Remittances and Development in Ecuador

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Abstract

The remittances transferred from Ecuadorian emigrants to Ecuador represent the second largest source of foreign device for the country. It is clear that such large amount of money makes an important impact on the economy. This study aims at evaluating the sustainability of the remittance generated development in the receiving households and also to find evidence if the organizations, authorities and other actors who work in relation to migration, remittances and development are able to increase this level of sustainability by implementing projects.

Both quantitative and qualitative methods are used in order to approach these issues. Questionnaires are carried out to remittance receivers and the results are compared to the results from previous studies in order to identify the usage of remittances. Now, as before it shows that the large majority of the remittances are used in order to cover the household’s daily expenses. The rate of investments and savings is on the other hand low, a situation that creates a fragile development that is heavily dependent on the continued inflows of remittances. This is not a new discovery and several actors including governmental authorities, NGO’s as well as migrant’s associations and international institutions have therefore contributed with development strategies in order to intent increase the sustainability. In order to identify these actors and learn about their objectives and development ideas are semi-structured interviews carried out. One main concern among these actors is to increase the level of investments in productive activities such as micro businesses. Such investments are for example incentivized by providing training for micro entrepreneurs, issuing seed money, promoting local financial structures and facilitating access to micro credits.

Key words: Remittances, Ecuador, Co-development, Popular finances, Communal remittances
Abbreviations sited

BCE – The Central Bank of Ecuador
ECLAC - United Nations Economic Commission for Latin America and the Caribbean
EU – The European Union
FDI – Foreign Direct Investments
HTA- Home Town Associations
IADB – Inter American Development Bank
IMF – International Monetary Fund
GDP – Gross National Product
GRECO - Programa Global de Regulación y Coordinación de la Extranjería e Inmigración
the [Global Program for Regulation and Control of the Exterior and Immigration]
MFS – Minor Field Study
MIF – the Multilateral Investment Fund
RIMHUCH – Red Interinstitutional de Movilidad Humana de Chimborazo [Inter-institutional
Network of Human Mobility in Chimborazo]
REFLA- Red de Estructuras Financieras Locales del Austro Ecuatoriano [the Network of
Local Financial Structures of Southern Ecuador]
SAP – Structural Adjustment Program
SENAMI – Secretaría Nacional del Migrante [National Secretariat of Migrations]
SIDA - Swedish International Development Cooperation Agency
TI - Transparency International
UN – The United Nations
UNDP – United Nation Development Program
UNPF – United Nations Population Fund
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7.1 Conclusions

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1. Introduction

1.1 Migration in Ecuador

1.1.1. The history of the Ecuadorian migration

The Ecuadorian migration has passed through various stages, each stage with specific characteristics of the migrants and their reasons to emigrate. The first international emigration from Ecuador has its origins in the Austro region, where people started to emigrate towards the USA in the 1950’s and 1960’s, using their commercial contacts. With the first migrants settled in the USA were migration networks created between Ecuador and the USA, something that facilitated a continued migration.1 In the 1970’s did the Ecuadorian migration also start to expand towards Colombia and Venezuela, patterns which continued during the 1980’s.2 The nation-wide and large scale Ecuadorian emigration, which also included Europe and especially Spain, started in the 1990’s. Ecuador suffered a difficult financial crisis in 1999, and the year after, as an attempt to curb the inflation, was the national currency Sucre changed to the American dollar.3 With a negative economic growth and an increasing poverty rate during these years did many Ecuadorians lose faith in a future in Ecuador. The crisis led to a situation where many people looked at emigrating as one of few options to sustain the family economically. Today, the migration continues, but not in the same scale as during the most critical years of the crisis. The restricted employment possibilities in Ecuador but also, the “migrate syndrome”4 and the well-established migration networks is what maintain the flows of Ecuadorian migrants.5 Another reason for the continued emigration is the family reunions that are possible once the migrant has regularized his situation abroad. After the ample regularization processes that were carried out in Spain in 2000, 2001 and 2005 there are therefore greater possibilities for formal family reunifications among the recently regularized immigrants.6

1 Correa et al, 2007
3 See more information about the Ecuadorian financial crisis and economic situation in the 1990’s in the appendix.
4 Acosta, 2009
5 Pinto and Ruiz, 2008
6 Gómez et al, 2007
1.1.2 Destinations

The USA has traditionally been the country that receives the vast majority of Latin American and Ecuadorian immigrants. The distribution of Ecuadorian immigrants between the USA and Europe is however more balanced today. According to estimations by the Ecuadorian newspaper El Universo in 2005 does around 2 million Ecuadorians live in the USA and 500,000 in Spain.\(^7\) The migration towards Spain started during the 1990’s when Spain experienced an increased economic growth and demand for foreign labour. This occurred during a time when the USA applied stricter border controls meanwhile all that was required to enter in Spain was a touristic visa.\(^8\) All these factors made the immigration to Spain easier, cheaper and safer than the migration to the USA.\(^9\)

1.1.3 Characteristics of the migrants

During the early Ecuadorian emigration did large majority of the emigrants originate from the Austro region and they were to a large extent unskilled, mestizo and male rural inhabitants. After 1999 did however the Ecuadorian emigrants become a more diverse group, especially concerning geographic origin, social class and gender.\(^10\) The new migration has its origins in the larger cities, especially in Guayaquil and Quito. With this urbanization of the emigration are the emigrants showing a higher educational level and labour experience than before. The emigrants’ educational level is today higher than the national average.\(^11\)

Another new characteristic is that more women emigrate than before, and also married women with children. This is especially true in the newer origins of emigration, such as Quito, meanwhile men are still dominating the emigration flows in Austro.\(^12\) The Ecuadorian female emigration increased in scale with the demand of female workers in Spain, since there was a great need of housekeepers and women who could take care of children and elderly.

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\(^7\) Maldonado, 2006  
\(^8\) Gómez et al, 2007 chapter 2.3.4  
\(^9\) The costs for migrating to the USA under irregular circumstances was in 2002 three times higher than GDP per capita that year (Gratton, 2005) meanwhile the journey to Spain merely cost the price of a normal airfare.  
\(^10\) Gratton, 2005  
\(^11\) Gratton, 2005  
\(^12\) Gratton, 2005
1.1.4 The Ecuadorian emigration in numbers

As mentioned above, did the large-scale Ecuadorian emigration start in the late 90s. Between 1999, the year of the financial crisis, and 2006 emigrated more Ecuadorians than during the 50 previous years. In numbers, and without including the irregular migration, did some 900 thousand people, or 15-20 % of the active population\textsuperscript{13} emigrate during these years. This increasing migration reached its culminating growth in early 2000, when 175 000 Ecuadorians left in one single year. After these years of high migration growth did the number of migrants leaving and returning to Ecuador decrease and reached a fairly stable level.

