



Remittances and Development: Lessons from the Garífuna Transnational Community



Preface

This essay documents the results of an investigation performed during June through August of 2004 with primary field research conducted in Honduras and New York. This research was funded and supported by DED and GTZ (PROMYPE). Eric Cantor, candidate for a Master of International Affairs in the Economic and Political Development Concentration at Columbia's School of International and Public Affairs in New York, was the primary researcher. Julia Schoenharl of DED-Honduras served as project manager and associate researcher. Teofila Valerio, a law student at the National Technical University of Honduras in San Pedro Sula, provided research assistance.

Acknowledgement

This project would not have been possible without cooperation from numerous individuals and institutions that contributed their time, thoughts and patience to consult with the team on this study.

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Executive Summary

Introduction and Background

The expanding links between national economies, and the growing wealth disparities both between and within them, have accelerated of international migration. Just as multinational corporations exploit cross-border wage differentials to maximize profits, households exploit them to optimize survival strategies. Cash remittances, those resources that migrants abroad send home to their families and communities,¹ are prevalent in these “transnational” communities, and are a key focus of scholars and development practitioners. A projected \$30 billion² will enter Latin America this year from this source. Once seen primarily as a means of sustaining household consumption, recent studies indicate that they may also stimulate investment in human capital, community infrastructure, and enterprises. Thus, remittances may contribute to the broader dynamics of social and economic development. This is especially plausible where migrant populations exhibit strong ethnic and/or community ties and remain geographically concentrated in receiving countries.

The Garífuna, a distinct ethnic group located primarily on the Caribbean coast of Central America, have responded to the dictates of the region’s economic situation. Migration, an element of the Garífuna economic strategy since at least the 1930’s, has grown steadily, keeping pace with economic needs and cross-border wage differentials. Today, remittances represent a key resource which both preserves and threatens Garífuna culture and existence in the home country. This study analyzes the impact those funds have had on development, both on an individual and community level, within a variety of Garífuna communities in the Honduran department of Colón.

This study addresses three basic types of remittances. Family remittances refer to those funds which migrants send directly to their families to support their basic needs. Collective remittances refer to the small percentage of funds that are delivered by Hometown Associations, groups of migrants with an interest in completing public works in their places of origin. Investment remittances refer to larger, planned transfers of capital intended to create medium and large enterprises with the capacity to generate employment.

Objectives and Methodology

The German development agencies in Honduras, GTZ and DED, requested this study with the objective of obtaining detailed knowledge of the topic of remittances sent from the United States to Garífuna communities in the zone of MAMUGAH (Mancomunidad de Municipios Garífunas de Honduras)³ and the potential use of those remittances for local economic

¹ Inter-American Dialogue, “All in the Family: Latin America’s Most Important International Financial Flow,” Report of the Task Force on Remittances, January 2004.

² University of California-Davis Migration News, http://migration.ucdavis.edu/mn/more.php?id=3025_0_2_0

³ MAMUGAH is an umbrella organization representing seven municipalities in the departments of Colón and Gracias a Dios. It

development.

A research design was chosen to optimize the investment of the German development agencies in light of a short timeframe and limited resource availability. The methodology for the research included the following elements:

1. Literature review
2. Personal interviews of individuals knowledgeable about remittances and transnational communities
3. Personal interviews with Garífuna stakeholders in Honduras and New York

Findings

Despite visible signs of the influx of *migradollars* – we estimate that more than \$100 million enters the Garífuna communities of Honduras annually, or \$730 per capita – communities are generally lacking in infrastructure. The influx of capital, which consists mainly of family remittances, is used to support basic family needs, renovate and build houses, educate children and, in some cases, support small businesses. Collective remittances have also been used to address some community needs, like electricity, water systems and churches. Very little has transpired in the way of investment remittances.

But the Garífuna experience with remittances leaves much to be desired. Community projects do not go as smoothly as planned due to missing funds or continuous delays, and their maintenance is frequently lacking. Even more significantly, the abundant capital entering the area is spent primarily outside of the community, in the larger cities where individuals go to retrieve their funds, and on the costly travel required for collection. The financial services available in the communities are minimal, as is the expertise required to make use of them. Social capital has also eroded substantially in the remittance-receiving areas, due to the inequality and dependence that this resource tends to foster.

Many respondents to this study spoke of a need for the re-emergence of trust and confidence within the community, and a great need for education and training in the area of financial management.

Recommendations

Three initiatives flow from the findings of this study:

1. Conduct a further study to more closely analyze the macroeconomic situation of the communities and further detail demand.
2. Create a substantial training and capacity-building program that addresses the financial administration challenges within the community.

is funded through a small percentage of each municipality's municipal budget. DED-Honduras had a cooperation with MAMUGAH in 2003-2004 to launch an eco-tourism initiative.

3. Advocate for the creation of incentives and institutions that have been shown to enhance the productive use of remittances.

Several other points must be considered when implementing the above or any other remittance-related initiative:

1. Any potential project should be reviewed by the local and migrant communities to ensure its fit with the local culture and conditions.
2. Any efforts must acknowledge the contribution of migrants and avoid placing more demands on their shoulders.
3. Any business projects should aim to capture “low-hanging fruit.”
4. Remittances as a concept should be viewed as a resource for family advancement and community development.
5. Existing organizations should be bolstered rather than new ones created.
6. Business-related initiatives should put production in the hands of Garífuna.
7. Projects should address women specifically.
8. Communication and technology form a key part of any project.

Introduction and Background

The expanding links between national economies, and the growing wealth disparities both between and within them, have accelerated of international migration. Just as multinational corporations exploit cross-border wage differentials to maximize profits, households exploit them to optimize survival strategies. Cash remittances, those resources that migrants abroad send home to their families and communities,⁴ are prevalent in these “transnational” communities, and are a key focus of scholars and development practitioners. A projected \$30 billion⁵ will enter Latin America this year from remittances. While remittances were once seen primarily as a means of sustaining household consumption, recent studies indicate that they may also stimulate investment in human capital, community infrastructure, and enterprises. Thus, remittances may contribute to the broader dynamics of social and economic development. This is especially plausible where migrant populations exhibit strong ethnic and/or community ties and remain geographically concentrated in receiving countries.

Honduras: A developing nation with challenges

<i>TABLE I: Selected Economic Indicators, Honduras</i>	
Population	6.8 million
Gross Domestic Product	\$6.5 billion US
Per Capita GDP	\$774.20 per year US
Human Development Index	0.657 (115 th of 175)
Urban Population	55 per cent
<i>Sources:</i> UNDP Human Development Report, World Bank World Development Indicators, 2003.	

The Central American nation of Honduras illustrates many of the phenomena which characterize transnational communities. An estimated 13 per cent of its 6.8 million citizens reside outside of the country, which ranks 115th out of 175 countries in the Human Development Index.⁶ The crowds that gather daily in front of the American Embassy in the capital city, Tegucigalpa, the thriving businesses of *coyote* smugglers throughout the region, and the planes that return each day full of deportees further indicate that many more would like to depart. This desire is understandable in light of a per-capita income below \$1,000 per year, a lack of formal (and in many cases informal) employment opportunities, and a pronounced vulnerability to natural disasters like hurricane Mitch,⁷ which devastated the country in 1998. Growing numbers

⁴ Inter-American Dialogue, “All in the Family: Latin America’s Most Important International Financial Flow,” Report of the Task Force on Remittances, January 2004.

⁵ University of California-Davis Migration News, http://migration.ucdavis.edu/mn/more.php?id=3025_0_2_0

⁶ United Nations Development Program, Human Development Report on Honduras, 2003, p. 29-32. The HDI is a rough index for ranking a country’s development that incorporates health, education and income.

⁷ See “Central America After Mitch,” NACLA Report on the Americas, Vol. 33, No. 2 (Sep/Oct 1999), entire issue for a more in-depth investigation of this natural disaster. One of the Garifuna communities visited during this study, Santa Rosa de Aguan, was the spot where Mitch touched down on Honduran soil. The community was forever altered, and many donors are no longer willing to make infrastructure investments their for fear of future damage.

of transnational migrants have provided critical support to those left behind, remitting hard-earned labor dollars at an exponentially increasing rate. In 2002, migrants injected a reported \$770 million⁸ into Honduras' \$6.5 billion economy, and the sum is expected by many to exceed \$1 billion in 2004. This amount surpasses the total foreign aid and foreign direct investment that the country will receive, and constitutes its largest source of foreign currency. An estimated 16 percent of Honduran households benefit from remittances, and in the Caribbean zone of the country that figure reached 42 percent.⁹

FIGURE I: Map, Caribbean Coast of Honduras



Source: Microsoft Encarta Map Point Atlas, 2003.

The Garífuna Transnational Community

The Garífuna, a distinct ethnic group located primarily on the Caribbean coast of Central America, have responded to the dictates of the region's economic situation. Migration, an element of the Garífuna economic strategy since at least the 1930's, has grown steadily, keeping pace with economic needs and cross-border wage differentials. Today, migrant remittances represent a key resource which preserves Garífuna culture and existence in the home country. At the same time, the conditions surrounding the generation and management of the funds threaten the preservation of their cultural values and the integrity of their ancestral lands. As such, the Garífuna community, due to the fact that it is well-defined, self-contained and located within an observable physical location, offers an excellent opportunity to study the use of remittance funds.

⁸ Pew Hispanic Center, "Receptores de Remesas en Centroamérica," Ciudad de Guatemala, Septiembre 2003, p. 37.

⁹ Ibid, pp. 19-25.

A History of Migration

The Garífuna descend from marooned African slaves and indigenous peoples of the Caribbean. Since suffering defeat at the hands of the British, alongside the French, in a series of 18th-century colonial wars, the remaining Garífuna were banished from their home island of St. Vincent in 1797. Exiled to the island of Róatan, they settled the coasts of Belize, Guatemala, Honduras and Nicaragua. The majority of the Garífuna live in Honduras, where they maintain 36 coastal communities, inhabit several neighborhoods (*colonias*) in major cities, and find themselves sprinkled throughout the rest of the country. The largest contingent of Garífuna is thought to reside in 21 communities in the department of Colón. For the past two hundred years, they have maintained their traditional culture in these coastal areas, subsisting through the cultivation of yucca and other crops, and through fishing.

Migration is not a new strategy for the Garífuna. Colonial accounts suggest that Garífuna men were viewed as ideal wage laborers, and Garífuna have migrated to the United States since at least the 1930s. Initially, migration was motivated by a desire to supplement the subsistence economy with external goods. As economic conditions worsened in Honduras, beginning with the Banana Company strikes in the 1950's and the eventual withdrawal of these employers, migration intensified. The economic shocks of the 1970s and the subsequent difficulties drove increasing numbers of Garífuna to seek external labor sources. By the 1970s, Nancie Gonzalez had already concluded that "migration to New York has become an essential part of the Garífuna culture without which they could not now survive."¹⁰

An Egalitarian Society Confronts Development Economics

Garífuna village life has historically been characterized by an equitable distribution of resources and abundant social capital. But despite a predilection for wage labor, the organization of the society did not necessarily accommodate emerging market mechanisms. The limited exchange of goods that took place between households did so following customary pricing rather than market logic, resulting in an "orientation away from the accumulation of the factors of production and profit-maximizing among kin."¹¹

The system of asset ownership in Garífuna communities also followed traditional logic. "Few factors of production," writes Sarah England, an anthropologist who conducted an in-depth study of Garífuna identity while living in Limón, "were considered by Garífuna to constitute 'capital' that could be accumulated for the generation of profit."¹² Even allocation of assets critical to basic subsistence was organized on a communal basis, as "rights to land stemmed only from the act of clearing it for cultivation, however this sense of 'ownership' only lasted as long as the crops did."¹³ Unused land would lie fallow on many occasions as the Garífuna practiced

¹⁰ Gonzalez, Nancie L., "Garífuna Settlement in New York: A New Frontier," *International Migration Review*, Vol. 13, No. 2 (Summer, 1979) p. 261.

¹¹ England, Sarah, "Creating a Global Garífuna Nation. The Transnationalization of Race, Class, Gender and Politics in the Garífuna Diaspora," PhD Dissertation, University of California – Davis, 2000, p. 115.

¹² *Ibid*, p. 115.

¹³ *Ibid*, p. 115.

crop rotation to preserve the quality of the soil.

