

**Hometown Associations and
their Present and Future
Partnerships:
New Development Opportunities?**

Manuel Orozco

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Introduction

Transnational migration and globalization have transformed the relationship between the United States and Latin America. New players have emerged, expanding the scope of international interaction.

One player promoting local development is the hometown association (HTA) formed by immigrants who seek to support their places of origin, maintain relationships with local communities, and retain a sense of community as they adjust to life in the United States (Orozco 2000). Hometown associations fulfill several functions, from social exchange, to political influence, to the pursuit of low-scale development goals in their home community.

This report is an assessment of the development capacity of HTAs and the effectiveness of matching grants. Among the findings in this study are that hometown associations are small philanthropic organizations that generally provide assistance to their communities of origin and often participate in collaborative development efforts. The aggregate amount of their contribution and the support relative to the community needs provides important effect on local development.

As the report will show, the majority of the associations' activities involve support to public and economic infrastructure activities, such as road construction and pavement, electrification, and construction of school and health facilities.

The study also analyzes a partnership scheme between the three levels of government (local, state and federal) and hometown associations, known as 3x1. The analysis of 3x1 projects show that they deliver significant resources to rural areas in Mexico. More importantly, when the contributions are viewed in the context of the local receiving communities, the impact is more substantive. Most 3x1 projects involve work in public infrastructure, and there are differences among states and municipalities.

The report also offers some recommendations geared towards forging a collaborative relationship between HTAs and institutions such as a foreign aid donors. These recommendations include technical assistance to identify social development projects, partnerships similar to current foreign aid donor projects, and support in the provision of a financial infrastructure in areas where 20 percent of households receive remittances but no financial institution is present.

The study is based on an analysis of more than one hundred interviews, visits to officials in four Mexican states and over 30 communities in Zacatecas, Guanajuato, Jalisco and Michoacan. The study was conducted with a grant from USAID to determine the development role of hometown associations.

1. Hometown Associations, Development and Local Change

This is an assessment of whether HTAs function as development agents and whether opportunities exist to enhance their capacity.

Among the findings that emerge from this study are that HTAs are generally philanthropic groups with the capacity to work on various kinds of development projects. Below are some of the findings:

1. Mexican HTAs are small philanthropic organizations;
2. Their organizational structure is commensurate to the groups' proposed goals;
3. The activities focus on basic health, education and public infrastructure;
4. The resources raised are relatively small in volume;
5. Donations are significant to the recipient localities;
6. Partnership with governments enhance development goals.

This report reviews specific patterns of HTAs relating to their partnership capacity and their goals in promoting development.

Central to this section is a balanced view about the development capacities and opportunities that HTAs pose for Mexico. These associations perform an array of activities and in many cases provide a valuable source of social capital and a potential for development. These projects have

a positive development effect on the receiving communities because these projects target the community's basic needs.

This report is based on contacts with over 400 Mexican HTAs and interviews of more than 100, visits to more than twenty communities implementing 3x1 partnership projects, and interviews with government officials and community leaders in the United States and Mexico during a period of seven months (see methodology in the appendix).

a. Hometown associations at work and their relationship to development

Hometown associations fulfill several functions, from social exchange and political influence to the pursuit of low scale development goals in their home community. Organizations made up of Salvadorans, Guatemalans, Mexicans, Guyanese, Dominicans, as well as Colombians and Nicaraguans, have increasingly been working to improve their towns.

Although few studies had been conducted on HTAs prior to 2000 (Alarcon 2000, Orozco 2000, Zabin 1998), there is a growing movement of literature that is paying attention to HTAs.¹

The literature has focused on four areas: a) to build a theoretical framework related to transnationalism or diasporas; b) to introduce new conceptual understandings of migration trends by providing a description of the attributes of HTAs; c) to provide case studies that may constitute building blocks from which to generalize; and d) to look at the relationship between their work and its impact through partnerships with the state.

Central to this literature is that the activism of associations possesses a transnational dimension, which is tied to strong social networks and capabilities that define their agendas. The literature has also shown that the practices of these groups stretch into social, political and economic contexts.

With the emergence of HTAs and their efforts to improve their communities, it is important to determine the extent of their ability to participate in development and to forge alliances with other players. Little is known about the effectiveness of their efforts on local economic development.

Certain features that make it possible for an organization to work on development projects include: choosing to promote some form of social, economic, or cultural development, the ability to improve quality of life; the capacity to allocate resources, and the ability to identify needs and assess the impact of their assistance.

With increasing involvement of HTAs in donating resources, and the participation of local, state, and national governments in Latin America in matching projects, it is important to assess the development effectiveness of HTAs. Criteria to measure effectiveness include capacity building, organizational nature, partnership and collaborative capacity, and long-term durability. This diagnosis can offer clues about future opportunities for joint development strategies with HTAs. The table below describes criteria that can determine an organization's effectiveness in addressing development projects:

Table 1.1: Criteria for Development Capacity

Criteria	Concept	Indicators
Capacity building	Process of strengthening capacity to identify priorities, resources and implementation	Project identification, resource endowment, planning
Organizational nature	How an organization carries out its activities and functions	Diffuse or structured composition of organization; efficient decision-making structure; criteria of leadership and division of labor
Partnership and Collaborative Capacity	Ability to carryout projects in collaboration with other institutions	Number of collaborative projects conducted with other institutions; level of success established
Long-term durability	Organization's institutional	Organization's lifespan and

¹ See forthcoming article "Understanding HTAs" that contains a literature review and a profile of HTAs.

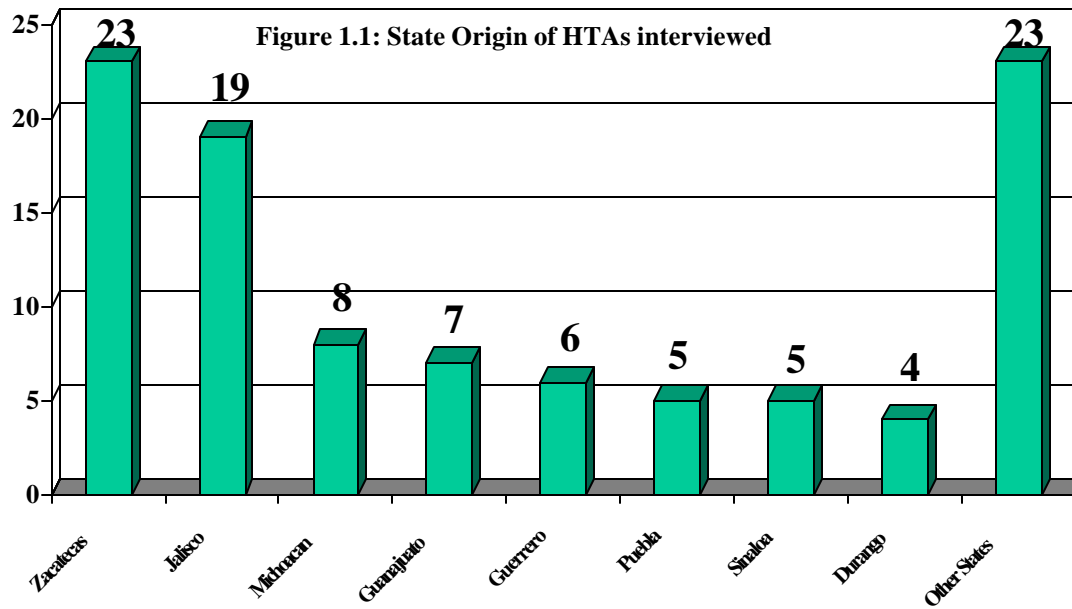
	capacity to last for at least five years	project's lifespan
Impact	Development Outcome of the project in targeted areas	Project's resulting end product; product durability; social empowerment

Partnership and collaborative capacity is a criterion that seeks to address the extent to which a given HTA can work with other institutions. The capacity of the HTA to do so will depend on the kind of collaborative agreement, that is, whether it will actively participate with funds (donated or invested) in a regular context and whether it can exercise well-informed decisions in selecting and discussing projects. The capacity of the HTA is also measured in terms of its ability to work in the implementation process, that is, to act as manager following up on the progress of the project and as problem solving actor.

Impact assessments use quantitative and qualitative measurements of the characteristics, implementation and performance of HTAs, based on interviews and data provided by various institutions. The assessment addresses the relationship between the project and the town's social or economic needs, as well as its durability over time and the project's integrative role in promoting civic participation.

In order to understand the extent and magnitude of the work by these associations, interviews were conducted with more than one hundred HTAs from a list of nearly five hundred contacted. The list was provided by the Mexican government's foreign affairs office of outreach for Mexican communities living abroad. About one quarter of these associations were interviewed and asked about their work, partnerships, and other issues.

The associations interviewed were located throughout the United States and worked in various states in Mexico. They tended to be from the communities with a large number of HTAs and a history of work on hometown projects. Zacatecan clubs, for example, were among the most active groups interviewed.



The average age of the HTAs interviewed was eleven years, although the majority was created after 1995. In fact, only a small percentage was founded prior to the 1990s. This issue is important because the work of organizations improves over extended periods of time, and their effectiveness depends on that experience.

Table 1.2: Year the Association was founded

	Number	Percent
Before 1984	12	12.0
1985 to 1989	8	8.0
1990 to 1994	29	29.0
1995 to Present	47	47.0
Subtotal	96	96.0
NA	4	4.0
Total	100	100.0

Despite the relatively recent development of most HTAs, other associations have served similar purposes. New HTAs are created every year, often from states that were not previously represented.

Organizational nature

Hometown associations are important sources of social capital and to some extent, economic development. Key aspects of the organizational nature of Mexican clubs include their ability to maintain a core group of active members that direct the organization, the role of that core to mobilize or bring other members to support the fundraising efforts (as volunteers or donors), their decision-making procedures, and ability to integrate with a larger organization.

Most of the organizations are an aggregate of families who join together to improve their towns of origin. Once formed, the HTAs have a relatively stable life cycle and maintain a core of active members who are in turn able to draw support from hundreds. Many of these associations join other groups and form federations to strengthen their voice.

In addition these features, their organizational nature is commensurate to their activities and the resources they can afford to invest. In that sense, HTAs are self-sustainable institutions that live up to their objectives. Authority is distributed among various members and the decision-making process involves significant debate.

In terms of membership structure, most clubs have a president, treasurer, secretary and auditors, usually adding up to ten or fewer members. This core membership mobilizes for fundraising events and to attract at least 200 participants. They discuss projects and select partners in Mexico. Tables 1.3a and 1.3b show the numbers of those actively involved in the organization and those supporting the fundraising efforts.

Table 1.3a: Active HTA members

	Number	Percent
Less than 5	7	11%
5 to 10	27	41%
More than 10	32	48%
Subtotal	66	100%

Table 1.3b: HTA Support Base

	Number	Percent
Less than 50	26	35%
50 to 100	8	11%
More than 100	40	54%
Subtotal	74	100%

Generally, a club member presents an idea for a project to the president, who initiates discussion and calls a vote among active members. The selection of the president usually depends on the organization's level of formality. In the majority of cases, there are elections every six to twelve months.

Another key organizational component of Mexican hometown association is their decision to join a federation of clubs. Membership in a federation increases coordination efforts among members and greater commitment on certain projects. Forty percent of those interviewed indicated that they were members of a federation. Not all associations are federated because many of their members feel that it entails a greater level of involvement and different demands.

Overall, the organizational nature of these associations is relatively cohesive, with a close-knit membership that follows basic rules of discussion and decision-making, and that adapts to changing circumstances either by joining other groups, such as federations, or by electing new authorities.

