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Final Report
Hemispheric Integration and Transnationalism in the Americas
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Summary

Latin America and the Caribbean are at a turning point in its strategy for economic and political development with respect to migration. There is growing awareness among policy makers that the acute social problems and impacts of migration, intensified by globalization and economic integration have not been adequately addressed by traditional development policies.

To focus on these issues and as part of its programme on migration, FOCAL organized and hosted a one-and-half day workshop on *Hemispheric Integration and Transnationalism in the Americas*. The event gathered together academics, government officials and representatives of non-governmental and multilateral organizations from Canada, Mexico, Central America and the Caribbean on February 16-17, 2004 in Guatemala City. Focusing exclusively on the regional perspectives of migration in the Americas, the role of foreign cooperation and micro-financing initiatives, the role of the state in reaching out to diasporas and the future of transnationalism in the Americas, the workshop highlighted the importance of continuing need to research migration and to engage governments and the private sector first hand in these issues.

This report summarizes each of these themes and sets out to capture the main ideas and policy recommendations generated from the presentations and subsequent discussions.

I. Regional Perspectives on Migration in the Americas

In the last twenty years as a result of economic hardships and civil wars, Mexico and Central America have experienced an increase in migration flows to the United States and Canada. This phenomenon has brought with it an increase of remittance flows to the region (mainly from the US), which in 2002 surpassed \$US 32 billion. As a result, a new form of social capital has emerged, which has become a key factor in promoting and implementing community development projects in Mexico, El Salvador and Guatemala.

It is important to highlight that migration flows also bring about negative impacts, such as the loss of human capital and social problems associated with family separation, which must not be ignored or forgotten.

In terms of the pattern of migration flows, the United States, and to a lesser degree Canada, receive most of the immigrants from the region. However, not all migration is extra-regional or to the "north". There is also intra-regional migration where Nicaraguans migrate to Costa Rica, Salvadorians to Guatemala and Guatemalans to Mexico; but evidence shows that intra-regional migration is decreasing. Evidence also shows that migration is becoming increasingly *feminized* - more women are leaving their countries of origin for the United States or Canada.

II. Impact of Migration on Economic Development and Integration

Over last few years, the growing numbers of Latin Americans and Caribbean migrants in the United States and Canada have been accompanied by ever increasing flows of social and financial capital back to the region. This has sparked investigations, projects and initiatives from think tanks, development organizations and multilateral as well as bilateral donor organizations.

The Caribbean has shifted from being a net importer to a net exporter of labour in the last fifty years. As a result, the Caribbean has one of the largest diasporic communities in the world. The economic significance of diasporas to the region is underscored by the fact that remittances have exceeded foreign direct investment and development assistance in some countries. In Jamaica and the Dominican Republic, for instance, remittances account for approximately 11 percent and 9 percent respectively of their gross domestic product (GDP) and have become the largest and most stable source of foreign capital in the region.

In El Salvador, it is estimated that Salvadorians living abroad send approximately \$US 2 billion a year in family remittances, which represent 13 percent of GDP. As a result, researchers have begun looking at the relationship between migration, remittances and micro-enterprises and have found that alternative financing systems, such as credit unions and cooperatives, are key to maximizing remittances.

Remittances are only one side of the diasporic economy and though it is an expanding source of income and resources, there is no clear evidence that these benefits outweigh the costs associated with migration. Increasing levels of poverty, crime and the high prevalence of HIV/AIDS have contributed to the *brain drain* of professionals, particularly in the Caribbean, where the rate is perhaps the highest in the world. The departure of highly skilled migrants reduces productivity levels and creates a vacuum in sectors that are not easily replaceable (i.e. teachers and doctors) jeopardizing broader development goals.

Though much attention needs to be paid to the negative aspects of migration, particularly the *brain drain* phenomenon, it is important to emphasize that for the first time governments of the region are beginning to recognize the importance of remittance flows and have begun seeking a more structured assistance program for their migrant communities. This became evident at the January 2004 Summit of the Americas in Monterrey, Mexico.