While such norms reinforced the egalitarian nature of the society and preserved natural resources, they also left the Garífuna vulnerable in their confrontation with the growing power of the state. Government plans have designated tourism as a key element of Honduras' long-term development, and highlighted the Northern coast as a key asset. This has placed the land on which Garífuna coastal villages rest in demand, but the Garífuna culture is not ideally positioned to maximize the profits from this resource. Additionally, their cultivation system subjects their land to 'invasion' by squatters. The country's agrarian reform, aimed at reducing the holdings of large landholders (*terratenientes*), has chipped away steadily at communal Garífuna land holdings. Combined with perceived discrimination and marginalization of the Garífuna in a nation that is 90 per cent *mestizo*, this has lessened reliance on agriculture for subsistence. "While land scarcity may not have been the impetus for US-bound migration initially," writes England, "the two do become intertwined during the 1970s and villagers do begin to feel more squeezed as they have less and less agricultural land on less productive soil, making them even more dependent on wage labor."¹⁴

When Garífuna migrate in search of wage labor, they tend to flock to the large cities of Honduras or the cities of the United States, primarily Houston, New Orleans, New York and Los Angeles. In these locations, the majority of Garífuna join the working poor in their occupations and their income levels. However, on the United States' pay scale, they become rich in their home country. They build up capital to secure their retirement at home and support their families. They visit several times a year, enjoying a hero's reception and distributing gifts and cash to friends and family, though few seem to actually settle permanently in their communities. "Increasing restrictions on entering the US legally and the increasing difficulty of saving that nest egg for eventual return," says England, "seems to have the double effect of reinforcing the desire of people like the Garífuna to eventually return to their home country due to their oftentimes precarious legal and financial status in the US, at the same time that it forces them to establish more roots in the US as their ability to travel back and forth frequently are constrained."¹⁵ The seeming contradiction evident in wanting to return "home" while the notion of home becomes blurred by transnational reality resonated with many of the respondents to this study.

Gender Roles

Gender relations among the Garífuna follow basic patterns that, according to most respondents, are perpetuated in the transnational community. The society is matrifocal, as households and family relations are centered on a woman and her children, frequently from various unions or marriages. "Women are associated with the stable land," that scholar continues, "while men are associated with the inconstant sea."¹⁶ Though men were the early migrants, sources report that both sexes now migrate equally. But the sexes face different constraints regarding employment abroad, with women having an easier time caring for children

¹⁴ Ibid, p. 119

¹⁵ Ibid, p. 139

¹⁶ Ibid, p. 150.

in the village. Interestingly, “men who stay in the village reproducing the very ‘traditional’ culture that transmigrants praise and are so often nostalgic about (fishing, constructing canoes and the implements for making cassava bread, serving as musicians at wakes and other rituals) do not experience as much prestige as those who migrate abroad and return only periodically but with powerful dollars.”¹⁷ Clearly, the opportunity provided by migration brings with it a number of paradoxes that impact both gender roles and the community as a whole.

Quite a few respondents also suggested that women are more organized, responsible and trustworthy in financial matters. This is consistent with the idea that women are the primary caretakers within most households, and the most frequent recipients of remittances. Quite a few projects in the community have focused on women as participants, like the Grameen replicator interviewed and several casabe-producing cooperatives the team learned about. This focus on women’s role in caretaking and management of resources should be included in the formation of any initiative within the community, and the differences in remittance management between the sexes may prove fertile ground for future study.

Types of Remittances

A growing number of international finance institutions (IFIs), non-governmental organizations (NGOs), private businesses and academics have become interested in the impact of remittances, producing a variety of studies, proposals, projects, conferences, symposiums and at least one documentary film to highlight their significance. The literature references three basic types of remittances.¹⁸

Table II: The Three Basic Types of Remittances

Type	Recipients	Primary Uses	Observations
<i>Family</i>	Close Family Members	Household consumption; Home Improvement; Education; some micro-enterprises or small resale businesses	The bulk of remittance funds fall into this category
<i>Collective</i>	Community Organizations and Project Managers	Community projects like infrastructure, health, culture or sports	Raised by HTAs and other community organizations; generally function like charitable donations
<i>Investment</i>	Business Principals and Managers	Capital investments in businesses that employ multiple individuals within the community	Very few examples of this type;

Family remittances (*remesa familiar*), funds and in-kind contributions, are sent by a migrant to his or her close relations to support their basic needs. This type of remittance motivates many families to make the decision that migration is necessary to achieve the status

¹⁷ Ibid, p. 175.

¹⁸ The typology reproduced here is best summarized in Goldring, Luin, “Re-thinking Remittances: Social and Political Dimensions of Individual and Collective Remittances,” *CERLAC Working Paper Series*, February, 2003.

they desire. They also “represent transnational versions of flows and exchanges of money and goods that are intimately bound up with, and regulated by, conceptions of and responsibilities associated with being a mother, father, son, daughter, sister, brother, aunt, uncle...and with claims to varying forms of membership in specific communities.”¹⁹ Family remittances constitute a private good, the provision of which is not only encouraged but expected of a successful migrant, or *hijo del pueblo*.

The second type of remittance is the collective remittance (*remesa colectiva*). These funds are generally sent by groups of migrants commonly organized in what are called Hometown Associations (HTAs). HTAs bring individual migrants together in support of common goals in their communities of origin. Despite the fact that the quantities of such remittances are estimated to be less than one per cent of the total of family remittances sent,²⁰ they are significant due to their organizational backing and because the funds purchase public goods aimed at addressing community needs. These groups tend to award funds in a philanthropic fashion, and to support four basic categories of project: 1) basic infrastructure and communication like roads, water and electrification; 2) public service infrastructure like schools, ambulances and senior centers; 3) recreation projects like sports fields; and 4) other projects like community centers, plazas and buildings.²¹ As many rural communities are virtually ignored by governments, migrant participation replaces state financial responsibility with these projects.

The third type of remittance is the investment remittance (*remesa de inversión*). Such remittances are private goods intended to create profit opportunities for the remittance senders or receivers, which may be groups or individuals. These funds may overlap somewhat with family remittances if sent individually, since those funds are commonly allocated to support micro-enterprises or family income-generating activities, with or without the knowledge of the sender. However, investment remittances refer to projects of a scale such that the sender’s approval and guidance are likely needed, and that investment in infrastructure over a period of time is made. Such projects might include the construction of a hotel, the purchase of a taxi or a cooperative textile plant. These projects have the potential to generate employment and recurring dividends.

Objectives and Methodology

The German development agencies in Honduras, GTZ and DED, requested this study with the objective of obtaining detailed knowledge of the topic of remittances sent from the United States to Garífuna communities in the zone of MAMUGAH (Mancomunidad de Municipios Garífunas de Honduras)²² and the potential use of those remittances for local economic development.

¹⁹ Goldring, Luin, “Re-thinking Remittances,” pp. 8-9.

²⁰ Orozco, Manuel, “Globalization and Migration: The Impact of Family Remittances in Latin America,” October 2001, p. 12.

²¹ Goldring, “Re-thinking Remittances,” p. 13.

²² MAMUGAH is an umbrella organization representing seven municipalities in the departments of Colón and Gracias a Dios. It is funded through 5% contribution of each municipality’s municipal budget, mainly financed by BID. DED worked with MAMUGAH in 2003-2004 to support the eco-tourism development.

Specifically, with this study the German development agencies seek to:

- 1) Gain a detailed understanding of remittances activity in selected Garífuna communities
- 2) Document the current use and possible use of remittances in selected Garífuna communities, in both the private and public domains
- 3) Explore the organization of the Garífuna community in the United States and evaluate their readiness and willingness to participate in future work in the Garífuna community
- 4) Provide a summary of best practice projects in Central America
- 5) Evaluate possibilities for the use of Garífuna remittances to support local development projects in Honduras

A research design was chosen that would optimize the investment of the German development agencies in light of a short timeframe and limited resource availability. The methodology for the research included the following elements:

1. Literature review

Though remittances are a relatively new phenomenon as a significant driver of economic development, there is a growing body of literature regarding their importance. While no study exists on the Garífuna community specifically, research has been conducted on overall Central American remittance flows and the use of community funds in Mexico and other areas. Other studies have been realized in Honduras itself, mainly in the Western regions of the country, and further studies are in progress. Cultural studies of the Garífuna were consulted, as were relevant literature of social capital and tourism development.

2. Personal interviews of individuals knowledgeable about remittances and transnational communities

Literature review has its limitations, and a set of personal interviews with other professionals who study remittances and similar economic activity was utilized to bolster the findings and provide further insights. The individuals and institutions interviewed included more than 10 financial institutions, non-governmental organizations and private sector firms involved with remittances and migration in Honduras and the United States. See Appendix Reference Chart I for a complete list.

3. Personal interviews with Garífuna stakeholders in Honduras and New York

The core findings for this study emerged through the course of more than 60 direct conversations with individuals within the Garífuna communities of Honduras and New York. Many studies focus on only one location within the transnational community, but this study was intended to generate input from both locales. As wide a sample as possible was selected, and was amplified using snowball sampling, a technique in which respondents are asked to recommend other potential respondents who might have information to contribute on the topic under consideration. Focus groups, another investigative technique often employed alongside interviews and surveys to strengthen findings, were not feasible due to the short timeframes spent at each site and the uncertainty of availability of individuals. However, at times interviewees were joined by friends, colleagues and/or family, and entered into illuminating conversations about the subject matter.

TABLE III: Selected Garífuna Community Members Interviewed

Tourism Coordinator, Rio Estéban, Female
Leader of Dance Group, Rio Estéban, Female
Member of Patronato, Rio Estéban, Male
Mayor, Limón, Male
Member, Iseri Ladawamari Cooperative, Limón, Male
Restaurant Owner/Entrepreneur, Limón, Male
Teachers, Limón, Female
Postmaster, Limón, Male
Hotel Owner, Ciriboya, Female
Government Minister, Tocomacho, Male
Shopowner/Entrepreneur, San Jose de la Punta, Male
Justice of the Peace, Santa Rosa de Aguan, Male
Vice-Mayor, Santa Rosa de Aguan, Male
Nurse, Guadalupe, Female
Migrants, all locales, male and female
Former Mayor, Santa Fé, Female
Entrepreneur, Guadalupe, Male
Municipal Government Worker, Trujillo, Female
Member, Women's Organization, Trujillo, Female
Coordinator "Children of the Future," Trujillo, Male
President, New Horizon Investment Partners, New York, Male
CEO, Wanigu, Ocala, Florida, Male
Established Migrants, New York, Male and Female

The seven municipalities of MAMUGAH located in the department of Colón were chosen as the study's area of focus. This region comprises substantial variance on the continuum of rural to urban, has overall development indicators equal to the country as a whole, and contains the longest-standing Garífuna communities (they arrived in Iriona some 208 years ago!) as well as some of its newer settlements.

A transnational community implies that members "belong" in more than one locality. Accordingly, many of the respondents lived in both locations so cannot be considered as belonging to only one place or the other. Additionally, many interviews took place in the locale in which that individual is not usually resident. That is, several migrants were interviewed during their homestays in Honduras, and at least one leader of an institution in Honduras was interviewed while visiting family in New York.

Limitations of this study

Several limitations should be considered when assessing the validity of this study.

- 1) Respondents tended to be community leaders such as mayors and teachers, or those

recommended by such individuals. The opinions may reflect the sentiments of certain strata of the society and exclude others. Snowball sampling may compound such a bias, if it exists, within the sample.

2) Individuals may respond based on preconceived notions of what they think development agencies want to hear. Indeed, numerous respondents reacted to the presence of the research team by asking about what project or aid the German development agencies would be providing in their community, or questioned the intentions of the organization in light of negative experiences with outsiders. Gaining and maintaining trust within these communities will prove essential to the success of any future development initiatives.

3) Due to time limitations, no structured survey or other quantitative element was included in the research design for this study, which weakens our numerical findings.

4) The study was somewhat shallow in its reach, interviewing respondents only once for a limited duration.

Findings

A wide variety of relevant findings resulted from this investigation.

A Sense of the Communities

Each of the varied Garífuna communities covered in this study is part of a larger municipality consisting of *mestizo* (or *Ladino*) towns, or *aldeas*. The Garífuna do not constitute more than 30% of the population in any single municipality. There are wide ranges of estimates of the Garífuna population of Honduras, most within the 100-200,000 range, which means that Garífuna make up less than five per cent of the national population. In United States, estimates range from 100,000 to 500,000, with most guesses at the lower end. Numbers are difficult to solidify due to the mobile nature of these communities, the danger of double-counting individuals who ‘reside’ in more than one locale, and the fact that many houses remain empty during certain times of year. One community organization in New York, Jamalalai Uagacha, is attempting to complete a census of Garífuna in the United States, a project which will prove very challenging for similar reasons and the added difficulty of identifying the estimated thirty per cent of that population that is in the United States illegally.

The Honduran communities visited were each located on a beach, or at least a river, with the central part of the village one or two blocks removed from the water itself. To an outside observer, they appear identical to other Honduran villages, with houses made of traditional materials, a dusty central plaza, scattered *pulperias* (convenience stores) and the varied logos of political organizations and international donors that have sponsored one project or another. Residents are invariably clad in US-style clothing, usually replete with New York-related items like T-shirts, hats, and even September 11th memorial flip-flops.

