Understanding Remittances in Eritrea: An Exploratory Study

Fikrejesus Amahazion, College of Arts and Social Sciences, Adi Keih, Eritrea

Abstract

Migration has been characterized as a fundamental component of the human experience, and today there are several hundred million international migrants around the world. Although migrants leave their home country, they maintain links, particularly through remittances. Economic remittances supplement the domestic incomes of millions of poor families and are vital for many developing countries. This paper explores economic remittances into Eritrea, examining the particular trends, amounts received, and how remittances are generally consumed. Additionally, the paper explores general perceptions about remittances and their impact upon society in Eritrea. Based on interviews and focus group discussions with individuals and households across Eritrea, as well as discussions with government sources, this paper presents important findings that help to clarify understandings of remittances in Eritrea. For Eritrea, a low-income, developing country, remittances constitute an important part of the economy and source of foreign exchange. Furthermore, they are a key source of income for many individuals and households. Remittances to Eritrea are mainly sent to family and relatives, and although they may be transferred via several different mechanisms, informal channels are predominantly used. Results also suggest that recipients do not tend to utilize remittances for productive investment expenditures. Generally, perceptions and views toward remittances are mixed, with both positive and negative perceptions being held and expressed.

Keywords: *remittances, migration, development, finance, poverty, Eritrea, Africa, Diaspora*

Introduction

Migration has long been characterized as a fundamental component of the human experience and today there are several hundred million international migrants around the world (King, 2012; McNeill & Adams, 1978). Although migration is often solely seen as a process that uproots persons from their home country and reintegrates them into a new society and culture, many migrants develop and maintain links with their country of origin and communities, particularly through remittances (Markley, 2011; Portes, 1999, 2010).

Economic remittances supplement the domestic incomes of millions of poor families and are vital for many developing countries (Mohamoud & Fréchaut, 2006; Omer & El Koury, 2005). They represent the second largest source of external finance and constitute a significant percent of the gross domestic product (GDP) for many countries. In 2015, global economic remittances to developing countries reached approximately 432 billion US dollars (Lubambu, 2014; Ratha, 2005; World Bank, 2016), but exact figures on remittances are difficult to ascertain since many transfers take place through unofficial, unrecorded informal channels. However, there is broad agreement that remittances have become a key source of external funding for many developing countries, including Mexico, Bangladesh, Lesotho, Tonga, Vietnam, the Philippines, Somalia, and Tajikistan, amongst others (Lu & Treiman, 2007; Maimbo & Ratha, 2005; Ratha, 2005).

As a young, developing, low-income country, Eritrea is faced with a myriad of significant socio-political and economic challenges. Additionally, in recent years, the country has experienced a considerable rate of emigration. However, while Eritrean emigration has generally been documented and explored (Bascom, 2005; DIS, 2014; Harper, 2016B; Kifleyesus, 2012; Tewolde, 2006), closely linked economic remittances have received much less coverage or attention. Accordingly, this paper explores the issue of economic remittances into Eritrea. What are the particular trends and amounts received, and how are remittances generally spent or used? For example, are remittances spent on basic consumer goods or are they channeled into human and physical investments? As well, the paper examines general perceptions about remittances and their impact upon society in Eritrea. Are remittances perceived as positive and sustainable or as a negative development that can be harmful to households and the nation?

This paper is significant for several reasons. First, with very little academic work conducted on remittances in relation to Eritrea, the study sheds light on an increasingly important topic and serves as a useful foundation for further research. Moreover, given the growing international focus on the role of remittances within development finance, Eritrea, with a large dependence on remittances, merits greater attention. While remittances have generally been understood to be a significant component of the Eritrean economy, this paper presents important details about the particular mechanisms through which remittances may impact Eritrean households and the economy. As well, through utilizing in-depth interviews, the study provides a deeper understanding of issues that generally escape traditional standardized surveys. Last, the paper offers meaningful implications for Eritrean policymakers and can support more effective policy approaches for managing remittances.

Literature Review

Although migration was often characterized as a process uprooting persons from their home country and reintegrating them into a new society and culture, it has increasingly been understood that migrants do not sever their relationships and ties with their home country. Rather, they forge and sustain multiple linkages and exchanges with it, often in the form of remittances (Schiller & Fouron, 1999; Markley, 2011; Portes, 1999, 2010). Several types of remittances exist, including technological remittances, characterized by the knowledge, skills and technology that migrants bring back home upon their return (Goldring, 2003; Nichols, 2002), political remittances, involving the changes in political identities, demands, perspectives, and practices nurtured by new political ideas and values of returning migrants into their homeland (Fitzgerald, 2000; Perez-Armendariz & Crow, 2009), and social remittances, which are the diffusion and circulation of different social norms, practices and ideas into migrant-sending and migrant-receiving areas (King, Lulle, & Buzinska, 2016; Levitt, 1998, 2001; Markley, 2011). Economic remittances, which are most researched, basically refer to the transfer of money and goods from migrants to relatives or friends in the origin country, and transfers can be sent via a variety of mechanisms or channels (IMF, 2009; Lozano, 1993). After foreign direct investment, they are the second largest source of external funding for developing countries (Lubambu, 2014; Maimbo & Ratha 2005; Ratha, 2005).

Economic remittances may be driven by a variety of motives. Based on evidence from household surveys and qualitative fieldwork, migrants may remit altruistically, to maintain ties to their families and communities, in exchange for favors or services (e.g. childcare or household tasks), or for self-interest, such as investment or future inheritances (Becker, 1974; Lucas & Stark, 1985; Poirine, 1997; Rapoport & Docquier, 2005; Sana & Massey, 2005; Stark, 1995). Remittances may also be sent to repay loans or investments. For example, migrants may send remittances to reimburse debts incurred prior to or in the process of emigration (Brown, 1997; Lucas & Stark, 1985). For many households, remittances serve as a form of insurance by helping to diversify earning risks. Specifically, since migrants often work in different geographical regions and economic sectors from other members of their household, their earnings, and subsequent remittances, can provide an important hedge to household earnings in the country of origin (Kapur, 2004; Ratha, 2013). Additionally, migrants also remit to insure against risks to their earnings in the host country (Amuedo-Dorantes & Pozo, 2006). Quite often, however, migrants combine a number of motives which are difficult to explicitly distinguish through survey or qualitative data, and these motives frequently also vary between migrants over time and across different settings (Garip, 2012; Lucas & Stark 1985; Niimi & Reilly, 2008).

