

Mexican Hometown Associations and Their Development Opportunities

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Introduction

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).

This policy brief looks at the development capacity of HTAs and the possible effectiveness of matching grants. Among the findings in this study are that hometown associations are small philanthropic organizations that 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 have an important effect on local development.

The brief also analyzes a partnership scheme between the three levels of government (local, state and federal) and hometown associations, known as 3x1. The impact of the 3x1 projects is significant in rural areas. The study is based on an analysis of more than 100 interviews, visits to officials in four Mexican states and over 20 communities in Zacatecas, Guanajuato, Jalisco and Michoacán.

1. Hometown Associations, Development and Local Change

With the emergence of HTAs and their efforts to improve communities, important questions emerge about their contribution to development and their potential to forge alliances with other players. Some issues addressed in this study involve capacity building, organizational nature, partnership and collaborative capacity, long-term durability and impact.

Interviews were conducted with more than one hundred HTAs. These associations were located throughout the United States and worked in various states in Mexico. The average age of the HTAs interviewed was eleven years. While 47 percent were created after 1995, only 20 percent were founded prior to the 1990s.

Organizational nature

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

(continued on page 3)





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Foreword

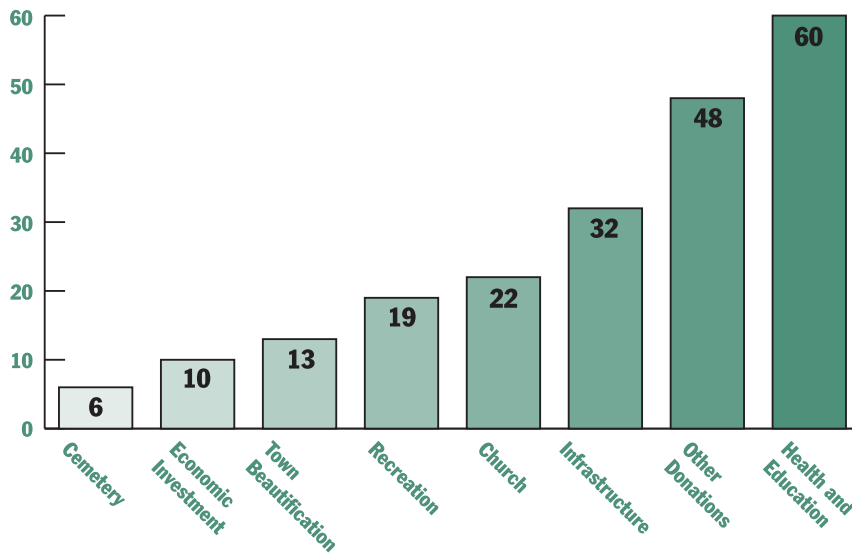
The Inter-American Dialogue's research series on remittances focuses attention on expanding links between migrants and their countries of origin. These ties (involving both household and business sectors) have taken on a growing economic importance. Family and worker remittances and, to a lesser extent, the donations of migrant associations, are making crucial contributions to subsistence and economic growth in many countries. They exceed aid flows in Central America and the Caribbean, are often larger than import earnings, and in some countries, surpass the value of all government spending on social services.

The series addresses remittances in a comparative context, and emphasizes the policy issues posed by these flows—for the governments of Latin America, the Caribbean, and the United States, as well for businesses and donor agencies. A continuing concern is how to reduce the costs of sending remittances and make them more valuable to individuals, families, communities, and nations.

This paper was initially presented on September 15th, 2003, at USAID. The briefing is a shortened version of a report commissioned by a USAID grant on the development role of hometown associations in Mexico. The title of this report is “Hometown Associations and Their Present and Future Partnerships: New Development Opportunities?” The full version can be downloaded at <http://www.thedialogue.org>.

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Figure 1. Range of Activities (% of HTAs working on given project)



(continued from page 1)

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.

Project identification

HTAs identify community needs based on a) the extent to which the HTA has a relationship with a group or liaison in the hometown that transmits 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.

Their work involves helping their hometowns in a variety of projects that include support for the church, town beautification, basic assistance in health and education services, and construction and improvement of public infrastructure.

HTA leaders insist that they do not want to become involved in projects that are within the responsibility of the government (local, state and federal). They fear that this could

lead to a government neglect of responsibilities “because migrants will take care of things.” But HTAs may decide to work in partnership with governments, when possible.

Project identification reflects a combination of the perceived community needs and the preferences of club members. This is often connected to a renewed sense of belonging to the hometown, and a practical obligation to improve its condition—specifically, to help prevent future migration due to economic distress in the community.