TABLE IV: Basic Indicators, Garífuna Communities Visited²³

Municipio	HDI ²⁴	Community Visited	Est. Pop.	No. of Houses	Est. % of Houses with Migrants	Est. % Receiving Remittances
<i>Balfate</i>	0.605	Río Esteban	600	100	N/A	50%
<i>Limón</i>	0.657	Limón	4,500	780	40-50%	70-80%;
<i>Santa Rosa de Aguán</i>	0.659	Santa Rosa/Aguán	3,850	750	80% ; > 1,000 en EUA	
<i>Santa Fé</i>	0.665	Santa Fé	7,000 - 10,000	1,300	20-30%	70-75%
		San Antonio	1,100	220	N/A	N/A
		Guadalupe	1,200	270	N/A	N/A
<i>Trujillo</i>	0.667	Cristales	2,070	345	200 intentan emigrar, solo 80 lo logran	85%
		Río Negro	1,000	N/A	N/A	N/A
<i>Iriona</i>	0.694	Ciriboya	1,500	250	N/A	40%
		Cusuna	4,080	450	N/A	50%
		San Jose de La Punta	1,000	300	N/A	20%
		Sangrelaya	N/A	N/A	N/A	N/A
		Tocomacho	2,500	450	N/A	30%
<i>Total Colón</i>	0.657	-	110,000	Est.18,000	-	-
<i>Total Honduras</i>	0.657	-	150,000	-	60%	45%
<i>United States</i>	-	New York City	100,000	-	-	-

Source: Respondents to this study, data and materials provided by same.

Along the beachfront, the signs of Garífuna culture are even more apparent. Rows of canoes, seemingly one for each house, cover the white sand beaches. *Galpones*, houses for the manufacture of the traditional *casabe* bread, a staple of the Garífuna diet and a strong cultural symbol, also tend to be found here. They are replete with the traditional implements for

²³ Readers should keep in mind that the numbers represented here are averages of estimates provided by individuals and institutions. However, the responses varied widely, and no formal measurements of most of these indicators have been performed as part of this study or elsewhere. These numbers are only meant as a rough set of guidelines with which to characterize the communities in question.

²⁴ UNDP Human Development Report on Honduras, 2003, p. 225.

producing it, and in some cases have augmented them with more modern methods of production. Even the smallest towns feature at least one football field, even if only a small makeshift sand plot is available. The *dugü*, the ceremonial hut used for the spiritual practices of the Garífuna religion, in which guidance or support is solicited from dead ancestors, is sometimes evident.

In New York, there are no ‘Garífuna communities’ in the sense of an area where one can find a majority of Garífuna people living on a block, though many are neighbors and apartment-sharing arrangements among multiple families are quite common to defray housing costs. In the sprawling neighborhoods of the South and Central Bronx, Garífuna individuals and families tend to live in the non-descript low-income housing buildings that dominate the landscape. Unlike at home, these neighborhoods do not enjoy ocean or river views. But they do provide some familiar comforts: familiar foods and cooking implements can be found at local African and Haitian markets, and some clubs play *punta* music on select nights. There is rumored to be a housing complex that is almost entirely inhabited by Garífuna, but this location was never identified. The dispersed nature of the community, and the fact in the states, migrants work long hours, make it challenging to carry out a study (or likely a project).

Most Garífuna in the United States reside there legally. This is made possible due to the well-established family networks that sixty years of migration provides. People in the Honduran communities speak of waiting for their visa and the right moment to go to the states as opposed to going “*mojado*” (wetback, or illegal). Few black faces are spotted exiting the deportation plane either. When asked about why this is, several respondents chuckled to themselves, and then claimed that this was an advantage of being black. Garífuna are routinely mistaken for African-Americans or, if speaking Garífuna, Africans. Even if illegal, they are not as conspicuous as Spanish-speaking *mestizos*. A few added that whites think that blacks all look alike, so it is simple to substitute the papers of a sister or a cousin to gain “quasi-legal” entry. Numerous sources agree that 60 to 80 percent of Garífuna transmigrants have legal documentation.

In other aspects, the communities vary widely. Some communities, like Cristales and Rio Negro of Trujillo, are part of larger urban areas. Others, like Triunfo de la Cruz,²⁵ are close to large cities but preserve an element of rural living as well. Other areas, like Limón are a medium distance from cities, but big enough on their own to merit some urbanization – such as street signs, hotels, and more signs of business activity. And still others, like Tocomacho, are strictly rural, requiring long (and sometimes treacherous!) boat trips to reach. The more rural communities, like Ciriboya, tend to lack basic infrastructure like electricity and potable water, making the few owners of power generators and freezers very popular. More urbanized communities, like Limón, seemed to have more migration and remittance activity. However, respondents in such communities also complained more about social problems like drug addiction and the decline of the Garífuna culture.

²⁵ Certain communities were not officially included in the study and no interviews were conducted there, but the team spent time in such locations and made basic conclusions based on its observations. Triunfo de la Cruz, the hometown of one of the researchers, was one such locale. Chachahuate, a tiny village in Cayos Cochinos, was another.

Needs of the Communities

Despite the visible signs of the influx of *migradollars* and the scattered electric and water plants and new churches, the communities are generally quite lacking in even the most basic infrastructure. Many communities are difficult to physically access, requiring visitors to maneuver badly damaged roads. In some weather conditions, access is reportedly impossible. "In the winter we suffer," [por invierno sufrimos] said one respondent whose town lacks a functioning bridge over the nearby waterway. Even the accessible communities require negotiating dirt roads for most of the way. The community of Santa Rosa de Aguan, transformed into an island when Mitch altered the direction of a nearby river, requires a brief boat ride across a lagoon to gain access. Its residents have been told that their home is now so vulnerable that they must move to another location.

The government draws ire in the communities, mainly due to the fact that its presence is very limited. "The government," says one respondent, voicing a sentiment that many agreed with, "has not concerned itself with the communities" [gobierno no ha preocupado por las comunidades]. In most areas, government presence is limited to a few *regidores* (local ministers), a mayor and some teachers. The *Patronato*, the voluntary community leadership that acts as a sort of town council, serves as the liaison between the government and the community.

Ironically, the government-provided jobs comprise the majority of employment available in the communities. The most consistent complaint throughout all of the communities (and a common refrain heard even in the country's larger cities) is that "there are no sources of employment" [no hay fuentes de trabajo]. People devote themselves to subsistence fishing and farming, or to waiting for their remittances. Even trained Garífuna professionals have no choice but to leave the communities to seek work in cities, or to abandon their professions altogether and work menial jobs in the United States. As one migrant commented, as a result of this lack of opportunity, "major minds in Honduras are being wasted."

Social problems tend to fester in communities with high unemployment, and the Garífuna areas are no exception. HIV/AIDS is reportedly six times more prevalent among Garífuna than among other Hondurans. Despite the fact that death rates have fallen since what appears to have been a peak in the late 90s, there are fears of undetected cases. One teacher commented that those who stay behind, "choose the easy life, and from there comes the HIV problem." [optan por la vida fácil...a raíz de ese sale el VIH] There were surprisingly few visible advertisements or promotions on this topic within the communities.

Drug addiction is another topic which emerged in discussions, with one community leader suggesting that up to twenty-five percent of the youth of his community were drug addicts. "Colon," he said, "is the red point of Honduras, where drugs enter and leave." [Colón es el punto rojo de Honduras, donde la droga entra y sale] Honduras is centrally located along drug smuggling routes, and the North coast is apparently a common stop. According to some, the drug traffickers benefit from having their dealers addicted, and the coastal youth are easy prey.

The Entrance of Remittances into the Communities

Against the backdrop of significant community needs, an astounding flow of capital is entering the Garífuna communities in the form of family remittances. One respondent claimed that there was “more movement of dollars in the 36 Garífuna communities than in the Central Bank” of Honduras [hay mas movimiento de dolares en 36 comunidades que en el Banco Central]. An interviewee in Limón added that if people understood the productive potential of remittances, they would never leave. Though this is not a quantitative study, we will briefly speculate on the amounts of remittances entering these communities and their significance.

We used three methods to estimate the total cash remittances entering Honduras’ Garífuna communities. The first method combines the commonly reported overrepresentation of Garífuna among the migrant community with the estimated number of migrants²⁶ in the United States to establish an estimate of total Garífuna migrants. This sum is then multiplied by a high, low and middle estimate of average annual remittances, discounting for the proportion of the population that does not remit. The second method starts with an estimate of the Honduran Garífuna population, and then factors in the percentage of those that reside in the US and the percentage that remit. The third method starts with the total remittances entering the country, multiplies that figure by the proportion of migrant senders that are Garífuna, and discounts the resulting number to account for the possibility that Garífuna migrants may earn less than their mestizo counterparts. A wide range of values results, but discarding the high and low figures leaves us with an average of \$146,000,000 USD per year, or \$730 per capita. We propose this figure as a working measure of the remittances entering the area.

It should be kept in mind that in-kind remittances, a significant element of the migrant contribution to their hometowns, is not included in this sum. Nor are the funds paid to Western Union and other remittance transfer companies, which may well account for close to \$10 million annually (6 percent of \$140 million is \$8.4 million), which represents the market available to couriers, competitive low-cost remittance companies, or the like, in the Garífuna community alone.

<i>TABLE V: Estimates of Annual Garífuna Remittance Activity</i>			
METHOD I	Hi	Middle	Low
Total Honduran Migrants	525,000	400,000	263,000
Garífuna as %	0.7	0.5	0.3
Total Garífuna migrants	367,500	200,000	78,900
% Remitting	0.5	0.5	0.5
Per Capita Remittance	\$2400	\$1200	\$400
Total Garífuna Remittance	\$441,000,000.00	\$120,000,000.00	\$15,780,000.00
METHOD 2			
Honduran Garífuna Population	300,000	200,000	100,000

²⁶ See Ricardo Puerta , “Cuantos Hondureños Viven en Estados Unidos.”

% in US	0.5	0.4	0.3
% Remitting	0.5	0.5	0.5
Per Capita Remittance	\$2400	\$1200	\$400
Total Garifuna Remittance	\$180,000,000.00	\$48,000,000.00	\$6,000,000.00
METHOD 3			
Total Remittances Entering Honduras	1,000,000,000	900,000,000	800,000,000
% Sent by Garifuna	0.7	0.5	0.3
Garifuna wage discount factor	0.7	0.6	0.5
Total Garifuna Remittance	\$490,000,000.00	\$270,000,000.00	\$120,000,000.00
		\$146,000,000.00	
AVERAGE OF ESTIMATES			
PER CAPITA ESTIMATE		\$730 per yr / \$60 per mo	

Financial Sector Products and Services

Given the extent of the capital entering into the Garifuna communities of Honduras, one might look to the financial sector to provide a strong complement to individuals looking to make the best use of their money. However, respondents to this survey indicated that most individuals have not had positive experiences with the formal banking system, and that village banking generally failed due to a lack of confidence. The Honduran banking system is not known for its dynamism, and banks reportedly charge fees for accounts without a minimum balance (1 million lempiras, or \$55,000 according to one financial institution). Some institutions responding to this survey reported the creation of new savings products which pay a nominal interest rate and have no minimum balance, but in all cases these products seemed new and untested. It is conceivable that, based on the \$730 per capita remittance estimated above, few Garifuna have sufficient financial assets to make use of savings products, and, accordingly, none specified that as a need of the community. New York-based migrants spoke about the need for saving, but did not mention any specific products that might help them attain it. By all accounts, migrants tend to be hard-working with limited surplus as well, and do not tend to be banked.

Garifuna individuals have experience with other types of financial institutions, including microfinance institutions and remittance companies. According to administrators of several microfinance programs, they have faced considerable cultural barriers when establishing operations in the Garifuna areas, but have penetrated with micro-loans to some degree. ODEF implemented a set of dynamic new products linking remittances to microfinance and housing construction. But migrant relationships with remittance companies consist mainly of one-time transactions. Migrants recognize the high costs of sending remittances via institutions like Western Union, but use it because of its coverage, speed and reliability. Despite academic interest in couriers, or *viajeras*, few respondents knew anyone who provides a money transfer service or thought they could easily find someone to provide such a service. Predictably, the respondent for FACACH indicated that its client institutions generally offer remittance services as a loss leader to attract savings. But he reported that they are not seeing the hoped-for conversion rate and not capturing the savings they envisioned as a result of offering remittances.

Institution	Products	Involvement	Comments
Western Union	Money transfer, messaging and bill-paying services; Instant Money (more on website)	\$3 billion public company; World's largest remittance institution with more than 170,000 locations; Estimated 55 per cent of Honduran market and more than 120,000 transactions per year;	Clients recognize expense but value availability and speed (<10 minutes); current New York to Honduras rates are 6% on \$200-\$300 remittance
MoneyGram	Payment Services	Second largest remittance carrier with more than 60,000 locations worldwide, and more than 95 in New York City	Similar to Western Union; Up to \$200 for \$9.99, over \$200 \$3 + 5% for New York to Honduras; like Western Union they provide 3-minute phone card to senders
Wanigu (La Ceiba)	Remittances; Microcredit	New institution looking for traction in the communities; 5 employees currently operating out of La Ceiba; 90% Garífuna-owned with a franchise deal with a low-cost remittance transfer network	Should be an interesting case study as this business moves forward; support from Ford Foundation and other interested international institutions also of note
Fundación Adelante (La Ceiba)	Microcredit; Training; Savings website	Supports women doing microenterprises; 2,300 clients with mostly resale businesses	Grameen-replicator focused on enhancing self-esteem through business management
ODEF (where?)	Microcredit; Savings; Remittances; Housing Construction (through partner) website?	One of Honduras' largest microfinance institutions operating primarily in the North of the country; 13,000 clients of which 34% get remittances;	Attempting innovative products aimed at improving management of remittances such as housing construction

The Use of Remittances

A central objective of this study was to illuminate the actual and potential use of remittances within the Garífuna communities. The topic has been studied considerably in other communities, and a consistent observation is that “the bulk of funds are used primarily for consumption as opposed to productive investment.”²⁷ One thorough study in Honduras found that 77% of remittance funds were used for current expenses.²⁸ Respondents cited the number 80% repeatedly, almost as if they had read the same study, although anecdotally they mentioned consumption almost exclusively. “The money,” said one, “is used for consumption but usually isn’t enough.” [El dinero se usa para el consumo pero en general no alcanza] When asked what they meant by consumption [consumo], respondents listed food, rent, clothing and other daily living expenses.