Capacity building

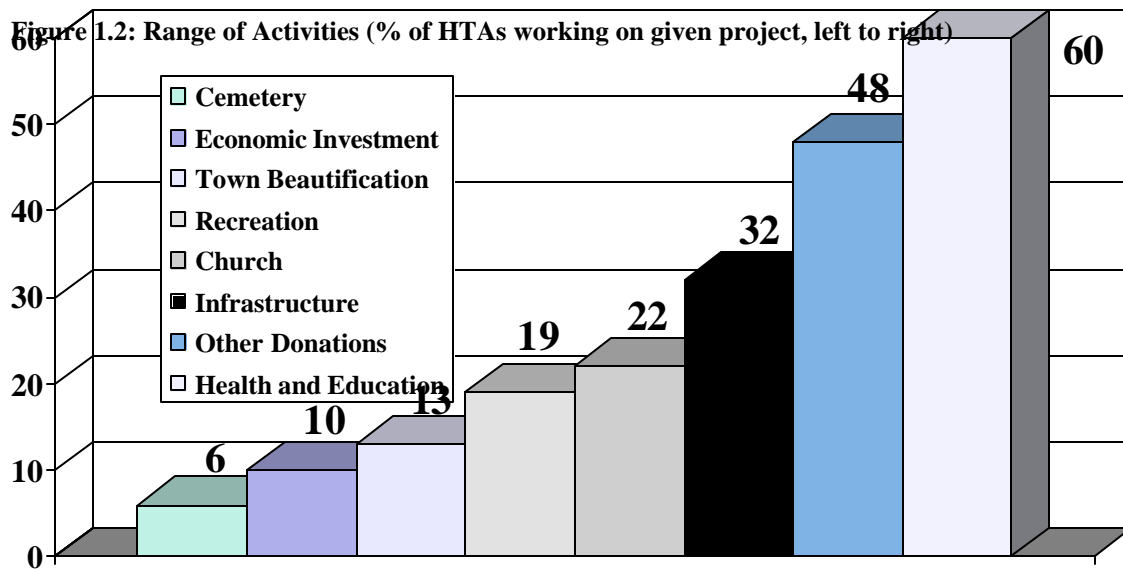
Three very important aspects of capacity building among HTAs are their ability to identify projects, allocate resources and plan for the implementation of such projects. HTAs have the ability to identify projects, including those that are not development related. They also allocate resources under specific circumstances and generally implement projects with the assistance of local intermediation.

Project identification

Immigrant groups organized in HTAs are conscious of their goals and objectives. Moreover, as the organizations grow over time, their leaders signal new courses of action. In the majority of cases, immigrant groups seek to identify the immediate needs of their communities of origin. Specifically, project identification depends on a) the extent to which the HTA has a relationship with a group or liaison in the hometown that transmits their needs, b) the community leaders' perception of hometown needs and priorities, and c) the preferences of HTA leaders and members about what they should support. Two other deciding factors are d) emergencies in the hometown caused by natural disasters and e) partnership with other institutions.

There is a learning process among groups on what issues to address. While the majority focus on support of the community's infrastructural and social goals, a small minority of groups seek to engage in wealth generation projects that help build either an economic infrastructure or an economic base.

In the majority of cases, the associations interviewed expressed that their work involves helping their hometowns in a variety of projects that reflect a philanthropic interest in strengthening their social and economic base in the community. These projects include support for the church, improving the town (or town beautification), offering basic assistance in health and education, and constructing and improving public infrastructure. Figure 1.2 shows the percent of HTAs working on each type of project.



HTA leaders insist on two points; first, that they do not want to become involved in projects that are within the responsibility of the state (local, state and federal). They express a legitimate fear that the state may choose to neglect its responsibilities, “because migrants will take care of things.” Alternatively, they decide to work in partnership with governments, when perceived possible. As the next section will show, there are a growing number of cases of partnerships with government authorities that are significant to the associations. They also stress that their projects aim to provide for the needy, the elderly and children. Second, immigrants point out that their support aims to fill a gap in the vast needs of the hometowns.

Overall, however, the identification of projects reflects a combination of the perceived needs and the preferences of the members. This is often connected to a renewed sense of belonging to the hometown, as well as a practical obligation to improve the town’s condition – specifically, to help prevent future migration due to economic distress in the community. The chart below

shows the range of HTA projects. Health and education projects include the provision of school supplies, the construction of health care centers, school repairs, and donation of equipment like computers. HTA members most widely support these kinds of projects because they are tangible and visible.

Usually, an HTA member visits the community, returns with a list of identified needs, and proposes to work on three or four activities, while concentrating efforts in one larger project. An example of this type of HTA is *Club Ciudad Hidalgo*. Founded in 1970, the club is governed by a 7-10 member Board of Directors in Chicago that coordinates its activities with a committee in Michoacán, which oversees the distribution of project funds. The club raises about \$5,000 annually and it makes all final decisions about fund allocation. *Club Ciudad Hidalgo* maintains contacts with other local groups, including the firefighters, who send requests for support. The club has worked on a number of projects, including the construction of an auditorium, youth center, and sports facilities, donation of suits for firefighters, and renovation of the local church and cultural center.

HTAs generate new ideas and learn lessons from previous experiences. Although clubs work on a range of activities, newer associations diversify their activities with an increasing focus on economic infrastructure and investment. As the table below shows, older associations continue to focus on more traditional activities dealing with recreation or town beautification, whereas clubs formed after 1995 dedicate resources to a range of projects, from church repairs to public works to health and education.

Table 1.4: Relationship between Foundation of Club and Type of Activity

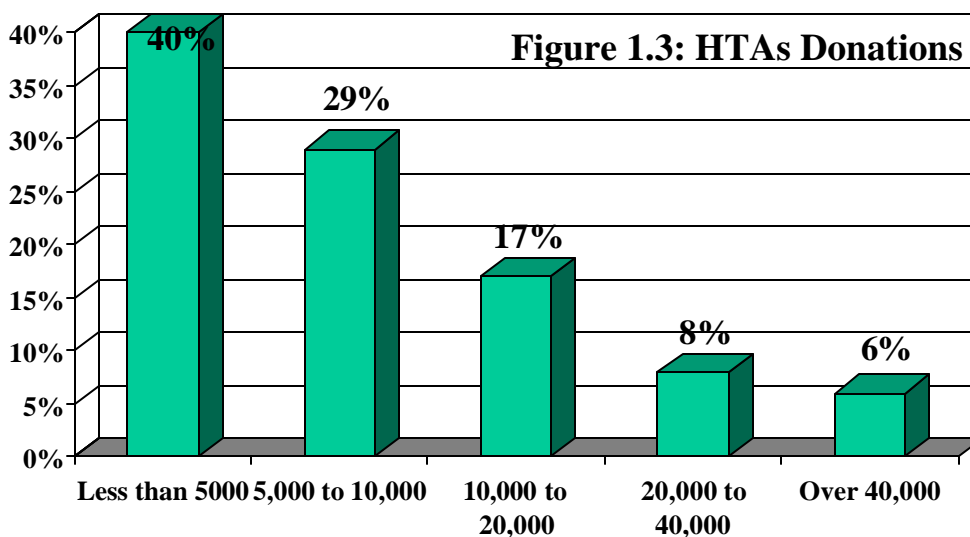
	Before 1984	1985-1989	1990-1994	1995-Present	Total
Church Work	13%	11%	9%	11%	(22)
Cemetery	0%	11%	2%	3%	(6)
Ornamentation of Town	9%	11%	7%	5%	(13)
Recreation	9%	11%	16%	5%	(18)
Infrastructure	9%	11%	9%	20%	(30)
Economic Investment	0%	11%	0%	8%	(10)
Health and Education	35%	11%	28%	30%	(57)
Other Donations	26%	22%	30%	19%	(47)

Resource allocation

Resource allocation depends on the identification of projects and the members' capacity to provide funds. Specifically, HTAs resource allocation involves three aspects: physical distribution, amount disbursed, and structure of allocation.

The associations are conscious of their limitations and generally embark on tangible activities that their members will immediately recognize. They also understand that their fundraising base is relatively poor and for that reason, HTAs engage in activities that are not overly ambitious. Therefore, in the majority of cases, the type of project corresponds to the amount raised. The exception is for long-term projects in which the HTA commits to raising funds over time.

Figure 1.3 shows that the majority of amounts raised on a given project are under US\$10,000 a year. Although US\$10,000 may be a small amount by U.S. standards, in rural Mexican communities, it represents a significant contribution. For example, in a town of less than 6,000 inhabitants, the annual municipal budget allocation for public works is often a little less than US\$50,000. Therefore, US\$10,000 in donations for public works, recreational projects and educational supplies represents a significant support.



There are three ways in which groups allocate the resources for a given project. The first option is for a leading member of the association brings the funds directly into the hometown. In the second option, the association deposits the funds in a local bank branch close to the hometown.

Third, when partnering under the 3x1 program, the funds are deposited in a designated account, usually set up by the municipality or the state.

In all three cases, the allocation is based on a preliminary estimate of project costs, provided by a liaison in the hometown – often a family member close to the HTA. In most cases, the lump sum is disbursed and the members ensure that the money is spent as budgeted. In some cases, HTAs feel pressured to provide additional amounts to cover unexpected expenses.

The actual allocation of the resources is generally straightforward and consists of disbursing the money in the acquisition of materials and paying labor costs, when needed. In other words, the allocation of money does not include overhead or other operating costs, except the actual payment of salaries. In practical terms, immigrants directly donate their resources to a project without incurring any intermediation costs. This is because the HTA counterpart working in the hometown is usually a relative or community member who volunteers to oversee the project. While not compensated for the work, he or she nonetheless earns a reputation as the caretaker of HTA projects.

The contribution of these donations is not measured only in the volume raised, but in its proportion to the town’s necessities and to other social and public expenditures. For example, providing supplies to a school of 100 students and paving two main roads in a given town provides a significant contribution that would not have taken place without the assistance from the HTA.

Moreover, as discussed earlier, because the newer associations tend to focus their efforts on economic infrastructure projects, the amounts donated also have increased. In fact, one third of projects invest more than US\$10,000, the majority from organizations created after 1995.

Table 1.5: Year founded and amounts raised

Amount raised	Period of foundation				Total
	Before 1984	1985 to 1989	1990 to 1994	1995 to Present	
Less than 5000	55.6%		40.9%	41.9%	40.0%
5,000 to 10,000	33.3%	50.0%	45.5%	16.3%	28.8%
10,000 to 20,000	11.1%	50.0%	9.1%	16.3%	16.3%
20,000 to 40,000				16.3%	8.8%
Over 40,000			4.5%	9.3%	6.3%

	100.0%	100.0%	100.0%	100.0%	100.0%
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Project implementation

How do the organizations carry out their projects? Implementation of projects, like fundraising and allocation, is a relatively simple but labor-intensive process. Like other aid organizations, HTAs are not directly involved in the implementation of the project, but instead in oversight.

Project implementation involves a few steps: coordination with hometown counterpart (whenever possible), scheduling of activities, disbursement of resources to counterpart, oversight and follow-up of work performed, and evaluation.

Generally, the associations work with a counterpart, who more often than not is a relative of the HTA leaders and who is assigned the role of manager and contractor of the projects.² This person provides information about costs, schedule of work and budgets. He or she plays the role of foreman for the HTA, and communicates with the group regarding expenditures and progress or problems with the projects.

In the majority of cases, whether the project deals with a church or a public institution, implementation means some kind of construction (church repair, health center, street pavement, park or plaza improvement, cemetery, school development). Therefore, most oversight involves monitoring the progress of the construction and the final result. This process generally takes at least six months (see table below).

Table 1.6: How long does it take to implement the project?