Much of the growing literature on economic remittances examine the effect of remittances on social and development outcomes. Ratha (2013) suggests that remittances could play a key role as a significant "anti-poverty force" because they tend to increase the incomes of households in the developing world. For example, in a cross-country regression based on 74 low- and middle-income developing countries, Adams and Page (2005) found that a 10 percent increase in the share of remittances in a country's GDP could lead to an average 1.6 percent decline in the poverty headcount. Moreover, a 10 percent increase in the share of remittances led to an approximately 2 percent decline in the depth and severity of poverty (Adams & Page, 2005). Additionally, exploring El Salvador, Rivera Campos and Lardé de Palomo (2002) found that remittances helped reduce the national poverty rate by 4.2 percent and the Gini coefficient from 0.55 to 0.53. Similarly, in an analysis of remittance flow in 33 African countries for the period 1990–2005, Anyanwu and Erhijakpor (2010) found that the level, depth, and severity of poverty declined as remittances increased (measured as remittances as a share of GDP).

Evidence also suggests that remittances may help increase the level of investment in human capital. For example, in an examination of remittances and education in El Salvador, Cox-Edwards and Ureta (2003) found that in rural areas the probability of a child from a household receiving a 100-dollar monthly remittance leaving primary school is 56 percent lower than that of a child from a household not receiving a remittance. In urban areas, the probability was only 24 percent. As well, using data from a nationally representative household survey in Ghana, Adams, Cuecuecha, and Page (2009) found that households in Ghana receiving remittances spent more at the margin on education compared to what they would have spent without remittances. Such "remittanceinspired investments on education are important, because they can help to build human capital in Ghana" (Adams et al., 2009, p. 23). Likewise, in Ecuador, remittances increased school enrollment, significantly decreased the incidence of child work, especially for girls and within rural areas, and also served as a form of insurance by being utilized to finance education and choose the school type when households are faced with different economic shocks (Calero, Bedi & Sparrow, 2009).

In addition to supporting greater human development outcomes across a number of areas, remittances may positively impact savings, investment, and economic growth (Adams, 2003; Kapur, 2004; Ratha, 2013). For example, in a study of data spanning from 1980 to 2004 for 36 African countries, Fayissa and Nsiah (2010) found that remittances positively impacted economic growth by providing an alternative way to finance investments and helping to overcome liquidity constraints. As well, in a study of Pakistan, Adams (1998) found that international remittances had a positive and significant effect on the accumulation of physical assets in rural areas (i.e. irrigated and rain-fed land) by recipient households.

However, much work challenges these positive perspectives of remittances by showing that many recipient households spend remittances mostly on recurring household expenses, such as food, education, or health, while retaining only a small share for productive investments, such as acquiring land for farming or establishing a business (Clement, 2011; Lubambu, 2014; Meyers, 1997). For example, Lopez-Calix and Seligson's (1990) survey of the role of remittances in financing small business in San Salvador found that, on average, only 16 percent of remittances were utilized for investment purposes. Furthermore, in an extensive review of the literature by Chami, Fullenkamp and Jahjah (2003, pp.10-11), the authors report that a "significant proportion, and often the majority," of remittances are spent on "status-oriented" consumption, and that the ways in which remittances are typically invested – in housing, land and jewellery – are "not necessarily productive" to the economy as a whole. Generally, the evidence for remittances' potential to promote or sustain economic growth is inconclusive (Lubambu, 2014; Ratha, 2013). Remittances may contribute to a culture of dependency and reduce recipients' motivation to work and, thus, slow down growth, as well as contribute to significant inequalities (Chami et al., 2003; Lubambu, 2014; Ratha, 2005).

Research Design and Methodology

Between January 2016 and March 2017, I conducted in-depth, semi-structured interviews with individuals, households, and key informants across Eritrea. Individuals and households were selected through convenience and snowball sampling techniques. Key informants were from several educational institutions (e.g. the College of Arts and Social Sciences), the Ministry of Information, the Ministry of Finance, the National Union of Eritrean Women (NUEW), and several private businesses.

Interviews were open-ended and semi-structured (Hammer & Wildavsky, 1989), a particularly useful format since the study retained many exploratory features. Furthermore, open-ended questions offered respondents an opportunity to organize responses within their own framework, thus, potentially increasing the validity of responses. While the interviews and questions were semi-structured, they involved many follow-up queries and creative locutions (e.g. "why" and "what else") in order to further probe issues of merit or pursue clarity (Hammer & Wildavsky, 1989).

All interviews began after obtaining verbal consent and were generally conducted in person or by telephone. Conversations lasted between thirty minutes and two hours and were conducted in either Tigrinya or English, which are two of Eritrea's three national working languages. During all interviews, hand-written notes were taken, with transcription, i.e. formal write-up occurred shortly afterward, often the same day, in order to reduce errors and ensure a high degree of accuracy and detail (Newing, 2011).

Additionally, the paper is guided by numerous informal conversations and small group discussions, and an extensive review of literature, data, and materials collected from an assortment of sources, such as non-governmental organizations (NGOs), government ministries, and regional or global organizations, e.g. the United Nations Development Program and World Health Organization. Documents and materials examined included general surveys and reports, laws and guidelines, websites, newsletters, press releases or statements, government publications, and countless articles available from the Lexis-Nexis database or general online searches.

Data analysis is based on data triangulation: obtaining, comparing, and contrasting evidence from a wide range of data sources (Bieri, 2010; Creswell & Miller, 2000; Yin, 2003). Relying on multiple sources of data allows for the convergence of various lines of inquiry, strengthens validity (Creswell & Miller, 2000; Yin, 2003), and is important in gaining cumulative insights and acquiring a broader, richer perspective of remittances in the context of Eritrea.

Results

Eritrea

Eritrea is a young, low-income country located within the fractious Horn of Africa region. After waging one of the longest liberation wars of the 1900s, it eventually gained independence in 1991. Eritrea has an area of approximately 124,000 square kilometers, and is divided into six main political administrative regions (zobas) – Debub, Gash Barka, Maekel, Southern Red Sea, Northern Red Sea, and Anseba. Eritrea has a population of approximately 3.5 million people, which is distributed between nine separate ethno-linguistic groups, and its per-capita GDP is approximately US $700. The population of Eritrea is split almost evenly between Christianity and Islam, with each representing nearly half of the population (EPHS, 2010; IMF, 2016; World Bank, 2015).