²⁷ Andrade-Eekhoff, Katherine, and Marina Silva-Avalos, Claudia, “Globalization of the Periphery – The Challenges of Transnational Migration for Local Development in Central America,” *FLACSO*, September 2003.

²⁸ Pew Hispanic Center, “Receptores de Remesas en Centroamérica,” p. 30.

Most respondents agreed that generally, families receive between \$50 and \$200 per month, and that the cost of maintaining a family of six, the average size, was \$200 per month. These estimates coincide with our calculated per capita remittance of \$730 per year. Therefore, only the minority that received more than \$200 per month could be expected to have a surplus available for other items. One respondent declared that surplus was rare, but that those who received amounts between \$400 and \$800 per month had developed a taste for conspicuous consumption.

Beyond consumption, respondents mentioned investments in critical needs of the family. Housing (*vivienda*) is the most frequently mentioned area, as migrants meet the dual goals of improving the security of their family and preparing their own eventual retirement. Some more established migrants have also made investments in livestock (*ganaderia*), which is easy to manage from abroad. *Of course, one community member at a town hall meeting (cabildo abierto) noted that livestock was ruining the harvest of those who work in agriculture since plots are rarely fenced off.* Also, several respondents indicated that Garífuna hire Ladinos as their managers and speculated that the industry would eventually fall under Ladino control.

A number of studies have identified “improved educational indicators among children”²⁹ as one of the impacts of remittances on receiving households, and the effect is mirrored here. One respondent said that most people used to attend four years of school and that now the average is nine. Another was encouraged about the future promise of so many Garífuna educated in the colleges and universities of Honduras. “A good future,” he said smiling, “awaits us.” [un buen futuro nos espera] Several source tempered this enthusiasm by pointing out that many go to school, but few finish. Another identified studying as something one does to pass the time while awaiting one’s visa, pointing out that a professional education is unimportant to a construction worker in New York. Finally, many respondents lamented the fact that a Garífuna with a good education has to go to the cities of Honduras to practice his or her trade, taking them further away from the community. But there is no doubt that the Garífuna are making a significant investment in education.

Interestingly, few respondents understood the term *remesas* on first use. When told “we are talking about the money that comes from abroad, from the *hijos del pueblo*,” even those that did not report receiving remittances instantly understood. In several group interviews, illuminating conversations resulted in which one respondent would explain to others what their interpretation of the term was.

Collective Remittances

The Garífuna have a proven history of supporting development through collective remittances. “At least since the 60s,” writes one scholar, “Garífuna transmigrants in the US have formed hometown associations concerned with the development of their villages through the building of infrastructure, mutual aid societies and the celebration of Garífuna culture.”³⁰ In almost every community visited, respondents were quick to thank the “*hijos del pueblo*” for their contributions. For example, in Limón, transmigrant HTAs like the “Comité Pro-Electrificación

²⁹ Andrade-Eekhoff and Silva-Avalos, “Globalization of the Periphery,” p. 18.

³⁰ Ibid, p. 8.

de Limón” were responsible for bringing electricity and potable water to the city, and for facilitating the construction of at least one church. Even in remote communities, like Cusuna, such organizations have played a key role in establishing whatever infrastructure exists.

Though HTAs have made meaningful contributions to their towns via collective remittances, challenges remain. Projects involving fund-raising tend to be slow because, as one respondent puts it, migrants are “struggling on a day-to-day basis.” The electrification project in Limón, for example, lasted two years from the time that the power company offered connectivity until the money was raised. Other migrants question the efficiency of the hometown associations, and one opined that “the funds rarely reach the community.” Complaints of lack of transparency in such projects are legion. Several told of community banking or other project attempts where the individual responsible for managing the funds decided to leave for the United States – with the money in hand!

The most thoughtful critique of the HTA efforts came from a mayor, who stated that “the only problem with the committees is they stop after achieving their aims.” He then added that they “should be more forward-thinking.” This comment resonates when one observes in a number of communities that the potable water supply becomes contaminated, the electric grid has problems, or other projects begin to fall apart due to lack of maintenance.

Garífuna HTAs should be commended for having accomplished so much without any government support. As one NGO representative put it, “isn’t this supposed to be the role of government– to be building schools and clinics?” Even if the government cannot afford to do this work on its own, it could find ways to encourage its migrants to act more efficiently and stimulate their support of community development. Many scholars working in the field of HTAs and development stress that the state must play some role in the development efforts of transnational communities.³¹ The government is one of the few institutions capable of providing incentives and support for a sustained development strategy. One optimistic respondent values the potential productive use of remittances, calling it a “dry leaf that needs a spark to set it ablaze” [como una hoja seca – necesita un chispe para que se encienda]. The state would seem an ideal candidate to provide such a spark.

But is the state willing to provide such assistance? A leading scholar of collective remittances and HTAs compared Central American responses to migration, stating that at both the local and national levels, the government of El Salvador “has a much more institutionalized response to international labor migration...the reactions of the Honduran government are probably the least institutionalized, comparatively speaking.”³² Whereas its neighbors have opened government ministries, created migrant-oriented sections in major periodicals, and dedicated matching funds to community development projects initiated by HTAs, Honduras remains, as the respondent from FACACH puts it, in “the phase of talking.” Given that remittances reduce the balance of payments at no cost to the state, and reduce the visible signs of poverty, it is unclear what impetus will motivate policymakers to search for the spark our

³¹ As an example, see Robert Smith, “Transnational Localities: Community, Technology and the Politics of Membership within the Context of Mexico and U.S. Migration,” in Michael Peter Smith and Luis Edward Guarnizo, eds., *Transnationalism from Below*, (Transaction Publishers: New Brunswick, 1998), pp. 196-240.

³² Ibid, p. 35

respondent described. It remains to be seen whether hard-working migrants, already under strain to address the needs of their families and perform the role of the state, can begin to budge the boulder of economic progress on their own. “How can we ask these migrants,” asked a worker from an NGO that supports migrants, “to carry the burden of community development?”

TABLE VII: Community Projects Undertaken, Selected Communities

Community	Funds Raised	Projects realized	Future Projects Being Considered	Organizations Involved
Cristales, Río Negro	N/A	Contribution to the bridge to San Martín, pavement of centre street	Additional river crossing	Patronato
Río Esteban	N/A	Cultural Center, "EL TRONO"; lamparas para la electrificacion de las calles; igelsia catolica	N/A	Patronato; Project-specific committees
Limón	120,000 lps (agua) over 2 years 80,000 lps: electrification of the streets	Electricity (1998), lighting town streets (with 60 lamps); first Potable Water System; community center; catholic church	Renovation of the potable water system; expansion of electric system for new neighborhoods; further investment in agricultural cooperatives; Textile factory (maquila); farmer support, drug rehab center; youth center and sports infrastructure; dessert shop; training center	Comité Pro-Electrificación de Limón
Santa Rosa de Aguán	N/A	Substantial relief after Mitch; Community Centers; Helped build road; Wait Station for Boat Launch	NA – community will likely move to new location first	Organización Pro Desarrollo de Aguan – OPDA ; OMA; OBRDA
Santa Fé	N/A	CENTRO COMUNAL, electrificación; feria comunal	N/A	Patronato; Project-specific committees
San Antonio	500,000 Lps collected in the US (but just 15,000 arrived in the community)	Centro Comunal, electrificacion de las calles; feria comunal	Bridge over Río David (between San Antonio and Guadalupe) , pavement of streets; maquila; university centre for the Garífuna community; computer center	Presidenta; US Patronato
Guadalupe	N/A	N/A	Bridge over Río David (between San Antonio and Guadalupe); centro de huerfanos/de salud	N/A
Ciriboya	N/A	Community Center, Sports Field, Water System	Improvement of community casabe-production facility (new engine)	Patronato, Committees
San Jose de La Punta	60,000 lps	Community Center (1999), Water System (19998)	n.a.	Patronato; Committees
Sangrelaya	N/A	Catholic Church	n.a.	Sangrelaya Unida en Nueva York (SUNY)

Investment remittances

The Garífuna experience with investment remittances has been very limited. Indeed, investment of any sort has been nominal within these communities. One scholar warns that the “question of investing remittances – on anything – is severely constrained by the economic hardship faced by most remittance-receiving households (not much surplus) and by the economic

context (not many options for investment even if there was surplus income.”³³ In the Garífuna communities, this is exacerbated by the cultural inclination described earlier that eschews market logic, a cultural characteristic affirmed by many respondents. In each community one finds a number of resale businesses like convenience stores and eateries which required some startup capital, but these are not the types of investments that promise employment generation and profit opportunity.

TABLE VIII: Selected Transnational Business Ventures		
<i>Business Location</i>	<i>Description</i>	<i>Comments</i>
CasaGari, La Ceiba	Nostalgic market exporter and housing constructor	Failed due to administration problems and damage by Mitch
Wanigu, La Ceiba/Ocala, FL	Remittance and microfinance social enterprise	In startup phase
Hotel Aventurero, Limón	Family self-pension project initiated by migrants	Appears to be well-constructed and well-managed
New Horizon Investment Partners, New York	Real estate investment portfolio owned by group of Garífuna	In fund-raising stage
Garífuna Enterprises, New York	Music production company attempting to capitalize on nostalgic market	Piracy is a challenge; principals and artists reportedly keep their primary jobs

There are a few examples of medium-scale investments in the communities, however. One business was started to try and export Garífuna cultural products like *casabe* to the United States, while also dabbling in a number of local markets including housing. This company, which described itself as a “social enterprise” motivated by financial return on investment as well as the betterment of the situation of the Garífuna as a people, folded after four years, reportedly due to damage caused by Hurricane Mitch and to administrative problems. Several respondents commented on the management problems with this enterprise, and one migrant lamented the 1000 lempiras (approximately \$56) he lost as an investor. No similar business has emerged to service this market despite CasaGari’s folding in 2001. Several small *casabe* cooperatives have started up, but have not progressed to a stage where they are exporing product or generating employment.

The founders of the business described above are launching a social enterprise that provides microcredit and remittance services. And there is a real estate fund, New Horizon Partners, consisting of Garífuna investors and run by a successful US-based entrepreneur that is attempting to invest in commercial and residential real estate in Honduras. The manager of this fund stated that while he believes he could generate better returns investing in the US, he wants to help educate his people and sees this as the way to do it. He feels that if it is successful, others will imitate it.

In Limón, one block from the beach, there is a well-constructed, well-maintained and clean hotel built by migrants, which employs several individuals. Reportedly, similar sorts of

³³ Goldring, “Re-thinking Remittances,” p. 5.

projects exist along the coast and serve as “private pension” projects under which a migrant provides employment and livelihood for relatives and friends. While the economic linkages and the boost to demand are in doubt if such projects are kept in the family, they still represent a sophisticated strategy for resource management and generation of surplus. One Garífuna worker for an international NGO pointed out that making him a boss of a hotel would help him a lot more than a new pair of shoes, and urged more diligence and followup on the part of migrants with such investments.

The Impact of Remittances

At first blush, there is an overwhelming appreciation of the influx of capital, especially in the areas where high levels of migration activity were observed. “The North American money” said one respondent, “are a powerful source of funds for our people.” [el dinero norteamericano es un dinero muy fuerte frente a nuestra comunidad] Many others expressed doubt as to whether their families or their villages could continue without this capital, which offers recipients a middle class level of consumption in an otherwise poor lifestyle.

However, the beneficial effects of remittances on the local economy seem to fall far short of the expectation held by many in the development community and academia. A key reason for this shortfall in impact is that the capital entering the community does not have a significant multiplier effect. That is, the money quickly leaves the community upon receipt, and therefore does not stimulate further demand, employment and income. “This money that is coming here,” said one of the few Garífuna entrepreneurs, “does not last, nor does it circulate within the community.” [Este dinero que esta viniendo de aqui no dura ni da la vuelta por la comunidad] Rather, the bulk of the funds are spent on the trip to collect the funds themselves, and in businesses and markets far from the community. The community itself slowly transforms into a suburban “bedroom community” where people sleep and eat, but engage in little productive activity. Their commutes take them to the city, frequently to a city in the United States, and their place of residence is not a locale in which production occurs. Remittances help the government with its balance of payments and by providing residents with some basic services, and prop up the economies of surrounding areas, but do little to stimulate development in the communities themselves.

As figure II demonstrates, the large remittance flow destined for the Garífuna communities is quickly and steadily whittled down on its Southward route. First, assuming that the migrant is sending via money transfer services like Western Union, which carry the majority of remittance funds, somewhere between five and ten per cent is lost to the transfer company.