III. The Role of Foreign Cooperation and Micro-financing Initiatives

A large percentage of migrants leave their country of origin to improve their economic conditions. Various countries, including Canada, have set up temporary worker programs to promote labour migration and reduce irregular migration and the dangers associated with it. Canada had signed bilateral agreements in the early 1960's with Mexico and countries of the Caribbean for temporary workers in the agricultural sector. Many of the smaller economies want Canada to sign similar agreements however the government is reluctant to do so at this time. Other way of importing temporary workers need be found if countries in the Hemisphere wish to capitalize on this programme.

The latest example of seasonal migration program in Canada is the Guatemalan temporary workers program. Canada does not have a bilateral agreement with Guatemala for seasonal workers. In the framework of this new project, which is a pilot project over two years, the International Organization for Migration (IOM) offered technical assistance to the government of Guatemala and has contributed to set up

a mechanism to select Guatemalan agricultural migrant workers and to arrange immigration and travel procedures to benefit both the Guatemalan worker and the Canadian employer.

This pilot project constitutes a valuable example of inter-institutional coordination among organizations working on labour migration issues: the Ministry of Labour (responsible for the labour rights of workers), the Ministry of Foreign Affairs (responsible for the protection of Guatemalans abroad) and the IOM (who promotes the principle that humane and orderly migration benefits migrants and society). This pilot project represents an alternative for irregular migration, a safe and orderly temporary migration mechanism as well as a high-income labour option.

Another positive example worth mentioning is the work that the *Federación de Asociaciones Cooperativas de Ahorro y Crédito de El Salvador* (FEDECACES) – a Salvadorian federation of cooperatives that promotes the productiveness of remittances by providing financial services to migrants and their families in both the receiving and sending countries.

Development agencies, governments and migrants are raising the profile of remittances in discussions of national development. The money sent home by migrants is increasingly seen as an important source of capital for development. However, remittances are other people's money, a fact that development agencies must keep in mind when discussing how to "leverage" them for "productive" projects. For that reason, research and studies that examine how migrants and their families want to use these funds should be encouraged. With this knowledge, development agencies can work with diasporic communities to develop mechanisms to improve transnational decision-making about the use of remittances. Development agencies should be working to facilitate migrants' decisions about how to allocate their remittances rather than developing elaborate mechanisms to channel remittances into projects conceived and executed by external actors.

IV. The Role of the State in reaching out to Diasporas

Emerging as the most reliable source of foreign money and capital for developing countries, remittances are of increasing interest to governments, foundations, multilateral institutions, researchers and banks.

Canada is a country of immigration that lends itself to remitting goods or money back to homelands. From the Canadian government's perspective the amounts sent back to countries of origin are small; however for the receiving countries they are of extreme importance, particularly where remittances represent large percentages of gross domestic product (GDP), exceed levels of development assistance or offset export earnings. For source countries, such as Canada, the increasing significance of remittances leads to a need for a better understanding of their development impact on receiving countries. Also more accurate estimates are needed of the amounts of Canadian remittances sent to the region, as no official estimates currently exist. Even though the amount of remittances outflow may be small in relation to the Canadian economy, there is room for greater understanding of remitting patterns in Canada.

In comparison to Canada, El Salvador is a country of emigration. Non-official sources estimate the Salvadorian community abroad to be at approximately 1.2 million, with 96 percent of the total residing in the United States or Canada. Needless to say, these communities have maintained links with their countries of origin, mainly in the form of remittances, which represented 14 percent of the GDP in 2003. For a small country like El Salvador, the constant flows of remittances have had a small, but significant impact at the local level as a result of social investment projects, which the Salvadorian government supports through the

Fondo de Inversión Social para el Desarrollo Local de El Salvador (FISDL) as way of reaching out to its diasporas.

