

# OPPORTUNITIES AND CHALLENGES FACING DIASPORA-INCLUSIVE PRODUCTIVE INITIATIVES IN LATIN AMERICA

A REPORT FOR THE  
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LOCAL SUPPORT FOR  
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**The Power of Giving and Connecting**



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The project “Promoting Diaspora and Local Support for Productive Initiatives” of Hispanics in Philanthropy (HIP), was carried out from 2006 to 2011 with funding from the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB). Its aims were twofold: (1) to raise the capacity of diaspora groups to invest in their communities of origin in order to create economic opportunities providing alternatives to migration, and (2) to strengthen philanthropic networks in Latin American countries and their capacity to engage diaspora groups. Under the program a grant fund complemented by additional funding from both local and international counterparts supported local productive initiatives backed by partnerships with Latin American diaspora groups. The project formed part of HIP’s “Develop Your World” program.

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## LIST OF ACRONYMS

CGAP	Consultative Group to Assist the Poor
DIPI	Diaspora-inclusive Productive Investment
FIRCO	Shared Risk Trust Funds
HIP	Hispanics in Philanthropy
HTA	Home-town Association
IDB	Inter-American Development Bank
IFAD	International Fund for Agricultural Development
LAC	Latin America and Caribbean
MIF	Multilateral Investment Fund
NGO	Non-governmental Organization
SAGARPA	Mexican Ministry of Agriculture, Livestock, and
SEDESOL	Mexican Ministry of Social Development
SME	Small and medium enterprises
TA	Technical assistance
UNCDF	United Nations Capital Development Fund

# Introduction

The contributions of diaspora (1) populations to local and national development in their countries of origin have long been recognized. Decades-old histories document the importance of funds sent from the United States by Irish and Italian immigrants to their homelands in the late 19th and early 20th centuries. More recent studies chart the role of the Jewish diaspora in financing the construction of the state of Israel, the macroeconomic impact from the late 1970s onwards of remittances sent home by sub-continent Indians and Filipinos, and the explosive growth over the past decade of remittances provided by migrants from Latin America. It is unsurprising, therefore, that the rapid growth of Latin American diasporas, especially in the United States, has triggered expectations that temporary migrants and immigrants and their descendants can help finance the development of their communities and countries of origin or of ancestry (2).

The logic behind these expectations is straightforward. Migrants are seen to possess financial capital – and quite often, knowledge – which they can channel to their families and communities of origin. Migrants remitted an estimated US\$56.9 billion to Latin America and the Caribbean (LAC) in 2009 (down from an all-time high of \$64.6 billion in 2008) (3). It is generally accepted that the recipients of financial remittances dedicate less than 20 percent of the funds for investments in income- and employment-generating activities. Nevertheless remittances are important sources of financial capital for the growth and maintenance of cottage industries, shops and farms. However, it also is increasingly understood that most recipients lack the business skills to significantly grow their enterprises, thus limiting the economic development impact of remittances. Poor infrastructure imposes additional limits to growth by constraining productivity, fostering inefficient input and output markets that squeeze profitability, and limiting the flow of information necessary for innovation.

Knowledge transfer from migrants can help loosen these constrictions on local development. In the country of reception, many migrants develop entrepreneurial skills such as organizational know-how, technological savvy and an understanding of markets and marketing. They can use or transfer their skills to help their families and communities better leverage the money they send home. Of course, despite the advances of information technology, the inexorable reality of geographic distance means this is easier said than done. The central challenge to effectively leveraging migration for development therefore is to identify pathways for the simultaneous and sustainable remitting by migrants of both their financial capital and knowledge.

This report focuses on a specific type of diaspora engagement with Latin America to achieve this leveraging – namely, direct financial investment by migrants in collaborative enterprises located in their communities of origin, often complemented by their sharing with the enterprises knowledge about production and marketing that they have gained while working and living in their communities of reception (4). This approach to diaspora engagement in productive initiatives often has been supplemented by additional funding from philanthropic or public agencies, from both the countries of origin or of reception, that aims to support skill-building, market access and the acquisition of equipment. For example, since 2006 Hispanics in Philanthropy (HIP)(5) has supported approaches to link members of diasporas from Argentina, the Dominican Republic and Mexico with groups in their communities of origin to jointly construct enterprises to promote the generation of employment and income so that people do not have to migrate to improve their economic circumstances. HIP also has sought to partner the collaborative enterprises with local philanthropic sources or public agencies that can provide capital and underwrite training, product development and marketing. In addition, HIP has helped

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(1) This report uses the following definition of diaspora articulated by Gabriel Sheffer: “Modern diasporas are ethnic minority groups of migrant origins residing and acting in host countries but maintaining strong sentimental and material links with their countries of origin – their homelands” (p.3 in “A New Field of Study: *Modern Diasporas in International Politics*”, pp. 1-15 in *Modern Diasporas in International Politics*, edited by Gabriel Sheffer [Beckenham, Kent: Croom Helm Ltd., 1986]).

(2) Hereafter, this report’s references to migrants and immigrants should be understood to also encompass their descendants. Similarly, the phrase “country of origin” encompasses the concept of “country of ancestry.” Lastly, unless otherwise explained in context, the word “migrants” will be used to encompass both those who have migrated temporarily or permanently without official sanction, as well as those who have appropriate documentation to immigrate and settle in the country of reception.

(3) *Migration and Remittances Factbook 2011* (Washington, DC: The World Bank, 2011), p. 28.

(4) Other forms of diaspora engagement include disaster response; charitable support for religious, health, education, and conservation institutions; funding – often in tandem with government – of road, public spaces, water, sanitation and other infrastructure; and political participation.

(5) Founded in 1983, HIP is a U.S. non-profit organization that promotes philanthropy by and for Latino and Latin American communities (for more information, see the inside back cover or [www.hiponline.org](http://www.hiponline.org)).

the diaspora-supported enterprises to build ties to local non-governmental organizations (NGOs) that can provide management and marketing training and other business development services.

These efforts by HIP to model a transnational investment and technical assistance framework for diaspora-supported local development have been co-funded by a grant from the Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB) through the project titled “Promoting Diaspora and Local Support for Productive Initiatives” (6) and the project “Building Transnational Bridges” funded mainly by The David and Lucile Packard Foundation. Under the rubric “Develop Your World”, they comprise the primary experiences that inform this report (7). Other key experiences include additional IDB-funded projects that have linked diaspora investors to productive initiatives (8), the “Three for one” (3:1) program of the Mexican Ministry of Social

Development (SEDESOL), the “Four plus one” (4+1) program in Mexico of the Western Union Foundation, and several others (see Table 1).

This report aims to identify the opportunities that have been seized, as well as those yet to be taken by philanthropic and public funders, to support migrants’ efforts to fully realize their potential to contribute to the development of their homelands. As such, it is not an evaluation of specific productive investments funded through HIP’s Develop Your World program or the other approaches (9). Rather, it (1) catalogues and describes diaspora-inclusive productive investment (DIPI), including the roles played to date by private and public funders; (2) identifies obstacles that impede DIPI and then chart the pathways that funders can pursue to overcome them; (3) examines the roles of different types of funders in advancing DIPI; and (4) makes broader, forward-looking recommendations for advancing the field of diaspora-inclusive development.

## Diaspora-Inclusive Productive Investment Projects

Latin American migrants in the United States have developed various types of associations through which to socialize together, protect their human and civil rights, and participate in religious, cultural, economic and political activities in their communities of origin and reception. The Hometown Association (HTA), where migrants from a particular community or municipality come together, is one of the most widely adopted associational forms among diaspora communities (10). Many HTAs raise and deliver funds to underwrite local infrastructure improvements, community celebrations, and health, education and religious institutions. Over the past decade, many HTAs and development agencies

have expressed interest in targeting some of these funds, commonly referred to as “collective remittances”, not only to social development initiatives, but also for investments to build or strengthen community enterprises that can generate employment and asset-building opportunities in migrants’ hometowns. However, as Orozco and Garcia-Zanello (2009) note, HTAs have many limits in terms of human capital, organizational structure, and communication links with the hometown that constrain their effectiveness as diaspora investors unless complemented by philanthropic and technical assistance organizations that can buttress their financial donations and reinforce their knowledge transfers.

(6) Agreement ATN/ME 9732-RG. The project documents can be found at: <http://www.iadb.org/en/projects/search-project-documents,1302.html?keyword=HISPANICS+in+philanthropy&IDBOperation=&Country=&docType=&subregion=&Topic=&fromMonth=&fromYear=&toMonth=&toYear=&projDocLang=&recsPage=10> Additional detail about the projects also can be found in a related June 2011 compilation publication by HIP titled Develop Your World Case Studies.

(7) This report aims to be accessible to a general audience, especially members of migrant-sending communities, and therefore limits the use of footnotes and citations. Readers interested in additional detail are invited to e-mail their request to Gracia Goya, the HIP Transnational Program Manager at the address indicated on the inside front cover.

(8) The IDB’s experiences are documented in *Ten Years of Innovation in Remittances: Lessons Learned and Models for the Future* by Joan Hall (Washington, DC: Multilateral Investment Fund, Inter-American Development Bank, 2010). Given the comprehensiveness of Ten Years, this report focuses more on other experiences and also examines diaspora-inclusive productive investment mainly from the perspective of non-governmental and non-multilateral actors.

(9) Such an evaluation is provided in HIP’s reporting to the IDB, which includes project-specific reports and a final evaluation, all of which will form part of a publicly-accessible project record to become available during 2011.