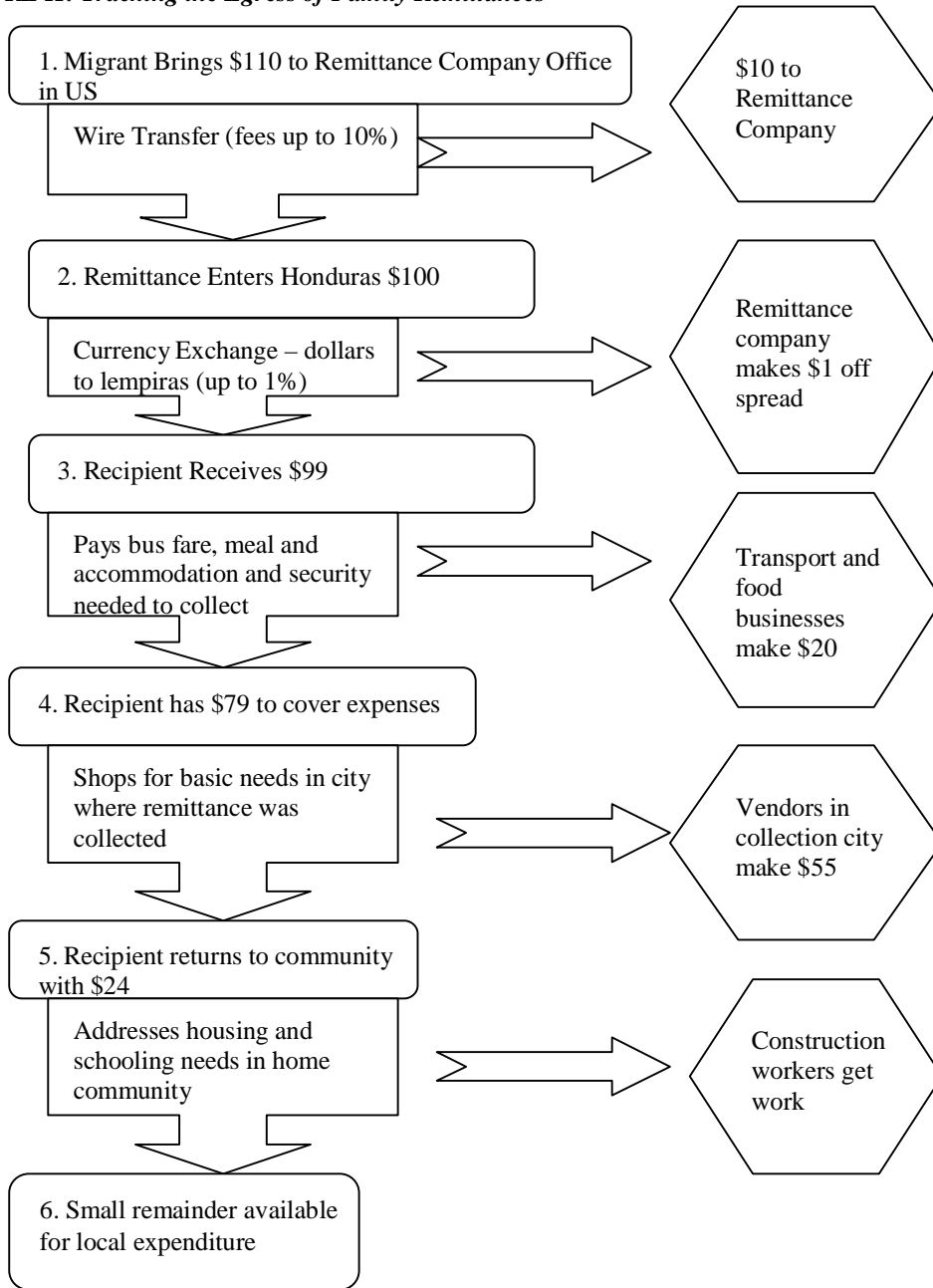
Second, remittance receivers spend money for transportation to the cities where the money transfer storefronts are located. One research study conducted in Honduras’ Western departments by Pedro Jimenez of the Sustainable Development Network [Red de Desarrollo Sostenible de Honduras] found that once transport, lodging, and food are taken into account, the cost of a trip to collect remittances averages between \$12 and \$28. Such trips generally require overnight stays due to infrequent bus schedules and a lack of familiarity with banking hours. Expenses include meals for both the receiver and the accompanying person that he or she (usually she) must bring along for security. Among the poorest households, according to the

study, 2-4 trips may be required before the recipient is able to collect remittance funds, owing to lack of understanding of the formal processes of financial institutions. For example, the receiver might forget to bring their *cedula* (ID card), required for receipt of funds, or the transfer institution may deny giving funds to someone who goes by a nickname different from the name on their ID, or whose relative misspelled the name at the sending point.

Third, assuming the receiver does make it to the receiving location with the proper documentation, they lose an additional small percentage in the currency exchange from dollars to lempiras. Therefore, if a migrant enters a Western Union on Grand Concourse in the Bronx with \$60, their mother in Limón may leave the Tocoa branch with \$28.

Even with the diminished funds, there is ample opportunity to stimulate production in the communities. However, according to all accounts, receivers spend the money in the large cities on their necessities, preferring to “be seen” travelling to spend their remittances rather than buy locally. One owner of a woodshop lamented the fact that people buy doors in Tocoa rather than at his store, complaining that the price is one lempira less there. Of course, when the 20 lempira bus ride is taken into account, that price difference is made moot, but people do not take that into account. The net result is that very little of the remittance funds received appear to be spent in the receiving communities themselves.

FIGURE II: Tracking the Egress of Family Remittances



Once the trips to Tocoa, Trujillo or La Ceiba are complete, remittance receivers return to their villages, enjoying an enhanced level of consumption while they await next month's remittance. The meager funds that remain are generally used for education, invested in housing construction and renovation, or, albeit infrequently, saved. Scholars agree that these uses represent at least some form of investment and long-term reduction of vulnerability. However, at least one NGO had a negative view of the illiquid and depreciative nature of housing as an investment.

The limited actual business investment that is visible in the communities centers on *pulperias* and *comedores*, along with several small hotels and hostels, and, recently, several Internet cafes. Some of these are strong businesses that in many cases provide their operators with a steady source of income, like the owner of a comedor interviewed in Rio Esteban. However, the potential for growth, employment generation and economic linkages from resale businesses is severely limited. Though the principal of a microfinance institution, Fundación Adelante, advocated the role of re-sale businesses in the community for the time they save individuals and the self-esteem that they foster in the women who run them, the value added from such businesses for the local economy as a whole are minimal. The time saved is only valuable if it is used for productive purposes in other realms, and the self-esteem, though a key building block for future success, does not constitute economic development in its own right. Microenterprises, which the foundation mentioned above supports and many are clamoring to link to remittances, should also be examined for their contribution in this regard. One scholar points out that such initiatives are "subsistence level self-employment mechanisms, with little entrepreneurial potential" and that most participants would prefer wage labor anyway.³⁴ It is likely that resale activities, though capable of building confidence and capacity, are not capable of fomenting economic development on their own, and that actual production is required for significant value to be created.

Given all the home investments by migrants, construction would seem to be the only profitable business into which remittances could be invested locally. Further inquiry is required to determine whether Garífuna benefit from this activity or whether, like other services, construction work mainly goes to *mestizo* workers from surrounding areas.

Perhaps the most important remittance of all is the social and political remittances that migrants transmit through their transnational networks. "Economic remittances," writes one scholar, "may have a very important social and political dimension, which becomes clear in the context of examining mediating institutions and opportunities for social and political learning."³⁵ The presence of migrants in a foreign environment exposes them to different ways of thinking and operating, politically and socially as well as in other ways. Quite a few respondents migrants spoke of their vision "widening" as they adjusted to life in a new and sometimes hostile environment. Such lessons, if communicated properly, can translate into more effective grassroots action within the communities and, ultimately, economic and political development. However, this communication seems to be lacking due to the small number of migrants that return and the lack of institutionalization of best practices within the community.

³⁴ Andrade-Eekhoff and Silva-Avalos, "Globalization of the Periphery," p. 18.

³⁵ Goldring, "Re-thinking Remittances," p. 3.

While many policymakers and academics focus on the high cost of transferring remittances as a hindrance to development, few migrants or community members placed this high on their list of concerns. Most agree that increased technology and competition will lower the costs of sending remittances over time, but questioned how that money would be spent. A former Western Union executive explained that the additional money saved would not be put to any notable use. "I'll drink a few more beers," [Me tomo 3 cervezas mas] he reports being told by a migrant who he had asked how he would respond to a small price decrease. Improved use of funds holds more promise than fee reductions in amplifying the positive impact of remittances.

Table IX: Observed Impacts of Remittances, Winners and Losers

POSITIVE IMPACTS	Winner
Helps families meet basic needs	Individuals and Households
Defrays cost of caring for elderly and children	Individuals and Households
Increases investment in education	Individuals, Households and Community
Improves quality of housing	Households
Builds community infrastructure (collective projects)	Community
Improves balance of payments and currency reserves	Government
NEGATIVE IMPACTS	Loser
Decreases the value of local production	Individuals, Households and Community
Breeds inequality between households	Households, Community
Family Disintegration (via migration)	Individuals, Households, Community
Devalues cultural traditions	Community
Absolves government of responsibility for public works	Community

The Tourism Sector

Tourism is one of the potential business areas that motivated this study, and a logical area to explore given its emphasis by the government as a focal point of its development strategy. The Garífuna live on some of the most beautiful stretches of beach in Central America, and many respondents had considered tourism. "We want to be subjects, not objects of tourism," was the common refrain, indicating that the Garífuna fear being marginalized throughout the implementation of tourism in the region. Given their experiences with the government, such fears are warranted. In the Bay of Tela, a dispute is already underway involving the sale of Garífuna lands to investors planning the construction of a resort. Communities fear that such results will be repeated in their own communities, and many recognize the need to launch tourism initiatives before someone else does it on their land.

Unfortunately, the local capacity to generate firms for insertion in the tourist business is very limited, both technically and financially. The needs and demands of foreign tourists are substantial. "How can someone who lived in Tornabé all his or her life," asked one respondent, "know what someone prepared to spend \$30 a night and \$3 for a meal wants?" One migrant insisted that while people continue to litter on the beach, no tourists would ever want to come. And at one site where international donors have supported the construction of rustic tourist cabins along the beach, the manager complained that a community youth had robbed her last

group of guests. Lastly, tourists are not visiting the North Coast in droves, and the future growth of this industry seems linked to the uncertain plans of the central government, so preparation in this area risks failure by training people to handle business that may never materialize.

Still, tourism may be a promising area for further inquiry. Different respondents offered varying assessments of the promise tourism holds for these communities, and it remains one of several issues on which the community is quite divided. Some involved in tourism view it as a growth strategy, including the group in Rio Esteban managing the beachfront cabins, while others seem afraid to share their traditional living space and natural resources.

The Dangers of Migration and Remittances

Despite all the gratitude for the “*gran ayuda*” (big help) that remittances represent to them, many in the Garífuna communities are keenly aware of the downsides and dangers represented by the flow of remittances and the migration that generates them. Such a significant flow of foreign capital into communities like those of the Garífuna is bound to bring rupture, and it has.

Social problems are often cited among respondents as a side effect of migration. “Families,” said one respondent whose sentiments were shared by many, “are disintegrating.” [la mayor parte de la familia está disintegrada] With one or both parents missing from the community, children grow up in the care of grandparents or aunts and uncles, which often leads to inferior discipline. Many families face the difficult choice of leaving their children in the less expensive village environment, or taking them to the United States. Parents lament the laws of the United States, which prohibit traditional (i.e. harsh) methods of discipline. Communication breakdown seems likely following either choice. Migrants expressed how hard they work for the money they earned, and the feeling that the recipients don’t necessarily appreciate that when they contemplate how to use the money. One respondent questioned why parents would work so hard, just so their children could grow up to do the same. One professional hypothesized that guilt plays a large part in the remittance relationship, and that parents feel unwilling to discipline children and manage their spending of remittances because they feel bad about their absence.

