

Migration, Remittances and the Rural Sector in Latin America

BY MANUEL OROZCO AND MICHELLE LAPOINTE

Every year, about 200 million people around the world are migrating. Migrants and the remittances they send home have a significant impact nationally and globally that calls for broader analysis. Remittances have become an enabling factor in national development, especially in rural areas of Latin America, and an integrating factor in the process of globalization. Working together in Hometown Associations, some migrant groups actively support projects in their countries of origin. These issues are explored by Manuel Orozco with Michelle Lapointe, both from Inter-American Dialogue, a Washington, D.C.-based centre for policy analysis, exchange and communication on Western Hemisphere affairs.

ALTHOUGH DEVELOPMENT economics has long considered foreign savings as key to increasing a country's capital-output ratio, it has neglected one very important source: migration, and remittances sent home by foreign workers. Migration has had an important role within globalization by integrating developing countries into the global economy. Specifically, through remittances, migration has brought new

opportunities for social and economic change in rural areas.

Historically, four factors of foreign savings were considered: foreign direct investment, official development assistance, foreign trade and the transfer of technology. However, in the past 30 years, significant changes in the global economy spurring migration flows have influenced economic growth and development

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thought. Migration, or the movement of people, leads to economic ties between diasporas and home country economies in both the household and business sectors, making migration a relevant factor in development and social change.

This article addresses the relationship between migration and remittances on a global scale and in Latin America; examines the intersection between remittances and the rural sector, especially in Mexico, El Salvador, and Nicaragua; and analyses the role of hometown associations of migrants and their effect in the rural sector.

GLOBAL MIGRATION, DEVELOPMENT AND REMITTANCES

Globalization and migration are connected through a political economy of foreign labour demands in services and other divisions of labour (Orozco, 2002).

Mittelman stresses that “heightened competition among and within regions, mediated by such micropatterns as ethnic and family networks, accelerates cross-flows of migrants” (2000: 65). In turn, this cross-flow of migration produces economic effects in the labour exporting country, influencing economic growth and becoming an indicator of economic development. Labour migration has also contributed significantly to the integration of countries into the global economy.

Financial transfers resulting from labour migration take place in several forms. Migrant families or individual workers use their savings to make remittances to their families or communities in the home country. To a lesser extent, migrant associations send donations home. Some of these funds are used locally to make large or small investments for acquisition of land, property or small businesses. This spurs economic

Migration has had an important role within globalization by integrating developing countries into the global economy.

Mittelman (2000: 4) describes the current anatomy of the global political economy as “a spatial reorganization of production among world regions, large-scale flows of migration among and within them, complex webs of networks that connect production processes and buyers and sellers, and the emergence of transnational cultural structures that mediate among these processes.”

growth in areas traditionally neglected by the private and public sectors, such as rural communities. There are also effects on trade and tourism. The financial transfers therefore constitute key building blocks of economic growth and subsistence in many countries.

Studies about remittances have often focused on their wealth-generating capacity through savings and investment, the

factors influencing their flow, and their effects in the recipient economies at the household level. However, the impact of migration and remittances is becoming sufficiently significant nationally and globally to call for broader analysis. Remittances are another source of foreign savings and, more than that, an enabling factor of growth (Orozco, 2003), especially in the rural areas that receive remittance flows but remain underdeveloped by private capital or governments. Remittances and migration are playing a greater role in national development and, more than that, in the wider process of global economic integration.