(10) There is an extensive literature on the formation and activities of HTAs, including Luin Goldring, “Family and Collective Remittances to Mexico: A Multi-Dimensional Typology of Remittances,” *Development and Change* 35(799–840), 2004; Manuel Orozco and Kate Welle, “Hometown Associations and Development: Ownership, Correspondence, Sustainability and Replicability,” in *New Patterns for Mexico: Observations on Remittances, Philanthropic Giving, and Equitable Development*, edited by Barbara. J. Merz, (Cambridge, MA: Global Equity Initiative, Harvard University, 2005); and Manuel Orozco and Eugenia Garcia-Zanello, “Hometown Associations: Transnationalism, Philanthropy, and Development,” *Brown Journal of World Affairs*, 15(2), 2009.

## Programs to Support Diaspora-Inclusive Productive Investment in Latin America

The major approaches in Latin America to leverage remittances from migrant organizations or individual migrants for productive, rather than social or infrastructural, projects are catalogued in the following table. Across the board, the projects aim to innovate approaches that help close the capacity gaps noted by Orozco and Garcia-Zanello and can leverage the resources provided by diaspora investors. The actual influence of the diaspora is variable: in seven of the nine approaches catalogued, staff members of governmental agencies and multilateral institutions take leading roles in directly allocating resources to projects proposed by migrants. The exceptions are several of the programs backed by the IDB, which promoted the inclusion of diasporas by promoting delegating project identification and decisions about project funding to non-governmental organizations that in turn funded and facilitated relationships between migrants, local producers, and

technical assistance providers (as in the case of HIP's efforts). It may be worthwhile to ask if such government-centric efforts may be crowding out private philanthropic initiatives to partner with migrants and local participants, especially in countries like Mexico and Ecuador where the respective governments run well-resourced programs to match migrants' contributions. To combat this, private philanthropies and governmental programs could explore pathways for cooperation that would enable each, as well as the migrants and local participants, to optimize supports by ensuring complementarity rather than competition in the approaches. For example, private philanthropic organizations might find it easier to allocate support for exploring and organizing export activities that require spending outside of home country borders – often an activity difficult for governments to undertake – in complement to government support for seed capital or training.

**Table 1.** Programs that Support Diaspora-Led Productive Investment in Latin America and the Caribbean

Diaspora	Funder	Project description	Key outcomes
Ecuador	Ecuadorian government (with funding from Ecuador-Spain debt swap program)	“Ministry of the Migrant - Competitive Fund ‘El Cucayo’” - helps entrepreneurial Ecuadorian migrants to start or expand an individual business or a corporation. Awards cover between 25 to 50 percent of the needed seed capital with a viable business plan or funds for expansion of a proven profitable business in amounts ranging from \$500 to \$50,000 maximum, depending on the type of enterprise. The program offers open competitions approximately twice annually and considers business in a range of enterprises in the primary, manufacturing and services sectors. In addition to a capital grant, awardees obtain technical assistance, training and mentoring, and linkages to public banks to access credit. For more information, visit: <a href="http://www.migranteecuadoriano.gov.ec/content/view/1370/211/">http://www.migranteecuadoriano.gov.ec/content/view/1370/211/</a>	Ten competitions from 2006 through mid-2011.  Through the sixth competition, there were 2247 applications, \$2.8 million awarded, \$10.2 million provided by participants, 203 projects funded, 3758 direct and indirect jobs created.
Argentina, Dominican Republic, Mexico	Hispanics in Philanthropy with funding from the Inter-American Development Bank and the David and Lucille Packard Foundation	“Promoting Diaspora and Local Support for Productive Initiatives” connects diaspora individuals and organizations to commodity and handicraft producers in their communities of origin. HIP helps diaspora participants to channel financial capital and knowledge to create or strengthen existing productive projects that offer income-generating and employment opportunities. Sometimes philanthropists in the countries of origin also contribute financial support. HIP also funds local NGOs and consultants to assist the producers to organize into cooperative enterprises, provide them technical assistance, and help the enterprises to navigate markets and legal requirements. For more information, visit: <a href="http://www.hiponline.org/Home/Programs+and+Services/Transnational.htm">http://www.hiponline.org/Home/Programs+and+Services/Transnational.htm</a>	Nine projects were supported - six with funding from the IDB that conclude in mid-June and three with funding from the David and Lucille Packard Foundation. There were two each in Argentina and the Dominican Republic, and five in Mexico, for a combined total of approximately US\$1.2 million. Three of the projects have successfully exported important quantities of their production, while two others have developed strong positions in local markets. The outcomes of the six productive investments supported by MIF funding are further described in the Appendix and also in the separate publication “Develop Your World Case Studies” (June 2011).

Diaspora	Funder	Project description	Key outcomes
Argentina, Bolivia, Brazil, Colombia, Costa Rica, Dominican Republic, Ecuador, Mexico, Nicaragua, Peru, Uruguay	IDB (multilateral)	<p>“Multilateral Investment Fund (MIF) Remittance Portfolio: Remittances and Productive Investments Model” - an eclectic mix of ten projects centered on leveraging remittances to build and expand enterprises. Some approaches support individual migrants to invest in businesses when they return and others seek to mobilize investments by associations of migrants in countries of reception for community enterprises in their home countries. Both are typically complemented by technical assistance and training. For more information, visit: <a href="http://www.iadb.org/remittances">www.iadb.org/remittances</a></p> <p>NB: HIP’s Develop Your World program is one of the projects supported by the MIF, however it is listed above separately in this table given its size and scope.</p>	<p>None of the projects have been able to measure whether the supported project activities yielded cost-effective approaches to the generation of employment and income opportunities. Across several projects, key finding include that migrant associations are not natural investors and that problems of distance and communication across multiple stakeholders (migrants, local participants, technical assistance providers, government officials, market experts, traders, etc.) hinder the development of transnational diaspora-supported enterprises.</p>
Bolivia, Brazil, Colombia, Costa Rica, Ecuador, Haiti, Jamaica, Mexico, Nicaragua, Paraguay, Peru	IFAD, employing funding from governments of Spain and Luxembourg, the European Commission, CGAP, UNCDF, IDB (multilateral)	<p>“Financing Facility for Remittances” - \$15 million fund backed by a consortium of six donors and administered by IFAD. It has been working since 2006 to improve the development impact of remittances in poor rural households through 36 projects in 36 countries worldwide (approximately \$250,000 per project). Twenty-six percent of the 11 grants made in Latin America and the Caribbean have focused on entrepreneurship and productive investments. For more information, visit: <a href="http://www.ifad.org/remittances">www.ifad.org/remittances</a></p>	<p>Little documentation of outcomes is available.</p> <p>In Costa Rica, the program supports the identification and development of rural start-ups that Nicaraguan migrants can launch jointly with the recipients of the remittances they send to Nicaragua. In Ecuador, a major MFI is developing a range of financial products to encourage the investment of a portion of remittance flows in housing and enterprises. In Peru, the initial pilot supports 53 transnational families to develop transnational enterprises. Through 2010, 13 had completed business plans and were heading towards launch.</p>
Mexico	ILO (multilateral)	<p>“Innovación para el Desarrollo Equitativo (IDEQ)”-The International Labour Organization (ILO), Office for Mexico and Cuba, facilitates the association of rural women artisans, helps them link to migrant investors (usually HTAs), and assists them to engage technical assistance (TA) and to access other sources of investment or grants. The TA is typically provided by students and recent graduates with technical, business and marketing skills who form a company that receives 25 percent of the profits. For more information, visit: <a href="http://www.oit.org.mx/index.php?option=com_content&amp;view=article&amp;id=115&amp;Itemid=58">http://www.oit.org.mx/index.php?option=com_content&amp;view=article&amp;id=115&amp;Itemid=58</a></p>	<p>Following two years of preparatory work, during 2010 the program launched a “Binational Productive Complex” (a cooperative) in Hidalgo with 80 women, another in Zacatecas with 180, and is forming a third in Chiapas that may encompass 300. Sales (primarily targeted to nostalgia and fair trade handicraft markets in the United States) have just begun, and data is lacking about the enterprises’ scope, impact and sustainability.</p>
Mexico	Sagarpa-FIRCO (governmental)	<p>“Project for the Economic Strengthening of Migrants and the Productive Use of Remittances ‘Paisano, Invierte en tu Tierra!’” Launched in 2010, this program aims to complement joint investments by migrants and local farmers to create individual or family enterprises that primarily target the “nostalgia” export market. FIRCO funding can reach a maximum of 5 million pesos. For more information, visit: <a href="http://www.firco.gob.mx/proyectos/migrantes2011/Paginas/migrantes2011.aspx">http://www.firco.gob.mx/proyectos/migrantes2011/Paginas/migrantes2011.aspx</a></p>	<p>In 2010, 36 projects were undertaken in 12 states, involving 111 migrants living in the US and 3,569 local participants. The value was 230 million pesos, of which 57 percent was invested by the participants and 36 percent by FIRCO. The government reports 515 permanent jobs were created, complemented by 9,401 temporary jobs. Seventy percent of the projects targeted the “nostalgia” market. Data on poverty targeting, as well as on profitability and sustainability are not available. FIRCO forecasts 115 projects will be undertaken in 2011.</p>