With the global financial crisis in 2008 were many immigrants’ job situation heavily affected and as a result has the amount of Ecuadorians who return to Ecuador increased somewhat\textsuperscript{14}. It does however seem like many emigrants choose to stay in Europe instead of returning back to their home countries. Some immigrants who have lost their jobs, especially in Spain where the crisis has hit very hard, are now moving northwards towards England, Belgium and France instead\textsuperscript{15}.

Due to the irregular situation of many emigrants, there are no exact numbers of the migration flows and the estimations of the total Ecuadorian population that today reside abroad is quite disperse with numbers ranging between 1-3 million Ecuadorians\textsuperscript{16}.

\begin{center}
\includegraphics[width=\textwidth]{migration_saldo.png}
\end{center}

Graph 1: The annual net outflow of migrants from Ecuador between 1976 and 2005. The increased emigration after the Ecuadorian economic crisis in 1999 is clear. \\
Source: Pinto and Ruiz, 2008.

\textsuperscript{13} Cortés et al 2008 \hfill \textsuperscript{14} BCE, Monthly Statistical Information \\
\textsuperscript{15} Chávez and Cardoso, 2010 \hfill \textsuperscript{16} Maldonado, 2006
1.2.4 Migration from Quito and Cuenca

For this study have two geographical regions been selected; Quito and Cuenca. This since they represent the above mentioned different migration waves. The migration from Quito follows the characteristics of the new migration wave, being urban, directed toward Spain and also to a great extent being female. The migration from Cuenca, on the other hand, still follows the well-established migration networks towards the USA, and is also predominantly masculine.


Quito is the capital in the province Pichincha in the northern Andean region and has traditionally received many of the internal migrants from rural Ecuador. With the financial crisis in 1999 did however people also start to emigrate from Quito and especially towards Spain. The number of emigrants grew fast and in 2001 emigrated 4 % of Quito’s total population, a quantity that represented 21,5 % of the total national migration that year. Some areas in Quito have more migration than others; Eloy Alfaro and Calderón are two examples. In some neighbourhoods in these areas have between 10-20 % of the population emigrated. Some reasons to why the emigration is higher there than in other parts of Quito could be that these are areas which previously have received high levels of internal immigrants. These inhabitants have already migrated one time, why the step to emigrate outside the nation

17 Pinto and Ruiz, 2008
18 Pinto and Ruiz, 2008
borders might not be as large to them. It is also worth mentioning that these are areas with a quite low average income\textsuperscript{19}.

20 % of the remittance sent to Ecuador in 2009 were directed towards Quito and of the remittances sent to Pichincha were as much as 98,8 % designated to Quito.\textsuperscript{20}

\emph{Cuenca} is the capital in Azuay, a province in the southern Andean region and also the region from where the first Ecuadorian emigrants originate. In 2001\textsuperscript{21} had 5,3 % of the 417 632 people who live in Cuenca emigrated. 64,7 % of the migrants from the province Azuay originate in the capital, Cuenca. A number that reflects that a large part of the migration from Azuay still is rural. The equivalent number for Quito in Pichincha is 81,8 %, a number that reflects a more urban migration\textsuperscript{22}.

In 2009 were 14 % of the remittances that entered Ecuador directed towards Cuenca\textsuperscript{23} and of the remittances sent to Azuay in the same year were 78,9 % directed towards Cuenca.

1.2 Definition remittances

The Central Bank of Ecuador defines remittances as follows in their statistical monthly report;

\begin{quote}
\textit{“The incomes of foreign exchange, sent by the nationals who emigrated to the exterior and who live in another economy and remain employed there for one year or more”}\textsuperscript{24}
\end{quote}

1.3 Migration, remittances and development

Migration is to a large extent about increasing the possibilities for the emigrants and their families. The Ecuadorian emigration is an economic migration where many emigrants are motivated to leave Ecuador by the possibility to find a job and gain money in order to build a new house, to make the future better for their children, and to live more secure and stable. One result of the migration is therefore that emigrants transfer money to their families in

\textsuperscript{19} Interview with representative from the House of Human Mobility in Quito
\textsuperscript{20} BCE, Monthly Statistical Information
\textsuperscript{21} The year of the latest National Census on Population and Housing
\textsuperscript{22} INEC, the National Census on Population and Housing, 2001
\textsuperscript{23} BCE, Monthly Statistical Information
\textsuperscript{24} BCE, Monthly Statistical Information
Ecuador, the above named remittances\textsuperscript{25}. The opinion of the potential that the remittances generated development offer is however divided;

“\textit{The most effective weapon to fight poverty in Latin America does not come from governments or foreign aid, but from emigrant’s remittances}” (The Inter-American Development Bank (IADB)).


According to the UNDP are remittances alone not able to fight poverty. The UNDP claim that in addition to remittances it is also of high importance to have good governance and an economic growth that leads to profound social change.\textsuperscript{26} The lack of growth in developing countries and the low levels of savings and investments are related to the limited trust people have in the system. Lack of good governance, high levels of corruption and poor access and confidence in the financial system hampers savings and investment which affects the development and the growth. Ecuador is not an exception and the lack of confidence in the system is also related to the emigration. As already concluded was the large scale migration in the end of 1990 a result of increased poverty rates, a financial crisis and lack of trust in the opportunities for personal development within the country. Ecuador also suffered from high instability politically as well as economically during this time which further lowered the confidence in authorities and in the profitability of investing and saving money in Ecuador. With a continued low confidence in the banking system and the political and economic stability will the savings and investment rates be low also with the external incomes that the remittances make.

Sánchez (2009:174) have identified factors that curb the investments using remittances in Ecuador. Among those factors are the uncertainty of the political and economic stability in the country, the mistrust in the actors working in political as well as financial and economic institutions and the low profitability in Ecuador in comparison to the profitability in other

\textsuperscript{25} Apart from money, migrants also transfer social values as well as traditions and technical knowhow to their home communities. These so called social remittances are also important concerning development since they can increase the awareness and human capital of emigrants and their families, but this factor will not be further discussed in this paper.

\textsuperscript{26} UNDP 2009
countries. Also the savings rate is low in Ecuador, especially since the financial crisis in 1999 when the banks froze the bank deposits in order not to have a national bank failure. As a result of this action did many Ecuadorians lose their bank savings and thereby also their trust in the banking system.

Ecuador has one of the Latin American highest rates of corruption and score 2.4 on Transparency International’s (TI) scale which goes from 0 to 10 and where 10 is the least corrupt and 0 the most. TI also conclude that Ecuador is the country in Latin America where people are the most pessimistic about corruption. Also bureaucracy and the amount days and necessary procedures, obtaining permits and licenses, complicate the initiating of a business and is related to corruption. In Ecuador are 13 procedures required to start a business and it takes 64 days. It is in connection to these procedures there is a scope for bribes and speed money in order to facilitate and continue the process. Such obstacles can result costly and discourage entrepreneurs from investing in businesses.

In connection to the issue of migration, development and remittances are a range of actors, from NGOs, national as well as international, to alternative financial cooperation active. These actors offer support and carry out projects which are directed towards emigrants and receivers of remittances. Their aim is to increase the sustainability of the development that could be generated by the remittances, and especially by increasing the productivity of this money.