	Percent
0 to 3 months	12.0
3 to 6 months	1.0
6 to 12 months	40.0
More than 12 months	17.0
Subtotal	70.0
N/A	30.0
Total	100

When the HTA is not dealing with a 3x1 project (in which case a committee oversees the process of implementation), a family member in the hometown takes responsibility for completion of the

work. Therefore, the HTA *per se* is not directly involved in the implementation, but it is linked through its counterpart in the hometown.

Hometown associations do have a hands-on role in the final stages of project implementation. While HTA leaders and members occasionally monitor work during the course of a project, in the majority of cases, they seek to be present at the time of conclusion to offer their own quality assessment.

Thus, in general, the associations have the capacity to identify projects, allocate resources, and implement projects. Their identification process may not always meet the criteria of a development scheme, but given the high demand for assistance, the identified project represents an important step in town improvement. Moreover, resources are allocated through rudimentary budgetary assessments and planning, which are important to the implementation of the project.

Partnership and Collaborative Capacity

How have HTAs worked with other institutions as project partners? The capacity of the HTA to partner depends on the kind of collaborative agreement, that is, whether it will actively participate with funds (donated or invested) in a regular context, whether it can exercise well-informed decisions in selecting projects, and whether it has a disposition to do so.

Most of the HTAs expressed interest in working with other players including government institutions, federations, and other HTAs, specially when working on long term projects. These projects require an effort beyond an individual HTA and thus motivate them to create partnerships.

Therefore the majority of HTAs have sought to contact and collaborate with other institutions. For example, nearly 80 percent of the HTAs expressed having approached municipal leaders to discuss their projects and activities. In the majority of cases, they established communication to coordinate efforts and distribute resources. Although churches and religious authorities have traditionally served as important liaisons and beneficiaries of projects, HTA leaders are

² On occasions when the organization is too small or new, there is no counterpart.

increasingly linking with mayors and other local government representatives. The tables below shows this has been the case in the past few years.

Table 1.7: Has your club established links with government officials?

	Percent
Municipality	78.0
State	58.0
Federal	49.0

Table 1.8: Type of relationship that you have established with these groups?

	Percent
Distribution of Aid	33.0
Financial Contribution	53.0
Offered Labor	9.0
Communication and Contact	61.0

More importantly, this relationship has resulted in a direct engagement with government authorities on development projects. Mexican clubs have partnered with different government officials to work on joint projects. These efforts began in the early 1990s, but in the past five years, the federal government has inserted itself in the partnerships through a range of formal and informal relationships that culminated with the “Citizenship Participation” program, also known as “3x1, officially set in motion in 2002 (see the next part).

The end result has been that a significant number of these associations joined the 3x1 program. Half of the clubs interviewed said some of their projects were part of that scheme. The 3x1 program offers the clubs the opportunity to quadruple the resources applied to their projects. As later part will show, 3x1 also provides important resources to cash-strapped local governments, who benefit from investments in public works.

Table 1.9: Has your club established any relationships with local groups?

	Percent
3 x 1 Program	51.0
Municipality/Mayor	28.0
Local Associations	9.0
Notable Townspeople	1.0
International Organizations	8.0
Church	12.0
Other	7.0

Table 1.10: Who initiated the contacts with the government ?

	Percent
Government initiated contacts	15.0
Mutual Effort	40.0
Club initiated contacts	23.0
Subtotal	78.0
N/A	22.0
Total	100.0

The outcome of these efforts has been that various players have been motivated to join in collaborative work. When the associations were asked who initiated the contacts, they stressed

that the effort was mutual. This reflects the effect of their work on local leaders, who felt motivated to engage with these associations.

Long-term durability

The timeline of a project and continuity of an HTA's work are critical to development. Most associations have worked for ten consecutive years implementing a range of projects. Every year, they spend at least six months developing and carrying out a given project.

The lifespan of an organization provides an important clue as to how long it can provide support to a given project. Knowing the amount of time it takes to get a project going sets a calendar for activities.

As table 1.2 showed, HTAs have a ten-year life span, which means that any project envisioned has a time limit. Very few organizations last longer than ten years. Even when they do, there is no guarantee that they will work continuously on a given project.

Moreover, the nature of a project influences an HTA's decision to renew it. For example, many of these activities involve some form of construction, and the wear and tear demands significant maintenance costs. Some associations, therefore, provide continuity to their original projects. In the case of street paving or electrification projects, on the other hand, the responsibility falls to the mayor and local government.

Development Effects?

The effect that these associations have on the local community is varied and significant. The key to development is the improvement of quality of life in a community or a society, which is achieved by providing social and/or collective goods.

Within that context, HTAs are having a direct impact on the community by providing goods that benefit the collective needs in health, education and economic infrastructure. The per capita benefits are proportional to the community needs when, for example, a new road is paved and

improves access of collective transportation, or a health center is built to accommodate all the members of the locality.

Four important contributions of HTAs are a) the aggregate volume of the donations to mostly rural Mexico, b) the effect on the localities vis a vis local government resources allocated for public works, c) the allocation of goods normally unavailable and d) the impact on civic participation. However, as was discussed in the second section, some observers claim that if their contribution is not wealth-generating, the impact of HTAs beyond social capital is limited, if not minimal. This latter point will be discussed in the recommendations section.

a) Aggregate volume

Although thousands of Mexican clubs exist, no one knows how much is sent to Mexico in donations. This study asked club leaders about the annual amount raised for their projects. In some cases, they provided an amount based on the main project or alternatively, an annual figure amount raised. Although on the average amount a club raises is near US\$10,000, other groups raise over US\$100,000 a year.

One method of estimating the aggregate volume of donations involves looking at the amounts allocated under the 3x1 matching grant program with the federal government. In 2002, the Mexican government allocated US\$15 million to match Mexican HTAs donations.

Moreover, according to the interviews carried out with the clubs, 50 percent participate in projects under the 3x1 scheme. The remaining 50 percent invest amounts similar to the other groups.

Because the groups interviewed represent only a sample (20%) of those groups known or registered by the consulates, it is likely that the amount donated is even larger. Furthermore, there are 2x1 schemes in different states that are independent and outside of the amounts allocated by 3x1. Another factor to consider is that those clubs registered by the consulates and the foreign affairs office in Mexico (approximately 700) represent only a small sample of a larger group. For example, government officials in Zacatecas and Jalisco stress that there are at

least 1,000 clubs in each of their states. This means that at a minimum, Mexican clubs are donating US\$30 million.

b) Effects on localities

When the aggregate donations are translated into the local community, the impact is more evident. In many localities (cities under the jurisdiction of municipalities), the donations sometimes represent as much as the amounts the municipality allocates for public works in a given locality.

This is particularly relevant when the donations go to towns with populations under 3,000. As the table below shows, Mexican HTAs donate to cities with populations as low as one thousand people – representing a US\$7 donation per inhabitant.

When such donations are not part of 3x1 schemes, the amount provided represents a new inflow that helps improve material conditions in the town. When the hometown donates under the 3x1 scheme, municipalities also benefit as they are able to meet demands that otherwise would not have been met.

The study looked at 62 communities in Mexico where interviewed HTAs are working on a variety of projects, both as part of 3x1 and outside it. As the table shows, the contributions by HTAs averaged US\$23,000 and represented over 20 percent of the municipal budget allocated for public works. The contribution of the HTA is even greater in localities with smaller populations.

Table 1.11: Municipal budgets

Population size in locality	Budget share ^a (US\$)	HTA contribution (US\$)	HTA/Budget share
Under 3,000	59,713	17,816	59%
3,000 to 4,999	128,164	5,426	7%
5,000 to 9,999	291,885	13,583	17%
10,000 to 14,999	622,018	48,331	7%
15,000 to 19,999	368,993	10,875	4%
Over 20,000	2,432,600	33,033	5%
Average	933,612	23,636	22%

^a Budget share is the percentage of municipal budget spent on public works
Source: HTA interviews and Secretaria de Gobernacion

The impact of these programs is even more significant considering that those 62 communities examined received about US\$500 million in remittances and HTAs donated US\$1.4 million in that same area.

c) Effects on the type of projects

HTAs implement projects of singular importance to the towns they serve. Infrastructural activities, in particular, have a positive impact on isolated, vulnerable communities, by expanding access to services to underserved populations. An increasing number of projects deal with improving access to larger cities (by building and paving roads, for example, thus facilitating public transportation) and extending services such as electricity, sewage treatment, and health care, to the entire community.

In addition, public works creates a demand for labor, which is supplied by local residents. Most of these communities have high unemployment rates, and a given project can create at least twenty new jobs. Particularly in construction related projects, which represent more than half of the total, one third of resources are spent on a local labor force to perform the job.

d) Local organizations, empowerment and citizenship participation in the receiving communities

In addition to the notable impacts of HTAs on economic development, they have also played an important role in transforming the political culture and the local politics in the areas where they are active. In the first case, HTAs have pressured governments to meet higher standards for transparency and accountability by making specific demands for the projects they fund. They have required governments to produce clear budgets and timelines for the implementation of projects, and they have followed with insistent requests that the money be accounted for thoroughly. Moreover, the clubs monitor the progress of the projects.

In instances where governments have not been able to comply with these requirements, HTAs have opted to end their collaboration with them. There is some indication that their efforts have had spillover effects, increasing expectations of government transparency and accountability in the communities that have benefited from HTA projects, and leading to institutional changes in government to meet those expectations. The effect has been especially pronounced when HTAs have organized into larger federations, and thus have been able to apply stronger pressure on governments to change their practices and standards.

Many organizations have created counterparts to help coordinate the implementation of their projects. These are generally known as committees which act as liaisons between the club and the government institutions or the contracting parties. The work of these groups has energized a sense of participation on local issues and has provided greater input on local decisions. The committees promote civic participation as they monitor the progress of a project and its finances.

Another important issue to consider is that in some areas, community power shifts toward remittance receiving households and/or to senders interested in continued participation in community politics.

c. Lessons learned

The development role of Mexican hometown associations increases economic opportunities in areas of high emigration. However, motivating HTAs to work on development will require understanding their practices and identifying opportunities to collaborate with them.

Some lessons learned are that as philanthropic organizations, these groups have the ability to engage in development projects. Specifically, the associations have the organizational capacity to promote and carry out tangible, short term, small- scale development projects.

Not all HTAs fit the criteria outlined earlier in this report. Most organizations have an organizational structure that allows them to raise funds. However, some HTAs face challenges in adequate project identification, or in the use of local intermediation to manage and carry out projects.

The associations have the ability to work in collaboration with other groups. This particular issue is relevant when considering partnering with larger development institutions. Moreover, the philanthropic impact of HTAs has development consequences. Specifically, because these associations are faced with daunting poverty challenges in their hometowns, almost any project they identify reflects a community need.

One key issue, however, is that an HTA's identification of needs does not always coincide with the most immediate development needs of the community. Therefore, it is important to provide a menu of project options to HTAs. This is perhaps one of the most important roles a development agent can play. One possible strategy is to partner with the association on specific projects that involve small scale investment and yet have a strong impact on the local community.

2. *Iniciativa Ciudadana 3x1*, Mexican Hometown Associations, and Development Opportunities

The emergence of hometown associations (HTAs) has led to the involvement of municipal, state and federal governments in matching the donations provided by the HTAs. One key program has been the *Iniciativa Ciudadana 3x1*. This is a matching grant program between Mexican immigrant philanthropic associations and the three levels of government (federal, state and municipal). The program was officially implemented in 2002, after hometown associations demanded partnership in projects that benefit their communities of origin. This section addresses the program implementation and its work in 2002.