TABLE X: Community Problems Blamed on Migration and Remittances
Loss of Garífuna Language
Family Disintegration
Dependency
Reduced Use of Land (and accompanying loss)
Drug Traffic and Addiction
Alcoholism
Prostitution
Crime and Delinquency

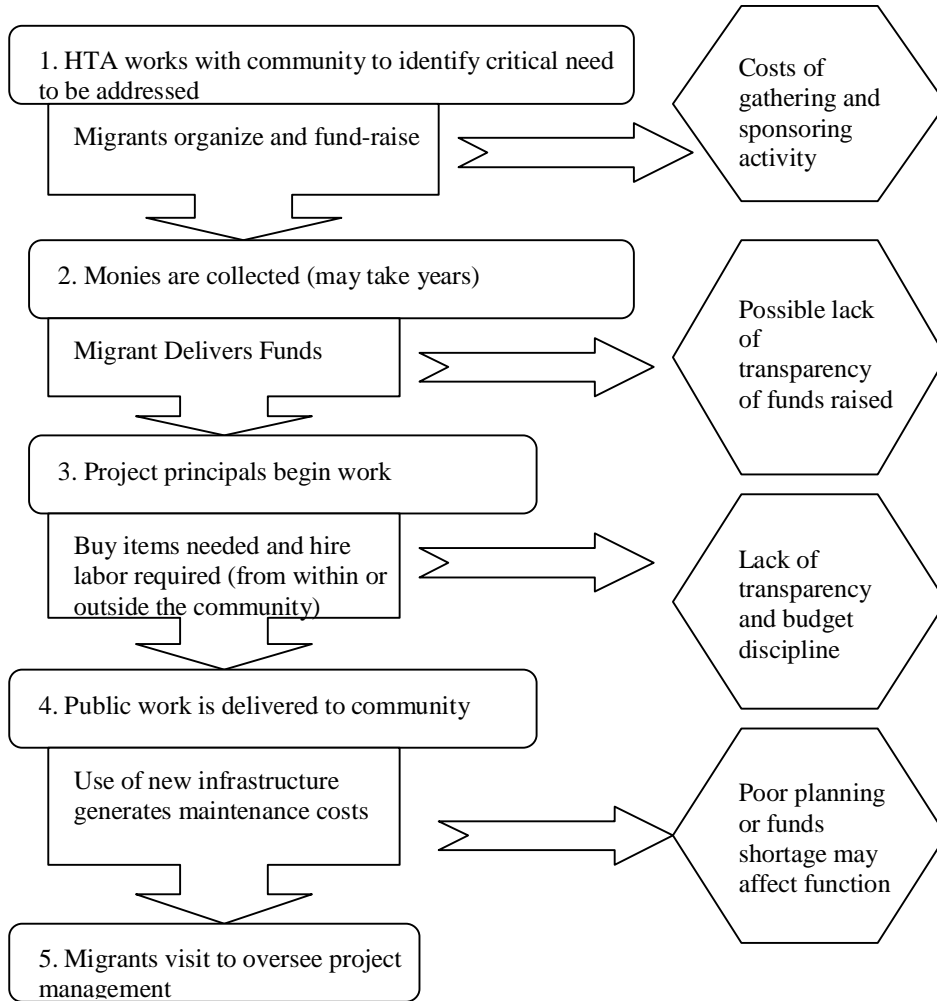
Recent years have seen what many view as an erosion of Garífuna cultural values. Drug addiction, prostitution, and crime, all of which reportedly run rampant in the communities with more migration activity, represent considerable challenges for the society. Speaking about

these new behaviors, the leader of one Garífuna cultural institution said “*that* is not our culture” [no es *esa*]. An elder member of one of the communities complained that “The Garífuna is adopting the customs of the Indio,” using an unflattering term sometimes used to describe mestizo Hondurans. “We have lost the Garífuna culture...both values and language.” [El Garífuna esta adoptando las costumbres del Indio...hemos perdido lo que es la cultura Garífuna...valores y habla] In a past which many community members still recall, neighbors would salute one another at morning and at night, labors like building a house or planting a field were done in groups of volunteers, and resources were more or less equally distributed. With the entrance of money, he said, now people won’t lift a finger without being paid for it. One respondent in Limón nostalgically recalled the natural beauty of frogs and cicadas [cigarras] chirping, and collecting *‘jicaque’* seeds in groups for eventual resale, and lamented that since electricity was installed, such cooperative behavior no longer occurs. The accelerating entrance of money into the communities has changed the landscape dramatically.

Perhaps the most striking negative effect of remittances on the communities is the economic dependence that it has fostered. Given the earning potential between labor market activities in the United States and traditional subsistence activities in the village, the entrance of remittances seem to have devalued traditional practices to the point where nobody wants to “go to the *monte*,” or work in agriculture. Overfishing has contributed to a drop in the profitability of that traditional practice, and the land encroachments by outsiders have lessened the productive potential of the land. All of this intensifies the “extreme dependency” on the migrants, and robs people of hope that there is local productive potential. One entrepreneur says “we have gone from being self-sufficient to being consumers.” Tocoa, a city frequently mentioned as a shopping destination for remittance receivers, used to be a place that Garífuna would visit to sell their excess production. Now, they buy the yucca there that they used to harvest themselves. Aggressive merchants also increasingly visit the Garífuna communities to sell their wares, including fruits, livestock, milk and other necessities for which the communities provide a growing market even more due to rising demand of migrants visiting their home communities.

The growing dependence on remittances may aggravate a pre-existing condition within the Garífuna community: the lack of entrepreneurial initiative and an aversion to risk. “The Garífuna,” said one respondent, “are not accustomed to using credit.” [Garífuna no es dado a solicitar créditos] Several others commented on the absence of business aptitude in the community, perhaps as a result of the long-standing system of equality and avoidance of surplus. Others expressed fear of associating or working together on anything involving money. “Sometimes,” reflected one Garífuna employee of an international donor, “our culture works against us.”

Figure III: Financial Flow and Possible Egress Points for Collective Remittances



Each of the negative effects described point to the decaying of social capital within the communities. It is apparent that the hollowing out of communities due to migration, the inequality fostered by the entrance of remittances, and the disillusionment with external and internal development initiatives each contribute to the depletion of this key resource. This seems to be an overall trend within Honduras, characterized by a “lack of confidence between people and institutions, corruption, weak citizen participation, persistence of short-term vision, low competitiveness and an insufficient entrepreneurial capacity.”³⁶

The lack of social capital is revealed when numerous respondents complain that if they would start a business, they don’t believe their neighbors would buy from them because people don’t like to see others succeed. It shows itself when local microfinance institution has even developed a product that promises a migrant the construction of a house to his or her specifications and offers direct application of remittances to its construction, implying that family members cannot be trusted to handle funds properly. And while it is in decline, the chances for meaningful community cooperation and development remain limited.

Community leaders are aware that something is missing in the area of trust and confidence. One commented that “in El Salvador the government has won the confidence of the people” and that “the Salvadoran is clever and knows to invest.” Interestingly, the term “social capital” was mentioned once, at a pan-Garifuna organization. The respondent explained that social capital is responsible for remittance receivers learning that funds await them. But a level of trust that goes beyond communication that someone’s money has arrived must be rediscovered if a foundation is to be built from which address today’s challenges.

Institutions in the Garífuna Community

Institutions are an essential component of any society and a starting point for consideration of any program for change or development. Respondents often asserted that Garífuna, especially men, do not like to organize and prefer acting alone, thus explaining the general lack of confidence in institutions. But there is no shortage of institutions involved in the Garífuna community in both Honduras and New York. These institutions can be divided into five main groups: 1) local institutions like Patronatos or committees looking after the welfare of one community or the Garífuna culture, such as OMA (Women’s Group of Aguán) or the Patronato of Limón; 2) pan-Garífuna or African heritage or cultural groups that address the needs of multiple communities, like ODECO, OFRANEH, clubes de danza, , ENMUNEH and Jamalalai Uagacha; 3) international donors and volunteer groups that work within the communities, such as Spanish Solidarity and DED; 4) religious institutions, like churches and umbrella groups that support them, such as Pastoral Social, Subsede Pastoral, Pastoral Garífuna; and 5) business-related institutions that invest or encourage investment in the communities, like the Afrohonduran Chamber of Commerce in Tegucigalpa, or New Horizon Business Partners in New York.

³⁶ UNDP Human Development Report on Honduras, p. 12.

Local institutions like Patronatos and Hometown associations such as the “*Comite Pro-electricificación de Ciriboya*” are temporarily working volunteer grassroots organizations operating on the sweat and the will of the community. This makes them very responsive to community needs. But their capacities are severely limited in that all of the individuals involved have other full-time occupations and their involvement in these institutions is generally restricted to nights and weekends. Such groups have accomplished impressive projects, like electrification, that required years of fund-raising and extensive coordination. But they also tend to suffer from a lack of capacity and an inability to sustain an effort due to the other responsibilities of members. Patronatos, elected every two years or so in response to local and international demands for transparency, the terms tend to be too short to build capacity. “A good board goes out after 2 years,” one NGO director complained, “and a corrupt one comes in.” Some of the strongest groups appear to be organized around the theme of dance, as that activity carries great prestige in the communities.

Several organizations operate at the national, regional and even international level advocating for African descendant communities. The Central American Black Organization (ONECA) even organized a conference in New York in 2003 with extensive discussion related to the theme of remittances and their use in the communities. While prestigious, these institutions tend to suffer from their distance from the communities themselves. As one worker for local NGO put it, “people believe in institutions but don’t trust the representatives.” [la gente confía en la institución, no confía en los representantes].

International donors and NGOs have been working in the communities very visibly since at least the time of hurricane Mitch. While some projects have succeeded, there is evidence of “project fatigue.” Residents feel they have been poked and prodded extensively. They have built expectations on promises made by foreign entities, but few have been met. One respondent asked why we had to keep studying and studying, as opposed to actually doing something about the situation. Others expressed doubts as to what the foreign agencies provided other than jobs for a few lucky individuals. Several articulate respondents questioned the approach that foreign organizations use with the Garífuna communities, pointing out that most of their budgets are spent on staff and little of it reaches the communities. The head of a migrant assistance organization said that the approach doesn’t offer Garífuna much opportunity to build capacity since they are not generally trusted with project funds and accountability. “How can we learn,” she asked, “if we don’t get the chance.” Others echoed the view that foreign NGOs have a paternalistic approach that doesn’t build capacity in the communities.

Religious institutions are also active within the communities. Community remittances have been used to construct churches, and traditional Garífuna religious rituals reinforce community bonds and account for some of the transnational fund-raising activities. In a predominantly Catholic area, competing churches have sprung up in recent decades, including those that, unlike the Catholic church, look unfavorably on the Garífuna traditions. Several respondents complained that religion now divides people, as some new churches encourage their members to ignore their neighbors if they do not belong. One elderly evangelical community leader condemned the Garífuna traditions as “animist” abominations.

Business institutions are few and far between, but may hold great promise within the communities. The individuals that lead them tend to be entrepreneurs interested in improving the community while making a profit. Therefore, they are prone to spending time and resources to educate and train others. The leader of Horizon Investment Partners, Jose Francisco Avila, believes that once he has success, other groups will follow, and envisions a Garífuna community full of entrepreneurs. He hopes “Central America will be the next India,” which requires better exploitation of its human capital and natural resources. While groups like Avila’s offer a wide membership across communities, that membership depends on the capacity to invest, so benefits may not accrue to the entire society. However, such initiatives can set a strong example for a ‘productive’ use of remittances.

Successful Interventions in Other Countries

It may be helpful to briefly consider some successful cases of “productive remittance uses,” at least to establish the conditions under which remittances have been put to good use in similar communities. The most oft-mentioned example of such programs is the 3x1 Iniciativa Ciudadana project in Mexico, which originated in certain states like Zacatecas but was adopted country-wide in 2002. This matching program pairs HTA funds with contributions from federal, state and local government to provide migrants with an incentive to invest in community development projects. In 2002, the program’s projects totaled \$43.5 million, with one quarter of the funds coming from HTAs.³⁷

El Salvador has also made great strides in coordinating HTA activities with the federal government. It’s *Dirección General de Atención a la Comunidad en el Exterior* is a government ministry devoted to coordinating government policy with the estimated 20% of Salvadorans that reside abroad, has been described as “the most elaborate governmental program to date in the region.”³⁸ This department promotes “United in Solidarity,” a 2x1 initiative of the country’s Social Investment Fund for Local Development that functions similarly to the Mexican program described above. While this program has been successful, it is the overall approach of including migrants and migrant-sending communities in the national development strategy that has made El Salvador a leader in this space.

Despite these achievements by neighboring countries, it is clear that few any institutions have harnessed the power of remittance funds to generate profit- and employment-generating activities on a significant scale. Such efforts, where they exist, remain in their incipient stages. One scholar points out that “Three for one projects tend to work best when they are for collective goods and not something that can be appropriated by a person or small group.”³⁹ The introduction of profits and how to distribute them brings a whole new set of challenges, one that was reflected in the responses of Garífuna who engaged in group entrepreneurial endeavors. Nonetheless, success stories do exist. A women’s cooperative in Ayoquezco, Mexico, is

³⁷ Manuel Orozco, “Hometown Associations and their Present and Future Partnerships: New Development Opportunities?”, *Inter-American Dialogue*, Washington DC, September, 2003.

³⁸ Andrade-Eekhoff and Silva-Avalos, “Globalization of the Periphery,” p. 38.

³⁹ Goldring, “Re-thinking Remittances,” p. 15

cultivating and processing Nopal, a cactus used in food production, with funding from an HTA (Migrangs for Ayoquezco, or Migpao) and the support of the Pan-American Development Foundation. But such cases involve specific sets of circumstances that need to be researched to determine applicability to the Garífuna case.

Recommendations

Following from the findings of this study are a number of opportunities for development agencies to accompany and support local processes. Such efforts should bolster the efforts Garífuna communities are making to better utilize remittance income, both at the individual and community levels. These recommendations do not constitute a complete blueprint for transforming the deployment of this capital within the communities, but provide a set of starting points where external leverage is likely to be beneficial in stimulating positive change. They are organized in two groups: 1) project recommendations, or suggestions actions that agencies should take based on these findings, and 2) process recommendations, or key points and principles to include in the planning of any exercise in order to maximize efficiency.