1.4 Purpose of the study

1.4.1 General hypothesis

- The development generated by remittances is not a sustainable development.

1.4.2 Specific Hypothesis

- The main part of remittances are used for daily expenses and just a small part is saved or invested in purposes that have potential of generating a sustainable, long-term development.
- Policies and projects developed by authorities and organizations are able to assist increasing the sustainability of the remittance generated development.

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27 World Bank Indicators, information obtained 2011.01.28
The relationship between migration, remittances and development is quite broad, and instead of looking at one single factor is the purpose of this paper is to gain a general overview of this relation in Ecuador. The focus is therefore extensive and the content is not very profoundly described. The purpose is to first gain an understanding of what priorities the remittances receivers have when they use their money and then gain knowledge of the broad spectra of actors and projects that have been designed in Ecuador in order to increase the productivity and development potential of the remittances.

In order to contrast the above stated hypothesis have 3 research questions been developed

1.4.2 *Research questions*

- How are the remittances receivers using the money?
- Which actors are involved in the creation of policies and projects related to development and remittances?
- What are the main objectives behind the projects related to remittances?

No larger importance should be taken to the statistical results gained in this study however, the paper should instead serve as an orientation and a first sounding for future research with a higher confidence level and more profound recommendations.

1.5 *Limitations*

Remittances make an impact on the economy both at macro and at micro level. This paper will however focus on the development effects on a household level and not on national level.

1.6 *Disposition*

The paper starts with an introduction to the Ecuadorian emigration, economy and to remittances. This is followed by the hypothesis and the purpose with the study. In chapter 2 is the method and research techniques presented. This is followed by the presentation of three concepts that are related to migration, development and remittances and which serve as the theoretical framework in this paper. Chapter 4 presents the Ecuadorian economy in relation to remittances. The results from the field study are presented in Chapter 5. First are the results of the usage of remittances gained in the questionnaires compared with two previous studies. Then are the actors, related to migration and remittances, presented with their main objectives.
as are their projects. In Chapter 6 are a few aspects from the results analysed and lastly, in Chapter 7 follows the conclusion with a discussion around the hypothesis and also some recommendations. After follows appendices with the bibliography, background information about Ecuador, a summary of the actors and the questionnaires and interviews used in the interviews.
2. Methodology and research techniques

2.1 Primary data

Both primary and secondary sources used in this study. The primary data is obtained in field, this being possible through a scholarship received for this study, a so called Minor Field Study (MFS) scholarship, issued by the Swedish Foreign Aid Ministry (SIDA).

2.2 Quantitative and qualitative research

The research questions ask to identify the use of the remittances, the actors and projects working in relation to remittances in Ecuador and their objectives and lastly what improvements could be undertaken in these projects. Since numbers and statistics are favourable when making measurable comparisons is quantitative data, both from primary as well as secondary sources, used for identifying the use of remittances. On the other hand is qualitative research better when looking for descriptions of events or people, which therefore is a better research method when identifying the actors and their objectives and projects.28

2.3 Sampling

The field study is carried out in basically two locations in Ecuador; in Quito and in Cuenca29. The reason why two locations are selected, rather than making a profounder study in one is that this study, although small, should shed light on general characteristics of the Ecuadorian migration. The choice of Quito and Cuenca is based on the fact that these two cities are among the five Ecuadorian cities that receive the largest quantities of remittances in the country30. The decision is also made based on their differences in characteristics, especially when it comes to migration destiny and the time period during which the migration has been taking place.

28 Denscombe, 2007 p. 248
29 One deep-interview is also taking place in Riobamba
30 According to the Central Bank of Ecuador’s (BCE) report of the annual evolution of remittances during 2009 the five cities that receives the largest amount of remittances are, in order; Guayaquil, Quito, Cuenca, Loja and Ambato. Together these cities received 66,1 % of the total amount of remittances.
2.3.1 Quantitative data

The idea is to obtain standardized data that is easy to compare and the method used to collect the quantitative data are questionnaires.\textsuperscript{31} Two groups of people, remittance receivers and beneficiaries of projects, are questioned. The first group is asked about their usage of the remittances and the second group is also to some degree asked what the remittances they sent were used for, but more importantly about their participation in the projects. The second group thereby serve as a second source of information about the projects, apart from the organizations own descriptions.

Remittance receivers: Three locations are used for completing the questionnaires; 2 in Cuenca and one in Quito. Since the emigration from the province of Azuay, where Cuenca is the capital to a large extent still is rural are two rural locations with high indexes of migration selected; Gualaceo and El Rodeo. Gualaceo is a middle sized town, with 38 587 inhabitants, from where 8,76 \textsuperscript{32} of the population have emigrated. El Rodeo, is a smaller village in the countryside where the majority of the people are indigenous peasants. It’s also a quite remote village, to where it is difficult to arrive without a car. In Quito, on the other hand, has the emigration its origins also in the metropolitan capital, why a neighbourhood in the Metropolitan District of Quito is selected for the study. The neighbourhood is called Oyacoto and belongs to the area Calderón, from where many Ecuadorians have emigrated\textsuperscript{33}. Although Oyacoto is a neighbourhood of Quito, it’s located approximately one hour away from the city centre and is located in a rural area.

When sampling, the first issue is to determine the population, which in this case is quite disperse. Migration is moreover a quite sensitive subject, especially since it in many cases is an irregular migration and there is a suspicion that the information they give might be reported to the migration agency. Another important issue making this sample, is therefore that it might be difficult to find people who are willing to answer the questions. This fact as well as the limited time frame for the field study, not making it possible to include a sufficient number of people in the sample, limits a non-probabilistic sampling. A purposive sampling, where the sample not is randomly selected but rather is hand-picked, is therefore chosen for this field study. This is possible when there is access to previous knowledge about the people

\textsuperscript{31} Denscombe, 2007 p. 154
\textsuperscript{32} The National Census on Population and Housing 2001.
\textsuperscript{33} Pinto and Ruiz, 2008 p. 37
selected for the sample. The previous knowledge about the people is gained by locals who are assisting in making contact with possible respondents. A further advantage with this assistance is that they are known and trusted by the respondents. They are therefore able to assure that the information given is anonymous and will not be used against the migrants.

In Gualaceo is a man with family there assisting and the sampling is made on the very same street in the outskirts of the town, which proves the high index of migration. In El Rodeo, the sample is made based on one of the school-teacher’s knowledge on which households have family members who live abroad. Also in Quito, in Oyacoto is the contact with remittance receivers made via the local school, run by nuns, which with their close contacts to the community are able to assist identifying possible respondents.