Among the findings in this report, we show that:

- a) the 3x1 project delivers significant resources to rural areas in Mexico.
- b) Development impact is concentrated in public infrastructure
- c) Differences in project implementations exist among states and municipalities
- d) Small towns benefit substantially from the donations
- e) Civic participation benefits from the program

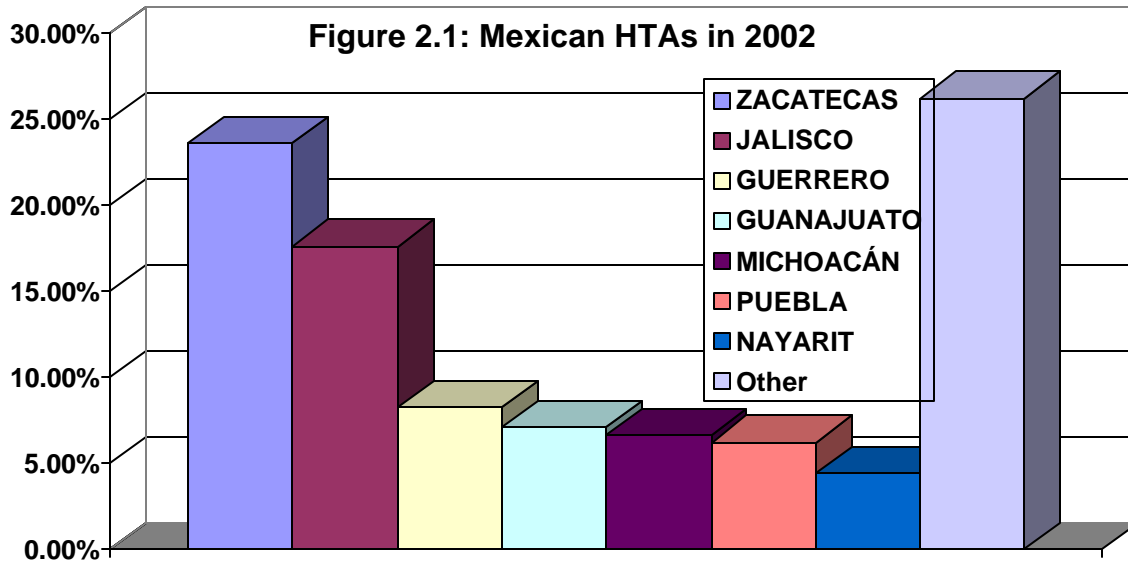
- f) Community needs are substantial and could benefit from a broader partnership and development strategy

The study focuses on an analysis of the 3x1 program in Mexico, particularly in four states (Zacatecas, Guanajuato, Jalisco, Michoacan) with a tradition of remittance flows and significant activity of immigrant-based associations donating money to their hometowns. It reflects the analysis of data on the communities, the type of projects implemented, and funds allocated. It also uses several indicators to evaluate the programs and compares performance among the four states. We visited more than 20 communities in Mexico where the programs are carried out and interviewed municipal, state, and federal officials, as well as local representatives of the HTA-sponsored projects.

a. Matching grant opportunities in rural Mexico

The influence of Mexican hometown associations in rural communities, as well as their outreach to state, local and even national government officials, led to the implementation of partnerships on different projects. Such partnerships have been particularly important in rural areas that receive high levels of remittances and where HTAs are active. Hometown associations from states such as Zacatecas, Durango and Michoacan established relationships with government officials. In most cases, the relationships were informal. A partnership would be established on a project-by-project basis depending on the initiative of the Mexican club, or a municipal or state official. The state and the federal governments would seek funds from special appropriations.

These partnerships have increased over time, particularly since the mid-nineties. From them emerged formal programs as well as institutional mechanisms of communication, such as the state commissions in support of migrants. Scholars and practitioners argue that the first kind of partnership between an HTA and a state office occurred in Zacatecas. Miguel Moctezuma notes that in 1993 Mexican clubs and government officials (Luis Donaldo Colosio, then head of SEDESOL and Arturo Romo, governor of the state) agreed to implement a 2x1 program (Moctezuma 1999, 77) which involved investment in social work in several towns in Zacatecas chosen by HTAs. Eventually the initiative expanded to national coverage and included municipal governments.



Source: Directory of Clubs, *Secretaria de Relaciones Exteriores*, 2002

Iniciativa Ciudadana 3x1

The Mexican federal government had previously worked with different states in matching programs, but it officially implemented the program on a national level in 2002. The program was named *Iniciativa Ciudadana 3x1* and it seeks to match HTA donations with funds from the three levels of government (federal, state, municipal). In the majority of cases, the matching process is financial, but in several cases, municipalities contribute in kind with equipment and paid laborers.

The federal institution in charge of the program is SEDESOL (Department of Social Development). In 2002, the program received US\$15 million to match with states, municipalities and clubs. Although SEDESOL officially limited its financial participation on a given project to no more than 250,000 pesos (about US\$25,000), the contribution has at times exceeded those limits, depending on the project. In practical terms, all projects are partnered with HTAs, although the program was formally presented as open to any group.

Currently, all states participate in the program and it works in 1,334 municipalities with high emigration rates. The range of infrastructural activities is quite varied and usually reflects the interest of the HTA, which approaches the government institutions (SEDESOL, or the state/municipal government). State and federal approval depend on criteria that vary from state to state. Generally, the federal government does not support projects that assist religious organizations or activities (such as painting or building a church). However, immigrant associations often consider this an important part of community development, and in some cases, church-related projects are approved.

This report contains an analysis of the matching grant projects, considering factors like amounts committed, type of partnership established, type of project, duration of implementation, outcomes and/or impact observed, development relevance, and political considerations in project implementation. The evaluation assesses whether government resources invested in these communities have fulfilled the goals proposed by the principles of the program as well as those indicated by the community itself. A key measure of a project's effectiveness is whether the project had a concrete development impact that improved the living conditions of its residents.

Table 2.1: Considerations about Joint Partnerships

Criteria	Concept	Indicators
Type of partnership established	Shared understanding of working through a collaborative scheme: investment or donation	Stated proportional share of involvement with other partner
Amounts committed	Commitment of financial contribution	Amount disbursed
Type of project	Charitable, Infrastructural; Human development oriented; wealth generating investment; fund raising.	Activity performed
Project duration of implementation	Length of time of project	Projected and Resulting Timelines
Project outcomes (and/or impact)	Resulting product from implementation of project	Construction of infrastructure, employment generated,

observed		resources supplied
Project development relevance	Social and economic contribution to local community	Additions to the infrastructure and social and economic base of community
Political considerations in project implementation	Influence of state and/or local politics in determining projects	Leaders political clout in determining projects, selection of partners associated to a leader or party

The issue of improvement in local quality of life is relevant because it is part of the underlying motivation of the matching grant program. HTAs expressed interest in supporting projects that could solve some of the problems in their communities, and the matching program is meant to work with the HTAs to accomplish this goal.

This part of the report is based on an analysis of over 500 projects that took place in four states – Guanajuato, Jalisco, Michoacan and Zacatecas – which represent more than 30% of Mexican migration to the United States. The projects under analysis were implemented in 2002. The report addresses the issues raised in Table 1 by looking at the implementation of specific projects carried out in the different states.

In 2002, the *Iniciativa Ciudadana* projects totaled US\$43.5 million, a quarter of which came from the contributions of Mexican hometown associations. Zacatecas received over one-third of the amounts allocated. Jalisco, Guanajuato, and Michoacan, which are also major emigration areas with labor-intensive agricultural economies, have also participated significantly in the program. Together, these four states represent nearly two-thirds of the total allotment for the 3x1 program at the national level.

Table 2.2: Distribution of 3x1 Funds by state in 2002 (in thousands)

State	Amount (US\$)	Percent
Guanajuato	2,054	4.7%
Jalisco	5,199	11.9%
Michoacán	4,151	9.5%

Oaxaca	1,504	3.5%
Puebla	557	1.3%
San Luis Potosí	1,717	3.9%
Zacatecas	16,316	37.5%
Other States	12,056	27.7%
TOTAL	43,553	100.0%

Source: SEDESOL, 2003. Amounts were converted to 2002 US dollars.

Table 2.3 shows that one-third of the projects deal with public infrastructure, generally involving street pavement, street improvement, construction of bridges, etc. Ten percent of the projects focus on electrification, and ten percent on economic infrastructure, such as installing irrigation systems or wells. With the exception of Guanajuato, church-related work represented a smaller proportion of the projects. Over 10 percent of projects focused on social infrastructure, that is, on the construction and/or maintenance of parks, gardens, or cemeteries.

Table 2.3: Range of activities performed under 3x1 program

Project	STATE				Total
	Guanajuato	Jalisco	Michoacan	Zacatecas	
Electrification	21.7%	9.2%	4.5%	12.3%	11.6%
Health Infrastructure and Equipment	3.3%	2.5%	1.5%	5.7%	4.1%
Economic Infrastructure (irrigation)		3.3%	16.7%	8.2%	7.1%
Water, Sewage treatment plants	13.3%	22.5%	9.1%	11.1%	13.9%
Social Infrastructure (parks & recreation facilities)	13.3%	10.0%	27.3%	11.5%	13.5%
Public Infrastructure (street pavement)	18.3%	45.8%	30.3%	37.3%	36.1%
Educational Infrastructure	5.0%	6.7%	6.1%	9.4%	7.8%
Church	25.0%		4.5%	4.5%	5.9%
	100.0%	100.0%	100.0%	100.0%	100.0%

Source: SEDESOL, classification elaborated by the author.

Over two-thirds of these projects were implemented in areas with populations under 3,000. These are predominantly rural areas, which receive a significant volume of remittances and don't have financial institutions present. The majority of these communities is poor, with average monthly incomes below US\$400, and has a significant need for public and economic infrastructures. Most communities lack commercial centers and in the majority of cases, citizens travel at least 50 kilometers to purchase goods. Donations by all parties averaged near US\$40,000 (see Table 2.4).

Table 2.4: Average amounts budgeted for 3x1 projects and the HTA contribution (in US\$)

State	3x1	HTA contribution
Guanajuato	31,424	7,856
Jalisco	42,109	10,527
Michoacan	64,124	16,031
Zacatecas	33,433	8,358
Four states	39,457	9,864

Source: SEDESOL 2003.

This effect of these donations is noteworthy when the contribution is compared to the budget allocation for municipal work in the locality. As the table below shows, the average ratio of donations vis-à-vis the mean allocation to public works in each community is particularly significant in smaller communities, which are the major recipients of these funds.

In areas with populations under 1,000, where nearly 50 percent of donations take place, the contributions are seven times the budget allocated for public works in that community.

Table 2.5: Budget allocation, HTA donations and population (mean values)

Population range	HTA donation (in dollars)	Ratio HTA and Public works budget	Average population in Community	Share of 3x1 projects (%)
Under 999	8,648	7.1	407	48.6
1,000 to 2999	11,999	0.5	1,686	21.0
3,000 to 4999	8,397	0.1	4,014	6.8
5,000 to 9,999	9,602	0.1	7,328	9.9
Over 10,000	25,661	0	69,653	14

Source: SEDESOL and Sistema Nacional de Información Municipal, Secretaría de Gobernación. The ratio HTA to budget in public work is calculated by dividing the amount an HTA donates by the municipal budget allocation for public work in a community. In most cases, sixty percent of a municipality's budget is allocated for public works.

b. Projects and communities at work under 3x1

In order to look more closely at the communities benefited by the donations, this project involved visits to more than twenty communities in four Mexican states. The communities reflected the contact of hometown associations with their relatives in Mexico, and their interest in expanding projects and involving government authorities.