Project Recommendations

Conduct a further study to more closely analyze the macroeconomic situation of the communities and further detail demand. While this study provides a sound overview of the regional situation, it does not identify specific business opportunities within the communities or categories of family remittance spending that can be improved. It is our belief that such areas do exist, but further study would be necessary to pinpoint them. Given the “project fatigue” that was evident in the communities, doing so would be critical before any meaningful effort to support the launch of productive enterprises could be undertaken. A further study that takes such considerations into account and digs deeper in a more focused area could shed more light on the macroeconomic reality of the zone, determine which financial sector products are being utilized, and identify the logical business opportunities that do exist.

This further study should establish a better understanding sketch of the macroeconomics of a single community, preferably one with substantial migration and remittance activity, and an infrastructure suitable for business creation. It should dig deeply into the question of how money is used to understand how it could be managed better, and should identify business areas in which production could be implemented in the Garífuna communities with a high chance of success. As an example, the study could accompany two remittance receiving families in Limón, the largest Garífuna settlement in Colón, and two non-remittance receiving families for several weeks to get a better picture of resource management and remittance deployment. The same study could provide a more complete picture of the financial flows within the town in order to establish which products that could be produced locally are being produced externally. This would provide a short list of potential enterprises likely to succeed if funded by remittances.

Such a study could also evaluate the possible metrics to utilize for a future project. Remittances and development are each difficult to measure, so taken together they become extremely challenging. One possibility would be to compare two similar communities on a number of factors, like income, HDI, or health levels, both before and after an intervention. But the metrics chosen are key in evaluating the success or failure of any intervention, and they must be chosen carefully and in advance in order to be able to evaluate effectiveness.

Create a substantial training and capacity-building program that addresses the financial administration challenges within the community. A clear need for assistance in the areas of financial administration and business development was articulated in many of the communities. Therefore, training in those areas is critical before any business-focused projects can succeed. Apparently, past interventions have skipped the training phase and assumed advanced financial skill sets on the part of community members. One grassroots organization employee pointed out that “you can’t take someone used to managing a small *pulperia* and give them a huge budget and expect success.” Rather, individuals must be oriented to the scale and scope of such larger projects before they are expected to perform in management roles. The observation reported above is true, that people must be given a chance to fail if they are going to learn, but they should first be given a chance to succeed. Only by providing training and building capacity in the financial management realm, both within households and organizations, would success become likely.

Training needs may well go beyond the financial area. Extreme marginalization and exclusion from Honduras’ national concept over a long period of time has taken its toll among the Garífuna, and many respondents spoke of low self-esteem within the communities. “My grandmother,” one professional told us, “never told me that I should be proud to be a black Honduran Garífuna.” This suggests a need for a more basic ethnic pride campaign even in advance of any business skills training.

Advocate for the creation of incentives and institutions that have been shown to enhance the productive use of remittances. Respondents from across the spectrum referred to the successes in Mexico and El Salvador with remittance incentives and state programs. The remittance literature reinforces the importance of structures which provide incentives for remittance senders to demand and expect returns (generally social, but sometimes financial) on their hard-earned investments. Both at the national and regional levels, and vis-à-vis the private sector, advocacy can be done aimed at improving the infrastructure in place to attract, retain and reward remittance investment. Few respondents expressed concern about the fees involved in remittance sending, but improvement in that area would likely contribute to the structural factors which drive remittance deployment.

Such infrastructure may consist of simple matching programs as was detailed above in Mexico. Alternatively, a well-developed strategy of including the growing migrant population when forming, communicating and enforcing policies, like the holistic approach taken in El Salvador, might be attempted. Lastly, private sector incentives like that offered by the firm Raza Express in Mexico, under which a portion of each remittance transfer fee is donated to community development initiatives,⁴⁰ might be effective. The Garífuna have accomplished

⁴⁰ Orozco, Manuel, “Remittances and Markets: New Players and Practices,” Inter-American Dialogue and Tomas Rivera Institute

substantial projects in the area of collective remittances, but a more formalized structure would aid these efforts. If the initiative comes from the government, significant confidence-building measures will also be required to encourage communities to trust the programs enough to participate. Only by building this trust over time can such projects create lasting social and political benefits.

Process Recommendations

Any potential project should be reviewed by the local and migrant communities to ensure its fit with the local culture and conditions. Initiatives need to be framed within the local culture so that people can take pride in their involvement and can utilize a familiar frame of reference in which to master new concepts. As the UNDP Human Development Report for Honduras points out, “culture plays a role of filter or social catalyst with respect to the stimuli that come from the political, economic, technologic, educational, ecological and health systems.”⁴¹ Projects that do not fit within a frame of reference are unlikely to work. The representative of ODEF, a microfinance institution, spoke of the fiasco that resulted from a metallurgy project launched in the Garífuna community, explaining that it was simply too far outside of the culture to have had a chance.

Substantial time and energy must be devoted to communicating project goals and requirements to community members. As one Garífuna academic shared, “if it’s that difficult to sell it to international cooperations and the government, imagine selling it to the people of Irióna!” Projects will need to be explained to the people involved, and to conform to local ideas of acceptability if they are to have a probability of success. The strongest cultural symbols to respondents in both New York and Honduras revolve around the ritual dances of the Garífuna, and much of the non-financial remittance revolves around dance, music, and the accompanying videos and tapes. This area may prove worthwhile as a vehicle, familiar to many, through which to communicate the new ideas and lessons of any project or orientation effort and with which to stimulate the re-emergence of social capital within the communities.

Several respondents expressed their belief that migrants who return to their communities before they reach retirement age could marshal complex projects and serve as role models and trainers. The grassroots organization Jamalali Uagacha in New York mentioned that it was designing a program to create a cadre of young, enthusiastic former migrants to stimulate development in the Honduran communities. Reversing the process of “brain drain” could have very positive effects if managed properly, and any project involving the transnational community should contemplate the inclusion of this element.

Any efforts must acknowledge the existing contributions of migrants and avoid placing more demands on their shoulders. Projects must not become an excuse for the government or international donors to attempt to shift the burden of financing projects to migrants. These individuals need to be accounted for and included in the planning of any efforts that impact the

Working Paper, May 2000, p. 25.

⁴¹ UNDP Human Development Report on Honduras, 2003, p. 12.

transnational community. However, they cannot be treated like a spigot that can just be turned up when the need for project funding arises. Most are already working hard at their maximum earning potential, and pressure of this sort could undermine their existing efforts and turn them off to doing this sort of work. Migrants spend great parts of their lives sacrificing for the benefit of their families, and they cannot be expected to respond positively when a development agency comes around asking them for more money for projects which their past experience tells them are wastes of time. It was acknowledged that including migrants is difficult because it doubles the work required to execute a project, but it also greatly enhances the chances for success.

Any business projects should aim to capture “low-hanging fruit.” Business-related initiatives should aim to exploit existing markets in which demand already exists as opposed to creating new ones. The millions of dollars spent in Tocoa go to certain products already, as Step 4 in Figure I illustrates, and that demand should be met with new initiatives. Thousands of community members travel back and forth each year, and they form a segment of the tourist market that could be addressed by tourism-related enterprises. This same flow of people and resources could likely form the basis for a number of other businesses, as reflected in past export attempts with *casabe*. In El Salvador, couriers formed a network through which to share tactics and information. Such a society would be welcome in this community as there is a pre-existing marketplace in which to present services as opposed to creating a new one. Kay Eekhoff-Andrade lists the multitude of opportunities created by the existence of transnational communities: “telephone calls; transportation (particularly air transportation); the nostalgic market; nostalgic tourism (the visits home by family members are a form of tourism that is pretty much ignored as an economic activity); transnational legal services, etc.”⁴² These are the opportunities which an enterprise can most likely exploit.

Remittances as a concept should be viewed as a resource for family advancement and community development. Neither remittance senders nor receivers will take kindly to outsiders telling them how the resource should be spent or making more demands on its use. Rather, efforts should make the existing uses more efficient and, where possible, increase the contribution to the local economy. But practitioners should not make the mistake of asserting that if the capital could just be used in the way they demand, all community problems would be solved. “Local and national economic development and productivity,”⁴³ opine two leading scholars, “are not simply a matter of ensuring increased access to capital -attempting to change the nature of these flows for something they aren’t set up to do will not lead to greater productivity.” International institutions need to be careful as they operate in this space, so that they do not ruin a good thing by altering it arbitrarily. They conclude that “rather than change the nature, it is important to understand the current role and impact, and establish mechanisms and programs that can improve their functioning within their respective logic.” The ongoing efforts related to collective remittances should not be sacrificed in a quest for business projects, but rather enhanced where possible. It is likely that funding for business initiatives will come from either a new system of investment remittance or pooled family remittances.

⁴² Katharine Andrade-Eekhoff, personal communication, June 2004.

⁴³ Andrade-Eekhoff and Silva-Avalos, “Globalization of the Periphery,” p. 19.

Existing organizations should be bolstered rather than new ones created. Any lasting change, or “brainwashing” [lavarles el cerebro] as one financial institution manager called it, requires the support and leadership of strong, credible, durable local institutions. Based on the panorama of institutions provided above, there seem to be a plethora of existing institutions but a shortage of entities that could lead significant parts of the efforts being contemplated. But these organizations must be re-oriented, assisted, trained, and shaped to provide leadership on remittance and development-related issues, and they will remain critical to any lasting effort. Several groups in the United States work with HTAs to extend their capacities and build leadership skills in institutions rather than only in individuals. Groups like the Garífuna committees and the Pan-Garífuna groups, as well as the New York-based grassroots groups, could benefit from capacity-building exercises. Admittedly, some choices would have to be made between organizations and personnel for any substantive project, but such decisions made properly early on would save time and effort in the long run.

Business-related initiatives should put production in the hands of Garífuna. In a sort of veiled Marxian reference, at least one respondent pointed out that Garífuna have never been owners of the factors of production. Resale-oriented businesses and microenterprises have their place, but the overall dynamic of the Garífuna communities as economically stagnant centers of consumption cannot be reversed without the establishment of production in the villages with local ownership. Several groups have initiated cooperatives to produce casaba and other familiar products. Several respondents suggested the creation of a *maquila*, a textile factory. A number of markets should be explored to determine what products are in demand that the communities are capable of supplying.

Comment: So why is that? Because it's something cultural, or because Maquilas are one of the main production sectors of Honduras, promoted by the government,... maybe analyze a bit...

Projects should address women specifically. With women as the majority of remittance receivers, and the acknowledged caretakers in a matrifocal community, the strengthening of women's groups is likely to have a positive impact on community projects. Female business consultants should be integrated into the training process as well. IADB Consultant Georg Grunberg found that “Among men, any attempt to create permanent group structures will require a long process of training and experimentation,”⁴⁴ [en el ámbito masculino cualquier intento de crear estructuras asociativas horizontales y permanentes tendrá que contar con un largo proceso formativo y de experimentación] suggesting that a female-focused project would be a better entry point. Several respondents suggested that the areas of business management, self-esteem building, remittance management and HIV prevention (another area in which impact may be severe and further studies are needed) may have more in common than is initially apparent. Therefore, an empowerment of the women within the community might unlock best practices for addressing each of these issues.

Communication and technology form a key part of any project. As alluded to above, communications and technology are driving forces which have enabled the remittance flow to grow as quickly as they have. Technologies like email, video-conferencing?? and the Web enable families separated by distance to communicate more effectively, and to transfer resources, financial or otherwise, with greater ease. This points to the importance of creating technology

⁴⁴ Grunberg, Georg, “Recuperación de Producción Básica de Comunidades Garífunas Afectadas Por el Huracán Mitch,” Banco Interamericano de Desarrollo y Organización de Desarrollo Étnico Comunitario, February 2003, p. 6.

businesses like Internet cafes as well as utilizing technology as both an end – making the initiative efficient and user-friendly and a mean – empowering people to use technology to prepare them to interface with the economy they are becoming part of – as a part of any initiative.

Communication has already been integrated to some degree into local efforts. Each municipality within MAMUGAH received a PC and a satellite connection from BID. The US-Garifuna transnational community maintains several email lists like “Garinet.com” to keep its members connected. And the Sustainable Development Network (RDS – rds.org.hn) is a leading portal for remittance-related information within the country (exchange platform for professionals). But further strides can be made by demonstrating the direct applicability of technology to specific initiatives – for example, providing real-time supply, demand and price information to influence casabe production levels among small rural cooperatives, or providing an easy way for remittance receivers to contact loved ones to acknowledge safe receipt of funds.

Conclusions

The Garifuna community finds itself mired in a vicious circle. Remittances, the grand resource that migrants have sought out with the noble hope of supporting loved ones at home, has instead become the community’s biggest threat. Individuals and families can achieve a higher standard of living, or at least of consumption, through migration and remittances, but the price to the community is high. Communities are turning into hollowed-out suburbs populated principally by children and the elderly. As Garifuna move steadily up the social scale in the cities of Honduras and make their living in the cities of the United States, they move further away from the beach and the *monte*, losing the cultural grounding that those locales provide.

