

Corruption in Eritrea

Query:

“Corruption in Eritrea: According to Transparency International's Corruption Perception Index (CPI), Eritrea is a rather corrupt country. I find this puzzling. When I was stationed there in 1997-98 petty corruption (and petty crime) was not accepted in society and bribing was not practiced in public administration. I would like to know what has changed. I know, of course, that the situation for civil servants and citizens has changed dramatically since then but I still find it difficult to imagine that people have changed that much.”

Purpose:

“Information to be used in advice on development assistance.”

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Part 1: Introduction

This response seeks to provide an initial exploration of why levels of corruption in Eritrea are perceived to have somewhat increased over recent years. In this section we clarify TI's Corruption Perceptions Index (CPI) methodology and how the data provided in the CPI should be interpreted. We go on to provide background information on recent political and economic developments in Eritrea which we believe are important to contextualise the survey data provided by TI's CPI. We then give a brief analysis of Eritrea's recent CPI scores and compare this data to the World Bank's Worldwide Governance Indicators. Finally, we provide links to further sources of information on corruption and governance in Eritrea. Transparency International would like to emphasise that the CPI should not be viewed as a definitive guide for allocating development aid resources.

The TI CPI ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. It is a composite index, a poll of polls, drawing on corruption-related data from expert and business surveys carried out by a variety of independent and reputable institutions. The CPI reflects views from around the world, including those of experts who are living in the countries evaluated.

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The TI CPI focuses on corruption in the public sector and defines corruption as the abuse of public office for private gain. The surveys used in compiling the CPI ask questions that relate to the misuse of public power for private benefit (for example bribery of public officials, kickbacks in public procurement, embezzlement of public funds) or questions that probe the strength of anti-corruption policies, thereby encompassing both administrative and political corruption.

It is difficult to assess the overall levels of corruption in different countries based on hard empirical data, e.g. by comparing the amount of bribes or the number of prosecutions or court cases. In the latter case, for example, such comparative data does not reflect actual levels of corruption; rather it highlights the quality of prosecutors, courts and/or the media in exposing corruption across countries. One strong method of compiling cross-country data is therefore to draw on the experience and perceptions of those who are most directly confronted with the realities of corruption in a country.

The CPI is not, however, an absolute measure of corruption. For example, corruption in Haiti has been perceived to be the highest in the CPI 2006. This does not, however, indicate that Haiti is the 'most corrupt country' or that Haitians are the 'most corrupt people'. While corruption is indeed one of the most formidable challenges to good governance, development and poverty reduction in Haiti, the vast majority of the people are only victims of corruption. Corruption by a limited number of powerful individuals, and failure of leaders and institutions to control or prevent corruption, does not imply that a country or its people are most corrupt.

Part 2: Eritrea: Political and Economic background

Eritrea gained independence in 1993 following a thirty year liberation war and a referendum that validated its secession from Ethiopia. After independence, relations between Eritrea and its neighbour were stable until May 1998, when a border conflict erupted into a full-scale war. After two years of fighting, the two countries signed a cessation of hostilities agreement that ended the war. Eritrea is now one of the poorest countries in the world, with an average annual per capita income of US\$180 and a Human Development Index ranking of 161 out of 177 countries in 2005. It has a population of about 4.4 million, of which 69 percent live in rural areas.

According to the World Bank's Country Operations Evaluation Study of 2004, while it is undeniable that progress has been made towards creating an environment for growth and poverty reduction in a war-torn economy, account must be taken of the impact of the war. The overall macroeconomic situation has suffered dramatically. Before the war, Ethiopia was Eritrea's main economic and commercial partner, representing 60% on average. The breakdown of trade cut export revenues by more than half between 1997 and 1999/2000 (from 54 million USD to 20 million USD). The scarcity of hard currency was exacerbated by the suspension of most international aid. Eritrea, though remaining one of the least indebted countries in Africa, has seen external debt increase up to 281 million USD in 2000 (almost 50% of GDP), whilst the ratio of debt service has risen from zero before the war to nearly 5% in 2000.

The prolonged conflict has also had devastating human and social impacts. The deportation of 70,000 Eritreans and Ethiopians of Eritrean origin, the displacement of about one third of

the country's population from war affected areas and the mobilisation of over 300,000 people for national defence, have created a heavy social burden. The humanitarian crisis was exacerbated by the ravages of a very severe drought in several areas of the country, affecting about half of the Eritrean population. Although difficult to measure, the war had disastrous social and psychological effects on the most vulnerable population, especially children and women.