Diaspora	Funder	Project description	Key outcomes
Mexico	Sedesol (governmental)	“3x1 para Migrantes” - HTAs help design and finance public works, community and school infrastructure, health projects, and community enterprises. For every peso contributed by migrants, three more pesos are provided to finance the project by the municipal, state and federal governments. For more information, visit: <a href="http://www.sedesol.gob.mx/es/SEDESOL/Programa_3x1_para_Migrantes">http://www.sedesol.gob.mx/es/SEDESOL/Programa_3x1_para_Migrantes</a>	From 2002 to 2010 more than 14,600 projects were supported, however it is estimated that fewer than 3 percent of them were for income and employment-generating community enterprises. The evaluations to date have not generated hard data on income and employment generation.
Mexico	Sedesol (governmental)	“Patrimonial” - individual migrants who are members of an HTA can request a 1x1 match to support an individual or family enterprise. For every peso a migrant contributes, Sedesol will provide a match, up to 300,000 pesos. The matched funds, however, must be repaid within 3 years at zero interest. The recovered funds then can be used by the HTA to underwrite a community project through the 3x1 program. For more information, visit: <a href="http://www.ime.gob.mx/index.php?option=com_content&amp;view=article&amp;id=180&amp;Itemid=457&amp;lang=es">http://www.ime.gob.mx/index.php?option=com_content&amp;view=article&amp;id=180&amp;Itemid=457&amp;lang=es</a>	The program launched in 2009 with 115 projects, 76 of which were distributed across just three states (Tamaulipas, Michoacan, and Hidalgo). The projects were distributed as follows: 59 for services, 25 for livestock, 18 for agriculture, 5 for ecotourism, 4 for construction, 3 for flowers, and 1 for poultry. The program has not yet reported repayment rates, or data on income and employment generation.
Mexico	Western Union in conjunction with Sedesol (private-governmental partnership)	“4+1” - Western Union augments the support for productive projects generated by Sedesol’s 3x1 program by adding a 4th contribution (up to a limit of \$25,000) to the 3 matching contributions offered by municipal, state and federal governments in Mexico to the collective investment made by a Mexican HTA to a formally constituted productive project. For more information, visit: <a href="http://ir.westernunion.com/phoenix.zhtml?c=203395&amp;p=irol-newsArticle&amp;ID=1429772&amp;highlight=">http://ir.westernunion.com/phoenix.zhtml?c=203395&amp;p=irol-newsArticle&amp;ID=1429772&amp;highlight=</a>	An estimated \$375,000 distributed to 26 projects from 2008 to 2010: 4 in Guanajuato, 1 in Guerrero, 4 in Michoacán, 6 in Veracruz, and 11 in Zacatecas. An estimated 214 jobs created, with the potential for a doubling in employment over 10 years. Additional jobs and income will be generated among local input suppliers and elsewhere in the value chain. The projects are too new to evaluate their sustainability.

The older DIPI approaches promoted by governments and multilateral agencies largely emphasized working with associations of migrants to support community enterprises. In contrast, the three most recently initiated programs – “El Cucayo” (Ecuador), “Paisano, invierte en tu tierra!” (Mexico), and “Patrimonial” (Mexico) – direct the vast majority of their resources to individual and family enterprises (11). One explanation for this shift may be an attempt to sidestep the fairly slow and cumbersome processes inherent in decisionmaking and mobilizing support when engaging migrant groups and then managing community enterprises efficiently with stakeholders located in at least two countries.

Another explanation is that most of the community enterprises supported through the various DIPI approaches have yielded limited gains in terms of sustainable increases in employment and income. Community enterprises tend to require larger investments

and therefore concentrate rather than diversify risk. When such enterprises fail, significant amounts of investment – whether credit or grants – is lost. The counter-supposition is that catastrophic losses are less likely when supporting individual and family investments in micro and small enterprises. However, this has not been rigorously measured, nor have the employment and income impacts of diaspora-inclusive individual and family investments been carefully compared to those of community enterprises.

A third factor in the emergence of support for individual and family-oriented DIPI is that such enterprises are easier to mount in urban and semi-urban areas compared to community enterprises whose establishment can be hindered by weaker bonds of social capital in low income neighborhoods marked by high residential turnover and other social ills. Given the growing urbanization of Latin America and the concomitant growth in transnational

(11) For more information about these programs, see:

“El Cucayo” -- <http://www.empresariomigrante.com/>

“Paisano Invierte” -- <http://www.firco.gob.mx/proyectos/migrantes2011/Paginas/migrantes2011.aspx> and <http://www.desarrollosocial.mx/media/34be47e4ddbca26ffff809dffffd524.pdf>

“Patrimonial” -- [http://microrregiones.sedesol.gob.mx/doctos/2010/3x1/Lineamientos%20Fondo%20Productivo%20Migrante%20Diario%20Oficial%2029%20enero%202010%20\\_2\\_.pdf](http://microrregiones.sedesol.gob.mx/doctos/2010/3x1/Lineamientos%20Fondo%20Productivo%20Migrante%20Diario%20Oficial%2029%20enero%202010%20_2_.pdf)

migrants from urban areas, such programming makes good sense and, probably, for good politics.

A final consideration is that support for individual and family enterprises may prove more sustainable because such businesses may have greater access to credit to fund operations and to invest in expansion simply because they are attractive clients for microfinance institutions. Larger businesses, especially those with collective, transnational ownership that places them outside the traditional business structures and practices in the home country, are likely to have greater difficulty accessing operating capital.

### Additional Characteristics of DIPI Efforts

A review of HIP’s Develop Your World program and similar DIPI efforts finds that the funded productive initiatives largely break down along two dimensions: (1) whether they primarily target local/regional or export markets, and (2) whether the promoted products or economic activities are marketed through channels that allow for product differentiation or branding as the following table illustrates. Projects that target local/regional markets logically have lower entry costs and can be more easily managed by participants because they can draw more easily on their own knowledge and experience. Those that target export markets or non-local publics (as in the case of sustainable tourism) necessarily rely on knowledge of external conditions. In many cases, the needed knowledge is not possessed by the enterprise’s participants or its diaspora supporters, leading to reliance

The newer individual and family-oriented programs seem to be attracting large numbers of applicants, despite their requirements that migrants invest between 25 and 50 percent of the required capital and present sound business plans. To ascertain whether this approach is worthwhile, it would be important to rigorously evaluate the performance of these enterprises over the next two to five years, ideally against control groups. Although evaluations are planned, they will be retrospective and descriptive and thus unable to identify causality or to scientifically measure cost-effectiveness.

on outside experts. Producers often found it difficult to identify and access outside expertise, and when it was available, found it to be costly. A review of the economic activities supported by the various DIPI approaches reveals that most are oriented towards export or external markets. One explanation for this is that the involvement of international migrants with their experiences of wealthy markets in the global north encourages such an orientation. Conversations with members of several diaspora organizations revealed that they see exporting to developed markets as more lucrative. The migrants also are interested in projects that can supply them with goods they are familiar with, such as specialized foods and food ingredients, or handicrafts (the so-called “nostalgia” market).

Table 2. DIPI Variables, Typical Products and Marketing Approaches

	Local Market	Export Market
Undifferentiated, traditional channels	Basic foods and natural resources Self-marketing; sometimes sales to brokers Restaurants and food service Self-marketing	Basic foods and natural resources Broker
Differentiated, emerging channels	Processed foods and handicrafts Self-marketing; sometimes links to NGOs	Heritage and processed foods and handicrafts Linkages to organizations dedicated to fair trade or other types of certifications; direct links to migrants for nostalgia marketing Sustainable tourism Links to socially-oriented, NGO sponsored marketing networks

While export markets indeed may be more lucrative, they tend to be more difficult and costly to penetrate. It may well be that by initially targeting export markets, the productive initiatives are setting the bar for success quite high. Exporting is much more complicated than serving

local markets, and since the nascent DIPI projects have many deficiencies to redress (see the obstacles section below), it may be a strategic error to launch towards export markets before fundamentals have been mastered through production for local markets.

## Obstacles to Success and Possible Pathways to Overcome Them

A review of DIPI projects in the LAC region reveals that to date they can demonstrate only very limited achievement. None can truly be labeled successful if the measure is demonstrating financial self-sufficiency (i.e., profitability after discounting for donations, gifts of materials or labor and subsidized interest rates) for a full fiscal year (12). Site visits, interviews and a review of documents such as reports and evaluations, identified numerous obstacles.

The most frequently recurring and important obstacles are examined in this section. They can be grouped in two categories: (1) immediate production level issues, including market analysis, business planning and administration, access to operating and growth capital; and (2) general concerns around communications, governance, gender equity, and peer learning.

### Market Analysis

**Obstacles:** Most DIPI projects are centered on further developing a pre-existing economic activity in the community of origin. Focusing on “what is known” occurs because migrants and their hometown counterparts naturally begin their efforts by taking stock of the resources and knowledge at hand. However, such an approach can close off explorations of other potentially more remunerative business opportunities. Indeed, none of the Develop Your World projects pursued an economic activity previously unknown in the home community or nearby areas (13). This has the advantage of allowing the projects to draw on local knowledge to get activities underway, but it also often has the disadvantage of pushing more producers into the same competitive marketplaces. The local NGO support organizations generally demonstrated limited capacity to identify and suggest innovative activities to the diaspora groups and their hometown partners, perhaps because they were brought into the process in response to projects already drawn up, or in some cases they promoted economic activities that aligned with their existing organizational capacities.

thoroughly assess market opportunities. Without such capacities, the projects seemed to have developed in reaction to immediate, local market signals or traditional marketing practices rather than in response to longer-term, broader market opportunities. This is not a fatal flaw, for the upside includes greater ease in obtaining buy-in from participants, more familiarity initially with production (or service) and marketing activities and thus a faster project launch. However, the downside is that gains in well-established, competitive markets tend to be limited and strong competition can drive out weak startup enterprises.

**Pathways:** If the goal is to produce for markets beyond the local area, then it is important to offer robust market analysis to the potential investors of capital and labor. This common-sense suggestion is complicated by the need to make such an analysis sufficiently straightforward that the participants can understand it despite their generally low levels of education and market experience and the diverse contexts they face when selling across international borders. Firms with experience in market analysis for community enterprise do exist, so funders should consider financing them to work with the migrants, hometown people and local NGOs in the early stages of developing a business proposal

The migrants and their hometown partners, as well as the NGOs, either lacked access to or did not have the capability to use tools of market analysis to identify and

(12) Whether or not this is an appropriate measure will be discussed in the concluding recommendations.