The beneficiaries of projects are identified through the projects they participate in. The projects whose beneficiaries are questioned are; The Cucayo Fund, run by the National Secretariat for Migration (the SENAMI), REDES-CAP, an international co-development project and Business skills in Chimborazo, run by RIMHUCH, the Alternative Fund and the region of Murcia in Spain. The beneficiaries of the Cucayo Fund are sampled by the SENAMI itself and also the contact to the association in Chimborazo is given by the very same organization that is running the project. The sample from REDES-CAP is however made during a workshop that the participants is taking part in and without the participation by the responsible of the project.

Since the questionnaires merely serve as a base in order to compare if it seems like the usage of remittances is similar to the results in previous studies is only a small selection made. 20 questionnaires are carried out with remittance receivers in Gualaco, El Rodeo and in Oyacoto; 6 in each of the first two locations and 8 in Oyacoto. Further are 10 beneficiaries of projects questioned. 6 returned migrants and one association are selected from the Fund Cucayo; 2 returned migrants in Quito and 4 returned migrants and one association in Cuenca. Via the project REDES – CAP are 2 project participants in Quito selected and via the project in Chimborazo one association in Riobamba. A total of 30 questionnaires are carried out.

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34 Denscombe, 2007 p. 16-17
35 The SENAMI provides a list with contacts to beneficiaries, but a too limited list in order to make a sample from it. And only three projects are participating in the project Business skills in Chimborazo and due to the time limitation and their disperse locations is only one project questioned.
2.3.2 **Qualitative data**

The qualitative data is based on deep interviews with organizations, authorities, associations and other actors that are related and have knowledge concerning migrants and remittances. When making the sample for qualitative interviews is it common to make a sampling based on the idea that there should be a variation between the actors. In order to cover various aspects of the involved actors is this sample including international as well as national actors, being NGO’s, financial institutions and governmental authorities. The actors are located via the internet, through the actor’s own web-sites or via web portals that are related to the Ecuadorian migration; [www.migrantesecuador.org](http://www.migrantesecuador.org) and [www.ecuadormigrante.org](http://www.ecuadormigrante.org). Once a few contacts have been made, other contacts are gained via the snowball effect; where one contact lead to another contact. Both these sampling methods are classified as purposive sampling since they are selected based on their characteristics of working with issues related to migration and remittances and having knowledge about the topic. The first sampling method is based on knowledge from the internet, the other from people who work in relation to the topic. When identified are the actors contacted via e-mail or telephone, depending on the contacts available.

In qualitative research is the sample relatively small and in this study is a total of 19 deep interviews carried out. It is important to underline that there are more actors working in this ambit, the 19 actors is only a sample.

Information and stories about migration and remittances is also gained through informal conversations with random people in the street, in busses and with friends. This information is also valuable since it gives details and general stories about migration in Ecuador.

2.4 **The structure of the questionnaires and interviews**

The method to collect the quantitative as well as the qualitative data in field is via face-to-face questionnaires and deep-interviews. It is chosen to do all questions face-to-face primarily in order to avoid non-responses which would have been likely if the questions were made over phone for example, this since there is a suspicion to answer a stranger’s questions concerning migration. A face-to-face meeting also has the advantage that, by reading the way

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36 Denscombe, 2007 p. 30
37 Denscombe, 2007 p. 16-17
the information is given, the validation if the information given seems to be credible is facilitated.  

The structure of the questionnaires is identical for all respondents, except for a few modifications depending on if the respondent is a remittance receiver or a project beneficiary. The results from the two different questionnaires are however not compared with each other. The majority of the questions are open questions that later are categorized. The reason why the questions are open is that the respondent is able to answer with his own words and it is room for explanations, for example if the usage has changed recently. Although the questions are open are however the majority of the answers brief and not very developed.

The qualitative data is collected via semi-structured deep interviews. Since the aim is to compare the objectives of the different actors and projects the questions should be similar in all interviews. By using semi-structured interviews, a list of questions are prepared and applied to all interviewees who under the interview is given space to speak widely around each question. The questions vary somewhat according to whom is being interviewed, and other questions are developed following the conversation.

All questionnaires used are found in appendix IV.

2.5 Interview technique

All interviews as well as the questionnaires are questioned one on one, in order not to risk an impact of other people, for example from a husband if the wife is being questioned. Another reason is that one-to-one interviews are easier to control than for example group interviews, which is then preferable for an inexperienced interviewer. The interviewer opens the interview explaining the purpose with it and that all answers are completely anonymous. The questionnaires take between 15-20 minutes to answer and the interviewer is writing down the answers on the questionnaire. The qualitative interviews are longer, approximately one hour per interview.

In some cases are the interviews also recorded, especially during the longer deep interviews since those answers are more developed and recording facilitate for the interviewer to remember the interview and it is possible to listen to certain parts several times. The interviewee is always asked if he approves that the interview is recorded. During the

38 Denscombe, 2007 p. 10-11
39 Denscombe, 2007 p. 176
40 Denscombe, 2007 p. 22+177
questionnaires, on the other hand, is it not sure that everyone feels comfortable with the recorder. This could for example be the case if the migration that is being discussed not yet has been regularized but also if the person that is being interviewed is not used to the situation of having a recorder present. In these cases, it could be more restricting than beneficial to use a recorder and the recorder is not being used.41

2.6 Technical analysis

The results from the questionnaires are categorized and inserted into SPSS for analysis. In some cases does the respondent have more than one relative who live abroad and then is only the migrant with the closest relationship included in the results. The results are used to compare the structure of the usage of the remittances between the data collected in this study and results from 2 other studies. The sustainability of the remittance generated development is then analysed according to these findings. If the results do not follow the same tendencies are the causes of these possible differences discussed. The qualitative data from the deep interviews is structured and analysed in order to present the actors and projects as well as their main objectives. Key concerns are from the results are extracted in order to develop recommendations for the future development of such projects.

2.7 Secondary data

The secondary data is obtained from on-line resources as well as from printed ones. The printed resources are books, articles, informative bulletins, statistical reports and booklets meanwhile the on-line resources contains of on-line books, research articles and documents. The secondary data is used for the background research in order to understand the current situation of remittances and development in Ecuador and provide the information for the introduction. It also serves as a point of reference for the quantitative results that are obtained in this field study.

The quantititative data from secondary sources used for the comparison of the usage of remittances is taken from two previous studies. One is a study carried out for IADB and their Multilateral Investment Fund (MIF) by B&A Bendixen & Associates in 2003. This study is carried out in 14 different Ecuadorian cities, Quito and Cuenca being two of them. The selection is of 3320 Ecuadorian adults, above 18 years of age, from where 476 of them are

41 Denscombe, 2007 p. 194-196
remittance receivers. In the results are only the answers from the sub sample of the 476 remittance receivers represented. The other results come from a study that was carried out in 2007 in Guayaquil, Quito, Cuenca, Loja and Azogues by González Casares Guido Gabriel, Viera Mendoza Marlon Andrés, Ordeñana Rodríguez Xavier, 2009 at the University Politécnica del Litoral in Guayaquil. 400 remittances receivers were selected for this study.