In 2002, FISDL began implementing the *United by Solidarity Project* (Unidos por la Solidaridad), whose main objective is to create a “solidarity triangle” between the Salvadoran communities abroad (home-town associations), local organizations and the central and local governments in order to maximize resources for local development projects, which in turn diminish the volatility of remittances and increase their local impact. The role of FISDL is to promote the participation of local governments, organizations and communities abroad in development projects by matching funds for every project proposal that is submitted for approval. Thus far, FISDL has been able to implement 45 projects worth approximately \$US 11.5 million, of which approximately \$US 4.5 million were contributed by Salvadorians abroad.

In spite of their “success”, however, projects like the ones being implemented by FISDL are for the most part criticized by academics, researchers or analysts, who believe that governments should not “use” remittances to fund infrastructure projects that otherwise would be their (government’s) responsibility. It was suggested, however, that governments should instead concentrate on improving the climate for local investment; promoting diasporic business; and, supplying additional consular services to maintain informed Diasporas.

V. The Future of Transnationalism in the Americas: Challenges for a New Era

International migration is one of the defining features of the history of Latin America and the Caribbean. In the last decades, a new pattern of transnationalism has emerged with Latin American and Caribbean countries becoming net exporters of labour. This pattern is likely to continue in spite of the increasing cost of migration and the introduction of more stringent immigration policies. Labour shortages in key sectors, like agriculture, an ageing population and a low birth rate in developed countries, such as Canada and the United States, are factors that will continue to *encourage* these migration flows.

Diasporic or transnational communities have brought policy agendas to the global sphere having an impact for both sending and receiving countries. US immigration policy, for instance, is of vital importance to the Mexican government as there is an estimated four million undocumented Mexicans working in the United States, who send more than \$US 1 billion annually in remittances. An increasing number of countries are also granting dual citizenship and voting rights to their diasporic communities, having an impact not only in their country of origin, but in the receiving country as well.

It was pointed out earlier that transnationalism could also impact communities in a negative manner. The “loss” of economically active workers, in the form of the brain drain, is a costly effect that migration has in places like Jamaica for instance, where more than 50 percent of its professionals emigrate to more economically stable countries. The deportation of immigrants with criminal backgrounds (i.e. gang leaders) is another effect of transnationalism that is becoming a concern for countries of the region, which are not “equipped” to reintegrate these individuals to the societies that they emigrated from. These are some of the challenges in the future of transnationalism in the Americas.

Conclusion - Recommendations

The challenges associated with Hemispheric Integration and Transnationalism in the Americas point to the need to review priorities at the state and development agency levels. Clearly, dealing with the impacts and taking advantage of the benefits of transnationalism will require a re-conceptualization of these priorities. The following are recommendations that were suggested to address these issues:

- ◆ Strengthen the development potential of migration, without forgetting the fundamental role of the State in this matter.
- ◆ Conduct more research in areas of structural causes of migration, the protection of vulnerable migrant groups (i.e. women and children) and trafficking.
- ◆ There is a need for more integrated analysis of the issues however the current information needs to be better disseminated to the public to increase knowledge on the topic.
- ◆ Reach out to Diasporas not as economic resources, but as citizens abroad. Support diaspora entrepreneurs hip.
- ◆ Promote the integration of migrant communities in host countries and countries of origin.
- ◆ Promote regional fora to discuss migration issues and public policies.
- ◆ Promote in both the country of origin and the migrant country of choice guaranteed rights for the migrant.
- ◆ Strong Diaspora outreach development projects that are inclusive and engage all parties in the process.
- ◆ There is a need for a global strategy to improve human capital particularly in the depleting rural areas.
- ◆ Civil Society Organizations that represent migrants need to form new partnerships with private enterprise and government. They need to forge new agreements to work together to improve mechanisms to facilitate the diasporic environment.
- ◆ More investment in community development by strengthening transnational linkages and support the development of Cooperative Services.
- ◆ Institutions need to modernize and catch up with the current trends and flows of transnationalism to facilitate growth.
- ◆ Build institutional mechanisms to strengthen financial services with real options for long-term investment possibilities.