Notably, Eritrea has made commendable progress within the health sector, especially upon the United Nations Millennium Development Goals (MDGs); life expectancy has increased; maternal, infant and child mortality rates have been reduced dramatically; immunization coverage has rocketed; malaria mortality and morbidity have plummeted; and HIV prevalence has decreased considerably (Eritrea MDG, 2014; Pose & Samuels, 2011; UNDP, 2014; WHO, 2014). Although these developments reflect considerable progress, the country continues to face a variety of significant issues, including poverty reduction, socio-political challenges, erratic rainfall and the potential for severe drought, infrastructure development, food security, a shortage of skilled labor, macroeconomic imbalances, regional conflict and instability, and international sanctions (AfDB, 2016; EPHS, 2010; Eritrea MDG, 2014; IMF, 2003; Pose & Samuels, 2011; World Bank, 2015).

Remittances

Eritrean emigration has a long, complex history dating back to the post-World War II period which was marked by economic recession amidst the abrupt end to the country's industrialization drive under Italian colonialism. Emigration would continue and increase during the country's protracted war for independence which lasted from 1961 until 1991 (Kifleyesus, 2012; Pool, 2001; Riley & Emigh, 2002; Tewolde, 2006). The conflict led tens of thousands of Eritreans to flee to neighboring countries, particularly Sudan, the Middle East, Europe, and North America. Throughout the conflict, many households as well as the independence movement in Eritrea were dependent upon financial support from abroad. In 1987, for example, even though the number is questioned by some, it has been reported that 42 percent of households reported that remittances from Eritrean migrant workers based in Italy were their principal source of income (Tewolde, 2005). Ultimately, the staunch political advocacy and considerable financial backing of Eritreans abroad, with many contributing significant amounts of their income, were important in supporting many families and playing a positive role in helping bring about the country's independence (Bereketeab, 2007; Negash, 1997; Pateman, 1990; Sorenson, 1990).

Since independence, emigration from Eritrea has continued due to conflict and a range of socio-political and economic factors (Bereketeab, 2007; DIS, 2014; Harper, 2016B; Kifleyesus, 2012; Tewolde, 2006). However, Eritrean migrants preserve strong links with their country and communities of origin, particularly through remittances.

Remittances make up a significant portion of the country's GDP and are an important source of foreign exchange (Fessehatzion, 2005; IMF, 2003; Kifle, 2009; MDG Report, 2005; Sander & Maimbo, 2003; Tewolde, 2006; Yamauchi, 2004). Shortly after independence, annual remittances were estimated to be greater than US $70 million, thus exceeding annual official development assistance and foreign investment (Connell, 1997), while from 1993 to 2003, the ratio of remittances to GDP averaged 37 percent (IMF, 2003). Notably, from 1990 to 2001, Eritrea's annual cumulative average remittances received placed it in the top ten in Africa (Sander & Maimbo, 2003), and in 2016, the African Development Bank (AfDB) reported that Eritrean remittances were "rising" (AfDB, 2016).

Although accurate and detailed recent or current national figures are unavailable, it is unlikely that overall trends for remittances in Eritrea have changed greatly. In 2009 and 2011, through United Nations Security Council Resolutions, Eritrea was placed under international sanctions, while Eritrean emigration has continued at a high rate – both factors which have likely contributed to sustaining the country's dependence upon and large inflow of remittances.

Based on interviews and group discussions, remittances are a vital source of income for many Eritrean households. The vast majority of individuals and households stated that they receive remittances, and suggested that remittances were fairly common to many households. Even those that claimed to not receive remittances acknowledged that they were in the minority and that most neighbors or others within their networks or community "regularly" received remittances (Acosta, Fajnzylber, & Lopez 2007; Orozco, 2006). As put by one male respondent, an electrician with a wife and five young children, "There are only a few [individuals or households] I know of who do not [receive remittances]." These findings correspond with previous work showing that remittances were highly common to many Eritrean households (Kifle, 2007; Tewolde, 2005).

While remittances are common to many households, there is considerable variance in terms of amount and frequency received. Interviews and group discussions revealed that some households receive several hundred dollars annually (i.e. US $100-300) while others receive considerably more (i.e. above US $1000). In terms of frequency, some households receive remittances several or numerous times annually (i.e. 4 or more), while others receive remittances only sporadically (i.e. 1-2 times). Although remittances are generally sent throughout the year, holiday or celebratory periods are particularly popular for both socio-cultural and practical reasons, e.g. Christmas, Easter, Eid, as well as funerals, births, birthdays, and weddings.

A common factor influencing the receipt of remittances is the general socio-political and economic status of Eritrean migrants abroad. Respondents suggested that when relatives or friends abroad were faced with challenges, e.g. unemployment, remittances tended to decrease or even completely cease. For example, one respondent stated, "Since my brother [residing in Western Europe] lost his job, he hasn't sent much, and we only speak by telephone." It is important to note that due to various factors, e.g. economic recession, many popular destination countries for migrants have revised their policies toward migrants and labor in recent years, thus negatively impacting employment prospects for migrants and, in turn, reducing their potential for remittances. In Israel, which in the mid-2000s was a popular destination for migrants and refugees from the Horn of Africa, particularly Eritrea and Sudan, in recent years, migrants become subjected to harsh detention and expulsion, restrictions on employment, and both extreme backlash and hostility from the government and various segments of the Israeli population (Sabar & Tsurkov, 2015). One respondent with family members and friends based in Israel commented, "The [work] situation there has changed [negatively] in recent years. Without work, [you] cannot send money."

Motivating Factors

In Eritrea, remittances are driven by economic survival. The ongoing "no war, no peace" stalemate with Ethiopia has eliminated important trade ties and a vital market, and although Eritrea has experienced economic growth in recent years reflecting improved economic activity and increased foreign investment, it remains a poor country with many living in poverty. Additionally, there are many single and female-headed households, particularly within rural areas. (AfDB, 2012; IMF, 2016; MDG Report, 2005; Rena, 2009; World Bank, 2015). According to the MDG Report of 2005, approximately 67 percent of the population was living below the national poverty line with 67 percent living in rural areas. Generally, salaries in Eritrea remain low, inflation is a challenge, and prices for many goods and services (especially imports) are high. Respondents noted that economic survival for families without links to the diaspora (and thus remittances) is quite demanding. During one interview, a middle-aged single male living in Asmara outlined the challenges he faced receiving a salary of less than 900 Nakfa (Yamauchi, 2004) per month, "Just my [monthly house] rent is 1200 Nakfa...then you have everything else...food, clothes, other things. It is difficult." In this context, remittances clearly represent a crucial lifeline.