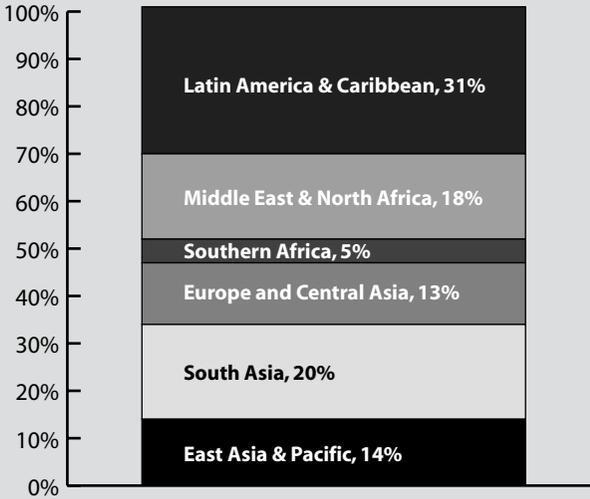
In most developing countries, international migration has emerged as a significant trend. Within the context of globalization, humans have become more mobile, nomadic and transient, both physically and technologically. The flows of international tourists have increased by millions of travelers. People working for transnational corporations have moved into different regions of the world where companies are expanding or intensifying their activities. Refugees leave countries and continents to escape from natural disasters, wars and conflicts that cause or exacerbate famines. Van Hear (1998) calls these refugees the “new diasporas” — people who migrate as a result of major contemporary economic and political transitions and transnational changes.

Workers continue relocating because of labour demands, usually in northern

countries, economic distress in their home countries, or a combination of both. Families are increasingly becoming transnational; relatives live in more than one country, but maintain a transnational network of communication by reuniting or visiting regularly (Faist, 2000). Migration has become not only transnational but also transoceanic with, for example, Indians, Pakistanis and Bangladeshis going to Europe and the United States, or Dominicans, Jamaicans, Guyanese and Ecuadorians traveling to the United States and Europe.

Conservative estimates suggest that every year about 200 million people around the world are migrating (Harns, 2002). This number of foreign workers going abroad is significant and indicative of broader changes in the global context. Because of globalization people are able to travel longer distances and reach more countries. Demand for foreign labour has increased, with more countries involved and larger numbers of migrants being sought in receiving countries. Moreover, the migration flows are not unidirectional from South to North. For example, Greeks migrate to Germany and the United States, while Albanians migrate to Greece. South Africans move to Australia and England, while Malawians, Mozambicans, and Zimbabweans travel to work in the South African mines and the service industry as domestic workers.

Global migration flows may be greater than those estimates. Many receiving

FIGURE 1: WORLDWIDE FLOWS OF WORKER REMITTANCES BY REGION, 2002

Source: Orozco, March 2003.

countries are expanding the number and type of migrants they take in. Migration abroad is taking place among both skilled and unskilled workers. There is a continuing elite migration of highly trained and skilled professionals. These migrations are not only going northward, but have also gone into Southern areas of the world, such as the oil-producing countries where a demand for skilled labour has emerged since the 1970s.

One of the manifestations of the effects of international migration is remittances. Total remittance flows continue to increase over time “with an annual average in the previous decade of US\$700-1000 per worker” (Harris, 2002:87), and possibly reaching more than \$100 billion (Orozco, March 2003). Estimates of

remittances vary significantly. The International Monetary Fund and the World Bank, for example, report on just 8 countries receiving a total of nearly \$80 billion. Despite the lack of significant data, these figures offer a preliminary map of remittances (see figure 1).

REMITTANCES TO LATIN AMERICA

As figure 1 shows, Latin America is the main remittance recipient area in the world, receiving about 31 per cent of the flow. Following Latin America are South Asia, Europe and Central Asia, and East Asia and the Pacific with 20, 21 and 18 per cent of the flow, respectively. One or two countries make up over 50 per cent of the total flow in each region. For exam-

TABLE 1: REMITTANCES TO MAJOR REMITTANCE RECIPIENT COUNTRIES (2000)

Country	COUNTRY'S SHARE OF REMITTANCES:	
	Worldwide	To its region
India ^a	15%	73% (South Asia)
Mexico ^a	8%	34% (Latin America/Caribbean)
Philippines ^a	8%	43% (East Asia/Pacific)
China ^b	8%	43% (East Asia/Pacific)
Turkey ^a	6%	27% (Europe/Central Asia)
Egypt ^a	5%	35% (Middle East/North Africa)
Spain ^a	4%	20% (Europe/Central Asia)
Portugal ^a	4%	19% (Europe/Central Asia)
Morocco ^a	3%	20% (Middle East/North Africa)
Bangladesh ^b	2%	12% (South Asia)
Jordan ^b	2%	17% (Middle East/North Africa)
El Salvador ^a	2%	9% (Latin America/Caribbean)
Dominican Rep. ^a	2%	9% (Latin America/Caribbean)
Greece ^a	2%	10% (Europe/Central Asia)
Nigeria ^b	2%	65% (Southern Africa)
Yemen ^b	2%	12% (Middle East/North Africa)
Main countries		75%