(13) This is generally the case across the other sets of DIPI projects, with the occasional exception being projects involving tourism.

## Business Planning and Administration

**Obstacles:** Once the stakeholders of a DIPI project agree on a product or service, then they are faced with organizing and operating the community enterprise. The local support institutions tended to be more focused on the provision of business development or extension services and frequently have little entrepreneurial experience, mainly limiting themselves to training or helping to organize visiting consultants. Given the weak business backgrounds of the direct project participants, they were not well prepared to set up and operate the enterprise without expert assistance, which largely was too challenging for the local support institutions to provide or oversee. Consequently, sequencing of the business activities – whether under the aegis of the direct project participants or the local support institution – often failed, resulting in higher expenses or wasted investments. For example, in the case of olive oil producers in Argentina, the local support organization failed to identify buyers or other distribution channels for premium quality oil in advance of its production, resulting in a loss of the expected price premium to the producers. In the Dominican Republic, members of a cooperative ran out of funds to improve the quality of their banana production to gain certification as organic producers because – following the guidance

of the local support organization – instead expended their resources on constructing high-volume packing facilities before they established their capacities to supply bananas for processing.

**Pathways:** There are high quality business planning firms that can be contracted to assist in business planning and ongoing training. Any planning they undertake must involve both the direct project participants and the local support organization. The latter will benefit from increasing its ongoing capacity to support productive projects, while the direct participants will have a clearer idea of the steps they must follow and the associated costs. Ideally, funders would commit support for the ongoing involvement of the business strategists, since entrepreneurship is likely to take significant time (years, not months) to develop to a meaningful level amongst the project stakeholders. This could significantly elevate costs; however there are ways to mitigate them. For example, international funders could team with local philanthropists to recruit international and local businesspeople to serve as short-term consultants and long-term mentors to community enterprises (Ashoka and Grameen Foundation have successfully implemented such strategies).

## Access to Operating and Growth Capital

**Obstacles:** The Develop Your World methodology and similar approaches concentrate on the mobilization of startup capital for community enterprises. When market analysis and business planning is weak, then estimates of operating capital needs also tend to be inaccurate. Many projects encountered more complex and costly markets for needed inputs and training or unexpected requirements (e.g., licensing, certification, taxes and tariffs, etc.) that elevated their expenses and led them to burn through their diaspora donations and other funding before their productive initiatives became fully operational and sustainable.

In addition to insufficient startup capital, a lack of ongoing working or operational capital also is a frequent constraint. For example, the time lag between production and payment can result in a working capital shortage, a common problem for projects that target export markets where shipping and 30 to 90 day billing windows can delay payment. And when an enterprise begins to demonstrate success with its business model, it requires growth capital to invest in new productive instruments necessary to ramp up production to generate greater income.

Even when financial management is effective, the DIPI projects reviewed did not dedicate sufficient funds and

time to connecting the community enterprise to banks or other sources to meet their ongoing capital needs. In short, the projects did not include capacity-building to prepare the community enterprises to understand the importance of and the methods for building banking relationships that would facilitate their access to loans or lines of credit. Financial institutions, of course, are leery of lending to unproven businesses (especially collaborative ones operating in competitive markets or in productive sectors subject to weather and other uncontrollable factors), so they also need education to help them to understand these potential new clients.

**Pathways:** Diaspora groups such as HTAs have proven to be slow and limited vehicles to mobilize capital to invest in productive initiatives. Furthermore, the model of diaspora investment promoted to date does not consider obtaining from migrants the ongoing infusions of working and growth capital needed to operate and expand successfully. Lack of access to capital will doom even a successful community enterprise. Because migrants and poor people typically have low levels of trust in the financial systems of their countries of origin, they require financial education and other forms of support to begin to build relationships to financial institutions that can source them the capital their community enterprises require. In

turn, financial institutions need to manage what they perceive to be high risk levels associated with lending to young community enterprises. They may be willing to offer loans if some sort of guarantee fund is established to

mitigate potential losses from enterprise failures. Funders might consider a loan guarantee scheme to incubate potential businesses. Access to the guarantees could be for a limited number of years on a declining basis.

## Communications

**Obstacles:** In recent years, mobile telephony has taken off across LAC, significantly improving communications between migrants and their families and friends in their hometowns. Phones do facilitate the exchange of information and discussion of strategies and can be especially effective tools for the transnational planning and executing of business strategies when only two principals are involved, such as is the case when an individual migrant invests in a business run by a family member. However, cell phones in particular are much less useful when group decisionmaking is required, simply because sound quality issues make it difficult to use one in larger group settings.

Similarly, the internet can facilitate business communications, but in many rural communities across LAC there is limited access to it. Especially where the internet is not located near participants, asynchronous communication is likely to occur (i.e., replies can be delayed due to the need to share information and consult). Furthermore, both migrants and local participants often lack experience carrying out discussions in writing. And as one participant in a Develop Your World project centered in San Mateo Ozolco, Puebla noted, many group members do not read and write well, much less type, so communications often must be facilitated by just a few people, which runs the risk of concentrating knowledge among a few people. Consequently, the use of the internet potentially can result in a situation incompatible with group decisionmaking practices, as well as lead to longer response times if the persons who access the internet on behalf of any node in the transnational linkages are unable to do in a timely fashion.

Some of the projects are making use of digital photography and videography to share information. Images are particularly effective tools for participants in the community of origin to share progress with the diaspora

## Governance

**Obstacles:** The problems occasioned by the limits of the available communications technologies interact with and reinforce underdeveloped consultative and governance practices. Tensions have been documented in traditional social investment projects between diaspora groups and communities of origin. For example, there

group. However, they are less useful for communicating problems, especially of a financial or technical nature.

**Pathways:** There exist moderately priced solutions to adapt cell phones to microphone and speaker systems that would permit small groups (6 – 12 persons) to converse clearly. Provided the cell phone reception charges are not too high, this would allow for prolonged discussions that could involve a significant percentage of most project leaders and participants. Similarly, where fixed lines are used, investment in a proper conference phone arrangement is a potential solution. Where internet connections are reasonably accessible and bandwidth is sufficient, microphone and speaker arrangements and voice over internet (e.g., Skype) can facilitate conversations. If bandwidth is strong and stable on both ends, then videoconferencing is an option, but would likely require greater capital costs and technical assistance.

Additional moderately priced investments might include support to help community members (perhaps youth) to have access to simple digital photography and video editing tools and the training to use them to document project activities periodically (i.e., every quarter or semester). Information technologies are evolving rapidly and it is unclear that the diaspora and local groups have the know-how to identify and then implement the ones that may prove most useful to pursuing their goals. The support organizations might be able to help in these roles, most likely through selecting and monitoring appropriate consultants to facilitate the upgrading of communication platforms. Funders should insist that DIPI projects have made sufficient investments to ensure fluid and frequent communications that facilitate exchanges at a group-level, as opposed to solely between a few individuals in the diaspora organization and the counterpart community enterprise.

is the well-known (and relatively extreme) example of a community in the Mexican state of Puebla where a male-dominated HTA funded the construction of a baseball stadium, however so many men were in the US that the community had to recruit players from elsewhere in order to field a team for the few games played.

In the face of deep social and basic infrastructure needs, the community's residents clearly had grounds for questioning the priorities of the HTA. A review of Develop Your World project evaluations and field visits did not uncover this degree of disconnect between the diaspora and local partners, however they did suggest that consultative and informative procedures are not well developed. The lack of clear decisionmaking procedures and an understanding of how to share authority have contributed to a breakdown in consultation between diaspora groups and local ones. Local TA agents and funders themselves may not be well-equipped to help participants develop the needed procedures, especially with regards to procedures relevant and acceptable to

## Gender Equity

**Obstacles:** The roles of men and women in LAC societies are changing with great velocity. About half of all LAC migrants are women and they account for a similar percentage of remittances (14). Nevertheless, little attention has been paid in the diaspora and development literature to the present and potential contributions of women migrants to the development of their families and communities of origin. The leaderships of most LAC diaspora associations have been dominated by men, although in recent years women have assumed important leadership roles in federations of Mexican HTAs organized by state and amongst Salvadoran HTAs. Nevertheless, the sets of projects reviewed are almost entirely silent about women's roles and on issues of gender equity. Indicators, when available, tend to be limited to expressing the numbers or percentage of women involved, but offer little illumination of women's decisionmaking roles,

## Peer Learning

**Obstacles:** Adult learning, especially among populations with limited educational attainment, is a deep challenge. Some DIPI projects include training and financial education components, usually delivered by the local support organization or an agency or consultant contracted for this purpose. There is mounting evidence that some of the most effective means of adult learning about sound practices occurs through peer-to-peer exchanges. The reviewed projects do not employ this approach, likely missing out on an effective tool to strengthen the management of community enterprises and the development of business and marketing strategies for them.

the diaspora groups located far away. Similarly, none of the diaspora groups have accessed training that would position them to co-develop transnational project governance structures with their local counterparts.

**Pathways:** Local TA and philanthropy organizations should encourage and support discussions between the diaspora groups and the participants in the community enterprises. To do this, they must identify counterparts (such as HIP) in the communities of reception with whom they can cooperate to develop models or templates to organize consultations, planning, strategizing and decisionmaking that do not silence the voices of the people in either community.

investments, or the actual economic benefits accruing to them. To the extent that men define DIPI projects, the question of how funded projects may exclude women as leaders and as direct participants tends to be underexamined by all stakeholders, including funders that are committed to employing a gender perspective.