An important dimension of the socio-economic situation in Eritrea is national service. All Eritreans between 18 and 40 years are required to participate in national service involving six months of military training and 12 months of civic duty. In practice, however, national service is often extended, particularly due to the ongoing "no peace, no war" stalemate with neighboring Ethiopia. Extended service and low salary mean that much of the working-age population struggles to provide for themselves and their family. Furthermore, although Eritrea is rapidly urbanizing, it is still primarily agrarian, with much of the population residing in rural areas and engaged in traditional agricultural activities (EPHS, 2010). Consequently, when people are engaged in national service, they are limited in their ability to contribute to household agricultural duties. Thus, remittances are a vital source of income for many households.

By sending remittances, migrants fulfill important traditional and customary familial duties and expectations to make a living and care for their immediate and extended families. While the government spends considerably on social security and services, offering subsidies for food and basic items, as well as providing free education and medical care, the country's public welfare system is still underdeveloped and many individuals and households face considerable challenges (AfDB, 2012; UNHRC Report, 2009). For example, many Eritreans must continue to work well after the age of 65 (EPHS, 2010). The most common social safety net mechanism available is the Martyr's Fund which supports the families of fallen soldiers (AfDB, 2012; Ghebrehewit, 2011). In the absence of large-scale public welfare, social safety nets are based on family networks and remittances. For example, during a small group discussion in Adi Keih (a small town located near the Ethiopian border), a number of young respondents emphasized the importance of familial bonds and ties before noting, "We don't openly ask for money... they [family or friends abroad] all know the situation here and support us." Similarly, another respondent from Keren simply stated, "Caring for family is part of our culture." These perspectives are corroborated by the few previous studies examining remittances in Eritrea. A survey by Tewolde (2005) reveals that the main motivation for Eritrean migrants to remit was to support family, while an exploration of Eritrean migrants in Germany finds that nearly all migrant households remitted altruistically in order to "help close family members" (Kifle, 2009).

Additionally, since it is common for many migrants to receive financial support from family and friends prior to or during the emigration process, it is highly likely their remittances may also serve as exchange or repayment. For example, when asked to describe his household's experience with remittances, Samson, a respondent from a small village south of Asmara, explained that the remittances his household received from his brother in Europe were used to "repay" relatives and close friends who had helped finance his brother's original journey. A valid passport, exit visa, and international health certificate are required in order to leave Eritrea legally

(GoE 1992); however, with emigrants often leaving Eritrea through illegal channels, many respondents may have been uncomfortable to openly discuss this dimension of remittances (GoE 1992).

Transfer Mechanisms

Recent data about remittance transfers to Eritrea is unavailable. However, based on interviews, group discussions, and informal conversations, most remittances to Eritrea are sent via informal, unofficial channels. Many respondents detailed how friends or relatives abroad provided foreign cash remittances during visits or sent foreign cash remittances with personal carriers, e.g. friends, relatives, or trusted others. Once the remittance is received in Eritrea, it is exchanged within informal markets with local brokers or agents, who tend to be traders and small shopkeepers, but at unofficial exchange rates. These rates are often far greater than the official exchange rate. For example, while official exchange rates offer about 15 Nakfa per 1 US dollar, the informal market may offer between 30 to 60 Nakfa (GoE, 2013; Kifle, 2009). Importantly, although travelers have traditionally had to declare all currency upon entering and leaving Eritrea, the policy was changed in early 2013 via Proclamation No. 173/2013 (issued 23 February 2013), and declaration is now only required when bringing in or taking out amounts exceeding US $10,000 (GoE, 2013).

As well, many individuals and households described utilizing the "hawala" system, which is rooted in the strong, historical familial and network ties established within the large diaspora and involves transferring money through third persons, specifically, migrants who want to remit contact or give foreign currency to a broker abroad. The foreign-based broker then contacts a local broker who gives local beneficiaries their remittance in Nakfa but at unofficial exchange rates. Generally, this mechanism often also requires local recipients from many small, rural areas to travel to larger, urban areas (e.g. Asmara) to collect transfers.

While less common, some respondents also explained receiving money from abroad directly deposited into their local bank accounts. Although utilizing this method means that local recipients can draw on their remittances without paying fees associated with international money transfers, it is not widely practiced because exchange rates fall far below those within informal markets. Moreover, depositing fees incurred by migrants abroad make this method less popular. For example, during an interview, Almaz, a migrant living in North America and who regularly sent remittances to her elderly relatives through friends and relatives, stated, "It is cheaper to use [informal] methods."

Although illegal and despite the fact that remittance receiving households do not incur service fees, informal systems have been popular in Eritrea for many years (Tewolde, 2005; IMF, 2003). Beyond the great discrepancy between official and unofficial exchange rates, informal channels are also preferred due to the general shortage of money transfer operators (MTOs), especially within rural areas, and because they are relatively simple. Informal channels are often quicker than formal channels, and they also do not require senders or recipients to establish accounts. Notably, this significance of speed and ease underscores the fact that one of the many challenges for migrants and remittances worldwide is inefficient domestic banking services that delay final payments to beneficiaries (Maimbo & Ratha, 2005).

Importantly, in November 2015, the Government of Eritrea issued new Nakfa notes and also began to crackdown on black market exchange activities (Shabait, 2015). Shortly thereafter, unofficial exchange rates dropped to only slightly higher than official rates (fluctuating from 18 to 26 Nakfa per dollar), and many were deterred due to legal penalties. With these developments ongoing and in the process of unfolding, further exploration is required to understand their long-term implications.

Consumption

An important dimension of remittances is how they are utilized. Remittances may positively impact social and development outcomes, and promote savings, investment, and economic growth (Adams, 2003; Kapur, 2004; Ratha, 2013). In contrast, however, evidence also shows that many recipient households spend remittances mostly on recurring household expenses and retain only a small share for productive investments, such as acquiring land for farming or establishing a business (Clement, 2011; Lubambu, 2014; Meyers, 1997).

Based on interviews and group discussions, very few recipient households use remittances for investment expenditures (e.g. establishing small-scale enterprises). Instead, remittances are largely spent on basic household items or associated costs (e.g. monthly rent, food, clothes, medicine, etc.). The high proportion of remittances spent on consumption underscores how migration and remittances are part of the strategy of migrants and their families to escape poverty and raise their standard of living. In Eritrea, salaries are generally low, many live in poverty, and prices for goods and services are often high (especially imports) (IMF, 2003). Furthermore, many Eritreans lack access to insurance, credit (particularly women), or extensive social services, and are thus highly vulnerable to income shocks. Consequently, remittances serve as a vital coping mechanism and support subsistence consumption. During a discussion, a group of middle-aged mothers (both single and married) residing in the southern part of Asmara described how, rather than establishing microenterprises, the remittances they received were spent, "Mainly on food, clothes, and other [necessary] things around the house" (Tewolde, 2006) or education (Kifle, 2007), while another respondent explained that without remittances he would be unable to afford his costs of living.