WORKSHOP PARTICIPANTS

Katharine Andrade Eekhoff
FLACSO
San Salvador, El Salvador
kandrade@flacso.org.sv

Carlos Avalos
Oficina Cooperación Canadiense
Guatemala

Isaías Cabezas
Departamento de Micro-finanzas
Catholic Relief Services (CSR)
Guatemala icabezas@csr.org.gt

Pablo Calderón
IOM Guatemala pcalderon@iom.int

Enrique Coronado
Embajada del Canadá
Guatemala
enrique.coronado@dfait-maeci.gc.ca

Dale Crowell
Pan American Development Foundation
Washington, D.C
dcrowell@padf.org

Ana Elizabeth Cubías
Directora General Adjunta de
Desarrollo Social Integral, Ministerio
de Relaciones Exteriores
El Salvador ecubias@rree.gob.sv

Carlo Dade
Advisor, FOCAL
Ottawa, Ontario
cdade@focal.ca

Pablo García
Asuntos Consulares y Migratorios
Relaciones Exteriores
Guatemala pgarcia@minex.gob.gt

Rodolfo García Zamora
Universidad de Zacatecas
México rgarciaz@prodigy.net.mx

Juan Alberto González
Proyecto SODEF, Universidad de San
Carlos
Guatemala gonzalez@concyt.gob.gt

Marta González
FLACSO
San Salvador, El Salvador
mgonzalez@flacso.org.sv

Chanzo Greenidge
University of the West Indies
Port of Spain, Trinidad and Tobago
steeldiamonds@hotmail.com

Patricia Lavagnino
Asuntos Consulares
Relaciones Exteriores
Guatemala plavanigno@minex.gob.gt

Victor Hugo Lemus
Departamento de Agricultura
Catholic Relief Services (CSR)
Guatemala vlemus@csr.org.gt

Luis Monzón
Citizenship and Immigration
Canada
luis.monzon@cic.gc.ca

Günter Müssig
IOM Guatemala
iomguatemala@iom.int

David Myhre
Development Finance and Economic
Security, Ford Foundation
Mexico City, Mexico
dmyhre@fordfound.org

Catherine Nolin
University of Northern British Columbia
Prince George, British Columbia
nolin@unbc.ca

Ernesto Nosthas
Fondo de Inversión Social para el
Desarrollo Local, San Salvador,
El Salvador
enosthas@fisdl.gob.sv

Keith Nurse
University of The West Indies
Port of Spain, Trinidad and Tobago
keith@cablenett.net

Sharon O'Regan
Deputy Director, FOCAL
Ottawa, Ontario
soregan@focal.ca

Claudia Paguaga
Analyst, FOCAL
Ottawa, Ontario
cpaguaga@focal.ca

Irene Palma
FLACSO
Guatemala City, Guatemala
irenepalma@flacso.edu.gt

Iana Quadri
Directora de Asuntos Jurídicos y
Tratados
Ministerio de Relaciones Exteriores
Panamá iquadri@mire.gob.pa

Francisco Rico - Martinez
Hamilton House
Toronto, Ontario
fcjhamilton@on.aibn.com

Rubén Silié
FLACSO
Santo Domingo, República
Dominicana
comite.flacso@codetel.net.do

Berta Silvia Mena
FEDECASES Credit Union
San Salvador, El Salvador
bertasilvia.mena@fedecaces.com

Alicia Simms
Embajada del Canadá
Guatemala
alicia.simms@dfait-maeci.gc.ca

James Tieman
Embajada del Canadá
Guatemala
james.tieman@dfait-maeci.gc.ca

Béatrice Umaña
Embajada del Canadá
Guatemala
beatrice.umana@dfait-maeci.gc.ca

Mariella Vélez de García
Directora General de Asuntos
Consulares y Migratorios,
Ministerio de Relaciones Exteriores
Guatemala
mdgarcia@minex.gob.gt

Fabienne Venet
Sin Fronteras
Mexico City, Mexico
fvenet@sinfronteras.org.mx

Paul Whelan
Counsellor (Immigration)
Embajada del Canadá
Guatemala
paul.whelan@dfait-maeci.gc.ca