2.8 Biases

Due to the small scale of this field study there might be biases in the results. Something that is important to take into consideration when reading the paper, and especially chapter 5 where the results from the field study are presented.

Only 20 interviews with remittance receivers are carried out, a sample for quantitative data should not include less than 30 people however.\(^{42}\) Further, since the only requisite of the respondents is that they have a family member that has emigrated, it is possible that the respondent lack detailed information about the emigrant if the relationship is not very close and their communication is not very frequent. The results from the quantitative data should therefore only serve as indicators, giving an idea of how the reality might be. When compared with the results from previous studies it’s possible to gain an idea about their credibility, but it can not be trusted that they reflect the general use of remittances in Ecuador.

Further, the information about the actors and their projects from the qualitative interviews limited since it mainly is based on the actors’ own words and since no external evaluations or follow-ups are considered. The results where the actors and projects are presented should therefore be read with the insight that there has been no control of the degree of truth neither in the interviews nor of the degree of success in the projects.

Also the methods used for selecting the remittance receivers can generate in biases since the people assisting identifying the population and making the sample might do a selection based on private interests. However, having a completely randomly selected sample from this unidentified population is not possible. This is a small study with a limited timeframe and with limited resources, an overall study that includes both receivers and non-receivers, as for example is done in the previous study carried out for the IADB in 2003, is not possible. It is also possible that when asking the SENAMI and RIMHUCH for contacts to participants in their projects, they will suggest the beneficiaries who are the most innovative and most

\(^{42}\) Denscombe, 2007 p. 28
successful. However, the purpose with these interviews is not really to evaluate the businesses per se, but more to understand the process of the migrants and their participation in the project. It would however have been preferable to a more random sample.

The statistics taken from The National Census on Population and Housing is quite old, as the last published census was carried out in 2001. The statistical data based on this census is therefore not very updated and might differ from the present reality. A new National Census was carried out in November 2010 and the results will be presented in 2011 but unfortunately not in time to be included in this paper.

2.9 Time distribution

The total duration of the field study is three months. The formulation of the research problem and background research is however initiated before the field study takes place. The fieldwork in Ecuador takes place between September 17th and December 17th in 2010 which is the time period when the interviews take place. Also the major part of analysing the results and writing the paper is carried out in Ecuador. The entire project ends in January 2011 with a presentation of the results at the Linnaeus University, Sweden.
3. Three concepts concerning remittances, migration and development

This chapter presents 3 important concepts concerning the relationship between migration, remittances and development. These concepts are; Co-development, Communal Remittances and Popular Finances

3.1 Co-development

Co-development as a mean to integrate migration with development was introduced for the first time in 1997 by the French professor Sami Nair. He defined the it as something more than the regular bilateral cooperation since "the co-development policies [...] add the interest for the obligatory solidarity" between both countries. He also points out the migrants as “the heart and the living body of the operation”. Co-development is a broad concept including a variety of actors as well as means of implementation. The actors include international organizations, governments, private businesses and private organizations such as NGOs, churches, labour syndicates, universities as well as new, previously excluded groups such as women, indigenous people and the poorest in the society. And most importantly, as pointed out by Nair, it includes the migrants and their associations. Co-development could for example be carried out through commerce, transfer of remittances, cultural exchange, education, tourism and control of migration flows and the projects can be implemented both from the top as well as from the bottom. The Spanish professor Carlos Giménez (2005) points out that there are great expectations in what co-development can do, but there is also a great confusion of what it really is. “It seems like co-development is something that everyone understands in its own way”.

The key word is however mutuality with the idea that there should be gains for both countries. One village, for example in Ecuador, has a development impact on another village in Spain or in Italy and vice versa. This is the main difference between co-development and traditional cooperation for development and is possible due to the networks and trans-national

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43 This section is mainly based on two texts; Cortés M. Almudena 2005 and 2006. When not, this is indicated with another footnote.
44 Both countries is in this chapter referring to the country of origin and the country of destiny.
45 Nair Sami, 1997 p. 4
46 Giménez, 2005 p. 5
relations created by the international migration.47

One kind of co-development, a top-down, is through policies and agreements between authorities in the two countries, local as well as national. It includes policies in the country of origin, where the states increase the control of unregulated emigration, in the country of destination where policies of voluntarily return are designed and also between the two countries in order to better coordinate the migration with the demand for workers in the host countries in a kind of job-matching. Another kind of co-development, is one that is very similar to cooperation to development. It aims at diminish the poverty and increase the opportunities in the country of origin based on the idea that “the more development, the less migration”48. Despite being a broad concept, is the focus on the control of migration flows an important objective within co-development projects. This is explained by the fact that the authorities, and especially those in the countries of destiny, have been established as important actors developing projects. Some examples of top-down projects are the Spanish government’s program for Voluntarily Return, and the Italian job-matching project Italia Laboro Movilidad.

This top down co-development differs however from the definition and objectives of other actors who participate in co-development projects. From 2001 and onwards have the migrants themselves together with NGO’s and the church for example developed an increased number of co-development projects. In accordance to the perspective that co-development should generate in mutual development via trans-national networks are the migrants crucial actors in such projects. They possess the special characteristic of having connections in the two locations and are therefore forming the natural junction when developing and carrying out projects. The migrants and their families are organized in associations with groups in both countries who for example participate in co-development by transferring communal remittances, social remittances, cultural experience and knowhow to both countries. However, despite being natural junctions in co-development, the reality proves that the participation from the migrants and their associations is still quite restricted. Many NGOs have carried out a form of co-development where the migrants have turned into beneficiaries rather than centres of the development. The migrants have therefore been more active on local level than in participations in taking decisions and developing project ideas. According to Cortés (2005) is this partly due to that these organizations are still not very established and that there is a

47 Giménez, 2005 p. 7-10 and Cortés, 2006 p. 8 +11-13
48 Cortés, 2006
“lack of private space for these associations” as well as they have “weakness against the existence of a strong institutional network composed of NGOs and instants of the state and the Catholic Church...”49 The NGOs from both countries are the largest protagonists in co-development projects and their participation in co-development could be categorized as one from the middle as well from the bottom, depending on the projects carried out. Examples of co-development projects from below and the middle are the House of Human Mobility in Quito, the project “Plan migration, communication and development” which for example has published booklets with information about migration, the “Cartillas sobre Migración” and the above mentioned sending of communal remittances.

3.2 Communal remittances50

The most common is to transfer familiar/individual remittances that are designated to the family consumption and also remittances for investments in land, housing or businesses. A less frequent, but also existing form of remittances are communal remittances.51 The communal remittances are related to co-development and especially to the migrant’s associations, or so called Home Town Associations (HTAs)52. The migrant’s associations do sometimes coordinate support to their local communities in order to finance larger projects that benefit more persons than just the families of these emigrants, something that differ these remittances from personal remittances. The communal remittances are sent for charitable aid as well as to investments, infrastructure and human capital. Some examples of charitable aid are the donation of clothes and donations of material for restoring churches as well as local celebrations. Examples of the more infrastructural-based projects are the construction and restoration of schools, streets, water filtration plants, sewage treatment and sports fields.