**Pathways:** Gender equity is a long-term process. However, it should not be viewed as just a normative goal. Women constitute a significant and growing percentage of the workforce and often are the sole breadwinners for their families. Impactful leveraging of diaspora investments for development logically will be heightened if women's knowledge and energy is drawn on more substantially in project design and execution. Funders can encourage this by supporting some gender sensitization training on both ends of the transnational DIPI chains.

**Pathways:** Peer exchanges could be structured for both the direct project participants and for the staff of the local support organizations. Successful projects, but also failed ones, could be visited by groups of stakeholders to harvest lessons learned and to observe firsthand what works and what has not produced useful results (15). Other sorts of peer communications could be backed, including quarterly or semi-annual meetings of technical assistance staff from the local support organizations, and the establishment of a website to share learning materials and host exchanges about sound practices.

(14) Pp. 10, 428-29 in International Organization for Migration, *World Migration 2008* (Geneva: International Organization for Migration, 2008).

(15) This approach has been rolled out across LAC and globally by Procasur, a development learning organization based in Santiago, Chile. Procasur's "learning routes" are described at [www.procasur.org](http://www.procasur.org).

# The Role of Public and Philanthropic Giving and Investment

Over the past several decades, LAC migrants as individuals and through their diaspora organizations such as HTAs have developed a robust philanthropic tradition that has raised human welfare, strengthened community institutions and improved basic infrastructure in migrants' hometowns and countries of origin. Significant numbers of migrants also have sent money home to invest in homes, farms, manufacturing, services and commercial ventures, usually working in tandem with a family member or a close friend who is resident in the community of origin. Such efforts, however, rarely evolve into small or medium enterprises capable of generating good jobs for five or more persons or able to connect to extralocal markets, in large part because they are unable to meet the high capital requirements such scale and market penetration require.

Furthermore, migrants' individual productive investments do little to improve the income-generating opportunities and other economic conditions for persons beyond their immediate circles. There is evidence that price inflation for goods and services can be stimulated in communities where there are high inflows of money from migrants. Since the poorest of the poor have greater difficulty mobilizing the resources required to

migrate internationally, they represent a disproportionate percentage of the local population adversely affected by inflation, although its negative impact on them may be somewhat offset by an expansion in their wage labor opportunities as they step in to fill the shoes of those who have migrated. In light of this, it is unsurprising that both migrants and development experts have sought to explore a logical next step of leveraging the tradition of collective donations (remittances) to assemble the capital needed to launch small and medium enterprises to generate employment and income opportunities for those left behind and for those who would like to remain in or return to a migrant-sending community.

For approximately a decade, public agencies including the IDB's MIF and Mexico's SEDESOL have explored ways of teaming with diaspora organizations to build mechanisms for channeling funds into community enterprises. During the past five years or so, private philanthropic organizations have entered into this same space in earnest. This section illustrates a few of advantages and disadvantages each type of funder brings to working with diaspora organizations and the populations of communities of origin to launch and grow community enterprises.

## The Uses and Limits of Public Funds

The MIF and other multilateral and bilateral funders have primarily used their resources to improve the functioning of remittance transfer systems and to foster banking that incorporates remittances ("bancarización") through financial instruments such as savings, loans and guarantees. Compared to activities centered on these objectives, leveraging remittances for productive initiatives has received residual support, and in turn that has been divided between funding for strengthening individual investments in individual or household managed businesses and for fostering collective investments in community enterprises. Some public funding has been granted to governments, but most has been targeted to private philanthropies and NGOs for sub-granting to local development organizations or partnerships involving diaspora organizations and their hometown partners who are directly involved in production or the provision of services.

Multilateral and bilateral public funders have played key roles in generating a range of experiments to test approaches to link diasporas to productive initiatives in their communities of origin. Their funding has had limited

impact however, and it is important to analyze why. Multilateral and bilateral funders often face prohibitions or limits on the use of their funding in the developed country settings where diaspora organizations are located. Even when the restrictions are not unduly binding, the tendency is to prefer to fund activities in developing countries. Consequently, diaspora organizations have received little support to build their capacities to educate and support their members who wish to help fund transnational investment. This relative inattention to developing the organizational, investment and entrepreneurial capacities of the diaspora has hampered the preparation of migrants to evolve as investors rather than donors. The public funders also generally have focused on specific project initiatives and have contributed few funds to develop in countries of origin the consultants and communications technologies that are needed to first construct and then facilitate the implementation of robust business plans among stakeholders located across borders. This may be attributable to a belief by such agencies that they have the capacity to translate their experiences promoting small and medium enterprises (SMEs) in national and urban contexts to transnational and largely rural environments.

However on the ground experiences suggest that the transnational nature of the funded endeavors increases the complexity of enterprise planning and execution and therefore is likely to require higher levels of support if projects are to develop across borders. In short, the repeated observations by stakeholders that they need better and more sophisticated training and support services to address the obstacles listed above have yet to be addressed systematically by bilateral and multilateral public funders.

## The Uses and Limits of Formal Private Philanthropy

Private philanthropy for DIPI – exclusive of donations or investments made by migrants themselves – has been extremely limited to date. Generally, when working with diasporas, private philanthropic organizations – especially those from Latin America – have not focused on productive initiatives and instead have concentrated on supporting migrants’ traditional social, welfare and infrastructure programs. Additionally, most individual donors from the LAC region historically have practiced charity rather than the social change or development philanthropy associated with investments in pro-poor productive initiatives. The social entrepreneurship implicit in supporting DIPI is slowly building in the region (witness the efforts of organizations such as Ashoka and Avina), but to date primarily for locally or nationally circumscribed initiatives, not transnational ones.

One exception to the foregoing has been the Western Union Foundation’s efforts to support 24 Mexican diaspora-led productive initiatives in conjunction with SEDESOL’s 3x1 program. The Western Union Foundation adds an additional dollar to the one contributed by the migrants and the three from the municipal, state and federal governments. Between 2002 and 2007, less than five percent of SEDESOL’s 3x1 awards supported productive initiatives. Western Union’s program is in part an effort to foster heightened appreciation within SEDESOL that migrants and their local partners can generate viable businesses (16).

Private philanthropy generally does not rely on market-based mechanisms to allocate its support to group efforts. In recent years local people and development practitioners have introduced a more entrepreneurial

National public funders such as SEDESOL of Mexico similarly show limited capacity to fully engage diaspora organizations, although they do bring more resources to project implementation through partnerships with government training and extension services. To date, however, they have not reported sufficient data to evaluate whether the approaches they are backing are moving at a reasonable pace to become self-sufficient (say in three to five years).

approach to group-based sustainable social change and development that encourages the building of profit-seeking “community enterprises.” These collaborative businesses are distinguished by their focus on using local people and resources to fill gaps in local product and service markets. They also aim to engage extra-local markets and value chains up to the global level in order to achieve scale. While many of the projects reviewed potentially could fit this paradigm, few examples could be found where the participants, including the support NGOs and funders, had systematically engaged the emerging community enterprise sector. Rather, the projects seemed to “go it alone” and failed to harvest and apply lessons learned about building globally competitive associational enterprises. While it is understandable that rural poor people lacked awareness of the available lessons, it is striking that evidently the public and private funders did not require or at least facilitate deeper engagement with the emerging forms of community entrepreneurship by the support NGOs.

The absence of local/national philanthropies with strong roles in the projects reviewed was another limit. While there certainly may be some crowding out due to the participation of public agencies and philanthropy from the global north, the constraints on their involvement is more likely a result of the Latin American philanthropic sector’s relatively underdeveloped commitment to social change philanthropy in lieu of charity or welfare-based philanthropy. An additional limit may also be that the often rural, usually small-scale DIPI projects may not be attractive to philanthropists, especially corporate foundations, seeking to generate publicity among large sectors of the public through their philanthropic endeavors.

(16) An evaluation assessing the experience with the 26 productive projects supported to date by Western Union in conjunction with SEDESOL and diaspora groups is expected in the second quarter of 2011.



## Lessons and Innovations

Across the Americas, DIPI projects have yielded mixed results. Many launched with goals that, with hindsight, were difficult to attain over project cycles of just two to three years. Businesses often require extensive periods of testing, adjustment and consolidation, even when managed by experienced professionals, much less by a mix of participants who are distributed across different organizations, generally possess limited business experience, and are separated by frontiers. Many

### Look to Local Markets First

Understanding the market for a product or service is essential to selling it. Many of the enterprises supported by the various programs reviewed nevertheless required participants to deliver their products to distant markets that they little understood. A project to expand the market for blue corn grown by households in San Mateo Ozolco demonstrates the importance of balancing the pursuit of export markets with the penetration of local ones. Significant numbers of migrants from Ozolco have settled in Philadelphia and work in the restaurant and food industries. Many wish to support the economic and social development of the Ozolco and have formed an HTA, the Amigos de Ozolco. Based on their work experience, members concluded that Philadelphia chefs and bakers could incorporate pinole (17), a product traditionally made from maize (corn), into their products. They developed a proposal to market pinole prepared in Ozolco from blue corn grown there. By teaming with blue corn-growing households in their hometown, they planned to import pinole to sell to restaurants, bakeries and Mexican migrants in Philadelphia. The project enrolled participants in Ozolco, who used a combination of funding from the HTA and Develop Your World to establish a collaborative enterprise to transform locally grown blue corn, thus enabling them to add value to and reap greater profit from their historically poorly remunerated farming (18). However, neither group understood initially how difficult and time consuming it would be to gain the necessary approvals from Mexico and the US to make and export pinole. Nor did the Amigos of Ozolco have a clear understanding of the real levels of market demand for pinole in Philadelphia (19). As the time required for establishing a connection

of the supported enterprises backed by the various DIPI programs have failed or are moribund. However, numerous lessons can be learned and applied to future DIPI efforts from those enterprises that have survived and continue to pursue the heartfelt goals of their participants and diaspora supporters. Two Develop Your World projects illustrate such valuable lessons and reveal how they are earned and learned.

