technology to extract more resources and find for them more uses to benefit the people and the economy. Therefore, geological survey of natural resources and their development comes among the top priorities of successful governments.

Poverty and Impoverishment Policies

Poverty is a problem and problems do not solve themselves. Eradication of poverty in all its forms remained one of the greatest challenges facing humanity. Following the UNDP strategy to fight poverty, the world announced a revolution to eliminate poverty. As a result, the number of people living in extreme poverty dropped by more than half between 1990 and 2015, falling from 1.9 billion to 836 million. Yet Eritreans are still struggling for the most basic human needs.

Eritrea is considered one of the poorest countries in the world. Its high poverty rate of 50 percent is a burden on the economy and future development. Three decades of war and recurrent droughts have deepened the roots of poverty in society. More than half of the population lives below the poverty line. Poverty is large in rural areas

and it constitutes 86 percent of the poor population. The rural poor lack even the most necessities of life such as excess food, drinking water, proper shelter, and minimum health and education facilities. The prolonged military service adversely affects the daily livelihoods of the population and leads to the families being dependent on international remittances due to economic decline.

In no way the ongoing government practices will enable Eritrea to come out of its deep poverty. Indefinite national services, burning resources into recurrent wars and forced labor marginal rewards are the essence of the Eritrean policy. Among others, fighting poverty requires real will and a clear strategy. The key elements for poverty eradication include agricultural and livestock development for exports, privatization of state-owned enterprises, the attraction of private investments, and most importantly securing enough labor force for real production rather than military activities or government business duties with foreign mining companies from Canada, Australia, China, and others, where labors are forced to work under national service umbrella against little insufficient returns or pocket money.

Physical Capital Formation and Public Debt

The term capital formation is used to describe the net capital accumulation during a specified period of time for a particular country. It means the additions of capital goods made in that particular country. Capital goods are needed to replace the older ones in order to produce goods and services more efficiency and economically. Generally, producing more goods and services can lead to an increase in national income levels. Hence, higher rates of capital formation in an economy mean, faster economic and aggregate income growth. To accumulate additional capital, governments need to generate savings and investments from domestic savings or based on government policies. A high rate of domestic savings can accumulate funds to produce capital goods faster, and government can invest the surplus in the creation of more and more capital goods.

With high levels of public debts kept uncontrolled for a long period of time, the capital formation becomes very difficult if not impossible. In such a situation, public savings are scarce and not easily available.

On the other alternative, foreign capital is not accessible due to the panic and credit decline of the country on the international market, even various government fiscal policies would not rescue the economy unless the government cauterizes its spending.

Unlike many countries, the Eritrean government does not publish its budgets as if it is classified under national security. This makes the fiscal conditions in the country very difficult to assess. According to the International Monetary Fund, there were instances where the overall fiscal deficit reached as high as 32 percent of gross domestic product (GDP) in 2002, before retreating to 17 percent in 2003. During the same period 2003, the government expenditures were estimated at USD 375 million against revenues of only USD 235.7 million for the same year. The report continuous, government expenditures continue to exceed budgeted spending, particularly in defense and other discretionary expenditures. It also asserts monetary policy remains subservient to the financing demands of the government, and points debt is unsustainably high. It concludes the situation to remain unchanged until demobilization of the military occurs¹⁰.

As a supporting view in the same period, the CIA World Factbook, mentions the Eritrean Government had revenues of \$715.2 million and outlays of \$1.021 billion¹¹. In recent times the public debt problem has reached dangerous levels. Eritrea's gross public debt got multiplied to reach 185.8 % of the GDP in 2018 and 189.2 % of the GDP in 2019, putting the country in heavy debt distress. Some of the presented old figures might not be of great statistical value, except they have crucial importance in reflecting the fiscal framework of the government, in terms of strategies, objectives, and application policies.

Cost of the Eritrean Wars

Since its independence, Eritrea remained suffering under one-man and one-party rule without a constitution and without parliament. Eritrea has one of the biggest armies in the region. The size of its army force is estimated between 250,000 to 300,000 soldiers¹². As per 2006 figures, the Government allocated 6.3 percent of the Gross Domestic Product for the army budget; in terms of money it spends

USD 290 million on the military¹³. As a matter of factor, there are no sources that show the actual Government spending on its recurrent wars, yet the big size of the Eritrean army compared to its small population, and the allotted big defense budget compared to its poor economy and extremely low Gross Domestic Product, clearly prevails the Government priorities and clearly reflects the political instability in the country. Obviously, all these are at the cost of human and economic development.