This economic support is proof of the economic bond and the social responsibility that remains between the migrant and the home country. The determination of what to invest in by the money remitted from hometown associations is either carried out in cooperation between the HTA and the receiving community or is determined merely by the HTA.

49 Cortés, 2005:266
50 This section is based on Manuel Orozco’s article Globalization and Migration: The Impact of Family Remittances in Latin America from 2002
51 Parella, 2006
52 Apart from transferring remittances do the migrant associations however also serve other important functions for migrants and their families.
Table 1: Range of activities migrants associations perform for their home country.
*Source: Orozco 2002 p. 49.*

<table>
<thead>
<tr>
<th>Charity</th>
<th>Toys, clothes, church donations</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infrastructure</td>
<td>Parks, cemeteries, sports complexes, street construction, ambulances, fire trucks</td>
</tr>
<tr>
<td>Human development</td>
<td>Scholarships, sports facilities, libraries, health equipment</td>
</tr>
<tr>
<td>Investment</td>
<td>Income generation programs</td>
</tr>
<tr>
<td>Other</td>
<td>General fundraising</td>
</tr>
</tbody>
</table>

Some migrant’s associations receive financial support from NGO’s and authorities in order to profound the development projects. The Spanish government, as well as several local Spanish governments and the EU support projects that are related to communal remittances and migrant associations. The communal remittances sent by migrant associations are however just a small fraction of the total amount of remittances. In 1998 it was estimated that communal remittances only represented 1% of the total amount of remittances transferred in the world.

A country where this system is more developed is however Mexico, where also the government and the local authorities are promoting these kinds of investments through the program 3X1. For every dollar transferred from abroad to Mexico and that is directed towards communal investments, the Mexican government contributes with one dollar, the state with another dollar and the municipality with a third dollar.

### 3.3 Popular Finances

A part from the distrust in the system, mentioned earlier, do Gónzalez et al (2009) identify the restricted access to the financial market and the unfavourable investment climate in Ecuador as further obstacles for micro entrepreneurs. The banking system’s cost-benefit analyzes leave investments to be directed to the urban areas and larger investments, limiting the access to credits for loan takers looking for smaller credits and especially for the poor and rural population. Poor credit seekers are seen as risk clients and it is less profitable to issue small

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53 Orozco, 2002:50
54 This section is based on Cortés et al's article “Si ellas no vieran por mí, no tuviera nada” from 2008. When not is this indicated with a fotnote.
55 Gónzalez et al, 2009
loans since these requires almost as much time, technology and human resources as a larger one, which makes these loans less profitable for the banks.\textsuperscript{56} The rural population is also facing a geographical obstacle concerning the accessibility to the banking system. Since banks are not located in the small villages is it both costly and time wasting for them to visit a bank. It is therefore not common that the rural population have bank accounts. Among remittance receivers did only 36 % have a regular access to the financial system in 2007.\textsuperscript{57} Apart from the limited accessibility are credits also costly to take since the interest rates are high, especially for micro credits that have an interest rate of 27.5 \%.\textsuperscript{58}

As an alternative to the traditional banks and in order to increase the accessibility to credits for the rural and poor population have financial structures such as financial cooperatives and local financial structures emerged and increased in importance. Popular finances or local financial structures are an alternative mean of access to savings accounts and credits for the population who previously have been excluded from the official banking system. In contrast to the commercial banks are the popular financial structures born in the local villages by groups of people from the locality. The local financial structures are also run by the very same people, initially with the assistance from outside in order to learn the important skills how to administrate a cooperative, keeping control of the finances. The idea is that the partners in the local financial structures save money together in order to provide loans to some of the other partners. The savings of one person turn into the credit to another and when that person has returned the borrowed money, a new person is able to make a new loan.\textsuperscript{59}

The majority of the local financial structures are located in rural areas where those who previously were looking for a micro credit were left to the private moneylenders, the so called chulqueros. The chulqueros charge high interest rates for their loans, between 10-15 \% per month, which can make the loan-taker ending up paying twice the cost of the original loan. This credit system can lead to problematic situations when some of the loan-takers lose their houses and lands when they are not able to pay off their debts. It is therefore that the popular finances structures are important, offering a more secure and also closer service to the rural population, with considerably lower interest rates.

Another advantage with the popular finances for the local development is that when making it possible for the rural population to save and take loans from their own financial

\textsuperscript{56} Sánchez, 2009 and Cortés et al, 2008
\textsuperscript{57} Gónzalez et al, 2009
\textsuperscript{58} BCE, 2010.12.06
\textsuperscript{59} ECLAC, 2009
systems in order to invest them in their locality, the money is “recycled”\textsuperscript{60} into the local villages. With other words; the money of the villages, stays to a larger extent in the villages, something that is supposed to increase the local development.

Popular finances have increased in importance in Ecuador during the last years, especially in rural areas and since the loss of confidence towards the traditional banks during the economic crisis in 1999. One kind of popular finance is the savings and loans cooperatives and their usage and partners are increasing. Between 1998 and 2005 did the money passing through these cooperatives increase from USD 75 million to 400 million\textsuperscript{61}. And by December 2007 had 27 000 Ecuadorians used local finance structures.\textsuperscript{62} One important factor for the increased importance of these financial structures, apart from the higher trust people have for them in comparison to banks, is the inflow of remittances. The remittances have served as an important source of liquidity for these financial structures, providing also non-migrants with an increased possibility of taking credits.

“The popular finance structures produce a catalyser-effect, the private remittances becomes capital for community use”.\textsuperscript{63}

Thereby can the remittances also serve as important capital for investments in micro businesses and other investments also for non-receivers of remittances.

4. The Ecuadorian economy and remittances

This chapter presents some of aspects of the relationship between the remittances and the Ecuadorian economy.

The Ecuadorian economy has recovered since the economic crisis in 1999 but the country is still one of the poorest in Latin America with a poverty rate of 38,3 \textsuperscript{64}. Ecuador is a traditional development economy, dependent on exporting primary goods. Among these goods is petrol the most important source of income, representing 50 \% of the total exports in 2009\textsuperscript{65}. Remittances sent by emigrants are however the second most important source of

\textsuperscript{60} Interview with Juan Carlos Urgiles at the financial cooperative Jardin Azuyo
\textsuperscript{61} Cortés et al, 2008:40
\textsuperscript{62} ECLAC, 2009
\textsuperscript{63} Cortés et al 2008 p. 14
\textsuperscript{64} INEC 2011.01.14
\textsuperscript{65} BCE, Monthly Statistical Information
foreign device in Ecuador, and is therefore of significant importance for the Ecuadorian economy. Both these sources of income are however dependent on external factors and the global economy but as seen in the graph below are the incomes from remittances more stable and do not fluctuate as much as the incomes from petrol.