to the export market kept lengthening, and therefore as costs mounted and revenues did not roll in as projected, the participants, especially those in Ozolco, grew disheartened. Fortunately, early on in the project, the local participants had expressed interest in testing nearby markets. A marketing study completed more than a year after the project's formal launch showed that pinole had limited local demand, but that tostadas and tortilla chips made from their corn had the potential to penetrate local markets. From their own experiences as buyers and sellers in those markets, they already possessed significant knowledge about how to position these products. HIP facilitated project modifications that enabled Fundación Produce Puebla to work with the participants to equip a facility that not only could process high value (by weight) pinole, but also turn out lower value blue corn tostadas and chips for local distribution. The first sales of the additional products were strong and the group obtained its first revenues. In turn, this seems to have reinforced their belief that their blue corn has a market, thus helping to anchor them to the project while they waited for the different clearances required to export pinole. This experience suggests that where a local market exists for a product, it makes sense to target it even if it may be less profitable on a per unit basis than other products selling into extra-local or international markets. Doing so not only allowed the blue corn growing households to learn about how process blue corn into commercial products, but it also gave them time to build their capacity to jointly administer their business without needing to immediately engage a complex export market. By building a local market, the project is better prepared to absorb the greater uncertainties and delays inherent in exporting.

(17) Pinole is made from toasted corn that is ground into a powder. Typical uses include mixing it with hot water or milk to make a drink, eaten directly as an energy booster, used as a condiment, or included in the flour of baked goods. This project primarily was supported by HIP with funds from the David and Lucille Packard Foundation.

(18) Fundación Produce Puebla, a local rural development organization, was contracted to provide TA.

(19) Juntos, a Philadelphia Latino support organization, used funding from Develop Your World to raise the capacity of Amigos de Ozolco to promote pinole. The business development services provided resulted in the creation of the Blue Corn Alianza, which in May 2011 successfully imported the first shipment of 1,100 pounds of pinole for distribution in the Philadelphia region. The Alianza's immediate challenges include better understanding demand for pinole and other blue corn products locally and across the US Northeast and identifying cost-effective ways to gain new markets and thus develop export volumes that can meaningfully and sustainably boost incomes in Ozolco.

## Pursue the Optimal, Not the Cheapest

In Guanajuato, meat from a sheep prepared as slow-cooked barbacoa is a regional specialty. Restaurants compete fiercely to attract customers. The Ovícoro group had limited success selling barbacoa in the rural area where its rancher members lived, despite the product's high quality. Ovícoro, with guidance from CRECE, the NGO that provided TA to the group, devoted considerable effort to identifying a restaurant accessible to travelers on a busy local highway. They did not settle for the first locations examined and instead spent considerable time searching for a good location with the potential for plenty of customer traffic. When they found one, the rent was

more than they had projected, however they went ahead and leased it. Initial reports indicate that their business is growing and they are on a path to be profitable. If the project's participants had felt straitjacketed by the project timeline or budget, then they would have settled for "second best" and almost certainly would have seen lower sales that a lesser rent would have been unlikely to offset. Their experience not only demonstrates the adage that "location is everything," but also that investment parameters will require adjustment in order to optimally respond to market conditions.

## Innovations Promoted by HIP

In the implementation of its Transnational Program, the role of HIP is that of a coordinating agency that sub-grants public and private funds which it awards through competitive processes. HIP's innovations in terms of mobilizing support for DIPI are threefold. First, HIP recognized the need for an agency to mobilize public and philanthropic funds for sub-granting (i.e., from the IDB and the David and Lucille Packard Foundation) that otherwise would be difficult for diaspora organizations, the local support NGOs and the community enterprises to access, much less meet their concomitant heavy reporting requirements. HIP's role as a middleman clearly unlocked resources for very low-income people traditionally excluded from philanthropy and public support. Second, HIP also has articulated to local and national philanthropists in the countries of origin that their

support for development philanthropy can be channeled through alliances with migrants and local people (although as noted above, with limited success). Third, HIP's understanding of how philanthropy works in the United States, combined with its growing understanding of diaspora organizations, is allowing it to think more systematically not only about how to channel US philanthropic resources for migrants' productive initiatives, but also to establish linkages to diaspora organizations to help them obtain funding for projects to benefit migrants in their communities of reception. Through its involvement with diasporas, HIP is beginning to establish capacity to work with transnational communities, rather than simply be an organization that funds internationally. In doing so, it is beginning to model transnational, as opposed to international, philanthropic practice.

## Recommendations

As described above, the potential of diaspora organizations to advance productive initiatives in concert with local groups and NGOs in their communities of origin is limited by weak communications, poor business planning, unclear governance, lack of access to financial

capital and insufficient human resources. Philanthropic organizations and development agencies, ideally acting in collaboratives based on shared interests and/or geographic foci, should invest in six areas to loosen these constraints:

### Define Success

There is confusion about what constitutes successful DIPI. On the one hand, diaspora members and hometown participants do express that the projects should include non-economic factors such as maintaining ties across borders in any assessment of their utility. Other indicators might include the evolution of business skills that can transfer to future collaborative or individual enterprises. And stronger social solidarity and identity among migrants in the communities of reception might

also be an impact that cannot be measured in monetary terms. These concerns reflect the understanding that diaspora investment is not just financial, but also involves knowledge transfer and social relationships. More dialogue with both the migrants and hometown participants is needed to establish "social performance indicators" that measure and create accountability around the non-economic goals of the people involved.

On the other hand, DIPI projects at their core address long-term economic development, which in turn means that their sustainability must be assessed. While clearly there are roles for diaspora donations, public contributions and private grants in promoting

the initial development of community enterprises, it is questionable whether all such funding can or should be permanent. On the understanding that all such funding should not be perpetual, then two indicators can help define success.

- Funders should dialogue with other DIPI stakeholders to set a quantifiable criterion for measuring profitability and sustainability. Having an accepted criterion that can be easily communicated to stakeholders will facilitate comparisons of the viability of enterprises. The fundamental tension is between accepting a definition of financial self-sufficiency that includes some subsidy or one that admits none at all. For example, given that the poor often have limited access to public goods (e.g., water and sanitation, electricity, advanced healthcare, tertiary education, etc.), it might be reasonable to channel some subsidy to them via public agencies that provide training or low cost funds for developing infrastructure relevant to their productive endeavors. This would enable them to address deficits that wealthier, more urban populations do not have to contend with because they have subsidized access to good schools and basic infrastructure. On the other hand, if such ongoing subsidy unexpectedly disappears, then perhaps the community enterprise would not survive because it would be unable to meet the widely accepted definition of full financial self-sufficiency – namely, a fiscal year that yields profits after discounting for donations, gifts of materials or labor and subsidized interest rates. An indicator sensitive to the likelihood that a subsidy will be maintained could be useful.
- Funders also should consult with other DIPI stakeholders and small and medium enterprise experts to identify what is a reasonable timeline for defining business success per the criterion set in the dialogue described in the prior recommendation. Given the disparity of markets and infrastructure across and within LAC countries, it may be reasonable to expect that fulfillment of the self-sufficiency criterion may vary from country to country. Having a timeline will facilitate planning for fundraising and setting investment commitments, which will allow diaspora organizations and local direct participants to better appreciate what kind of financial obligations they may be exposed to as the enterprise gets established.

## Improve Communications

Without documents that permit them to travel internationally, many diaspora investors are unable to fully visualize and assess the potential use for their philanthropic or investment funds. Support for the occasional videoconference between diaspora and

local community leaders and NGO staff, improved internet access in both communities of origin and reception, and the wider use of visual media (i.e., digital photography and videography), can help to close this gap.

- Where concentrations of diaspora communities are significant (e.g., in major metropolitan areas of the U.S.), funder collaboratives could jointly underwrite the infrastructure for or rental of videoconferencing facilities. If the communities of origin are not too remote from cities, support for the transport of participants to and rental of university, public or private videoconferencing facilities would allow for occasional virtual encounters for promotion, planning and monitoring purposes.
- For those with the necessary documentation to travel internationally unhindered, the cost of traveling between the community of origin and the community of reception can be prohibitive, both in terms of expense and time away from income-generating activities. These negatives could be partially offset by the provision of a small travel fund to underwrite visits by migrants to assess, initiate and monitor an investment, and by direct project participants to visit the communities of reception to share information and – in the case of export-oriented projects – to explore markets.
- Additional communications should include periodic (at least annual, but ideally quarterly) progress reports and other materials (including digital images) appropriate for review and discussion by diaspora investors, local direct producers and clients. Support NGOs or researchers could be tasked with their production; however they are likely to need financial support and technical guidance on how to ensure that the resulting products are user-friendly.

## Strengthen Governance

It is a truism that trust is fundamental to business relationships. Building trust between investors and producers/service providers across two or more distinct geographical communities requires the strong communications signaled above coupled with transparent and robust governance mechanisms. How decisions are made and who makes and monitors them, is necessarily more complicated in a transnational environment. The more successful projects tend to have a high level of

visiting by the diaspora investors, which perhaps allows some the diaspora investors some insight into how their funds are being used. But if such visits were fully costed, then the economic feasibility of the enterprises would be severely questioned. Furthermore, such visits are unlikely to offer formal channels for the direct producers/service providers to provide input into investment decisions. In other words, trust is not built up for either party.