Table 2.6: Communities visited where 3x1 project is implemented

State	Municipality	Locality/Community/Colonia
Jalisco	San Cristobal de la Barranca	el Malacate
		Tepozan
		Taberna y Media Luna
	Cuautla	Cuautla
	Tlaquepaque	Tlaquepaque
	Jamay	Jamay
Guanajuato	Abasolo	Abasolo
	Huanimaro	Huanimaro
	Silao	Silao
	Romita	Romita
	Uriangato	Uriangato
Michoacan	Huandacareo	Tupataro
	Huaniqueo	Tendeparacua
	Huaniqueo	Tendeparacua
	Morelia	Nuevo san Juan Parangaricutiro
Zacatecas	Villanueva	Col. Felipe Angeles
		Boca Rivera
		Villanueva
	Jerez	San Juan del Centro
		La Labor
		El Huejote
		Jerez

Zacatecas

As Delgado Wise notes, “Zacatecas shares with Guanajuato, Michoacan and Jalisco a migratory tradition dating back to the end of the last century.” During the 1990s alone, the migration rate from Zacatecas was one in one hundred (Delgado Wise 2003, 6). The end result has been population decline and a significant flow of remittances to this region. Twelve percent of households in the state and up to 30 percent in areas of high emigration receive remittances.

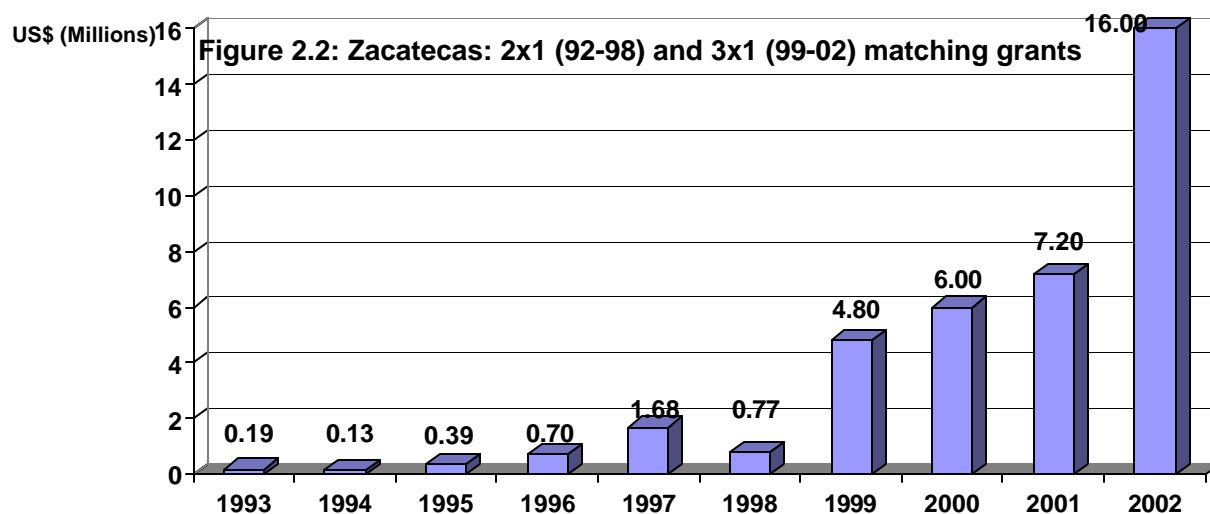
Within this context, Moctezuma (1999) identifies hometown associations as a byproduct of the “historical evolution of international migration.” These Zacatecan associations are older than

those from other parts of Mexico, some dating back to 1962 (Moctezuma 2003, 16). Over time, they have evolved into at least 13 federations. As the clubs and federations become stronger, they approach and are approached by groups interested in their resources and in forging relationships.

These relationships became more formal in the early nineties under the administration of then governor Arturo Romo and the head of SEDESOL, Luis Donaldo Colosio. According to community leaders, the interaction resulted largely from the initiative of the federations, who approached the government with the purpose of engaging in specific development partnerships in members' communities of origin.

Once the institutional relationship was established, the volume of donations grew steadily, reaching an all-time high of at least US\$16 million in 2002.

The majority of the projects carried out under the 2x1 scheme involved work in public infrastructure, similar to the projects implemented under 3x1. Specifically, most of the public infrastructure projects have dealt with pavement of main streets.



Source: Moctezuma, Miguel. *Territorialidad socio-cultural...*

Villanueva and Jerez are two of the municipalities studied. Both are representative of Zacatecas emigration trends: nearly 20 percent of households have a relative living abroad, and they receive remittances averaging nearly US\$400, 7-8 times a year. A number of projects are taking place in each town, the majority involving public infrastructure. Together, the projects in these two towns represented 10 percent of the 3x1 projects implemented in Zacatecas. Villanueva received nearly US\$1 million in donations, (US\$250,000 from HTAs) and Jerez US\$600,000.

Jerez is a municipality one and a half hours from the city of Zacatecas, with a population of 55,000, 30 percent of whom are economically active. The city has three banks, and is the center for more than one hundred small communities that belong to the municipal jurisdiction. In 2000, the municipality had a budget of US\$7 million, half of which was dedicated to public works.

Three localities visited included projects such as street pavement, rebuilding of a primary and secondary school, and setting of an irrigation system. One of the communities visited was San Juan del Centro, with a population of 415. It implemented 11 of the 28 3x1 projects carried out in Jerez. These projects included paving streets and construction of a school. The total investment in the community was US\$246,000 (one quarter from HTAs).

Table 2.7: San Juan del Centro: 3x1 projects

Type of Project	No. of Projects	Amount contributed under 3x1 (US\$)
Street pavement	9	187,250
Electrification	4	25,380
Educational infrastructure	2	33,372
Total	15	246,002

Source: SEDESOL office in Zacatecas

Two of the communities visited in the municipality of Villanueva were Colonia Felipe Angeles and Boca de Rivera. In the case of Felipe Angeles, the main streets were paved, which will allow for easier access to public transportation. In Boca Rivera, the 3x1 program constructed a

health center, which reduces the risk associated with long distance travel for treatment of emergencies.

Table 2.9: Villanueva municipality, HTA contribution

Community	Project	HTA Contribution
Boca de Rivera	Construction of Health Center	5,147
	Chapel remodeling	3,523
Col. Felipe Angeles	Street pavement	28077
	Construction of Funeral home	3,092
Tayahua	Street pavement	13,760
Villanueva	Construction of computation center	5,630

Although ultimately the choice of projects is left to the HTAs, many of the projects in Zacatecas reflect to a significant extent the preferences of government officials, who perceive infrastructural work as the best kind of partnership with Mexican clubs. Public infrastructural work is also well received by community leaders and HTAs, as it reflects an idea of development that has historically equated construction with progress.

We asked the mayors of both Jerez and Villanueva about their opinions of the donations and their perspectives on moving forward. Both argued that one major challenge is matching the financial demands of these projects. In addition, they stressed the importance of moving towards what they refer to ‘productive’ projects. The idea of productive projects has been raised by many groups who are directly or indirectly involved with remittance transfers as well as with community based donations.³ In practical terms, many equate ‘productive projects’ with wealth and income generation activities, such as business ventures.

However, when prompted about what kind of focus the projects should have, the mayors generally give a short and incomplete answer. One mayor’s assistant expressed that adding value to remittances is key, and one strategy consisted of investing resources in the food

³ The term ‘productive’ is often used improperly as a referential mark that assumes that remittances do not have a direct effect on productivity. Such untested assumption has been used to declare that remittance receiving households should make a more productive use of their money. Moreover, others have made direct reference to community donations as a resource that should focus on productive projects not on charity. However, many of those who use the term fail understand the broader effects of remittances and rather reflect biased opinions about the flow. Many also a paternalistic tendency to try to tell immigrants and their relatives what to do with their money.

processing industry (milk in particular). Another mayor offered a more candid and honest response. He requested assistance to identify which wealth generation projects would be feasible for the town and how to approach hometown associations to bring investment into these areas.

Zacatecas is also distinctive because it is a state in which politics and remittances mix considerably. The political leaders of the four states under analysis have built relationships with federation leaders and often visit the United States. In the Zacatecas case, however, the relationship goes beyond economic courting, and has a political dimension at local and state levels. This political dimension is illustrated in the link between levels of remittances received in certain areas and state support to these places in order to increase political capital. Furthermore, emigrants from Zacatecas are trying to secure the right to vote and hold office. This has resulted in a growing sophistication in identifying projects and political opportunities, and an opportunism on the part of some politicians.

Guanajuato

Guanajuato, like Zacatecas, has a history of migration to the United States. Many regions within Guanajuato are identified as high emigration areas, and the state government has adopted a policy to work with migrant communities through a series of programs, including 2x1 and 3x1.

The communities where emigration takes place are generally agricultural, labor-intensive areas with monthly incomes below US\$400. Unemployment rates are higher than the national average, and the towns generally lack most commercial and industrial services. Most of the communities have potable water, and the more populated areas have electricity, schools, and minimal basic infrastructure. However, the communities are unable to maintain the infrastructure or expand public works with already existing resources. Because of a nearly permanent deficit for supporting or expanding basic services, hometown associations have emerged to address some of those needs as identified by community leaders.

Institutionally, the state created an interagency commission, the *Comisión Estatal de Apoyo Integral a los Migrantes y sus Familias*, which addresses a number of issues relating to

emigrants. Some of the issues the commission approaches are health, education, work, investment, risk assessment about migration, remittances, community donations, and human rights.

In 2001, the state initiated the 2x1 program with an investment of 12.9 million pesos (about US \$1.29 million). The *Dirección General de Comunidades Guanajuatenses en el Exterior*, in coordination with the *Casas de Guanajuato*, promoted the program in the United States. In 2002, with the implementation of the 3x1 program, the number of projects increased. The state maintained its original program and also expanded its resources to work under 3x1.

The projects were implemented in sixteen municipalities from which there is intense emigration and where 15 percent of households receive remittances. The most common projects were the electrification of street lights, street paving, and church rehabilitation. The municipality of Abasolo represented nearly a quarter of all projects carried out in the state (see Table 2.10), with several communities working within the 3x1 program.

Table 2.9: Guanajuato: 3x1 projects implemented by municipality

Municipality	No. of projects	RRH	Migr. Intens.	Population
Abasolo	18	17.09	1.96	79,093
Leon	11	4.07	1.21	1,134,842
Huanimaro	4	31	4.33	19,693
Romita	4	14.5	1.07	51,825
Valle De Santiago	4	12.74	0.5578	130,821
Tarandacuaao	3	17.64	1.34	11,583
Uriangato	3	10.19	0.79	52,931
Irapuato	2	6.63	0.05	440,134
Jerecuaro	2	12.71	1.21	55,311
Silao	2	7.7	0.11	134,337
Yuriria	2	12.09	0.9068	73,820
Cd. Manuel Doblado	1	22.42	2.61	38,309
Cueramaro	1	36.23	2.46	25,610
Santa Cruz De J. Rosas	1	11.32	0.727	65,479
Tarimoro	1	20.9	2.73	37,418
Victoria	1	6.65	0.11	17,764
		15.2425	1.385725	1,48,060.6

RRH: Remittance receiving households (%), Migr. Intens.: migration intensity. Source: SEDESOL and Censo de Población y Vivienda, 2000.

With a population of 80,000 and 25,000 in the municipal capital, Abasolo has a high migration rate, and nearly two out of ten households receive remittances from California and Texas. Two sources of productive activity are brick and maquila factories. Abasolo is illustrative of the range of projects that are carried out in Guanajuato. As table 3 showed, 25 percent of projects in Guanajuato are geared towards church work. Seven out of eighteen projects in Abasolo included investment in church repairs. The remaining works concentrated predominantly on electrification of street lights. The total allocation of funds was just over US\$400,000, of which the immigrant communities donated a quarter.