The vicious circle must be transformed into a virtuous circle, one in which individual achievement contributes to community improvement, that in turn helps other individuals. Such a sea change requires the right set of interventions and a significant effort by both migrants and village dwellers. Given the steep challenges that Garifuna have faced in the past, and how effectively their culture has adapted to overcome such obstacles, there are many reasons to expect that today’s problems will be resolved as well.

Widening the view to encompass remittance receivers beyond the Garifuna, the idea that remittances could play a role in the general poverty reduction strategy in the region is both promising and challenging. Many communities face the same difficulties as the communities described in this study, such as shortages of business acumen and social capital within communities that could benefit from this influx of capital. Mexico and El Salvador offer key lessons in this regard that should be heeded by other Central American development practitioners. However, even in those locations, very few examples of profit and employment generation in rural areas have been identified.

The appropriate response, it would seem, must involve incorporating the best practices implemented in such areas. It also requires an empowerment of transmigrant communities to enhance financial management capabilities, and to foster an environment of interest and

commitment that will enable true, community-wide solutions to the challenges they face. And, of course, this empowerment cannot come from outside. It must be directed by institutions and leaders committed to the goal of local economic growth and to unifying the community behind concerns that resonate within it, with support and incentives coming from the government and the international community. Only through an internally driven process can the power of remittances be brought to bear on the myriad challenges faced by transmigrant communities .

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United Nations Development Program, *UNDP Human Development Report on Honduras*, 2003

World Bank World Development Indicators, *WDI Online*, 2003.

Appendices

Appendix A: Selected Community Contact Points

Selected Community Contact Points			
Institution	Location	Key Programs	Contact Information
<i>Asociación ANDAR</i>	Tegucigalpa	Development and education NGO providing technical assistance and training	Melissa Ochoa, andar@sdnhon.org.hn , 2393406
<i>Asociación de Profesionales de Sangreleya (APROSA)</i>	Sangreleya	Association of professionals of Sangreleya	Wilberto Cacho, aprosa_ong@yahoo.com
<i>Centro de Cultura Garinagu</i>	Tegucigalpa	Garífuna Dance and Heritage Group	Crisanto Melendez, garinagu@hondutel.hn , 222 0511
<i>CISP - Comitato Intern. per lo Sviluppo dei Popol</i>	Ciriboya (Irióna)	Italian Cooperation Agency	Abel y Jairo Figueroa, cisp@laceiba.com , 444 3758
<i>Comité Emergencia Rescate Garífuna</i>	Trujillo - Cristales	Post Mitch Garífuna NGO	Victor García afro@hondutel.hn , 434 4818
<i>FACACH – Federación de Cooperativas de Ahorro y Crédito de Honduras, Ltda..</i>	Tegucigalpa	Federation of Credit and Savings Banks	Nestor Canizales, 239 2926
<i>Fundación Adelante</i>	La Ceiba	Grameen-replicator Microfinance Institution	Tony Stone, 440-0771, afsadelante@yahoo.com
<i>Garífuna Coalition</i>	New York, NY	Garífuna Advocacy Organization	Regil Solis, 718-451-0614
<i>Honduran Consulate</i>	New York, NY	Advocacy for local Honduran population	Antonieta Maximo, consul@hondurasny.org
<i>Honduran Embassy</i>	Washington DC	Diplomacy	Sergio Membreno, smembreno@hondurasemb.org
<i>Hondureños Contra La Sida</i>	New York, NY	HIV Prevention and General Garífuna Advocacy	Mirta Colón, mircolon@aol.com
<i>Jamalalai Uagacha</i>	New York, Bronx	Grassroots migrant support and training	Maria Elena Maximo, mrmxi4@aol.com
<i>Katalysis</i>	Tegucigalpa	Links Remittances with Microfinance	Raul Sanchez, 239 2926
<i>National Forum on Immigration (FONAMIH)</i>	Tegucigalpa	Migrant Support and Advocacy	Gema Suyapa, fonamih@yahoo.com , 237- 1139
<i>New Horizon Partners, LLC</i>	New York, NY	Real Estate Investment Fund	Jose Francisco Avila, joseavilaus@yahoo.com
<i>ODECO - Organización de Desarrollo Comunitario</i>	La Ceiba	Pan-Garífuna Organization working with International Donors (?)	Jimena Calderón, odeco@caribe.hn , 443 – 3651

ODEF - Organización de Desarrollo Empresarial Femenino	San Pedro Sula	Microfinance in Northwest Honduras	Miguel Navarro, 552 7034, odef@sdnhon.org.hn
PADF - Pan-American Development Foundation	Washington, DC	Supports grassroots development organizations	Dale Crowell, 202-458-3969 dcrowell@padf.org
RDS - Red de Desarrollo Sostenible	Tegucigalpa	Sustainable Development Network	Pedro Jimenez, pedroluiz@rds.org.hn 235- 4141
Solidaridad Internacional – PILCO/PRRAC	Trujillo	Spanish Development NGO	Alberto Castilla solintercolon@yahoo.es , 434- 31 40
Wánigu	La Ceiba	Social Enterprise providing microfinance and housing	Isaac Gorena Espinoza, Isaac_gorena@hotmail.com
Western Union	Tegucigalpa; worldwide	World’s Largest Remittance Business	Maximo Lau, 987 5403, maximolau@yahoo.com

Appendix B: BasicField Interview Instrument

Interview ID: _____ **Interviewer:** _____

MAMUGAH REMESAS FIELD INTERVIEW (Version 0.7 6/15/04)

Name of interviewee:	Date and time of interview:
Location:	Community:
Email address:	Title/Occupation:

Begin by introducing ourselves and explaining the motives of our study – to understand the use of remittances in the MAMUGAH zone and evaluate their potential use for local economic development. Then cover standard ground like our agenda, where we are going next, what is going on in the community.

SECTION I: BACKGROUND

How many children do you have?

What are you currently working on? What are your daily tasks?

Do you have any community involvement?

SECTION II: COMMUNITY, DEVELOPMENT AND CULTURE

What is your analysis of the local community in terms of what it offers in the areas of health, education and social programs?

What are the most urgent needs in the community and the department?

What is your vision for what the community will look like when your children are your age?

What does 'development' mean to you?

What is your opinion on economic development of the MAMUGAH area? Do you think local people are interested in economic development? What are its constraints?

What institutions in the community have the responsibility for community development? What are their strengths and weaknesses?

What other institutions might be able to play a role in community development?

What is the state of the Garifuna culture and how do you think further economic development could strengthen or weaken it?

SECTION III: MIGRATION

Have you migrated for labor or other reasons? When and why? Where to? How many family members have migrated or are currently abroad?

What are your thoughts on the extensive Garifuna migration to the United States that has happened in the past two decades?

Do you think transnational migration has been good for the local economy?

How do you evaluate migration? Positive or negative? Explain.

How does it affect the local culture or the community?

Why do your peers leave for the US?

Do most migrants return at some stage or settle for good in the US?

Do they stay in touch with their friends and families in Honduras?

Do they visit? For how long and how often? What do they bring when they visit?

When migrants return, are they welcomed in the community? How do they spend their time?

Does your Honduran community have a "sister community" in the US? Is there a hometown organization or community organization linking the two? What activities does it undertake?

How do you perceive the life of migrants in the United States as compared to Honduras?

Do you visit your peers in the US? How did you finance the trip?

What rights or respect do you think migrants should be accorded in the local community?

SECTION IV: REMESAS

What do remittances mean to you?

Does every migrant send remittances back to Honduras? What motivates them to do this?

What percentage of households in your community, in your estimation, receive remittances from the US?

What are remittances used for in the community? [list daily consumption, luxury consumption, education, savings, security fund, productive investments as options]

What institutions are involved in the transfer of remittances? [list Western Union, other transfer agents, couriers]
How long do the transfers generally take?

Where do people pick up their remittance monies?

How often they go there? Is the only reason to pick up money or are there other activities there?

How do you get the notice that money has arrived?

Would you prefer to pick up the money locally?

Do you feel that your peers in the US should be more involved in local community projects?

What kinds of projects? [List culture, artesanía, dance clubs, streets, canals, beaches, music groups, fairs, environmental projects, education, business, transport, other?]

Do you think that remittances should or could be channeled into any of the following uses: entrepreneurial activities, micro-finance institutions, community development projects, or cooperatives? How?

Are people in Honduras sending money to their peers in the US? How do they send it and how frequently?

SECTION V: CONCLUDING THOUGHTS

What else would you like to share with us on the topic of remittances and local development that we have not already discussed?

Are there any other individuals or organizations that you believe we should speak to?

Would you like to see any of our analysis when we complete this study? If so, how can we contact you?

Thank you very much for your time

Appendix C: Honduras Field Trip Agenda

AGENDA Field Research “Remesas Garífunas” – June 21 /July 09, 2004

Date	Destination	Activity	Interview Partners	Acc.
20- 06 Sun	Tegucigalpa	Arrival in Tegucigalpa	----	CK
21 – 06 Mon	Tegucigalpa	@ 08:00 @ 14:00 @ 16:00	DED (Ruth Peralta, Jan Rogge) FONAMIH (Gema Suyapa), su oficina ANDAR/IADB – Narda Melendez (ANDAR-oficina) (Tel. 232 4838)	CK
22 – 06 Tue	Tegucigalpa	@ 10:00 @ 14:00	KATALYSIS (Raúl Sanchez, Tel. 239-2926) With Maximo Lau (WestUnion, Tel. 987-5403) oficina DED	CK
23 – 06 Wed	Trip to SPS and La Ceiba	Meeting @ 11:00 @ 13:00	ODEF – Leonardo Alvarez (Tel. 552 7034) Teofila Alvarez (Hotel Sula)	Hotel in La Ceiba
24 – 06 Thu	La Ceiba	Meetings. Fix Interview dates for later.	ODECO OFRANEH	Hotel in La Ceiba
25- 06 Fri	Trip to Balfate /Rio Esteban	Travel Interviews	Grupo MUTU, Patronato	acomodation in Rio Esteban
26 –06 Sat	Limón	Interviews	Alcalde (Presidente MAMUGAH) Padre Jema	Hotel
27– 06 Sun	Limón	Interviews	Damas de America, contact person (Sra. Córdoba) in Icoteas	Hotel
28 – 06 Mon	Trip to Iriona /Sangrelaya	Travel. Interviews	Key persons, Patronato, APROSA. Oscar for Santa Rosa!	Private accomodation in Cocalito
29 –06 Tue	Iriona possibly to Tocamacho	Interviews Travel.	Regidor Tocamacho. Others	Private accomodation in Cocalito
30- 06 Wed	Santa Rosa/Aguán	Travel Interviews	Alcaldes/Vice-Alcalde St. Rosa; key persons	acomodation in Trujillo
01- 07 Thu	Santa Fé	Interviews	Alcaldesa, grupo MUTU, Patronato	acomodation in

02 – 07 Fri	Trujillo/Cristales/Rio Negro	Interviews	Alcalde, ODECO-Trujillo, Key persons of Patronato, Vice-Alcalde	St Fe or Trujillo Private Acc
03 –07 Sat	Trujillo/Cristales/Rio Negro	Interviews	Key persons, church, patronato	Private Acc
04- 07 Sun	Tocoa. ----- La Ceiba	Interview ----- Trip to La Ceiba.	Popol Nah Tun – Roque Rivera Pastoral Social, Caritas(¿) Interview with Alcalde of Juan Francisco Bulnes (tel. 440-1094, 967-4857), OFRANEH, ODECO,others?	Hotel
05 – 07 Mon	La Ceiba	Interviews Return to Tegucigalpa	Interviews with key persons recomended during the trip...	tbd
06-07 Tues	Tegucigalpa	@ 09:00	FACACH- Maria Moreno	CK
07 – 09/ 07 Wed- Fri	Tegucigalpa	Meetings	Possibly: Ricardo Puerta, Ely Melendez, others	CK

Appendix D: Useful Website Links

Adelante Foundation http://www.adelantefoundation.org
ODECO www.odecohn.org
MoneyGram http://www.moneygram.com
Pan-American Development Foundation http://www.padf.org
Sustainable Development Network http://www.rds.org.hn/tema.php?tema_id=149
Home Construction Finance Product http://www.viviendafacil.net
Garinet http://www.garinet.com
Western Union http://www.westernunion.com

Appendix E: Community and Project Contacts

Project/Organization	Location	Description	Contact Information
New Horizon Investment Partners	New York	Real Estate Fund	Jose Francisco Avila, joseavilau@yahoo.com
Jamalali Ugacha	Bronx, NY	Grassroots Organization	Maria Elena Maximo, mrmxi4@aol.com
Garinagu Empowerment Movement	Los Angeles, CA	Advocacy Group	Tomas Zuniga, tfzuniga@yahoo.com
Centro de Cultura Garinagu	Tegucigalpa	Dance Troupe	Crisanto Melendez
Afrohonduran Chamber of Commerce	Tegucigalpa	Camafro	Roy Guevara
Hondureños Contra La Sida	New York	Migrant support group	Mirta Colon, mircolon@aol.com
Garífuna Coalition	New York	Advocacy Group	Regil Solis, 718-451-0614
Sangrelaya Unida en NY	Bronx, NY	HTA	Sandra Guitierrez, Treasurer, 718-602-9002