In addition, respondents noted that conspicuous consumption also occurs. In a small group discussion about their experience with remittances, numerous respondents explained that remittances were frequently used to purchase status-oriented items. "You see people spending on different things...new phones...electronics...gold," they pointed out. Several respondents also animatedly pointed out remittances were sometimes spent on large, relatively extravagant weddings, stating, "If you attend a wedding, it's clear [the hosts] are receiving [considerable remittances]. All of the costs...food, band, guests....it isn't possible with local salaries."

Partly, basic and conspicuous consumption occur because, as some respondents explained, productive investments can often prove "difficult and expensive." For example, the fees associated with obtaining (and renewing) business licenses, operation, and maintenance are frequently high, and the remittances received by many, although increasing access to working capital, are not adequate to overcome these costs. “I would need more [remittances],” concluded one respondent.

Although not generally openly discussed or acknowledged by respondents, remittances are likely also utilized to support housing construction and emigration. While the former was officially suspended in 2005/6, houses have been built in various regions. Regarding emigration, it frequently occurs via illegal channels and often entails considerable costs. Notably, Eritrean government officials have suggested that remittances are being used to help “people leave Eritrea instead of supporting relatives at home” (Harper, 2016A).

General Perceptions

Throughout interviews, group discussions, and informal conversations, individuals and households shared a wide range of thoughts and perceptions about remittances. According to some respondents, remittances were “positive” since they allowed people to support family and friends. As put by one respondent, “the economy here [in Eritrea] is weak...so people leave, but [their remittances] help their families and sustain our economy.”

In contrast, however, other respondents were quick to mention potential drawbacks arising from remittances, suggesting remittances contributed to dependency. As put by several young respondents during an enthusiastic group discussion, “People have become lazy. [They think] ‘Why work when you can just get support from family abroad?’” This perspective is substantiated by previous surveys conducted in Eritrea illustrating that remittances reduce recipients’ incentives to be economically active (Arneberg & Pedersen, 2001). Importantly, through reducing labor participation, remittances in Eritrea can consequently inhibit economic growth.

Moreover, many respondents explained that remittances were only possible since people were emigrating, and that the discussion of remittances should be undertaken within this context. According to some respondents, although remittances were flowing in, the country was losing “its youth…its future…the productive capacity.” While the emigration of unskilled workers can offer crucial benefits to low-income, developing countries such as Eritrea via remittances and address unemployment or underemployment (Dayton-Johnson, Pfeiffer, Schuettler, & Schwinn, 2009; Ratha, 2005), the loss of skilled workers can pose significant drawbacks. Specifically, the emigration of the highly-skilled may lead to a loss of public resources invested in education and training, a reduction in productive capacity and productivity spillovers, a decrease in the economy’s ability to innovate or adapt to modern technologies, and a shortage in vital sectors, such as education or health (Dodani & LaPorte, 2005; Marchiori, Shen, & Docquier, 2013).

According to a diplomat in Eritrea, the potential benefits of remittances arising from emigration have been outweighed by a “serious capacity shortage” in the country (Harper, 2016A), while Yemane Gebreab, the Presidential Advisor, has noted that emigrants from Eritrea often represent a “loss” to the country since they are “young and well-educated,” and since the country has “invested a lot of resources and money” on them (Gebreab, 2016).

Conclusion

For Eritrea, a low-income, developing country, remittances constitute a large part of the economy and are a critical source of foreign exchange. Furthermore, they are an indispensable source of income and subsistence for a large number of individuals and households. Remittances to Eritrea are mainly sent to family and relatives, and although they may be transferred via several different mechanisms, informal channels are predominantly used. Additionally, results suggest that recipients do not utilize remittances for productive investment expenditures. Instead, remittances are interpreted as a short-term coping strategy that helps dependent households achieve a basic level of consumption. It is important to note however, that consumption toward other areas, e.g. housing and emigration, are likely understated. Generally, perceptions and views toward remittances are mixed. While many see remittances as beneficial and as a crucial source of support, others, in contrast, perceive remittances negatively, linking them to problematic issues such as unemployment and dependency.

Possessing a large diaspora, and with remittances constituting a large part of the economy and representing an important source of income for households, Eritrea can undertake several steps to better manage and leverage remittances for their effective use and potential contribution to development. For example, remittances can strengthen the formal financial infrastructure (e.g. improving technology), promote access to reliable and effective financial services particularly within rural areas, and increase the number of institutions that can transfer money.

Encouragingly, according to officials, the country is planning to introduce or expand a range of financial or banking services, e.g. mobile banking, checks, credit, and debit. Importantly, greater access to formal and effective financial services, especially for rural areas, where there are significant gaps, can increase confidence, support the creation of assets, wealth, and investment, help reduce poverty, significantly reduce time and travel costs, promote greater use of formal transfer mechanisms and help channel migrants' remittances into the formal financial system. Furthermore, a greater number of money transfer options will increase competition and reduce the costs and time associated with transferring money, lower informal market demand and encourage the use of formal transfer mechanisms, and potentially also increase the amount sent (Burgess & Pande, 2005; Ratha, 2003, 2013; Sander & Maimbo, 2003).

Importantly, with many recipient households utilizing remittances for basic consumption, Eritrea can promote financial education and literacy to increase investment and help recipients more effectively and productively manage and utilize their financial resources. Notably, financial education has been found to positively impact savings and asset creation (IOM, 2014; Tar & Voorips, 2012). As well, Eritrea can work to improve the investment climate in the country through, for example, establishing clear, sound, transparent economic policies, promoting accountability and good governance, and establishing premium interest rate policies. Such steps could encourage remittances and investment, and ultimately contribute to growth. Cross-country comparisons reveal that remittances are affected by the investment climate in recipient countries in the same manner as capital flow, however to a much lesser degree. For example, from 1996 to 2000, remittances averaged approximately 0.5 percent of GDP in countries with a "higher-than-median" level of corruption compared to 1.9 percent in countries with "lower-than-median" corruption. Furthermore, countries that were more open (measured by trade to GDP ratio) also received larger remittances (Ratha, 2005).