Table 2.10: Projects implemented in Abasolo municipality and amounts contributed by all parties

Community	Project	Amount (US\$)
Altos de Alcocer	Electrification for public lighting	11,270
Boquillas	Street pavement	98,620
Col. Emiliano Zapata	Finalize Building of chapel	11,890
Col. Juarez	Street pavement	34,231
El Varal de Vabrera	Electrification for public lighting	4,452
La Vabra	Building of chapel	48,165
La Lobera	Electrification for public lighting	8,676
Labor de Peralta	Electrification for public lighting	5,849
Labor de Peralta	Electrification for public lighting	6,492
Las Brisas	Rehabilitation of temple's floor	6,131
Las Pomas Nuevas	Building of chapel	43,039
Piedras Negras	Street electricy	9,859
San Francisco de Horta	Electrification for public lighting	5,616
San Francisco de Horta	Electrification for public lighting	6,142
San Isidro	Finalize Building of chapel	38,557
San Jose de Gonzalez	Electrification for public lighting	7,976
Tamazula	Finalize Building of chapel	60,045
Trojes de Marañon	Finalize Building of chapel	14,578

Source: SEDESOL 2003

According to the mayor of the town, 35 projects had been submitted to the state and federal agencies for approval, but only half were approved. The mayor explained that the state and federal offices allocate funds very slowly, which affects the implementation of other projects.

Immigrants and state government officials agree that the approval process is lengthy. For both large and small projects, the authorization of funds requires layers of procedures. Often the result is that immigrants lose interest in joint partnerships. There is also an implementation constraint – by the time the project is authorized, the time left for construction before the end of the fiscal year has been shortened drastically.

State and federal officials disagree about the kinds of projects subject to approval as well as about the time required to authorize funds. However, the process of implementation from the receipt of the proposal to the authorization of funds can take up to six months. The state office argues that it would prefer to work only under its traditional 2x1 program rather than waiting longer for federal approval.

A distinctive characteristic of the 3x1 program in Guanajuato is that the immigrant counterpart is not always a hometown association. Instead, it is a more informal conglomerate of relatives who pool resources benefit the town. Another important feature of the Guanajuato case is technical work. The state office has devoted energies to better understand the needs of the localities and their relationship to migration. Guanajuato is undergoing a learning process that analyzes basic needs, migratory trends and relationships with emigrants, and will better inform opinion among public officials and eliminate bias among them.

Although the programs are relatively new – none is older than three years and 3x1 has been in existence for just 18 months – there have already been some advances in project implementation. Compared to the year before, more resources are put into electrification and street pavement projects. Another important change is that communities are identifying basic needs and developing city plans. One example is the Torrecilla community in the municipality of Ciudad Manuel Doblado.

In 2002, Torrecillas implemented two projects that helped rebuild the community center. This was the first time the community and its immigrant relatives participated in a matching project. The community created a development plan highlighting projects:

1. workshop training on business investment,
2. church maintenance,
3. creation of a secondary school;
4. improved transportation services;
5. creation of a health center;
6. construction of a drainage system;
7. building a public telephone system;
8. closing a canal;
9. pavement of streets and sidewalks

The Guanajuato case illustrates the need to improve communication and information among community leaders, HTAs and the state about the range of projects that could be addressed in a partnership, and thereby decide on the best options based on information as well as on the preferences of immigrants.

Jalisco

Jalisco also has a significant emigrant population. According to INEGI statistics, over 200,000 people from Jalisco emigrated to the United States between 1992 and 1997 – a growth rate of 7 percent, fifth highest after Zacatecas, Durango, San Luis Potosi and Guanajuato.

According to the foreign affairs office, Jalisco clubs represent the second largest proportion of hometown associations after Zacatecas. Moreover, according to 2002 SEDESOL figures, Jalisco was the second largest partner in the 3x1 program, also after Zacatecas: Jaliscan clubs raised over US\$5 million for this program. In 2002, there were 122 projects implemented in 30 municipalities, involving more than one hundred rural communities. Nearly half of the projects carried out in the state dealt with public infrastructure, and 10 percent focused on water related projects (such as water treatment plants and sewage systems).

The 3x1 program is coordinated by different state offices and the SEDESOL delegation with the municipalities and community representatives. The state has a foreign affairs office which provides outreach to its diaspora by promoting different activities, including celebrations of the state festivities and a day for the *Jaliscienses ausentes*. The state office also coordinates other

projects outside 3x1. One such project, *Por Mi Jalisco*, deals with support for small business investment projects.

The project involved visiting four municipalities in Jalisco. San Cristobal de la Barranca offers an illustration of the range of projects carried out in the state. The municipality has a population of 4,348, down from 4,864 in 1980. One quarter of the population lives in the municipal capital (*cabecera*). The area is predominantly agriculture-based, although agricultural production beyond self-subsistence has been curtailed due to increased competition since 1994.

Employment is scarce – only a quarter of the population is economically active and the majority of the residents have a basic fourth grade education and no access to health care.

Table 2.11: Three for One Projects in the Municipality of San Cristobal de la Barranca

Community	Project type	Amount (US\$)
El Malacate	Street Pavement	43,140
La Taberna y La Media Luna	Electrification	51,746
Pueblitos	Street Pavement	6,098
San Cristobal de la Barranca	Street Pavement	96,883
Tepozan	School Repairs	9,825

Source: SEDESOL 2003.

The migrant community became involved in various projects in the town, but most of the initiative came from the municipal leaders who approached the residents. The clubs fundraised for three specific projects: electrification, street pavement and school rehabilitation. The last project also provided meals to the needy and elderly.

Similar to the reactions in Zacatecas, the local mayor stressed that the municipality is overburdened by the allocation of resources under the 3x1 scheme. As a result, the municipality had to contribute in kind with labor and equipment. Still, the mayor values the support from 3x1. Like many mayors in rural Mexico, he is a former emigrant who returned to Mexico. The mayor has sought to reorient 3x1 work to wealth-generating activities that create jobs. He identifies at least three areas of potential investment in the area: processing mangos, prunes and onyx. In his view, such an approach would help develop the town, which the federal government considers highly marginalized.

Michoacan

Michoacan also has a tradition of migration to the United States, with an estimated 100,000 – or 5 in 1,000 – emigrating between 1992 and 1997. The state has responded to the diaspora’s interest in working in their towns of origin and forging partnerships. The federations from Michoacan, like those of Zacatecas, are influential in their home state. Chicago’s federation of Michoacan clubs is one of the most active federations working with the state and federal government in Mexico.

Michoacan is nearly on par with Jalisco in raising funds for the 3x1 program and works in 30 municipalities throughout the state. It has an office of outreach to Mexicans living in the United States, *Coordinacion General para la Atencion al Migrante Michoacano*, which provides basic intermediation and communication services to club leaders. The projects carried out in Michoacan are not substantially different from those in other states. Michoacan has distinguished itself in the 3x1 program, however, by setting up economic infrastructure for wealth generation projects. Hometown associations, in cooperation with the state, have engaged in a few investment projects.

The town of Tendeparaqua in the Huaniqueo municipality is one area where such projects are taking place. The HTAs and government established a garment shop under 3x1 by investing in sewing machines to produce pants. The small workshop contains six different types of machines and will be managed by women from the locality. The state provided training to the women on elaboration of garments and also arranged a contract with the state textile chamber of commerce, which sells school uniforms to the state. The women in the factory will make pants for school uniforms purchased by the chamber of commerce. The community will employ a minimum of eight women to run the shop in the first year.

Table 2.12: Municipality of Huaniqueo, 3x1 Projects

Community	Amount (US\$)
Huaniqueo de Morales	16,940

Tendeparacua	145,114
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Source: SEDESOL

This is a promising project that other states and communities could use as a model. The state and federal representatives, as well as the mayor, were encouraged by the investment. The community hoped the project would help provide an answer to its employment needs outside the depressed agricultural sector.

Another town working with HTAs through the 3x1 program is the municipality of Tanhuato, with a total population of 14,000 and populations under 1,000 in 80 percent of its communities. The projects were managed by a local priest who has developed a range of ideas, from project implementation and design of 3x1 schemes to support investment strategies to commercialize agricultural commodities.

Table 2.13. Tanhuato Municipality, 3x1 Projects (US\$)

Community	Project	Amount
La Presa	Electrification	24,417
Las Cieneguitas	Social Infrastructure	77,832
Los Charcos	Public Infrastructure	102,669
Rancho Nuevo	Educational Infrastructure	14,805
San Jose de Vargas	Public Infrastructure	105,108
Tanhuato de Guerrero	Social Infrastructure	112,808
	Public Infrastructure	27,281
Tarimoro	Social Infrastructure	14,271
Tarimoro	Electrification	44,983
Tinaja de Vargas	Water, Sewage	100,984
Villanueva (Villa Nueva)	Public Infrastructure	15,392

Source: SEDESOL 2003.

In Tanhuato the local priest has a commitment to improving the local quality of life and has sought to develop ties with businesses to bring investment into the town. His work has brought

contracts with major stores like Walmart. Most of these initiatives, however, are outside the 3x1 scheme. This town is an example of the presence of community leadership in identifying projects and engaging more players. Few other committees or individuals display similar traits in terms of identifying projects and basic needs.

c. Preliminary Lessons

The range of projects under review provides important insights about their role in development. Among some of the issues identified are the following:

- The communities where the projects take place have low levels of development;
- These communities have significant basic public and economic infrastructure needs;
- The program is generally well received, but there are differences in outlook among states and officials;
- Community leaders are interested in investing in wealth-generating ventures, although they have not ventured into them;

Basic development problems permeate most of the communities working with the 3x1 program. The communities have high rates of emigration precisely because they have historically lacked employment opportunities as well as basic health, education and housing services. The economies in the municipalities that benefit from the *Iniciativa Ciudadana 3x1* program are nearly one third the size of urban centers like Monterrey, Puebla and Guadalajara. The small communities also lag behind by at least ten points in the human development index (see table below). When these numbers are compared to particular localities in the four states studied, the results are even more staggering.

Table 2.14: Per capita GDP and Human Development Index

Locations	Annual GDP pc (US\$)	HDI	Monthly GDP pc (US\$)
Jalisco 3x1 Municipalities	3,500	0.72	292
Guanajuato 3x1 Municipalities	4,161	0.72	343
Michoacan 3x1 Municipalities	3,773	0.72	314
Zacatecas 3x1 Municipalities	3,114	0.72	260
Monterrey	14,769	0.85	1,231

Puebla	11,073	0.84	923
Guadalajara	8,824	0.83	735

Source: Sistema Nacional de Información Municipal, Secretaria de Gobernacion

This situation is dramatically reflected in the need for basic public infrastructure. Although some critics of the assistance by hometown associations stress that they should focus their efforts on so-called ‘productive projects,’ an economic infrastructure will not survive without basic, functioning public infrastructure, such as electricity, schools, health care centers, and access to larger cities for better economic communication.

In that context, the contributions of HTAs under the 3x1 program help fill a void. Furthermore, the investment is even more significant considering that in the majority of these communities, it represents at least five times the budget allocated for public works.

States and communities differ in their management of projects and their perception of the beneficiaries and HTAs. Although in most cases they clearly recognize the donations’ contribution to development, some officials diverge in their perception of immigrants. In some instances, state officials believe HTA leaders have little understanding of the towns’ needs and render them unable to work for change. On the other hand, those officials working directly on the implementation of projects tend to offer a more positive opinion on the contribution of immigrants.

This does not mean that one must adopt an uncritical perspective about HTA contributions. Hometown associations are often aware of the need to grow into mature institutions, but in many instances they lack the means to move that next step (Garcia Zamora refers to that as the *salto de la muerte*). The influence of the local community members linked to immigrant groups is significant and tends to shape HTA project decisions. It is therefore important to help inform those members of the community about the extent of needs and range of possibilities in the town beyond the provision of public infrastructure.