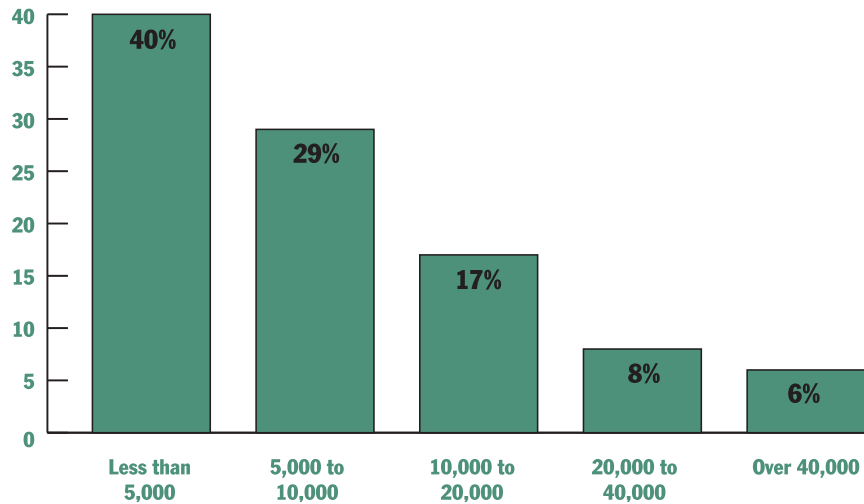
Usually, an HTA member visits the community, returns with a list of identified needs, and proposes to work on three or four activities, while concentrating efforts on one larger project.

Resource allocation

HTAs resource allocation involves three aspects: physical distribution, quantity disbursed, and structure of allocation. Because the associations are conscious of their limitations, they generally embark on tangible activities that their members will immediately recognize. They also understand that their fundraising base is relatively poor and

“Project identification reflects a combination of the perceived community needs and the preferences of club members”

Figure 2. HTAs Donations (US\$)



for that reason, HTAs engage in activities that are not overly ambitious.

The amounts raised for a given project average under US\$10,000 a year, which in rural communities, represents a significant contribution. For example, in a town of under 6,000 inhabitants, the annual municipal budget allocation for public works is often a little under US\$50,000.

HTAs allocate resources for a given project in one of three ways: one, a leading member of the association brings the funds directly into the hometown. Two, the association deposits the funds in a local bank branch close to the hometown. Three, when partnering under the 3x1 program, the funds are deposited into a designated account.

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 to acquire materials and pay labor costs. Immigrants directly donate their resources to a project without incurring any intermediation costs, because the counterpart 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.

Project implementation

Project implementation by HTAs 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. The counterpart 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.

Because in the majority of cases implementation means some kind of construction (church repair, health center, street pavement, park or plaza improvement, cemetery, school development), most oversight involves monitoring the progress of the construction and the final result.

Partnership and Collaborative Capacity

The majority of HTAs have contacted and collaborated with other institutions. Nearly 80 percent of the HTAs expressed having approached municipal leaders to discuss their

projects and to coordinate efforts and distribute resources. As a result HTAs are increasingly linking with mayors and other local government representatives. 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. Half of the clubs interviewed said some of their projects were part of 3x1 program.

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.

Moreover, the nature of a project influences an HTA’s decision to renew it. 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.

Development Effects?

HTAs are having a direct impact on communities by providing goods that benefit the collective needs in health, education and economic infrastructure. 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.

Aggregate volume

Although thousands of Mexican clubs exist, no one knows how much is donated. One method to estimate 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, 50 percent of HTAs participate in projects under the 3x1 scheme. The remaining 50 percent invest amounts similar to the other groups.

Furthermore, there are 2x1 schemes in different states that are independent and outside of the amounts allocated by 3x1. In addition, clubs registered by the consulates and the foreign affairs office in Mexico represent only a small sample of a larger group. This means that at a minimum, Mexican clubs are donating US\$30 million.

Effects on localities

In many communities the donations represent as much as the amount 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 on the next page shows, Mexican HTAs donate to cities with populations as low as one thousand people—representing a US\$7 donation per inhabitant.

The study looked at 62 communities in Mexico where interviewed HTAs are working on a variety of projects. The contributions averaged US\$23,000 and represented over 20 percent of the municipal budget allocated for public works.

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.

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Public works create 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.

Local organizations, empowerment and citizenship participation in the receiving communities

HTAs have also played an important role in transforming political culture and local politics in the areas where they are active. The associations 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 have followed with insistent requests that the money be accounted for thoroughly.