On the other hand, the human cost of the Eritrean continuous wars in the region is very high. Despite the huge sacrifices made by the Eritrean people in lives and property for thirty years of bloody fighting for independence from Ethiopian colonialism (1961-1991) and the first and second Eritrean Civil Wars (1972-1974) and (1980-1981) respectively between the Eritrean Liberation Front and Eritrean People Liberation Front; the Eritrean Government has continuously plunged the peopled into endless destructive wars starting with Hanish Islands Crisis with Yemen (1995), Second Sudanese Civil War (1996-1998), First Congo War (1996-1997), Eritrean-Ethiopian War on Badme (1998-2000), Djiboutian-Eritrean border conflict (2008) and recently the Tigray War (2020) which still continues. Table 4 shows the human costs for all the Eritrean wars in the region.

Table 4: Eritrea’s Wars and Human Costs

SN	War	Period	Human Costs
01.	Eritrean War of Independence	1961- 1991*	150,000 ¹⁴
02.	First Eritrean Civil War	1972 - 1974	3,000 ¹⁵
03.	Second Eritrean Civil War	1980 - 1981	N/A
04.	Hanish Islands Crisis	1995	12 ¹⁶
05.	Second Sudanese Civil War	1996 - 1998	N/A
06.	First Congo War	1996 - 1997	N/A
07.	Eritrean–Ethiopian War	1998 - 2000	20,000 ¹⁷ to 150,000 ¹⁸
08.	Djiboutian–Eritrean conflict	2008	100 ¹⁹
09.	Tigray War	2020 - Going	On Going War
##. Source: Data Compiled From Various Reports ^{14 - 19}			
*60,000 soldiers and 90,000 civilians			

Summary

- Economics is the provision and management of livelihood to the people by creating economic opportunities for all, eliminating poverty, fighting corruption in the economic system, and tangible reduction in economic disparities to establish social justice.
- Economic development is the quantitative and qualitative change in an economy. It refers to the reduction and elimination of poverty, unemployment and inequality with the context of growing economy. It is reflected in the improvement in the measures of literacy, life-expectancy and health care which represent the quality of life and living standards.
- Economic growth is the precursor and prerequisite for economic development. Its indicators are Gross Domestic Product (GDP), Gross National Income (GNI), and Per Capita Income (PCI).
- Economic development primarily depends on the availability of capable Human Capital, sufficient Natural Resources, accumulated Physical Capital, adequate Infrastructure and appropriate Technology.
- Economic development needs an effective economic system, rational economic policies, and political stability. The economic system defines the general ideological framework of the economy. While economic policies maintain and control the stability of both macroeconomics and microeconomics.
- Political stability, helps in the preservation and development of human and natural resources, and also helps to attract foreign capital and maintain good international trade and relations.
- With the importance of all mentioned factors of development, Human Capital remains the most important factor in the economic development process.

- If there was only one role for a government to play it would be the economic development of the nation, because it is the backbone of all other activities and the main core of its existence.
- Among others, the important economic objectives of governments are: to achieve a high and sustained level of economic growth by improving the quantity and quality of the factors of production.
- No economic development policy can be planned and implemented in a country without properly compiling real statistical data for the human capital and natural resources of a country. Therefore, official government census and resource survey are very essential to have the first step towards development.
- By not having a clear economic system or defining clear economic goals, governments in many poor countries are part of the economic problems rather than an agency for solutions. Without hesitation, the biggest obstacles to economic development in poor countries are political instability, lack of freedom, corruption, and contrived unnecessary wars.
- Though traditional economies, command economies, market economies and mixed economies are the most widely practiced in today's world, there is another system that is more capable to address the economic problems of the world and solve them from roots, that is Islamic Economics.
- The belief in the scarcity of resources cannot be asserted at all, especially those related to natural resources. Therefore this belief requires to be corrected, with a reconsideration of the statement that needs are unlimited.