As well, in order to improve the potential developmental impact of remittances, the government can consider linking remittances with micro-enterprise programs. Greater access to capital can encourage entrepreneurial and investment activity, help reduce poverty and inequality, and have a positive effect on growth (Demirgüç-Kunt, Beck, & Honohan, 2008; Honohan & Beck, 2007). In Eritrea, beyond lack of financial literacy and education, the considerable costs associated with business licensing, operations, and maintenance serve as significant barriers to entry. Consequently, linking remittances to micro-enterprises could provide key financing to start-up enterprises and promote the growth of the micro- and small-enterprise sector, ultimately increasing employment and income for many Eritreans.

Another important issue for consideration is the great discrepancy between official and unofficial exchange rates in Eritrea. With the difference quite sizeable, many Eritreans understandably turn to informal channels for transfers and exchanges. Ultimately, effectively addressing this discrepancy – for example, increasing the number of foreign exchange bureaus could increase competition and thus contribute to more competitive rates – would likely see more transfers conducted through formal channels, an improvement in trust and confidence in the government, and a reduction in black market or illicit activities.

While this paper sheds light on remittances into Eritrea, there was a range of limitations. Remittance figures remain difficult to estimate due to the fact that many transfers take place through unofficial channels, while data about the amounts transferred through formal mechanisms is unavailable. Lacking clear and accurate figures, full understanding of remittance magnitude, impact or implications (e.g. developmental outcomes), and potential policy reforms within Eritrea is limited. Additionally, although confidentiality was assured and respondents were informed about the study objectives, some respondents may have understated or been reluctant to disclose the amount of remittances received and information regarding their consumption. Remittances and related migration are sensitive topics in Eritrea, and some respondents were initially hesitant to share information. Accordingly, it is difficult to develop a fully accurate picture of remittances received in Eritrea.

Moving forward, beyond the need for better and more accurate data, future research can explore the long-term macro- and micro-economic effects of remittances. As well, while this paper explored remittance transfers between individuals and families, future research may examine remittance transfers by migrant communities or groups who make collective remittances to their home communities. Last, with remittances constituting more than economic transfers, future research can explore the extent, role, and potential impact of other types of remittances into Eritrea, such as social, technological, or political.

References

Acosta, P., Fajnzylber, P., & Lopez, J. H. (2007). *The impact of remittances on poverty and human capital: Evidence from Latin American household surveys*. (World Bank Policy Research Working Paper 4247, 1-36).

Adams, R. H., Jr. (1998). Remittances, investment, and rural asset accumulation in Pakistan. *Economic Development and Cultural Change, 47*, 155-173.

Adams, R. H., Jr. (2003). *International migration, remittances, and brain drain: A study of 24 labor exporting countries* (Policy Research Working Paper 3069). Washington, DC: The World Bank.

Adams, R.H. Jr., & Page, J. (2005). The impact of international migration and remittances on poverty. In S. M. Maimbo & D. Ratha (Eds.), *Remittances: Development impact and future prospects* (pp. 277-306). Washington, DC: The World Bank.

AfDB. (2012). *Eritrea: African Economic Outlook.* Abidjan: African Development Bank Group.

AfDB. (2016). *African Economic Outlook: Sustainable Cities and Structural Transformation*. Abidjan: African Development Bank Group.

Anyanwu, J. C. & Erhijakpor, A. E. O. (2010). Do international remittances affect poverty in Africa? *African Development Review, 22*, 51-91.

Arneberg, M., & Pedersen, J. (2001). *Urban household and urban economy in Eritrea: Analytical report from the urban Eritrea household income and expenditure survey 1996/97*. Oslo, Norway: Fafo Institute for Applied Social Science.

Bascom, J. (2005). The last ‘long step’: Reintegration of repatriates in Eritrea. *Journal of Refugee Studies, 18*(2), 165-188.

Becker, G. (1974). A theory of social interactions. Journal of Political Economy, 82, 1095-1117.

Bereketeab, R. (2007). The Eritrean Diaspora: Myth and reality. In U. Johansson Dahre (Ed.), *The role of Diasporas in peace, democracy and development in the Horn of Africa* (pp. 79-96). Lund, Sweden: Media-Trych Sociologen.

Bieri, F. (2010). *From blood diamonds to the Kimberley process: How NGOs cleaned up the global diamond industry*. Burlington, VT: Ashgate Publishing Limited.

Brown, R. P. C. (1997). Estimating remittance functions for Pacific Island migrants. *World Development, 25*(4), 613-626.

Burgess, R., & Pande, R. (2005). Can rural banks reduce poverty? Evidence from the Indian social banking experiment. *American Economic Review, 95*(3), 780-796.

Calero, C., Bedi, A. S., & Sparrow, R. (2009). Remittances, liquidity constraints and human capital investments in Ecuador. *World Development, 37*(6), 1143-1154.

Chami, R., Fullenkamp, C., & Jahjah, S. (2003). *Are immigrant remittance flows a source of capital for development?* (International Monetary Fund (IMF) Working Paper, 03/189). Washington, DC: International Monetary Fund.

Clement, M. (2011). Remittances and household expenditure patterns in Tajikistan: A propensity score matching analysis. *Asian Development Review, 28*(2), 58-87.

Connell, D. (1997). *Against all odds: A chronicle of the Eritrean Revolution*. Lawrenceville, NJ: The Red See Press, Inc.

Cox-Edwards, A., & Ureta, M. (2003). International migration, remittances and schooling: Evidence from El Salvador. *Journal of Development Economics, 72*(2), 429-461.

Creswell, J., & Miller, D. (2000). Determining validity in qualitative inquiry. *Theory into Practice, 39*(3), 124-130.

Danish Immigration Service (DIS). (2014). *Eritrea – Drivers and root causes of emigration, national service and the possibility of return: Report from the Danish immigration service'sfact-finding missions to Ethiopia and Eritrea*. Copenhagen, Denmark: Danish Immigration Service.

Dayton-Johnson, J., Pfeiffer, A., Schuettler, K., & Schwinn, J. (2009). Migration and employment. In *Promoting Pro-Poor Growth: Employment*. Paris, France: Organisation for Economic Cooperation and Development.

Demirgüç-Kunt, A., Beck, T., & Honohan, P. (2008). *Finance for all? Policies and pitfalls in expanding access: A World Bank policy research report.* Washington, DC: World Bank.

Dodani, S., & LaPorte, R. E. (2005). Brain drain from developing countries: How can brain drain be converted into wisdom gain? *Journal of the Royal Society of Medicine, 98*(11), 487-491.

