



Inter-American Foundation

An Independent Agency of the U.S. Government

Transnational Communities and Grassroots Development: From Remittances to Co-Community Development

Statement by David Valenzuela
President, Inter-American Foundation
Subcommittee on Domestic and International
Monetary Policy, Trade and Technology
House Committee on Financial Services
October 1, 2003

The Inter-American Foundation, an independent government agency, makes grants to non-profit, non-governmental organizations in Latin America and the Caribbean to support grassroots development led by local people in their own communities. In some of these communities, grassroots development has become increasingly tied to financial remittances – money sent home by migrants living in the United States. In fact, financial remittances are now a critical factor in the economies of a number of Latin American countries. For example, in 2002, an estimated \$2 billion in remittances represented roughly 13 percent of El Salvador’s economy.

In response to the growing awareness of the importance of remittances and migrant communities in Latin America and the Caribbean, the Inter-American Foundation has co-sponsored several important meetings on the topic. In March, 2001, the IAF organized a conference in Washington with the United Nations Economic Commission for Latin America and the Caribbean and the World Bank on “Approaches to Increasing the Productive Value of Remittances.” The IAF and the Centre pour le Libre Entreprise et la Démocratie (CLEDE) sponsored a conference in Port-au-Prince, Haiti on “The Role of the

Diaspora in the Development of Haiti” in May, 2002, and co-sponsored a conference in Puebla, Mexico on the Latin America diaspora in January, 2003. The IAF has also collaborated with the Inter-American Dialogue, which has hosted a number of discussions on the topic of remittances.

We have learned that remittances are not just financial transfers but include “remittances” of new ideas and practices (for instance, citizen participation or the role of women) and “remittances” of new skills and experiences (for instance, construction techniques or computer applications) that can also be transferred to the “home-town” communities. It is clear that migrants in the U.S. have become an important resource for their communities of origin in Latin America. Many of these communities are supported by the IAF through grants for economic and social development – and we have come to see that development is often linked to the interest and efforts of migrant businesses and “home town associations.” The IAF has begun to reach out to and incorporate diaspora and migrant communities in the development process, guided by these questions:

- Who are the actors within diaspora and beyond diaspora and immigrant communities with whom development organizations can work, and what are their priorities and needs?
- Who are the actors in communities of origin, and what is their capacity for effectively carrying out development activities in collaboration with diaspora groups?
- How can these various actors form and maintain effective alliances?
- What specific measures can be taken to support emerging alliances and initiatives?
- How do actors whose traditional focus has been outside of the U.S. and actors whose traditional focus has been domestic work together on transnational issues?

The IAF’s experience in these issues has led to the recognition that while remittances play a critical role in the region, the development impact of the various linkages between migrant communities and their communities of origin extends far beyond. The Foundation has begun working on a framework for understanding these transnational dynamics and their role in grassroots development. At the heart of this approach is the concept of ‘co-community development.’ As used by the IAF, this term refocuses

development thinking to concentrate on the pathways and linkages that are created by transnational migration. Transnational migration is a process in which human, financial, and social capital flows back and forth between sending and receiving communities, thus greatly impacting the process of social and economic development in both sending and receiving communities and at points along the way. The co-community development approach seeks to harness and leverage the flow of human, financial, and social capital for the purposes of grassroots development at all points in the process. Some main features, therefore, of the 'co-community development' concept are:

- that migration and development can be linked;
- that migrants and organizations working with migrants are natural partners in grassroots development;
- that there are transnational dynamics and other potential actors that must be considered beyond the current focus on financial remittances and HTAs;
- that the truly transformative grassroots development impact of transnational relationships is often not strictly financial in nature;
- that the process of engaging in grassroots development benefits both migrant communities and communities of origin.

The IAF is embarking on a new path to understand how to better incorporate these concepts. We are continuing to make grants to support grassroots development in Latin America, including several ongoing projects that support migrants' programs to build economic development in their communities of origin through remittances. In fiscal year 2003, we received more than a dozen proposals from several countries for projects that aim to strengthen Latin American communities through cooperation with U.S.-based home town associations, businesses, municipal and national governments, and individual families. Financial remittances are important components of some projects, while others will emphasize other types

of transfers, such as contributions of skills, ideas, experience and volunteer labor. The IAF will support selected research activities to document current practices and identify potential proponents.

In the process of getting to know the U.S.-based organizations involved in new proposals and in reconsidering ongoing grants in light of a transnational perspective, we have come to recognize that the IAF needs to work with our grantmaker counterparts in the U.S. to more effectively support these transnational initiatives. Community co-development implies not only collaboration by the communities at both ends of the transnational “highway;” it also begs for collaboration by grantmakers supporting those communities. The IAF is beginning to contact our counterparts in the U.S. to learn about their programs with Latino communities here and to explore how we might work together. U.S.-based foundations have played an important role in supporting legal services, social services, education, and health care for Latino communities as part of nurturing those communities within U.S. society. Like the IAF, some are also beginning to recognize the importance of organizations coming out of those communities that are not service providers, not focused only on the health of the communities here, but rather (or in addition) focused on the well-being of the “home” communities. Such organizations are engaged with home community organizations in economic and social transactions, and sometimes in the creation of productive projects, that benefit both communities – the transnational perspective.

In the last few months, as part of our on-going responsiveness to critically important processes in Latin America and the Caribbean, the IAF helped to organize a series of roundtable discussions in several U.S. cities to share this broader conceptualization of transnational linkages and grassroots development. The events provided a forum for sharing experiences among local and national foundations and Latino actors and encouraged the development and exchange of innovative ideas in grassroots development. In moving beyond a focus on financial remittances, we hope the roundtable series will encourage partnership between international and local funders and promote imaginative engagement with the issue of transnational migration and grassroots development.