Source: ^a Central banks of each country. ^b World bank, *World Development Indicators 2002*.

ple, India, the world's largest remittance recipient country, accounts for 73 per cent of the flow to South Asia. Mexico represents 34 per cent of Latin America, and the Philippines 43 per cent of East Asia and the Pacific (see table 1).

In Latin America, worker remittances are becoming increasingly relevant to the economies of many countries. In 2002, Latin America received more than \$30

billion in remittances from the United States, Japan, Europe, Canada and Latin America itself. Table 2 below shows the total amounts sent to selected Latin American and Caribbean countries in 2002. The table also shows remittances as a percentage of GDP and exports in selected countries — percentages that are significant for the smaller economies of Central America and the Caribbean.

TABLE 2: REMITTANCES TO LATIN AMERICA AND THE CARIBBEAN, 2002

Year	Total Remittances (million)	As % of GDP (2000)	As % of Exports (2000)	Average transfer sent per immigrant (\$)
Mexico	\$9,815	1.7	6.5	378
Brazil ^a	\$4,000	0.4	4	376
Colombia	\$2,272	2.1	2.4	256
Dominican Rep.	\$1,939	10	27	199
El Salvador	\$1,935	17	60	287
Guatemala	\$1,579	3.1	16	269
Ecuador	\$1,432	9	20	295
Jamaica	\$1,200	15	30	263
Cuba ^a	\$1,100	5	40	
Peru	\$1,100	1.7	10.6	191
Haiti ^a	\$810	24.5	150	162
Honduras	\$720	7.5	17	257
Nicaragua ^a	\$660	22	80	146
Venezuela	\$220	.28	1	228
Costa Rica	\$200	1.3	3	350
Guyana ^a	\$100	14	14	
Bolivia	\$90	1.25	6.71	276
Trinidad and Tobago	\$50	.76	1	
Eighteen countries	\$29,223			

Source: Central Banks of each country. ^aAuthor's estimates, World Bank "World Development Indicators 2002" CD-ROM, and National Money Transmitters Association.

Remittances to El Salvador have, on occasion, exceeded the total value of exports, and are over half the value of exports in the Dominican Republic and Nicaragua (Orozco, 2002). Even in Mexico, which has a strong export-oriented market, remittances equal 10 per cent of the total value of exports, almost as much as the income from tourism, and about 80 per cent of the value of foreign direct investment.

The overwhelming majority of remittances received in Latin America are sent from the United States. The Central Bank of Mexico, for example, estimates that 95 per cent of the total remittances originate in the US. For Jamaica, the US accounts for 70 per cent of the remittances received.

According to the US 2000 Census, more than 40 per cent of Latinos in the US earn less than \$20,000 a year and

more than 70 per cent earn less than \$35,000 a year. On average, immigrants in the United States send \$260 in remittances at least seven times a year, but these amounts vary depending on the country of origin. Among Latin Americans, Mexicans, Brazilians and Costa

ble and neglected areas, including the rural sector, provides alternatives for subsistence and survival and has important implications for social change. Demographically, most remittance recipients are from the rural sector, most are women, and most are poor. According to the *Con-*

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Ricans send the most, while Peruvians, Haitians, and Nicaraguans send the least.

Even considering variations in amounts sent and income levels, remittances represent at least 10 per cent of the migrant's income. This proportion can reach as high as 22 per cent for Mexican immigrants, who represent the largest share of Latinos in the United States and send more money than other Latino groups (nearly \$400 a month).