The demand for basic infrastructure, however, does not preclude exploration of business or investment ventures by community leaders and HTAs. Leaders in every community visited

stressed the need to work in ‘productive projects,’ but in the majority of cases, they lacked clarity and concrete examples. Paradoxically, no one has ever invested in one.

The desire to work in wealth generation programs is mostly a reflection of hopeful thinking about poverty reduction on the part of community leaders, HTAs, and government officials. This issue is important, because shifting ideas and practices of HTAs from philanthropic work to business ventures is particularly complex and risky.

All interested players need to consider the demands for goods and services that create local markets, and identify private sector investors interested in engaging in an investment strategy. This means exploring the costs and benefits of investing in a given community or region.

More importantly, HTA leaders must explore carefully the nature of their involvement in such projects. Specifically, would any profits return to the community or the business, or would they be redistributed among HTA leaders? The possibility of investing in ‘productive projects’ is feasible only if there is a careful understanding of the range of issues at stake.

3. Economic development and hometown associations: donor partnership strategies with HTAs

The report has shown that Mexican hometown associations are small philanthropic players with capacities to promote development, particularly when working in partnership with other players. Moreover, HTAs exhibit limited ability in management and project oversight, features that are important when engaging in more challenging or ambitious activities.

Through continued practice and refinement of activities in their hometowns, these associations clearly show important opportunities for partnership. How can the relationship between hometown associations and development be strengthened? Furthermore, should international donors insert themselves as partners, and if so, how? This section proposes recommendations to hometown associations, governments and international donors about specific initiatives to

strengthen the work of HTAs, their partnership capacity, and their goals in promoting development.

Attention is drawn to three broad areas: social development, financial infrastructure, and wealth generation. The recommendations focus on issues of technical cooperation to identify development projects, support in the implementation of financial and technological infrastructures, and direct work in promoting economic investment opportunities.

Governments, donors, foundations and migrant groups could create partnerships to further advance social change by identifying projects that add value to their donations.

Specifically, the report identifies several areas on which to focus attention:

1. Donor relationship with HTA federations;
2. Social development
 - a. Donor technical assistance for project identification;
 - b. Support of a transnational community radio;
 - c. Donor support on governance and democratic participation;
 - d. Donor partnerships in social (health and education) and infrastructural projects
3. Economic development
 - a. Government incentives to attract private sector involvement;
 - b. Government support in investment feasibility analysis;
4. Financial infrastructure
 - a. Support education on financial services;
 - b. Support to link technology to education, communication and remittances in the rural areas.

a. Promoting development through HTAs

Migrant associations are not development-oriented by nature. It is important, therefore, to identify those players that have a direct concern with economic change in their communities.

Donors, governments and non-profit organizations must not attempt to change the behavior of these associations by pushing them into development activities. The associations are an expression of meaningful contacts with the country of origin, and gradual engagement by development players may ease the transition into partnerships.

One task of governments, foundations, and multilateral and bilateral donors is to find partners to share and coordinate development projects. Some of the activities performed by HTAs make them important candidates for partnership.

In particular, HTAs have a demand for guidance in identifying projects. Development agents have expertise in detecting the needs of a given community, and can play an important role in informing other groups about the kinds of infrastructure that can promote local and regional development. Most importantly for HTAs, donors can make the distinction between donations for social benefit and investment for economic development. In that context, they can provide associations with different project options that generate economic infrastructure and foster an attractive investment environment in a community. Development agencies and governments can also form specific social and infrastructural project partnerships.

The philanthropic nature of HTAs does not prevent partnering with donor agencies, but development players must be realistic about the realm of possible partnerships that can be achieved with an HTA. Engaging in multimillion dollar projects is not feasible. Instead, the various players could explore concrete initiatives with a given project proposal for partnership.

As an alternative, donors can help interested HTAs participate in development. Donors must recognize the range of players involved in managing and implementing the projects. Without an understanding of their characteristics, interests and politics, donor involvement will not be successful. To that effect, the last two sections offered a synthesis of some of the issues to consider about the nature and work of HTAs.

Donor opportunities for partnership with hometown associations

Donors can partner with hometown associations through a three-pronged strategy targeting at least three broad areas: social development, financial infrastructures and business development. This type of work must be focused on more developed HTAs.

Forge relationships with federation leaders and emigrant outreach state offices

It is critical to form partnerships with well-established groups that have the ability to engage in long term project commitments. Federations of Mexican clubs are some of the best-suited players for partnerships, and federation leaders have expressed interest in forging partnerships with donors and foundations. A systematic way to work with these associations is through the federation leaders.

In establishing a relationship with the federations, donors and foundations can build common agendas about future work and opportunities for cooperation in specific cases. This kind of alliance reduces the costs of identifying the most suitable partners from the pool of thousands of associations. Well-established and organized federations, including the Southern California Federation of Zacatecan Clubs, the Chicago Federation of Michoacan Clubs, and others are interested in forging relationships. Informing these leaders of the range of activities a foundation or donor is involved in, and inviting them to attend meetings of special interest the federations, would be important first steps in establishing a joint relationship.

In addition, the emigrant outreach offices of the Mexican states, including the *Coordinacion General para la Atencion al Migrante Michoacano*, the *Guanajuato Comision Estatal de Apoyo Integral a los Migrantes y sus Familias*, and Jalisco's Foreign Affairs Office offer important opportunities for partnership.

Social Development

One strategy of working with hometown associations involves offering technical and financial support on their already existing activities. Municipal governments appear as a key partner and

beneficiary in such a strategy as they are the centers where decisions and projects are implemented.

Technical assistance

Donors can be most effective through technical assistance, which can be provided in at least four areas: basic needs assessment, town planning, project administration and municipal development.

Donors can contribute their expertise to inform HTAs and their communities about town priorities and how to proceed in project implementation prior to investing any resources. Within that context, donors can provide a four pronged support: identifying a community's basic needs, elaborating criteria that help inform the selection of projects, providing information about necessary resources and potential partners, and illustrating best practices from other projects.

Basic needs assessment involves the identification of the immediate and long term economic, infrastructural, social and cultural needs of a community. Nonprofit organizations working on local development are critical in transmitting information about a community's needs. Furthermore, inviting these nonprofits to participate will have an additional effect of strengthening the relationship between diasporas and home country citizens.

Direct technical assistance to HTAs is difficult because most donors (though not all) provide assistance only to groups based in Latin America, and because it can be a challenge to track HTAs. Central to this issue is the question of who is direct beneficiary of such assistance.

Two major beneficiaries are municipal governments and NGOs. Municipal governments in particular would benefit from assistance about how to better understand the town's basic needs, as well as how to plan and manage projects. Most projects under 3x1 are negotiated and managed in coordination with municipalities, therefore the municipality would greatly benefit from a more informed identification process, and would in turn would disseminate the newly acquired knowledge to the community and HTAs. Whenever available, NGOs would also be

important beneficiaries, but they are rarely present in rural areas and much less working with HTAs

Another option for donors or foundations working both in the U.S. and Mexico is to implement a transnational training program on basic needs assessment. This would provide skills to the HTA as well as to the local government or social organization. Examples of those type of projects are Kellogg, Ford and Rockefeller foundations. An alternative to such idea is for funders to forge partnerships between U.S.-oriented and Latin American-oriented funders. For example, the U.S.-based Annie E. Casey Foundation could work with Ford, Rockefeller or a donor country.

Within this context, the most efficient and successful strategy that supports efforts of HTAs in development lies in strengthening the capacity of municipalities. In doing so, these municipalities can become development conduits, not only within the framework of project identification and formulation, but also of good local governance, as they would be required to solicit civic engagement on matters of local change.

Partnerships in social (health and education) and infrastructural projects

Under certain circumstances, and when HTAs have expressed interests, donors and foundations could forge joint partnership with HTAs by providing grants in kind or cash to local communities in the areas of health, education and infrastructure. Many HTAs have expressed interest in supporting health and education as well as a desire to partner with development agents. Moreover, half of Mexican HTAs work in some education or health-related project.

In order to move into the next step, however, federations and concerned HTAs could approach the donor community to work on projects distinguishable from those carried out under 3x1. Donors can help implement sound projects targeting health, education or public infrastructure. For example, HTAs often provide support to acquire school supplies without a fully operational school present, or build a health center without supplies or staff. In such cases, donors can work in coordination with HTAs and better inform the associations about basic development needs and priorities. Because the development institution has more resources and capacity, it can tackle on the longer term priorities and plans.

Moreover, institutions like foreign aid donors are already promoting development that coincides with the areas of HTA work. Electric energy project carried out by donors in Mexico, for example, could work in partnership with similar projects carried out under the 3x1 program. The end result of such an alliance is that the donor would expand its support to other areas and provide technical assistance where needed, especially in these high migration areas. The success of such a strategy, however, would depend on the outreach ability of the federations and HTAs, as well as of the flexibility of a donor to engage in a joint partnership.

Governance and democratic participation

Donor support in governance and democratic participation in local development is a key area of attention. Although HTAs are philanthropic institutions, by virtue of their involvement in local activities, contribution of resources, and partnerships with local groups or individuals, they also become local players. Therefore, local civil society organizations as well as HTAs and government officials depend on the exercise of democratic practices to produce decisions.

More importantly, support of local governance in areas where HTAs donate resources can tie civic participation with logistical and material support, and make donors' work more meaningful. This will in turn help to promote civically motivated projects with a development outlook. Under the 3x1 program, municipalities have become de facto centers of development and decision-making. Through their geographic and political jurisdiction and authority, decisions are made and projects are implemented in a municipality. Therefore, one of the most important strategies concerning HTAs and development could be support to local governance programs that strengthen municipal governments and involve the associations and other civil society players.

Transnational Community Radio

Both immigrant communities and communities of origin rely strongly on radio as means of communication and exchange of information. In rural Latin America in particular, community radio has played a key role in keeping people informed and connected. Radio programs can

serve as development and cultural conduits that strengthen ties and knowledge in many areas of everyday life.

Supporting community radio projects in areas of high emigration is an important development tool. In particular, foundations can develop a strategy to tie radio programs in the receiving and sending areas. Examples of transnational community radio programs include those between Nicaraguans in Costa Rica and their relatives in rural Nicaragua, Colombians in Miami and Colombia, and Ecuadorians in Spain and Ecuador. Community radio would not only enhance communication but also provide an educational component for both groups. PRODECA and other Nordic country donors currently fund such programs, in El Salvador and Guatemala.

Wealth generation, a feasible strategy?

Immigrant groups and government authorities that manage 3x1 have expressed interest in moving their resources towards wealth generation schemes that can serve as development strategies. In the majority of cases, there has been a lack of understanding about what kind of investment schemes should exist or what competitive advantages and opportunities a community offers to attract investment. Therefore, it is unclear whether this should be a strategy for HTAs to pursue and whether a donor should be involved.

It is very important to stress that any strategy aimed at promoting wealth generation schemes must consider the type of player, whether an HTA or an individual investor, as well as the type of investment, whether for local consumption or export, and the risks and issues involved in economic investment. In the case of the type of player, hometown associations must be able to distinguish between social and economic development needs. Specifically, investing in wealth generation brings up an array of issues such as risk, marketing and product competitiveness, distribution of wealth, and regulatory issues (see section two lessons learned).

An important issue to consider is that instead of investors *per se*, hometown associations may very well become investor promoters themselves without resigning from their social development work. Wealth generation projects depend on the characteristics an area has to offer

as well as four other important factors: entrepreneurship, capital, competitiveness, and technological edge. Hometown associations do not generally exhibit these components, but through their networking capital they can help attract investors into their communities. State offices can be important conduits to transmit the message of investment opportunities in their communities and regions to HTAs.