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 governmental 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.

Table 1: 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 *Secretaría de Gobernación*

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

The success of hometown associations led to the involvement of municipal, state and federal governments in matching the donations provided by the associations. 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 focuses on four states (Zacatecas, Guanajuato, Jalisco, Michoacán) with a tradition of remittance flows and significant activity of immigrant-based associations donating money to their hometowns.

a. Matching grant opportunities in rural Mexico

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 federal institution in charge of the program is SEDESOL (Department of Social Development).

“ The work of these groups has energized a sense of participation on local issues ”

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. Along with Jalisco, Guanajuato, and Michoacán, these four states represent nearly two-thirds of the total allotment for the 3x1 program at the national level.

All states participate in the program, which 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.

This part of the report is based on an analysis of over 500 projects that took place in four states—Guanajuato, Jalisco, Michoacán and Zacatecas—which represent more than 30 percent of Mexican migration to the United States.

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

Table 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.

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.

Over two-thirds of these projects were implemented in populations under 3,000. These are predominantly rural areas, which receive a significant volume of remittances and have no financial institutions present. The majority of these communities are poor, with average monthly incomes below US\$400 and significant needs in public and economic infrastructures. Project donations by all parties averaged near US\$40,000.

The effect of these donations is noteworthy when the contribution is compared to the budget allocation for municipal public works 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, which receive nearly 50 percent of HTA donations, the contributions are seven times the budget allocated for public works in that community.

b. Projects and communities at work under 3x1

This project involved visits to more than twenty communities in four Mexican states.

Zacatecas

Hometown associations working in Zacatecas are among the largest and have evolved into at least 13 federations. They forged partnerships with state officials in the early nineties and by 2002, their contributions reached at least US\$16 million.

Villanueva and Jerez are two of the municipalities studied. A number of projects are taking place in each town, the majority

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“Many of the projects in Zacatecas reflect to a significant extent the preferences of government officials”

Table 3: 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
Michoacán	64,124	16,031
Zacatecas	33,433	8,358
Four states	39,457	9,864

Source: SEDESOL 2003.

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 an hour and a half 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, including street pavement and school construction.

Table 4: Budget allocation, HTA donations and population (mean values)

Population range	HTA donation (in dollars)	Ratio HTA and Public works budget	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.

The total investment in the community was US\$246,000 (one quarter from HTAs).

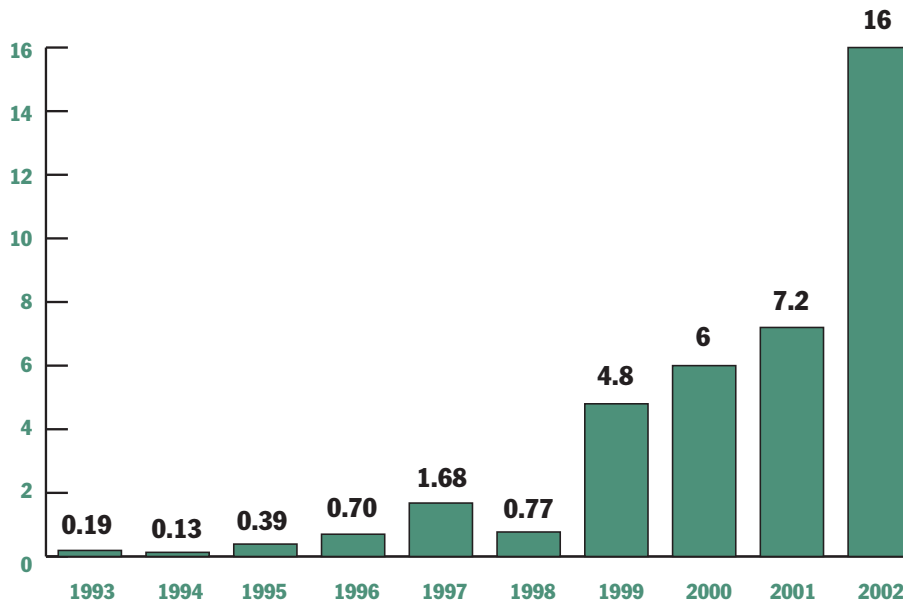
Two of the communities visited in the municipality of Villanueva were Colonia Felipe Angeles and Boca de Rivera. In the case of Felipe Angeles, the main streets were paved, which will allow for easier access to public transportation. In Boca Rivera, the 3x1 program constructed a health center, which reduces the risk associated with long distance travel for treatment of emergencies.

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.