- Funders should co-develop new communications infrastructure in tandem with governance practices. This will require significant experimentation in both trust-building activities and formal governance mechanisms appropriate for discussions and decisionmaking when the participating parties are geographically separated and may have weak social ties. .
- To accelerate experimentation and learning, funders should consider support for peer exchanges both locally and transnationally for both diaspora investors and direct producers/service providers who are experimenting in governance procedures. These exchanges should be documented and a catalogue of sound practices developed to offer examples for uptake and adaptation.

## Expand Business Planning

The Develop Your World individual project evaluations, as well as studies undertaken of similar experiences funded by the IDB, Western Union, Mexico SEDESOL's 3:1 and others signal that a lack of business know-how – including limited market assessment, financial planning

and marketing – on both sides of the international border as a key constraint on the success of diaspora-inclusive collective projects. Similar observations have also been made about diaspora-funded individual enterprises.

- While there are many public and private business training programs that potentially could address these issues amongst both diaspora investors and direct producers, the trainers first must be sensitized to the specific exigencies of organizing and growing a business that has a diverse group of grassroots stakeholders spread across a transnational space. Funders should support the development of “public goods” such as appropriate toolkits to help participants understand the transnational investment, production and marketing aspects of diaspora-inclusive local development.
- Market assessment and marketing may occur at either the local/regional level or internationally, or both. Local support NGOs rarely have significant capacity in either. These services can be costly for diaspora-funded social enterprises to contract, so it would be helpful to create a fund that they can apply to for support of their efforts to assess and penetrate viable markets for their products and services. Since the objective is to build self-sustaining enterprises and market studies are a normal cost of business, such a fund should not offer permanent support and instead be organized to provide several rounds of support on a declining and finite basis (for example, \$10,000 in year one decreasing to a final award of \$2,500 in year four).
- When developing business and marketing plans, it is essential to recognize that the migrants and the hometown participants may have contrasting visions of how a project can evolve because the economic and social realities of their daily lives may diverge. Improved communications and balanced governance go hand-in-hand with developing approaches that are respectful of potentially different understandings of business goals.

## Promote Financial Inclusion

While diaspora investors and public and private funders have proven willing to put money into launching social enterprises, they often are not adept at providing the funding needed for day-to-day operations or for subsequent investments to grow the business. More attention needs to be paid to ensuring that social enterprises that have demonstrated potential to be financially viable are able to access credit markets.

- Funders should consider establishing loan guarantee funds to help connect social enterprises to banks.
- Many, if not most, of the local people involved in local development projects do not have access to bank accounts. Funders should consider investing in financial education as a means to improve the effective use of remittances, wages and profits. This should include instruction on how to connect to and evaluate the services of a bank, credit and savings cooperative, or a microfinance institution. This would enable them to access savings and lending services to for their family enterprises. Access to reasonably priced loans would permit them to make investments to increase their output, which is especially effective in raising incomes when participants' main economic activities are mainly limited to providing agricultural commodities for storing, processing and marketing by the social enterprise.

## Build Capacity

- The overwhelming majority of diaspora investors and local people lack the skills necessary to assess and operate businesses. Training and exposure programs to identify and strengthen those who have the entrepreneurial talents needed to lead social enterprises should be offered. Such training may be intensive in the initial phases, but plans for ongoing skills-building should also be made. Again, public and private funders will need to help financially, at least until training proves its economic value to participants.
- NGO and government partners also need to build their business skills. While training may improve their capacities, it may be more effective to support their partnering for technical assistance with proven social enterprises.

## Conclusions

Local level productive projects that contain transnational components – whether in planning, financing, or marketing – are inherently more complicated than those contained within a single locale. The review of DIPI projects undertaken here finds that too little consideration has been given to this inescapable fact. Project planning frequently fails to include sufficient funding for technical assistance to help guide migrants, hometown participants and local support organizations in navigating across borders, layers of regulations, and complex financial, input and output markets. If DIPI is to truly become an important contributor to development in communities and countries of origin, then a robust, responsive support infrastructure is needed in both the communities of origin and of reception.

In the communities of origin, building the necessary infrastructure would encompass support for the initial development of advisory services capable of providing appropriate training and oversight to community enterprises and local support organizations on topics such as market analysis, business strategies, financial management and planning, technical assistance for production and processing, marketing and exporting, effective use of information technologies, strategic communications and gender equity. The advisors also would work to strengthen governance, especially when stakeholders are located across borders. Many countries already support such an advisory service infrastructure for local and national development, thus the cost of developing and adapting services for DIPI projects should be modest. However financial support is likely to be needed to assist advisory

firms to develop their own ties to and understanding of the diaspora communities, as well as to their counterparts in the advisory services industries of the countries of reception. This latter set of ties will ensure that advisory service providers in both the countries of origin and reception share information and avoid promoting conflicting methods and strategies.

Similarly, advisory service providers in the countries of reception must be developed. The task here may be even larger than in the countries of origin. Advisors must construct transnational investment plans, design marketing strategies, and discuss governance with migrants who often have limited formal education and possess little entrepreneurial experience. Furthermore, many face financial and legal constraints on visiting the community enterprises they have invested in demands. All this will require the invention of new business advisory strategies, rather than simply the adaptation of existing ones developed to serve typical US entrepreneurs.

The limited success of DIPI to date reflects the absence of needed transnational support infrastructure, not some inherent lack of viability in transnational community enterprise. It is important to recognize that other forms of transnational investment and trade historically have received substantial direct and indirect subsidies to build their business models (e.g., the extensive market analysis functions provided by public agencies such as the US Departments of Agriculture and of Commerce, or executives' skill sets rooted in access to directly subsidized public education and indirectly subsidized private education).

The limited success also reflects the high degree of marginalization of the direct participants from opportunities to build their human capital and engage markets. The participants come from highly vulnerable circumstances and suffer deficits that cannot be overcome rapidly. Philanthropies and public funders are driven by project timelines that often lead them to expect significant change in short periods. Based on DIPI experimentation to

date, it is reasonable to explore longer timelines, but also necessary to develop data collection criteria and procedures to measure intermediate milestones and benchmarks to that track success and sustainability. It is also important to recognize that diaspora members and hometown participants often balance both economic and non-economic motivations for their investments and commitments of time and energy, so social performance data also must be captured and analyzed. These are complex endeavors that funders, accompanied by migrants, hometown participants, NGOs, TA providers, and researchers need to address together (20).

The cost of building the infrastructure for DIPI will be significant. It is reasonable to ask if the resulting benefits can justify the expense. Future support from funders for DIPI initiatives should test this proposition. Nevertheless, given that at least \$5 billion in remittances are channeled into investment in LAC (based on estimates that about 10 percent of the roughly \$55 – 60 billion annual inflow is used for investment broadly defined to include education, health, housing), if only 10 percent of that amount is used for productive investment, the figure under discussion remains a significant amount – \$500 million. This amount dwarfs foreign assistance to LAC for productive initiatives. Even incremental improvements to the use of this money could have a large impact. To maximize impact, funders should consider how the support infrastructure they are helping to build can be adapted to and used by individual migrants who are sending money home to invest in individual and household enterprises. If the public and private funding communities can join together to build the needed transnational support infrastructure for DIPI projects that support community enterprises, and if much of that infrastructure also can be utilized by individual investors, then the diaspora truly can become important contributors to the development of their homelands and to establishing options to migration. Organizations that operate transnationally – such as HIP and IDB – can and should be on the leading edge of this needed change.

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(20) A similar effort to focus and strengthen an economic development field has occurred in the case of microfinance. Philanthropies and public funders have worked diligently for more than a decade to develop the wide array of financial and social performance indicators that can measure and inform decisionmaking by funders, investors, microfinance practitioners, and client microentrepreneurs. More information can be obtained at [www.cgap.org](http://www.cgap.org) and [www.microfinancegateway.org](http://www.microfinancegateway.org).

## Appendix. Program Description

### Promoting Diaspora and Local Support for Productive Initiatives in Latin America

The Multilateral Investment Fund (MIF) of the Inter-American Development Bank (IDB) was designed as a new type of technical assistance mechanism to stimulate innovation and extend beyond existing bilateral and international assistance instruments for Latin America and the Caribbean. MIF projects focus on testing new development approaches and work to promote inclusive economic growth. The central objective is to use both grants and investment mechanisms to demonstrate new ways to develop micro and small enterprise, build worker skills, strengthen environmental management and improve the functioning of financial and other markets. MIF undertakes small, targeted development projects in partnership with business groups, NGOs and public sector entities to build the capabilities and skills standards of the workforce, broaden the economic participation of smaller enterprises, and strengthen the environment for doing business.

HIP is the executing agency of an approved MIF program whose main objective is to create economic opportunities in diverse Latin American communities that have been affected by high levels of migration. Under the Promoting Diaspora Support for Local Productive Initiatives in Latin America program, a fund was established to support local economic development projects backed by Latin American diaspora organizations from Argentina, Mexico and the Dominican Republic. Resources from the MIF, HIP and counterpart funds from local in-country funders sustained the program in three countries. The program entails three components. The first was Promotion and Local Capacity Building for Productive Development and its objective was to promote the opportunities presented by the program and to organize local partners and institutional platforms in each country. The second component was Support for Productive Community Initiatives and its objective was to support local economic development projects that incorporate transnational elements and assist low-income communities in the region. All projects financed focused on income-generating activities.

Initiatives supported by the program related directly and strategically to the transnational or inter-regional context. Such elements include: (i) community groups in the participating countries that partner with diaspora organizations such as hometown associations, sports clubs, cultural clubs, local communities or other emigrant associations; (ii) small-scale producers and cottage industries that export to new markets, including diaspora markets; (iii) human capital investment, such as volunteerism, by diaspora organizations; (iv) remittance of financial resources, new skills, ideas or practices; and (v) initiatives in communities with significant out-migration. Within the program goals of reaching low-income communities, priority was given to projects submitted by NGOs or other eligible institutions serving minority or underserved populations such as people of African descent, youth, women and indigenous groups.