- The opportunity cost of wars is very expensive and difficult to compensate. If governments employed the resources used to wage wars in their most productive uses, in addition to saving precious lives, they would be able, to achieve sustainable development and good levels of growth rates.
- Despite being in power since the independence from Ethiopia in 1991, the Eritrean Government has never conducted any official census.
- All the available data related to the demographic aspect of the country such as the population size, age, gender, and religious composition remains mere estimates, and the high variations in these available estimations are based on political, social, and religious motivations.
- Regarding human development, for almost three decades Eritrea recorded very low levels of Human Development Index (HDI) in values and ranks. It always remained at the bottom of the low human development category.
- Eritrea is rich in resources. Certainly, if potash resource alone gets more attention and studied plans for proper utilization, could enormously change the entire economic scenario of the country by developing the economy, creating enough jobs and completely removing poverty.
- Proper resources management is not a difficult task, but again it needs a conscious and committed government that cares and preserves the interests of the people and the country over any other interests.
- Poverty is a problem and problems do not solve themselves. Eradication of poverty in all its forms remained one of the greatest challenges facing humanity.
- The key elements for poverty eradication include securing enough labor force for real production rather than military

activities or government business duties with foreign mining companies where labors are forced to work under national service umbrella against little insufficient returns or pocket money.

- The prolonged military service adversely affects the daily livelihoods of the population and leads to the families been dependent on international remittances due to economic decline.
- With high levels of public debts kept uncontrolled for a long period of time, the capital formation becomes very difficult if not impossible.
- Unlike many countries, the Eritrean government does not publish its budgets as if it is classified under national security. This makes the fiscal conditions in the country very difficult to assess.
- Government expenditures continue to exceed budgeted spending, particularly in defense and other discretionary expenditures. It is also asserted that the monetary policy remains subservient to the financing demands of the government.
- Since its independence, Eritrea remained suffering under one-man and one-party rule without a constitution and without parliament. Eritrea is one of the poorest countries in the world but it has one of the biggest armies in the region.
- The big size of the Eritrean army, and big defense budget clearly prevails the Government priorities and clearly reflects the political instability in the country. Obviously, all these are at the cost of human and economic development.

References:

1. World Population Prospects 2019". UN DESA. 2019. Archived from the original on 2021-02-27. Retrieved 2021-02-28.
2. Eritrea – Indicators – Population (million people), 2018. Common Market for Eastern and Southern Africa. 2019. Archived from the original on 2021-02-28. Retrieved 2021-02-28.
3. United Nations 2016 projection, data.un.org, Country Profile, Eritrea.
4. Migrants and Refugees Section, Integral Human Development, Palazzo San Calisto, Vatican City, January 2021.
5. The 2010 Eritrea Population and Health Survey, Appendix E 'The Core Household Questionnaire' 417.
6. Source: Data Compiled From Various International Agencies In Different Periods Including "Population Division – World Population Prospects 2019 – Data Sources". *UN DESA*. 2019. Archived from the original on 2021-02-28. Retrieved 2021-02-28.
7. Source: Data Compiled From Various UNDP, Human Development Report 2020, The Next Frontier: Human Development and the Anthropocene, Briefing note for countries on the 2020 Human Development Report - Eritrea. Additional Data from Scholar Research Works.
8. Source: Data Compiled From UNDP Human Development Report 2019, 2020. Additional Data from Scholar Research Works.
9. Government of Ethiopia [1989], Planning Committee of Eritrea Autonomous Region, "Statistical Abstract of Eritrea Autonomous Region", Asmara, May 1989.
10. Eritrea country profile. Library of Congress Federal Research Division (September 2005). This article incorporates text from this source, which is in the public domain.
- 11 The World Factbook, CIA - The World Factbook
12. Global Security. Accessed 26 February 2018. Eritrean Army.
13. Defenceweb.com. Retrieved 27 February 2018.

14. Cousin, Tracey L. "Eritrean and Ethiopian Civil War". ICE Case Studies. Archived from the original on 11 September 2007. Retrieved 3 September 2007.
15. Waal, Alexander De (1991). *Evil Days: Thirty Years of War and Famine in Ethiopia*. Human Rights Watch. p. 42. ISBN 9781564320384.
16. Pike, John (29 August 2012), *Hanish Island Conflict*, globalsecurity.org.
17. Banks, Arthur; Muller, Thomas; and Overstreet, William, ed. *Political Handbook of the World 2005–6* (A Division of Congressional Quarterly, Inc.: Washington, D.C., 2005), p.366. 156802952-7.
18. Jimma times staff (11 June 2007). "Former U.S. Ambassador: Eritrea and Ethiopia Unlikely To Resume War". *Jumma Times*. Archived from the original on 1 March 2012.
19. "Djibouti president accuses Eritrea over border fight". *Reuters*. June 14, 2008. Archived from the original on January 4, 2013. Retrieved 29 October 2016.