The lower level of remittances sent by Nicaraguan and Dominican migrants — respectively the lowest and third lowest out of 18 countries — seems to reflect their lower income. In a recent year, the average income of Nicaraguan households in Miami was \$1,821 a month, with remittances averaging \$146 a month or less than 10 per cent of income (Fernandez-Kelly and Curran, 2001). Among Dominicans in New York and the United States, per capita household income is \$9,069 and \$11,013 respectively, according to the US Census (Rivera-Batiz, 2002).

The flow of remittances into vulnera-

sejo Nacional de Población (2000), the Mexican office of the census, approximately 70 per cent of remittance recipients are women, and about half the recipients are part of the economically inactive population and have no other source of income. In Honduras, about one-third of the remittance-receiving households are in rural areas and at least 80 per cent are poor (ECLAC, 1999).

IMPACT OF MIGRATION AND REMITTANCES ON RURAL LATIN AMERICA

The rural sector in Latin America continues to represent an important challenge to development players and policy makers. A significant percentage of the Latin American population is rural, in some countries as high as 50 per cent. Rural Latin Americans face significant constraints due to the lack of social and economic modernization, the limited productive activities outside agricultural subsistence, and the reduced value that agriculture represents for a country's economy (Valdés and Mis-

tiaen, 2001). Infrastructure and services in the rural sector are relatively scarce and, when available, costly. Moreover, partly because of underdevelopment levels and deep inequality, poverty rates are higher than in urban areas. While nearly 40 per cent of Latin Americans live in rural areas, agriculture — the main source of income in the rural sector — makes up only 12 per cent of gross domestic product on average.

Modernization and development have been slow in these countries. By and large they have not succeeded in increasing per capita incomes and absorbing rural workers into the industrial and service workforce in urban settings. Large segments of the population remain in significantly undeveloped regions.

Despite these constraints, domestic and international migration has become a mechanism to cope with poverty and the advancing modernization of urban sectors. Many Central American and Mexican migrants to the United States come from rural Latin America. The US Census reports that there are nearly 17 million Latin American immigrants, 50 per cent of whom are Mexicans (US Census CPS 2002 data).

Key to the flow of remittances is the destination of the money and its effects on the household and the local economies. Despite the difficulties in costs associated with their transfers, remittances in rural Latin America have had a positive effect. Considering the problems in rural Latin America, remittances have emerged

as an alternative form of financial relief for households.

Moreover, effects of emigration from Latin America to the United States are varied. Some analysts argue that it has adverse impacts, while others claim that family remittances are a positive outcome. The answer, however, varies depending on the specific conditions in each country and area of migration. One important issue is that emigration from rural areas represents to some extent an adversity insofar as those who migrate tend to have more skills and abilities.

In many towns in Mexico and Central America, emigrants are young males with agricultural skills and the ability to borrow in order to achieve the goal of working abroad. Taylor stresses, for example, that emigration affects agricultural production in various ways. First, there is a decline in the available labour force. But, second, the influx of remittances helps to compensate for the adverse effect on agricultural productivity, because the currency generates a demand for goods that in turn has a multiplier effect on the local economy (Taylor, 2001). It is also worth considering that although the decline in the labour force affects agriculture, most of the migration occurs in the first place because the depressed rural economy cannot absorb the local labour force.

Another important relationship between migration and the rural sector comes from the linkages established between immigrants and their hometowns. Partly inspired by the dynamics

of family remittances and increasing transnational networks, immigrants have formed community groups to maintain relationships with the country or with local communities. These organizations, known as hometown associations, are part of a growing trend in transnational social movements, influenced by both migration patterns and globalization.