The final component of the program was Monitoring, Evaluation, and Dissemination of the Results. This component monitors and evaluates the impact of the program, and disseminates the results. The three components were complementary and were implemented in simultaneous fashion throughout the implementation of the program in the three participating countries.

## Projects Funded with Support from the Multilateral Investment Fund, IDB

Argentina	
<p>Comercio Exterior Solidario--Hecho por Argentinos y Argentinas Asociación Mutual de Empleo y Gestión Solidarios (Mutual Gesol) Buenos Aires, Argentina \$54,400 USD</p>	<p>Fammi Olio Fundación Pedro Antonio Marzano Mendoza, Argentina \$154,400 USD</p>
<p><b>Project at a Glance</b></p> <p>The Asociación Mutual de Empleo y Gestión Solidarios was formed in 1989 during a period of national crisis in Argentina in response to hyperinflation, mass factory closings and high unemployment. Mutual Gesol's goal was to offer innovative solutions for generating income through self-employment, small enterprises and social service organizations.</p> <p>Through the project "Comercio Exterior Solidario--Hecho por Argentinos y Argentinas," Mutual Gesol expands and diversifies the products of 600 entrepreneurs in Hurlingham, Buenos Aires, with an eye toward opening export markets. These small producers and craftsmen and women work through various networks and associations with social as well as productive goals. Each network is a productive cluster specialized in a particular product. Through the project new clusters were formed.</p> <p>The project uses an innovative approach, gathering the various producers together under one roof in a production center in Hurlingham called Incubadora de Empresas Sociales del Buen Ayre, managed by Mutual Gesol. At the center Mutual Gesol provide each of the networks support in business management, strategic marketing, technical training, access to production and warehouse facilities, and a showroom.</p>	<p><b>Program at a Glance</b></p> <p>The Mendoza province, a vast landscape of olives and grapes, has been recognized for centuries as a premier producer of olive oil and wines. Most of the production is concentrated in the Maipú region known as one of the top producers of olives in the province and the principal wine-producing zone in the country with more than 167 wineries.</p> <p>This initiative help the producers rise within the productive chain, no longer selling the olives as raw materials but rather pressing them to make oil. Fundación Marzano create a communal center equipped with an industrial olive press acquired as part of the initiative and made available to all the project beneficiaries. This center also serve as a training facility and workshops conducted on a series of topics including crop and soil management, mechanic harvesting and oil tasting, among others. Fundación Marzano encourages the producers to become part of a cooperative in order to achieve a larger productive scale and develop distribution channels.</p>
Dominican Republic	
<p>Organic Bananas: an Ecosystem Restoration Project in Azua Cooperativa de Servicios Múltiples de la Federación de Productores, Campesinos y Microempresarios Azuanos, Inc. (COOPFEPROCA) Azua, Dominican Republic \$194,714 USD</p>	<p>Technical Assistance for Casabe Producers Instituto para el Desarrollo de la Producción Organizada, Inc. (INDEPRO) Santiago Rodríguez, Dominican Republic \$109,125 USD</p>
<p><b>Project at a Glance</b></p> <p>The Azua province, a dramatic contrast between emerald mountains and a valley of palm trees, is one of the main agricultural regions in the Dominican Republic. Despite its extreme poverty, a dynamic agro industrial tomato growing industry booms here. Under this system, hundreds of small growers sell their harvests to large scale manufacturers who process the tomatoes to make sauce. For many producers this is the only source of income. The tomato industry however collapsed in 1998, as a result of plagues brought on by single-crop farming. This crisis led many producers to sell or abandon their farms.</p> <p>The initiative led by COOPFEPROCA, is part of an effort to revitalize the economy in the Azua valley. New crops and growing techniques have been introduced in addition to change in the ownership and management of the land from large agro-industrial enterprises to micro-enterprises. Through this project, 54 producers received training and access to new production facilities. The project not only seeks to increase the production and sales levels for organic bananas, but also to help restore the environmental sustainability of the productive system in the Azua valley. Some of the major activities include:</p> <ul style="list-style-type: none"> <li>Establishment of a facility to pack bananas for export</li> <li>Market research studies focusing on the export and distribution potential for the bananas in the U.S. and Europe.</li> <li>Marketing and distribution of the fruit in local markets, the U.S. and Europe.</li> </ul>	<p><b>Project at a Glance</b></p> <p>Casabe, thin crispy bread made from "sour" yucca or cassava, is a part of the Taíno indigenous cultural heritage in Dominican Republic and a central component of the contemporary Dominican diet. Casabe preparation is not only a traditional practice but also the main source of employment in Monción, one of the municipalities in Santiago Rodríguez; employing more than 600 people in the region.</p> <p>The town of Monción lies amidst the lush tropical vegetation in the central mountain range of the island. Here this thin bread is still made in a network of family-run, backyard casabe workshops using manual techniques. Through this project, INDEPRO support producer conducting trainings on proper hygiene and food handling, quality control, small business administration and effective cost control. The support center or "Centro de Apoyo a la Producción de Casabe (CAPC)" provides assistance in the management of the micro-enterprises and the marketing and distribution of the casabe.</p> <p>The project's main objective was to increase the production of the family enterprises and standardize the quality of their casabe for sale nationally and in nostalgia markets outside of the Dominican Republic.</p>



Mexico

<p>Increases in Goat's Milk and Cheese Production                  Centro Humanitario Para las Obras y el Intercambio Cultural y Educativo A.C. (CHOICE)                  Guanajuato, México \$206,129 USD</p>	<p>Barbecue as a Means for Economic Development in Coroneo, Guanajuato                  CRECE Guanajato, A.C                  Guanajuato, México \$104,457 USD</p>
<p><b>Project at a Glance</b></p> <p>About an hour and half west of Irapuato up a rutted road that is frequently rained out, one can find the community of Tamaula, where families are trying to build a wall, not of cement and brick, but of opportunity so their young people stay on this side of the border. These families have started their own goat's milk and cheese micro-enterprises as means of income generation.</p> <p>Through this initiative, CHOICE encourages goat farming as a basis for economic development in two communities affected by high levels of migration in the state of Guanajuato: Tamaula and el Huaricho.</p> <p>The project consists of "goat micro-credits" through which local producers were granted a given number of goats for breeding, milk and cheese production. Once the producer doubles the numbers of goats in the herd, they returned the goats to CHOICE, which in turn lends the goats to another producer. The project includes:</p> <ul style="list-style-type: none"> <li>Training in animal husbandry, quality control, business plan development, and production standardization</li> <li>Acquisition of quality certificates for the milk and cheese manufactured by the cooperatives</li> <li>Branding and marketing of the milk and cheese for local markets</li> <li>Market research to identify viable export markets</li> </ul>	<p><b>Project at a Glance</b></p> <p>Coroneo, Guanajuato is widely recognized for its preparation of barbecued sheep meat. However, despite the demand for this delicious dish, many sheep ranchers live under extreme poverty and opt to migrate in search of job opportunities.</p> <p>With the help of CRECE Guanajuato, A.C., a cohort of sheep ranchers known as Grupo OVICORO opened three barbecue sales outlets and decreased the investment required to feed their herds through a shift in the herd's diet. CRECE also helped OVICORO's members to expand their capacity to meet the demands for barbecue and fine cuts of lamb in the regional market.</p> <p>The project includes:</p> <ul style="list-style-type: none"> <li>Approval of nutritional and reproductive practices for comprehensive herd management</li> <li>Development and strengthening of business skills</li> <li>Development and strengthening of business skills of producers, suppliers and community women</li> <li>Operation of self-managed restaurants for the sale of barbecue.</li> <li>Sustainability and dissemination of model</li> </ul>

**HIP**  
| HISPANICS IN PHILANTHROPY |

**The Power of Giving and Connecting**

## About Hispanics in Philanthropy

Founded in 1983 to promote stronger partnerships between organized philanthropy and Latino communities, Hispanics in Philanthropy (HIP) is a transnational association of grantmakers, with more than 600 members representing corporate, public and private philanthropies. HIP's mission is to serve as a catalyst to increase resources for the Latino and Latin American civil sector; to increase Latino participation and leadership throughout philanthropy; and to foster policy change through philanthropy to enhance equity and inclusiveness. HIP's work contributes to the greater effectiveness of philanthropy and to further increase equity and diversity. Its vision of the future reflects the organization's diverse origins and projects a model of philanthropy that is congruent with the increasingly diverse global community in which we live. For more information, visit [www.hiponline.org](http://www.hiponline.org).

## Transnational Programming

HIP's transnational programs are designed both to strengthen relationships, connections and collaboration among civil sector leaders across borders, as well as to increase resources for the Latin American civil sector. Developing models of philanthropy that recognize that transnational challenges require transnational solutions is critical. HIP's involvement in transnational issues dates back more than ten years, when we began exploring philanthropic strategies to connect Latino communities in the U.S. with their communities of origin. HIP operates two programs focused on productive projects in Latin America that engage Latino diaspora communities and regions with high emigration rates. The first project is funded by the Inter-American Development Bank's Multilateral Investment Fund, and has been implemented in Argentina, the Dominican Republic and Mexico. The second project draws on funds from The David and Lucile Packard Foundation, and is focused on Mexican communities in Puebla and diaspora communities in the U.S.

A large, stylized version of the 'HIP' logo is positioned on the left side of the page. The letters 'HI' are white and set against a large, semi-circular brown background. The letters 'IP' are brown and extend to the right of the brown background. A thin teal line follows the curve of the brown background.

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