



GARIFUNA IMMIGRANTS SENT \$270 MILLION LAST YEAR; \$200 MILLION WERE SENT FROM NEW YORK

Remittances and Development: Lessons from the Garífuna Transnational Community

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New York – Garifuna migrants working in the United States sent some \$270 million back to their home country Honduras last year, according to the research document *Remittances and Development: Lessons from the Garífuna Transnational Community* which 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 the German development organizations 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.

According to Jose Francisco Avila, president of the New Horizon Investment Club in New York City, “We are happy to see the publication of this research documenting the financial contributions of the Garifuna Expatriate Community. All previously published research about the Garifunas has emphasized the low socioeconomic status of our community. Therefore, it is a great pleasure to be able to read about the other side of the coin. I am also happy to read that the author recommends the conduct a further study to more closely analyze the macroeconomic situation of the communities and further detail demand. However, this is a good beginning.”

The document references three basic types of remittances. 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. Collective remittance (*remesa colectiva*). These funds are generally sent by groups of migrants commonly organized in what are called Hometown Associations (HTAs). 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.

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) and the potential use of those remittances for local economic development.



It is very interesting that two German agencies were the first to document Garifunas' economic contributions to Honduras and even more interesting, to explore the potential use of those remittances for local economic development. 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. The Garífuna have a proven history of supporting development through collective remittances. Garífuna transmigrants in the US have formed hometown associations concerned with the development of their villages through the building of infrastructure, and mutual aid societies.

According to the study, The Garífuna experience with investment remittances has been very limited. Indeed, investment of any sort has been nominal within these communities. According to Avila, "low income should not be a barrier for the economic advancement of the Garifuna people. One of New Horizon's institutional values is our social commitment to work actively in promoting the social and economic well-being of our community. As part of that commitment, New Horizon sees itself as the lead organization in the pursuit of Garifuna economic development. Over the past five years, the club has carried financial empowerment campaign aimed at empowering the Garifunas by changing their attitude toward money management and revealing comprehensive savings, investment and consumer strategies.

The study indicates that several organizations operate at the national, regional and even international level advocating for African descendant communities. While prestigious, these institutions tend to suffer from their distance from the communities themselves. As one worker for a local NGO put it, "people believe in institutions but don't trust the representatives. To gain the trust of our partners and the community New Horizon has incorporated integrity among its institutional values, which requires its leaders to operate under the strictest ethical, and moral principles .

The Garífuna 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. 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.

The appropriate response, it would seem, must involve incorporating the best practices implemented in such areas. It also requires an empowerment of transnational 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. 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 New Horizon Investment Partners, Jose Francisco Avila, believes that once he has succeeded, 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.



In his concluding remarks, Avila stated “The well being of a people and their positive participation in the changing world environment is based on the community’s economic development. Economic development is the result of the exploitation of resource by individuals with entrepreneurial skills. I’ve always been a believer that we should exploit our ties to the Garifuna transnational community. Our goal is to become leaders of what is known as the “*Silver Rights or Economic self Determination*”. The publication of this research study proves the institutional viability of our organization”

About New Horizon Investment Club

New Horizon Investment Club was founded on May 21st, 2000 by ten Hondurans with the objective of pooling their financial resources to learn how to invest in the stock market and subsequently become active participants in the economic development of the Honduran Community Residing in New York City.