![Graph 3: Comparing the annual incomes of foreign device from petrol (crude and its derivative) and remittances 1990-2008. Incomes are given in thousands of dollars. Source: Maldonado, 2006; 5 and BCE’s Monthly Statistical Information.](image)

As with the migration flows, it’s not possible to estimate an exact quantity of remittances that enter into Ecuador. Apart from the irregular situation of many migrants, the estimations are also impaired by the fact that not all remittances are transferred via official financial systems, remittances are also transferred via the post and hand to hand.

Acosta et.al 2005 divides the development of the remittances to Ecuador into three stages and after 2005 can two more stages be identified. The first stage is between 1993 and 1997 and is named the initial growth. The second stage, between 1998 and 2000 is the acceleration stage, this is the stage when the annual amounts of remittances duplicated. The third stage between 2002 and 2004 is a stage with a more limited growth. Between 2004 and 2007, in the fourth stage, the growth is even higher than during the “acceleration”. As visible in the graph, the top notation of remittances was in 2007, when, according to BCE’s monthly statistical information, as much as USD 3 087.8 million were sent to Ecuador from emigrants. With the global financial crisis in late 2007 started the fifth stage, in which the remittances for the first time have a negative growth.

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66 Acosta et al, 2005:230
Graph 4: The graph shows the annual inflows of remittances in Ecuador, according to the data from the BCE, during the time period between 1993 and 2009. Incomes are given in American dollars.
Source: Pydlos 2010

Latin America and the Caribbean region received in 2004 USD 40 000 million from emigrants living and working abroad. ECLAC divide the remittance receiving countries into 3 groups; large remittances receivers, who receive more than US $ 2 500 million per year, intermediate receivers, who receive more than US $ 1 000 million per year and countries receiving small amounts. Ecuador belongs to the group of intermediate receivers. 67 This categorization is based on real numbers and are not in relation to the size of the countries and their economies, it is however also interesting to look at the inflows of remittances in relation to GDP. The country with the most important inflow of remittances in relation to GDP in the Latin American and Caribbean region is El Salvador, where the remittances represented 14 % of GDP in 2006. In Ecuador was this number 7 % in the same year, and after the financial crisis in 2009, 4,86 % 68.

67 ECLAC 2006: 30
4.1 Macro level

This paper is mainly discussing the development generated on a micro level, in the households. The migration and the remittances are however also significant on a macroeconomic level since they are large inflows of foreign currency, something that was an especially important factor during the dollarization and the crisis. Also the fact that many unemployed have left Ecuador has relieved the labour market as well as the pressure on the social system.\footnote{Acosta et al 2005}

4.2 Micro level

On a micro level, remittances can affect poverty in two ways; directly and indirectly. Directly by providing additional incomes to a household that previously didn’t have enough resources and indirectly by creating so called multiplier effects. The multiplier effects are generated when the remittances are being used and invested and when this usage generate in employments and spur the local industry and thereby creating development.\footnote{Acosta et al 2005}
It is clear that the remittances are important sources of income for the receiving households in order to improve their nutrition, access to medicines, safety and overall wellbeing. As stated in IADB’s report, the usage of the remittances for covering the daily expenses “[…] is in many cases the difference between poverty and a relative degree of welfare”\textsuperscript{71}.

An comparison in order to understand the importance of remittances on a household level is that the average amount of remittances sent in each transfer in 2003 was USD 175\textsuperscript{72} and the new, elevated, minimum wage is USD 240. This, in relation to the fact that the basic basket of goods for a family in 2011 is USD 545\textsuperscript{73}, makes it clear that the remittances are an important source of income for many household economies.

Apart from the positive relation between migration and development, there are also some negative factors. There have for example been evidences of inflation in certain goods and sectors where the usage of remittances has been important. The inflation increase the local inequalities, especially between the households receiving remittances and the households that do not receive remittances.\textsuperscript{74} The emigration also lead to a loss of human capital, so called “brain drain”, when educated people, who the government in Ecuador has invested money in, leave the country.\textsuperscript{75}

The microeconomic effects will be further discussed in the following chapter.

\textsuperscript{71} IADB, 2003:39
\textsuperscript{72} IADB, 2003
\textsuperscript{73} INEC 2011.01.14
\textsuperscript{74} Acosta et al 2005
\textsuperscript{75} Salazar, 2006.
5. Results

In this chapter are the results from the questionnaires presented. The first section analyses the usage of the remittances in the remittance receiving households and in the second section are the different actors and projects that are related to migration and remittances presented.

5.1 Profile of the respondents

As understood in Chapter 2, are 20 questionnaires carried out with remittances receivers and 10 with beneficiaries of projects. In this section are however only the 20 questionnaires with the remittances receivers used as base for the analyses.

85 % of the 20 respondents are women and although not all of them receive remittances personally also the receivers that are not questioned, but mentioned as remittance receivers, are to a large majority women. 65 % of the respondents are between 25 and 35 years of age their educational level is to a large extent primary or secondary; 40 % primary education and 25 % secondary.

Year of emigration and country of destiny

![Graph 6. Year of migration](image-url)
Looking at the graph above, it shows that 10 out of the 20 respondents emigrated family members emigrated between the years 2000 and 2003, that is between 11 and 8 years ago. These are also the years when the Ecuadorian emigration boomed.\(^76\)

Out of the 20 respondents, 8 of them have family members in Spain, 11 in the USA and 1 in Italy. The difference in their geographic origin in Ecuador is clear, also in this small sample. Of the 8 respondents in Oyacoto, Quito, 7 respondents have family members in Spain and 1 in Italy. In Azuay, in the outskirts of Cuenca, on the other hand are all but one of the emigrated family members living in the USA, the one that is not, have via a family reunion emigrated to Spain.

The most common reason behind the emigration mentioned are economic reasons; the economic crisis in 1999/2000, the hope to improve the family economy or the lack of job opportunities in Ecuador. Another reason that is repeated is the desire to have a house.

*Transfer of remittances*

11 out of the 20 respondents receive remittances personally and 7 claim that other people in the family receive remittances from the emigrant; the children or parents. It is however true that not all emigrants transfer remittances to their home countries. If the emigrant originates from the middle- or upper class it is possible that the emigration is more of an individual project, and not part of a family plan of sustenance. Possible remittances are then sent more occasionally and are regarded as gifts.\(^77\)

“I never sent remittances to my family. Only when my mother got cancer, then I sent her money for the chemotherapy, but only during that period of time”\(^78\) (Questionnaire with a beneficiary of the Cucayo Fund, a university educated man with a well off family).

According to IADB’s report are 14 % of the Ecuadorian adults receiving remittances and the mean frequency of transfer is 8 times per year, although 46 % receive remittances on a monthly bases. The mean amount of remittances sent in each transfer in the same report is USD 175 and as many as 51 % of the respondents receives between USD 250-500 per month.