A significant flow of remittances goes to rural areas. Examples are Mexico, El Salvador, Dominican Republic, Haiti and Nicaragua. In Mexico, 10 states generate the majority of emigration. A study by El Colegio de la Frontera Norte (ECFN, 1994) showed that over 75 per cent of all migrants leaving Mexico originated in 10 states. Similarly, the top ten remittance-receiving states — Guanajuato, Jalisco, Michoacán, San Luis Potosí, Guerrero, Zacatecas, el Distrito Federal, el Estado de México, Chihuahua and Durango — receive over two-thirds of all remittances sent to Mexico (Torres, 2001:3)

In Mexico, 56 per cent of international emigrants are from urban areas, while 42.1 per cent came from rural areas (ECFN, 2002:36). However, remittances play a larger role in rural Mexican economies than in urban ones. In 1996, 10 per cent of all rural households reported receiving remittances, while fewer than 4 per cent of urban households reported receiving them.

In El Salvador, 60.5 per cent of international emigrants are from urban areas, while 39.5 per cent came from rural areas (Garcia, 1998:10). In El Salvador, the

departments that lose the highest percentages of their populations to migration — San Vicente, Cabañas, Chalatenango, Morazán, La Unión and Sonsonante — share characteristics with their Mexican counterparts. Notably, they are the most ecologically deteriorated states, have the lowest standards of living, and lack significant infrastructure. In absolute numbers, on the other hand, the urban centre of San Salvador sends the largest numbers of migrants abroad, with approximately 22 per cent of Salvadorans in the United States originating in San Salvador (García, 1998: 7-8). It is thus interesting to note that the geographic distribution of the remittance-receiving households in each country is similar. While rural households in each country make up a significant percentage of all remittance recipients, the majority are located in urban areas.

Migration from Nicaragua goes predominantly to the United States and Costa Rica. In a nationwide study conducted in June 2001, 42 per cent of those living in Managua reported having a relative abroad, against 35 per cent in the Pacific region and 29 per cent from North-Central Nicaragua. The majority of those reporting outside Managua had relatives working in Costa Rica, whereas those living in Managua had relatives predominantly migrating to the United States (Orozco, 2003).

Receiving households use the vast majority of remittances for everyday expenditures and consumption in both

TABLE 3: DISTRIBUTION OF EXPENDITURES BY REMITTANCE-RECEIVING HOUSEHOLDS

Mexico		Type of Expenditure	Nicaragua	El Salvador
Type of Expenditure	Per cent		Per cent	Per cent
Current monetary expenditures	77.1	Food	75.5	79.4
Savings	14.1	School	6.7	
Housing and land	4.0	Clothing	5.8	
Debt	2.0	Housing	2.9	
Machinery, equipment & animals	0.2	Business	1.8	
Other	2.6	Savings	1.4	
		Savings and Productive Agricultural Inputs		2.6
		Other	3.8	

Source: Consejo Nacional de Población. "Migración México-Estados Unidos: Presente y Futuro," Consejo Nacional de Población. Mexico: 2000, p. 176. Encuesta Nacional Sobre Gobernabilidad y Elecciones: Modulo Sobre Migración, Uso de Remesas Familiares y Ahorro, Managua 05 de julio de 2001, Instituto de Estudios Nicaraguenses; García, Juan José. "Las Tendencias de la Migración en El Salvador," FUSADES-PNUD, 1998, p. 10.

urban and rural areas. For example, Mexican families receiving remittances from abroad typically spend over 75 per cent on daily needs such as food and clothing (table 3). Nicaraguan and El Salvadoran families exhibit similar spending patterns. In surveys conducted in each of these countries over three-quarters of the population spent their remittances on food alone (table 3).

In the rural sector, a portion of remittances is used to purchase land. An ECFN survey in Mexico found that remittance recipients in low density (mostly rural) areas typically spent more money on

machinery and other equipment than their counterparts in more populated areas. This same study of rural Mexican areas concluded that remittances spent on such inputs as land, cattle and other agricultural equipment allowed rural households to continue these agricultural activities despite no apparent earnings from the agricultural production itself (ECFN, 2002:39-40, 127).

Remittances are connected to savings mobilization, financial activities among small businesses and entrepreneurs, and insurance functions in many Latin American countries. In the case of investment,

immigrants send money back home with the specific purpose of acquiring some investment opportunity. Immigrants buy land, materials to work the land or seeds to plant. A recent study in Mexico showed that remittances were responsible for 27 per cent of the capital invested in micro enterprises, and 40 per cent of the capital in the major remittance receiving areas of the country (Woodruf and Zenteno). Other studies have shown that immigrant remittances also operate as a form of insurance to protect against uncertainties.