Jalisco presents such a case. The state of Jalisco has an investment promotion program, *Por mi Jalisco*, that involves support in investment feasibility studies, as well as grants and credits to immigrants interested in investing in their communities of origin. The state office has advertised the program through the Jalisco HTAs in the United States. As a result, HTA leaders have advertised for the state about investment opportunities in at least ten projects, and members have participated in the investments. The success of the investment has depended on the entrepreneurial skills of the investors as well as on current economic conditions, but the program has been successful in locating resources and partners. Therefore, other states can adopt similar strategies in order to bring migrant capital investment to their communities.

It may be too early for a donor institution to offer technical support on investment feasibility. One option may be to extend already existing outreach programs in investment promotion to immigrant groups.

An illustration of this type of investment promotion is found in Zacatecas. Rodolfo Garcia Zamora explains a strategy between HTAs and immigrant investors focused on regional, rather than local development. One illustration is the utilization of the agave plant in the production of mezcal, a drink similar to tequila. The production and marketing of mezcal for domestic and international consumption has occurred in a partnership between the Southern California Federation of Zacatecan Clubs and the *Fundación para el Desarrollo Integral del Sur de Zacatecas*, an organization created in 2000 by relatives of immigrants who invest in different business projects. The business partnership involves several municipalities, including Nochistlan, Juchipila, Apozol, Jalpa, Tabasco and Apulco. The federation has developed public and economic infrastructure in the areas where such business projects take place, while the

Fundación invests in the production and marketing of mezcal in economically vulnerable areas (Garcia Zamora 2002, 12-13).

Although HTAs show preference for participating in wealth generating projects that will create jobs and money, both HTAs and public authorities need to have a greater sense of the risks involved in economic or wealth generation projects, which are different from philanthropic or public work. Central to this issue is determining how successful a given investment project will be, how contracting and labor demand will operate, and what schemes to implement to distribute wealth. These are still unfamiliar issues to HTAs and individual immigrant investors, and require much assistance.

Thus, is not clear whether foundations and donors should step in to provide assistance in economic investment unless there is experience, a common strategy in hand and a goal in mind. Therefore, the first step is for federations and NGOs working with HTAs to carefully determine their ability to move in a different direction or to strengthen their current resources in social development. A second step is to explore with donors and foundations the range of investment opportunities that exist in the region. They can work as actors that enable decisions about economic investment.

Education and Financial infrastructures

Within the context of developing a local community, financing is critical, and remittance receiving communities lack the necessary infrastructure to capitalize on potential financial opportunities. Very few towns with populations under 10,000 have access to financial institutions. Helping to develop financial infrastructure will, in some cases, benefit the community as much as paving a road.

The areas studied in this project are major remittance receiving sectors. In the 294 mostly rural communities in which the 3x1 program was implemented in the four states studied, remittances reached a volume of at least US\$800 million.⁴ In communities with populations under 1,000,

⁴ Calculations were made to estimate the flow of remittances using state and municipal data from the Census 2000 of percent of households that receive remittances. The calculation took the percent of households that receive

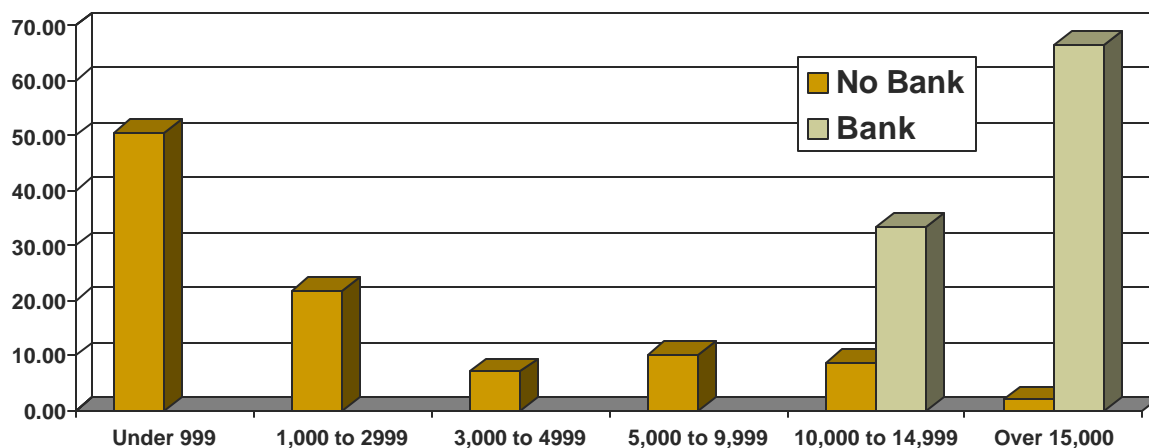
which represent 50 percent of 3x1 operations, average remittances may represent at least US\$100,000 (or US\$100 per capita).

Table 3.1: Average remittances received

Population range	Remittance receiving households US\$250 per disbursement received	Remittance receiving households US\$300 per disbursement received
Under 999	\$106,862	\$128,234
1,000 to 2999	\$442,704	\$531,244
3,000 to 4,999	\$1,053,786	\$1,264,544
5,000 to 9,999	\$1,923,668	\$2,308,402
10,000 to 14,999	\$3,256,231	\$3,907,477
Over 15,000	\$15,027,550	\$18,033,060
Total	\$1,386,671	\$1,664,005

Moreover, in the communities where 3x1 operates, banking institutions like Banamex are present in only those with populations above 10,000. In other words, banks are present in less than 15 percent of these communities.

Figure 3.2: Presence of banks in four Mexican states (by population)



Source: Banamex locations and Sistema Nac. de Informacion

remittances by the frequency and the average amount sent (we used two different amounts, \$250 and \$300, although the average is usually higher for Mexicans).

With these realities at hand, hometown association education projects should include financial literacy programs. Such education will provide one source of the infrastructure needed to create savings and credit institutions in rural communities. Donors can provide support to NGOs in Mexico (or as part of a local governance program) to develop financial literacy in communities where HTAs work. In partnership with an HTA, such education programs could focus on educating relatives about alternatives to increase capital, savings, and opportunities for investment.

b. Allocating funds

Although the range of opportunities and the potential for partnership are real, it is important to approach this strategy cautiously, and consider several caveats. First, politics matters. Second, ambitious programs may fail, and it is better to focus on pilot projects and build models over time. Third, working with partners may prove a difficult task.

Politics matters

Although most associations are small and philanthropic in nature, their exposure to state and local political leaders in the receiving communities may pose a challenge to development players. State governors and mayors in Mexico seek to capitalize on the social capital of HTAs to build economic resources, but more importantly, to maintain political clienteles in rural areas. Moreover, community leaders in the U.S. often see belonging or being related to an HTA as an asset that builds their political capital in U.S. local politics.

Therefore, development players need to be aware of the intricacies of the world of HTAs, while at the same time maintaining an open line to work with them. To prevent the politicization of development assistance, it is important to set a clear and transparent agenda on specific projects and partner with institutions that have a solid reputation on development work and familiarity with immigrant associations and the rural remittance-receiving areas.

Size and symmetry considerations

Foreign aid focused on a partnership with hometown associations needs to take into account two important economic factors. First, because the learning process of helping hometowns in public

infrastructure and other social projects is relatively new (no more than ten continuous years), an ambitious, multimillion dollar program may not prove successful, as it may overwhelm the capacity to manage projects. This is particularly important in the first year of partnership.

Second, as the first and second sections of this report show, the annual amounts raised are not larger than US\$20,000 and on average are about US\$10,000. Therefore, a donor can not expect an HTA to devote all its resources to a partnership because such an approach would have a direct effect on the HTA's broader social focus. A more sensible approach can focus on a joint relationship with federations that identify and link donors to five or ten major HTAs willing to work on specific development projects.

Working with HTAs

A final caveat to stress about HTAs deals with their working relationship. Even the most organized groups are still voluntary associations and members' time is limited. This poses a challenge to the way in which donor officials would interrelate with their HTA partners. One alternative is to work with foundations or non-profit organizations that could manage HTA development projects. However, it is very critical for donors to also have a direct relationship with HTA leaders, to lend credibility to the partnership and to avoid delegation of duty to third parties.

These sets of recommendations do not offer concrete investment figures because they depend on the most appropriate type of granting scheme for development. Most important to highlight, however, is that a relationship with these associations is a strategy that works to the benefit of US and development interests.

Final remarks

In thinking about the role of hometown associations in development, it is clear that they are playing an important role in improving social conditions in their communities of origin. In order to further deepen their development work and forge partnerships, they need to improve in areas of basic needs identification and project management.

Moreover, because HTAs have shown an ability to partner in small projects, is important to explore the opportunity by working with other players such as donors or foundations in joint projects. But central to such a decision is their ability to approach these players.

One step forward is for donors and foundations to be open and flexible to working with HTAs, while federations should approach these players in order to address projects and strategies. Another important step forward in linking HTAs with development is a strategy that supports local governance programs that include partnerships with emigrant communities as part of a participatory approach to development in rural Mexico. Such a strategy can include projects dealing with basic needs assessment, town planning, as well as financial education.

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Interviews

Sergio Soto Priante, Coordinator General de Microrregiones, SEDESOL

Margarita de Lourdes Guerra, SEDESOL,
Lic. Elizabeth Chabolla Sanchez, General Director—Foreign affairs office,
Lic. Jose Luis Monjaras Hernández, Subdelegado de Microregiones SEDESOL, Jalisco,
Ing. Rogelio Gutierrez Chavez, Direccion de obras publicas, Ayuntamiento Constitucional de San Cristobal de la Barranca
Arturo Nunez Serrano, Secretaria de Desarrollo Social y Humano— Gunajuato, Secretario
Diana Alvarez Fernandez, Secretaria de Desarrollo Social y Humano, Gunajuato, Secretaria Tecnica
Ing. Juan Carlos Lopez Rodriguez, SEDESOL, Delegado Federal,
Ing. Jose de Jesus Romo Gutierrez, SEDESOL, Subdelegado, Guanajuato;
Ing. Rodrigo Lazzeri Sanchez, Director de Promocion para el Desarrollo, Comision Estatal de Apoyo Integral a los Migrantes y sus Familias;
Claudio Mendez Fernandez, Coordinador General, Coordinacion general para la Atencion al Migrante Michoacano;
Ing. Ricardo Mora Araiza, SEDESOL – Subdelegado, Zacatecas
Ing. Jorge Rodriguez Marquez, Coordinador Estatal de Microrregiones, Zacatecas
Lic. Placido Morales Vazquez, SEDESOL, Delegado Estatal for Zacatecas

Methodology

The work conducted in this study included interviews to more than one hundred hometown associations operating in various parts of the United States and working in various Mexican states. Questions were asked to association leaders about the type of activities they perform, the length of time their organization has been working, their organizational structure as well the form in which they identify projects and collaborate in partnership with other organizations.

In addition to the interviews and visits conducted in the United States to hometown association leaders, the study visited four Mexican states (Zacatecas, Jalisco, Guanajuato and Michoacan) and conducted on site visits to more than forty projects that were part of the 3x1 program. The visits included interviews with local community representatives, municipal leaders, state representatives and federal government representatives of each state.

Another important component of this project included an analysis of more than five hundred 3x1 projects carried out in the four states. A dataset was created for that purpose that included information about the demographic composition of the communities and municipalities, municipal budget and per capita distribution in the communities under their jurisdiction. In addition to those values, information was added about per capita gross domestic product, human development variables, and income in the municipalities studied. This information allowed the study to understand the profile of the various communities and their capacities and conditions, while tying those to the specific projects conducted and the value-added that the projects provided.