According to Freedom House, the country's dramatic economic and humanitarian situation has been accompanied by a curtailing of political freedom in recent years. In May 2001, a dissident group of 15 senior ruling-party members publicly criticized the president and called for "the rule of law and for justice, through peaceful and legal ways and means." Eleven members of this group were arrested in September 2001, allegedly for treason (three members who were out of the country at the time escaped arrest, and one withdrew his support for the group). The small independent media sector was also shut down, and 18 journalists were imprisoned. In 2005, the Eritrean government clamped down on the NGO sector by withdrawing tax exemptions and increasing requirements for registration. Political dissidents and journalists imprisoned in 2001 remained in jail despite widespread international calls for their release.

Part 3: Eritrea in the TI Corruption Perceptions Index

Eritrea has long maintained a reputation for a relatively low level of corruption in comparison to its neighbours. However, the changing situation since 1998 has seemed to affect the expert perception of corruption in Eritrea in the CPI (as well as other indicators).

Eritrea entered TI's CPI for the first time in 2004 when it scored 2.6 from a best score of 10. It maintained this score the following year, then marginally improved in 2006 with a score of 2.9 (by way of comparison Eritrea's neighbour, Ethiopia, scored 2.4 in this year's CPI). This improvement is not considered to be significant. Indeed scores below three indicate that corruption is perceived as rampant. Eritrea is ranked at number 93, with the same score as Argentina, Armenia, Bosnia and Herzegovina, Syria and Tanzania.

Eritrea in TI's Corruption Perceptions Index 2000-06

Year	CPI Score	CPI Rank	No of Surveys Used
2000	n/a	n/a	n/a
2001	n/a	n/a	n/a
2002	n/a	n/a	n/a
2003	n/a	n/a	n/a
2004	2.6	102	3
2005	2.6	107	3
2006	2.9	93	3

Since sufficient reliable survey data was unavailable prior to 2004, the CPI provides no basis to establish whether perceived levels of corruption in the country have increased, decreased, or remained stable since the year 2000. The World Bank's Worldwide Governance Indicators do, however, provide some basis for comparison. Below are the results for Eritrea for two of

its governance indicators from 1996 to 2005: Control of Corruption and Voice and Accountability.

World Bank Governance Indicators for Eritrea 1996-2005

Year	Governance Indicator: Control of Corruption Percentile Rank*	Governance Indicator: Voice and Accountability Percentile Rank
1996	n/a	16.3
1998	70.6	15.5
2000	58.8	9.7
2002	52.5	1
2003	49.5	1.4
2004	37.7	1
2005	45.8	3.4

*Higher values indicate better governance ratings

There is a general worsening trend for both indicators, though with Voice and Accountability improving slightly in 2005 from previous years. It should be noted here that cross-yearly comparisons of survey data of this kind should be treated with caution due to possible changes in methodology and the number of surveys used. The U4 Helpdesk advises close reading of the World Bank’s methodology, available at:

<http://web.worldbank.org/WBSITE/EXTERNAL/WBI/EXTWBIGOVANTCOR/0,,contentMDK:21045419~menuPK:1976990~pagePK:64168445~piPK:64168309~theSitePK:1740530,00.html>

Part 4: Further Information on Corruption and Governance in Eritrea

World Bank Worldwide Governance Indicators data on Eritrea:
http://info.worldbank.org/governance/kkz2005/sc_chart.asp

Freedom House on Eritrea in 2006
<http://www.freedomhouse.org/uploads/WoW/2006/Eritrea2006.pdf>
<http://www.freedomhouse.org/template.cfm?page=22&year=2006&country=6959>

Good Context on Post-Liberation Eritrea by country expert:
 Enough! A Critique of Eritrea’s Post-Liberation Politics by Dan Connell
<http://allafrica.com/resources/view/00010176.pdf>

Context piece on Eritrea in the Atlantic Monthly refers to bribery and corruption:

<http://www.theatlantic.com/doc/200304/kaplan/2>

British Council Eritrea Governance Resources

<http://www.britishcouncil.org/eritrea-governance.htm>

UNDP Eritrea Democratic Governance Resources

<http://www.er.undp.org/dg.html>

Includes fact sheets on the following ongoing UNDP projects:

Capacity Building in the Justice Sector

Anseba Local Development Project

Capacity Building in the Ministry of National Development

Capacity Building in the Civil Service Administration

Capacity Building in the Ministry of Foreign Affairs