Specifically, Pozo (2002) argues that, although immigrants face income risks, remittances continue an incremental trend. The money is sent home to purchase assets as a form of precautionary savings. She stresses that “older migrants, female migrants, migrants with a greater fraction of family members working for pay, migrants who came accompanied by friends/family to the United States, and migrants with greater educational attainment are more likely to remit for asset accumulation.” Taylor (2001:219) maintains that remittances have a positive effect in the rural sector by generating employment and its multiplying effects on the local economy and thus alleviating restrictions on local production.

These connections, however, are spontaneous and often occur under conditions of incomplete information for the entrepreneur about affordable lending opportunities. Within this context, micro-finance institutions and credit unions are poised to play a key role in bringing finan-

cial services to an already existing demand for economic transactions.

HOMETOWN ASSOCIATIONS AND RURAL DEVELOPMENT

Hometown associations (HTAs) represent another important relationship between the rural sector and immigrants. Created to maintain links with and support communities of origin, HTAs are increasingly taking advantage of the upsurge in family remittances and the need for economic aid in their home countries. HTAs work to retain cultural ties and improve their home country communities.

Hometown associations are primarily philanthropic groups whose work sometimes overlaps with economic development. Organizations made up of Salvadorans, Guatemalans, Mexicans, Guyanese, Dominicans and others work to support their towns of origin. According to the Mexican consulates, there are over 700 registered clubs, but government officials in Mexico and Latino community leaders estimate a much higher and increasing number. In Chicago the number of Mexican hometown associations increased from 21 to about 120 clubs between 1994 and 2002.

HTAs vary in level of organizational formality, but most have governing boards of 10 or fewer members that include a president, secretary, treasurer and auditors. Elections for these positions are held every 6-12 months. This core membership chooses projects and mobi-

lizes more extensive support for fundraising. HTAs hold fundraising events for specific projects and often attract 200 or more participants.

Generally, a club member visits the hometown, returns with a list of needs, and proposes three or four projects to the president, who then initiates discussion and calls a vote among active members. The projects reflect a combination of perceived community needs and the preferences of members.

HTA members are motivated by a practical desire to improve economic and social conditions in the hometown and hope to prevent future emigration. They engage in a wide range of projects, including public infrastructure (like road pavement and electrification), health and education, support to the town church or cemetery and town beautification (such as park construction).

The most popular types of HTA activity are health and education projects. These generally involve construction or repair of health centres and school facilities and the donation of materials such as computers. Such projects attract wide support because they are tangible and assist the town's most vulnerable populations, the elderly and children. Public infrastructure projects are also common and often preferred by town mayors, who equate construction work with progress.

HTAs undergo a learning process, generating new ideas and lessons from previous experiences. At the same time, newer HTAs tend to diversify their activities and

increase their focus on economic infrastructure and investment. Older associations continue to focus on more traditional activities dealing with recreation or town beautification, whereas clubs formed after 1995 dedicate resources to a wider variety of projects, with primary emphasis on health and education, infrastructure (public works), and church repairs.

Infrastructural activities, such as paving roads or electrifying neighborhoods can be both philanthropic and developmental. Experiences in rural Mexico and El Salvador show that construction in rural areas where there is no basic infrastructure has been important to communities. In many parts of Mexico, for example, infrastructural development precedes any investment strategy, and the donations by hometown associations play a key role.

The majority of Mexican HTAs raise about \$10,000 a year on average to help their communities, although some groups raise up to \$100,000 annually. HTAs are conscious of their limited fundraising base and choose activities appropriate to their resources. While small by US standards, this level of donations nonetheless has a substantial impact in the rural receiving communities. In fact, the majority of HTAs work in rural towns with populations under 1,000. These communities have annual per capita incomes of less than \$400, highly underdeveloped public and financial infrastructures, and lack any type of commercial centre. Moreover, at least a third of households receive

remittances, and residents must travel at least 50 kilometres to purchase goods.