EPHS. (2010). *Eritrea: Population and health survey: 2010*. Asmara, Eritrea: The State of Eritrea and the National Statistics Office.

Eritrea MDG. (2014). *Health millennium development goals report: Innovations driving health MDGs in Eritrea.* Retrieved from www.er.undp.org/content/dam/eritrea/docs/MDGs/ Eritrea%20Health%20MDGs%20Report%202014.pdf?download.

Fayissa, B., & Nsiah, C. (2010). The impact of remittances on economic growth and development in Africa. *The American Economist, 55*(2), 92-103.

Fessehatzion, T. (2005). Eritrea's remittance-based economy: Conjectures and musings. *Eritrean Studies Review, 4*(2), 165-183.

Fitzgerald, D. (2000). *Negotiating extra-territorial citizenship: Mexican migration and the transnational politics of community*. Retrieved from https://www.rienner.com.

Garip, F. (2012). An integrated analysis of migration and remittances: Modeling migration as a mechanism for selection. *Population Research and Policy Review, 31*(5), 637-663.

Gebreab, Y. (2016). Les Erythreens savant ce qu il faut dire. *24 Heures (Swiss News Program).* Retrieved from http://www.24heures.ch/suisse/Les-Erythreens-savent-ce-qu-il-faut-dire/story/23234290 (in French).

Ghebrehewit, K. (2011). Well-being of society is a national priority. Retrieved from www.shabait.com/articles/nation-building/5763-well-being-of-society-is-a-national-priority.

Goldring, L. (2003). Re-thinking remittances: Social and political dimensions of individual and collective remittances. Retrieved from http://www.yorku.ca.

Government of Eritrea GoE. (1992). *Gazette of Eritrean Laws: Proclamation No. 24/1992*. Asmara, Eritrea.

Government of Eritrea (GoE). (2013). *Gazette of Eritrean Laws 21/2013(1)*. Retrieved from http://www.embassyeritrea.org/Proclamations/Proclamation_No_173_2013_1.pdf.

Hammer, D., & Wildavsky, A. (1989). The open-ended, semi-structured interview: An (almost) operational guide. *In Craftways: On the organization of scholarly work* (pp. 57-101). New Brunswick, NJ: Transaction Publishers.

Harper, M. (2016A). Has Eritrea's self-reliant economy run out of puff?" *BBC World News Service.* Retrieved from http://www.bbc.com/news/world-africa-36786965?ocid=socialflow_twitter.

Harper, M. (2016B). Has Eritrea's migration problem been exaggerated? *BBC World News Service.* Retrieved from http://www.bbc.com/news/world-africa-36469286.

Honohan, P., & Beck, T. (2007). *Making finance work for Africa.* Washington, DC: World Bank.

International Monetary Fund (IMF). (2016). World economic outlook database: April 2016. Washington, DC: International Monetary Fund.

International Monetary Fund (IMF). (2003). *Eritrea: Selected issues and statistical appendix* (IMF Country Report No. 03/166). Washington, DC: International Monetary Fund.

International Monetary Fund (IMF). (2009). *International transactions in remittances: Guide for compilers and users.* Washington, DC: International Monetary Fund.

International Organization for Migration (IOM). (2014). *Handbook to develop projects on remittances: good practices to maximize the impact of remittances on development.* Brussels: International Organization for Migration.

Kapur D. (2004). *Remittances: The new development mantra?* (G-24 Discussion Paper Series, No. 29). Washington, DC: The World Bank.

Kifle, T. (2007). Do remittances encourage investment in education? Evidence from Eritrea. GEFAME: *Journal of African Studies, 4*(1).

Kifle, T. (2009). Motivation of remittance senders: Evidence from Eritrean immigrants in Germany. *Institute for World Economics and International Management, University of Bremen, 116*, 1-38.

Kifleyesus, A. (2012). Women who migrate, men who wait: Eritrean labor migration to the Arab near east. *Northeast African Studies, 12*(1), 95-127.

King, R. (2012). *Theories and typologies of migration: An overview and a primer* (Willy Brandt Series of Working Papers in International Migration and Ethnic Relations: Malmö Institute for Studies of Migration, Diversity and Welfare, 3/12, 1-48).

King, R., Lulle, A., & Buzinska, L. (2016). Beyond remittances: Knowledge transfer among highly educated Latvian youth abroad. *Sociology of Development, 2*(2), 183-203.

Levitt, P. (1998). Social remittances: Migration driven local-level forms of cultural diffusion. *International Migration Review, 32*, 926-948.

Levitt, P. (2001). *The transnational villagers.* Berkeley, CA: University of California Press.

Lopez-Calix, J. R., & Seligson, M. (1990). Small business development in El Salvador: The impact of remittances. *Report of the Commission for the Study of International Migration and Cooperative Development.* Washington, DC: Government Printing Office.

Lozano, F. (1993). *Bringing it back home: Remittances to Mexico from migrant workers in the United States.* La Jolla, CA: Center for U.S.-Mexican Studies, University of California at San Diego.

Lu, Y., & Treiman, D. (2007). *The effect of labor migration and remittances on children's education among Blacks in South Africa.* California Center for Population Research: Working Paper Series, 1(1), 1-62.

Lubambu, K. M. K. (2014). *The impacts of remittances on developing countries.* Brussels: European Parliament: Directorate-General for External Policies of the Union.

Lucas, R. E., & Stark, O. (1985). Motivations to remit: Evidence from Botswana. *Journal of Political Economy, 93*(5), 901-918.

Marchiori, L., Shen, I. L., & Docquier, F. (2013). Brain drain in globalization: A general equilibrium analysis from the sending countries' perspective. *Economic Inquiry, 51*(2), 1582-1602.

Markley, E. (2011). Social remittances and social capital: Values and practices of transnational social space. *Quality of Life/Calitatea Vietii, 22*(4), 365-378.

McNeill, W., & Adams, R. S. (Eds.). (1978). *Human migration: Patterns and policies.* Bloomington, IN: Indiana University Press.

Meyers, D. W. (1997). *Migrant remittances to Latin America: Reviewing the literature* (Working Paper - Tomas Rivera Policy Institute and Inter-American Dialogue). Retrieved from http://www.thedialogue.org/publications/meyers.html.

Millennium Development Goals Report (MDG Report). (2005). *Millennium development goals report: 2005.* Asmara, Eritrea: The State of Eritrea, United Nations Eritrea.