Guanajuato

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 labor-intensive agricultural 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.

Figure 3. Zacatecas: 2x1 (92-98) and 3x1 (99-02) matching grants (in U.S. \$ millions).



Source: Moctezuma, Miguel. *Territorialidad Sociocultural y Política de los Clubes de Zacatecanos en Estados Unidos*

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. 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 most common projects are 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, with several communities working within the 3x1 program. 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. Abasolo is illustrative of the range of projects that are carried out in Guanajuato. 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.

According to the mayor of the town, however, 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: the process of implementation from the receipt of the proposal to the authorization of funds can take up to six months.

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 to 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.

Another important change is that communities are identifying basic needs and developing city plans. One example is the Torrecilla

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“The mayor has sought to reorient 3x1 work to wealth-generating activities in at least three areas: processing mangos, prunes and onyx”

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 nine kinds of projects.

Jalisco

Jalisco clubs represent the second largest proportion of hometown associations and the second largest partner in the 3x1 program, after Zacatecas. In 2002, there were 122 projects implemented in 30 municipalities. 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 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.

Four municipalities were visited in Jalisco. San Cristobal de la Barranca reflects the range of projects carried out in the state. 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.

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 rehabil-

itation. The last project also provided meals to the needy and elderly.

The local mayor stressed that the municipality is overburdened by the allocation of resources under the 3x1 scheme. As a result, it 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.

Michoacán

The state has responded to the diaspora's interest in working in their towns of origin and forging partnerships. Chicago's federation of Michoacán clubs is one of the most active federations working with the state and federal government in Mexico.

Michoacán 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, *Coordinación General para la Atención al Migrante Michoacano*, which provides basic intermediation and communication services to club leaders. Michoacán has distinguished itself in the 3x1 program 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 the 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, and the community will employ a minimum of eight women to run the shop in the first year.

c. Preliminary Lessons

The range of projects under review provides important insights about their role in development. 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.

This situation is dramatically reflected in the need for basic public infrastructure. Because

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, the contribution under 3x1 is significant. Furthermore, the investment is even more important considering that in the majority of these communities, it represents at least five times the budget allocated for public works.

Hometown associations are also 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 public infrastructure.

3. Economic Development and Hometown Associations: Policy Options

Mexican hometown associations are small philanthropic players with capacities to promote development, particularly when working in partnership with other players. How can the relationship between hometown associations and development be strengthened? Should international donors insert themselves as partners, and if so, how?

“ Mexican hometown associations are small philanthropic players with capacities to promote development ”

Table 5: 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
Michoacán 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, Secretaría de Gobernación*

“ It is important to identify migrant associations that have a direct concern with economic change in their communities ”

Although migrant associations are not development-oriented by nature, it is important to identify those players that have a direct concern with economic change in their communities. 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 can use their expertise to detect the needs of a given community and inform 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.

Social Development

One strategy of working with hometown associations involves offering technical and financial support for their already existing activities. Municipal governments would be key partners in such a strategy, as they are the centers where decisions are made and projects are implemented. They 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 disseminate the

newly acquired knowledge to the community and HTAs. Whenever available, local and international NGOs would also be important beneficiaries.

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. Half of Mexican HTAs work in some kind of education or health-related project, and many have expressed a desire to partner with development agents.

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 to better inform them about basic development needs and priorities. Because development institutions have more resources and capacity, they can tackle the longer term priorities and plans.

Moreover, institutions like foreign aid donors are already promoting development that coincides with the areas of HTA work. An 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.

Education and Financial Infrastructures

Within the context of developing a local community, financing is critical, and remittance receiving communities lack the necessary

Table 6: Average remittances received

Population range	Remittance receiving households	
	US\$250 per disbursement received	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

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.¹ In communities with populations under 1,000, which represent 50 percent of 3x1 operations, average remittances may represent at least US\$100,000 (or US\$100 per capita).

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 3x1 communities.

Hometown association education projects could 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.

¹Calculations 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 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).

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Methodology

This policy brief represents a synthesis of a larger report on the development roles of hometown associations and the effectiveness of the 3x1 matching grant program. The work conducted in that study included interviews to more than 100 hometown associations operating throughout the United States and working in various Mexican states. Association leaders were asked about the type of activities they perform, the length of time

their organization has been working, and their organizational structure, as well as how 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 Michoacán) 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, and representatives from the state and federal governments.

Another important component of this project included an analysis of more than 500 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 created a more thorough profile of the communities in terms of their capacities and conditions, while tying those to the specific projects conducted and the value added that the projects provided.



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