In these communities, HTAs are even more striking when compared to the municipal public works budgets. In towns with fewer than 3,000 people, the HTA donation is equal to over 50 per cent of the budget allocated for public works. For localities with populations under 1,000, the HTA donation can be up to seven times larger than the public works budget. HTAs work on projects that would otherwise be impossible for these communities to implement.

One way that HTAs have been able to magnify the impact of their donations is through matching grant programmes with the Mexican government. Since 2002, HTAs have participated in a programme called *Iniciativa Ciudadana 3x1*, in which every dollar donated by a club is matched by a dollar each from the local, state, and federal governments. This federal programme was preceded by informal partnerships as well as formal initiatives, such as the 2x1 programme, in various states. States with high rates of emigration and well-organized migrant communities in the United States, including Zacatecas, Guanajuato, Jalisco, and Michoacán, are the most active in the 3x1 programme. Together, they represent over two-thirds of the amount allotted on a national level.

The 3x1 programme has increased HTA contact with government officials, especially on the local level. Relationships with mayors are particularly impor-

tant, as the local government often contributes to projects not just financially, but also with labour and donations in kind. Construction projects in particular provide much needed jobs to local residents. Subsequent maintenance and repair require additional funds and labour; for street paving and electrification projects, which becomes the responsibility of the mayor and local government. For other types of projects, some HTAs take on the task of providing the continuity. Most associations have worked for ten consecutive years implementing a range of projects. The lifespan of an organization provides an important clue as to how long it can provide support to a given project.

When a club participates in the 3x1 programme, it establishes a committee in the hometown to oversee the disbursement of funds and the overall project implementation. HTAs working outside the 3x1 programme often establish links with individuals, including relatives and local leaders such as priests, to serve as the clubs' liaisons in the hometowns. Generally, the local contact person acts as a manager and foreman of the project, providing information about budgets and schedule of work. HTAs do not usually have a hands-on role until the very end of a project, when they are present to offer a quality assessment.

By virtue of their close contact with government officials as well as their close oversight of projects, local representatives of HTAs play an important role in promoting civic participation. Nearly 80

per cent of HTAs have interacted with municipal government authorities. These local liaisons also enhance transparency by monitoring the disbursement of HTA funds and holding local government officials accountable for timely completion of projects. In addition, HTAs have established relationships with other local groups, such as firefighters, teachers and doctors, in individual projects. While outside of a formal partnership like 3x1, these links are important in maintaining close contact with the town.

Many HTAs join larger federations, composed of several clubs from the same Mexican state. Membership in a federation increases coordination among members and entails greater commitment on certain projects. The advantage of joining a federation is that an individual club can strengthen its voice and engage in larger-scale projects, possibly with clubs from neighbouring towns. A federation also has greater power to negotiate with the federal and state governments, and federations have been instrumental in expanding programmes like 3x1.

While the aggregate amount donated by HTAs is difficult to determine, the Mexican federal government invested \$15 million in 2002 to match with clubs in the 3x1 programme. Approximately 50 per cent of HTAs participate in this programme, and those who do not participate in 3x1 donate similar amounts. Therefore, at a minimum, Mexican HTAs donate \$30 million a year to their communities. Furthermore, because the number of

HTAs registered with the consulates is only a snapshot of the total in existence, it is likely that the overall amount donated is much higher. In addition, there are 2x1 schemes in different states that operate independently and remain outside the amounts allocated by 3x1.

Among the important alternatives to consider in the changing development dynamics in Latin America and the Caribbean, remittances provide a very important financial stream, especially in rural areas. The Dominican Republic, Guatemala, Guyana, Haiti, Mexico, Nicaragua and El Salvador are all countries where at least one quarter of remittances goes to their rural areas. If adequately addressed, remittances can become a major form of foreign savings energizing the rural sector into a process of modernization. 🌱

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