Mohamoud, A. A., & Fréchaut, M. (2006). Social remittances of the African Diasporas in Europe. Retrieved from http://www.coe.int/t/dg4/nscentre/Publications_en.asp.

Negash, T. (1997). *Eritrea and Ethiopia: The federal experience.* New Brunswick, NJ: Transaction Publishers.

Newing, H. (2011). Qualitative interviews and focus groups. In H. Newring (Ed), *Conducting research in conservation: Social science methods and practice.* New York, NY: Routledge.

Nichols, S. (2002). Another kind of remittances: Transfer of agricultural innovations by migrants to their communities of origin. Paper Presented at the Second Colloquium on International Migration: Mexico-California. March 29-30, 2002. University of California, Berkeley.

Niimi, Y., & Reilly, B. (2008). *Gender differences in remittance behavior: Evidence from Viet Nam* (Asian Development Bank (ADB) Economics: Working Paper Series. No. 135: 1-31).

Omer, A., & El Koury, G. (2005). Regulation and supervision in a Vacuum: The story of the Somali remittance sector. In S.M. Maimbo & D. Ratha (Eds.), *Remittances: Development impact and future prospects* (pp. 227-242). Washington, DC: The World Bank.

Orozco, M. (2006). *Understanding the remittances economy in Haiti.* (Paper commissioned by the World Bank). Washington, DC: World Bank.

Pateman, R. (1990). *Eritrea: Even the stones are burning.* Trenton, NJ: The Red Sea Press, Inc.

Perez-Armendariz, C., & Crow, D. (2009). Do migrants remit democracy? International migration, political beliefs, and behavior in Mexico. *Comparative Political Studies*, *43*(1), 119-148.

Poirine, B. (1997). A theory of remittances as an implicit family loan arrangement. *World Development, 25*(4), 589-612.

Pool, D. (2001). *From guerrillas to government: The Eritrean People's Liberation Front.* Oxford: Oxford University Press.

Portes, A. (1999). Towards a New World – The origin and effects of transnational activities. *Ethnic and Racial Studies, 22*(2), 465-477.

Portes, A. (2010). Migration and social change: Some conceptual reflections. *Journal of ethnic and migration studies*, *36*(10), 1537-1563.

Pose, R.R., & Samuels, F. (2011). *Progress in health in Eritrea: Cost-effective inter-sectoral interventions and a long-term perspective.* London: Overseas Development Institute.

Rapoport, H., & Docquier, F. (2005). *The economics of migrants' remittances.* Bonn: IZA Discussion Paper Series. No. 1531.

Ratha, D. (2003). Worker's Remittances: An Important and Stable Source of External Development Finance." In World Bank (Ed.), *Global Development Finance: Striving for stability in development finance*, *Volume I: Analysis and statistical appendix* (pp. 157-175). Washington, DC: World Bank.

Ratha, D. (2005). Workers' remittances: An important and stable source of external development finance. In S.M. Maimbo & D. Ratha (Eds.), *Remittances: Development impact and future prospects* (pp. 19-52). Washington, DC: The World Bank.

Ratha, D. (2013). *The impact of remittances on economic growth and poverty reduction.* Washington, DC: Migration Policy Institute.

Rena, R. (2009). Poverty in Eritrea: Challenges and implications for development. *International Social Science Journal*, *60*(197-198), 325-335.

Riley, D., & Emigh, R. J. (2002). Post-colonial journeys: Historical roots of immigration and integration. *Comparative Sociology, 1*(2), 169-193.

Sabar, G., & Tsurkov, E. (2015). *Israel's policies toward asylum-seekers: 2002-2014* (Instituto Affari Internazionali Working Papers Series, 15(20), 1-18).

Sana, M., & Massey, D. S. (2005). Household composition, family migration, and community context: Migrant remittances in four countries. *Social Science Quarterly, 86*(2), 509-528.

Sander, C., & Maimbo, S. M. (2003). *Migrant labor remittances in Africa: Reducing obstacles to development contributions* (Africa Region Working Paper Series No. 64. 1-65).

Schiller, N. G, & Fouron, G. E. (1999). Terrains of blood and nation: Haitian transnational social fields. *Ethnic and Racial Studies, 22*, 340–366.

Shabait. (2015). *Legal Notice No. 124/2015: Legal Tender Nakfa Currency Notes Regulations*. Asmara, Eritrea: Government of Eritrea.

Sorenson, J. (1990). Opposition, exile and identity: The Eritrean case. *Journal of Refugee Studies, 3*(4), 298-319.

Stark, O. (1995). *Altruism and beyond: An economic analysis of transfers and exchanges within families and groups.* Cambridge, MA: Cambridge University Press.

Tar, M. & Voorips, G. (2012). *Financial literacy for remittances and Diaspora investments: A handbook on methods for project design.* Berlin: Germany Federal Ministry for Economic Cooperation and Development.

Tewolde, B. (2005). Remittances as a tool for development and reconstruction in Eritrea: An economic analysis. *Journal of Middle Eastern Geopolitics, 1*(2), 21-32.

Tewolde, B. (2006). Migration in Eritrea: A brief account. *Journal of Middle Eastern Geopolitics, 1*(1), 69-77.

United Nations Development Programme (UNDP). (2014). *Innovations driving health MDGs in Eritrea: Health millennium development goals report (Abridged Version).* Asmara, Eritrea: Ministry of Health and United Nations Development Programme (UNDP) in Eritrea.

United Nations Human Rights Council (UNHRC). (2009). National report submitted in accordance with paragraph 15(1) of the annex to human rights council resolution 5/1: Eritrea. Geneva: United Nations Human Rights Council.

World Bank. (2015). *Eritrea overview: Context, strategy, results, partners.* Washington, DC: The World Bank.

World Bank. (2016). *Remittances to developing countries edge up slightly in 2015* (Press Release). Washington, DC: The World Bank.

World Health Organization (WHO). (2014). *Country cooperation strategy: At a glance - Eritrea.* Geneva: World Health Organization.

Yamauchi, A. (2004). *Fiscal sustainability: The case of Eritrea* (IMF Working Paper. WP/04/7: 1-29).

Yin, R. K. (2003). *Case study research: Design and methods,* 3rd Ed. Thousand Oaks, CA: Sage Publications.

Acknowledgements

The author would like to thank the Department of Sociology and Social Work at the College of Arts and Social Sciences (Adi Keih, Eritrea) for their considerable support. Additionally, the author would like to thank the numerous individuals, organizations, and ministries in Eritrea that contributed their time.