\(^76\) Pinto and Ruiz 2008  
\(^77\) Parella, 2006  
\(^78\) The quote has been translated from Spanish. This is true for all quotations that are taken from interviews.
González et al find that the average monthly size of the remittance transfers is USD 225 and 64\% of the respondents receive remittances on a monthly base. In this study there is no question concerning neither the frequency nor the amount of the transfers, instead it is asked for if the remittances signify more or less than half of the total incomes to the household. This question resulted difficult to obtain a clear answer from, but of those who answer, 11 out of the 20 respondents, do all claim that the remittances signify less than half of the total incomes for the household. Many respondents did also comment on the size and frequency of the remittances. Some explain that they used to receive more money, and with more frequency before. The financial crisis and the difficult employment situation in the receiving countries are mentioned as explanations to this reduction, as well as the fact that time has passed and the family relations have changed. A sister of a migrant says;

“He married a Mexican woman two years ago, and now he hardly ever sends money to us. All his money is for his new family; his wife and baby. It seems like he has forgotten about us.” (Questionnaire in El Rodeo, Cuenca)

This later observation also seem to be in accordance to Parella (2006) who identifies that the amount of money sent is in generally higher when the emigrant has already lived abroad during a period of time, when he has established himself in the new country and has paid off his debts. It is however likely in the medium or long term that the quantity will decrease again, if not completely cease. This is especially true after changes in the family structure, for example if the family is able to reunite in the country of destiny and the children move to the emigrated parents, or if one of the spouses enters in a new relationship.\footnote{Parella, 2006}

**Relationship to the emigrant**

Apart from the main purpose of the emigration, the plan to return back home one day and the time period the emigrant has lived abroad is Parella (2006) identifying that the family ties between the remittance sender and receiver are important factors determining the quantity, frequency, dependency and usage of the remittances. It is therefore of interest to have knowledge about this relationship. The most common relationship is that the emigrant is related to the respondent as being spouse or sibling. Children are not questioned, and therefore is the column “parents” cero in the graph above.
Graph 7: The relationship between the emigrant and the respondent.

Usually is more money sent and with a higher frequency the closer the family relations are and the higher the dependency of the migrant is. Children, elderly parents and persons with diseases are generally receiving more remittances than brothers and sister to migrants do. This seems also to be true in these results. When money is sent to an elderly person the money is to a large extent used for alimentation and medicines, meanwhile if the money is sent to a child it is used for alimentation and education, something that seems quite reasonable considering their life stages and needs. If the family-economy is somewhat more stable, and there is not a too great need for money to cover the daily costs, the remittances can also be used for consumption of clothes, travels and other status goods.

According to the results in this study are the siblings to emigrants who receive remittances in general not the main receivers of the money, and the remittances transferred to them are instead dedicated to a parent or a child of the emigrant. 2 of the questioned women are taking care of children of siblings that have emigrated and receive remittances in order to pay for their needs. Money sent directly to a sibling is instead more likely to be sent in smaller amounts, and not on a regular basis, but as a gift for a birthday or for Christmas. Emigrants also send money to siblings in Ecuador in order for them to assist them investing in something in Ecuador; in a house or a business for example. But once again, the money is then used for that purpose, and not for the maintenance of the sibling.
5.2 The usage of remittances

The results of the usage of remittances from this study are compared with the results from 2 previous studies in order to make some generalizations and compare the different results. The other 2 studies are IADB’s study from 2003 and a study from the University Politécnica del Litoral in Guayaquil and carried out by González et al in 2007.

The results in IADB’s study show that daily expenses represents 61% of the usage of remittances, meanwhile savings and investments in a business and property makes up a total of 20%. The results in the second study by Gónzalez et al show that investments in house, business, financial stocks and goods together with savings make out a total of 21% of the remittances, meanwhile the daily costs and education and health represents 54%.

González et al compare the results from the two studies, it is then identified that the percentage of the remittances used for savings is the same, 8%, in both studies. The buying of property has increased from 4% to 8% in the later and investments in businesses have decreased from 8% to 5%. If summing up the other expenditures as consumption; daily

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80 For a discussion over the statistical certainty in the results, see chapter 2 and the section called biases.
81 For more details on these studies, see chapter 2 and the section over secondary data.
82 Under the title daily expenses are the costs for food, rent, electricity, water, telephone, transport, education of children, clothes and medicines included. The category of luxury includes amusements, the buying of a vehicle, brand clothes and journeys in order to visit the emigrated person. It is however underlined that the interpretation of luxury is somewhat complicated since what is considered a luxury for one person could be considered a necessity for another one. Paying off debts is not included in this study.
expenses, education and luxury in IADB’s study and daily costs, debts and education and health in the study by González et al, the consumption is quite similar in both studies, 80 % and 79 % respectively. The results from both studies are therefore quite similar and it show that the main part of the remittances is used for daily expenses and other consumption and the level of investments and savings is regarded as low.

![Graph 9: Usage of remittances, results from González et al, 2007. Source: González et al](image)

In the results from the questionnaires carried out for this study is it not possible to determine exactly how many percentages of the remittances are spent on daily costs and how much is used for savings and investments. It is only possible to identify how many of the respondents have mentioned certain usages of the remittances. The most common usage of the remittances, with 75 % of the 20 respondents, is alimentation which is also and in accordance to the previous mentioned results. 70 % of the respondents claim that the remittances are used for constructing/renovating a house, 50 % for education and 35 % for savings.

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83 González et al, 2009
84 Gónzalez et al, 2009, Sánchez, 2009
85 Among those 5 who claim they do not use the remittances for alimentation, 3 do not receive remittances at all or just as occasional gifts.
Daily expenses and consumption

The most common usage of the remittances is in all three studies concluded to be the daily expenses which includes food, medicines, rent, electricity and also the not indispensible consumption. In the previous categorization made by Gónzalez et al are also debts included in this group of expenses.

At least during the first years after the emigration is paying off the debts, taken for the often irregular and expensive emigration, an important usage of the remittances. The debts are important to mention since they require money that could be used for increasing the welfare of the transnational families and are therefore hampering the development generated by the emigrants working abroad. 4 % or the remittances is used for paying off debts in the study by González et al but FLACSO estimated in 2005 that 10 % of the remittances are being used for paying off migration related debts and in some regions even up to 20 %. The results in the questionnaires show that 15 of the 20 respondents became indebted as a result of the emigration. Some respondents even answered “Yes of course” if they had taken loans, evidence that it is a common thing to do.

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86 Acosta et al, 2005
87 In those cases where no loans were taken for the journey, another relative has already emigrated before and have therefore been able to “bring” the other person over. If it is via a family reunion, the journey is not very expensive since it’s regularized and no loans are therefore needed, and in other cases the first emigrated relative lend money to the other one, but without the high interest rates and as a family matter.
**Investments and savings**

The level of investments and savings using the remittances is limited and is lower than the national gross savings and investments. 8% of the remittances are used for savings and 8% and 5% for investments in the respective studies\(^8\) meanwhile, in 2009, the national gross savings\(^9\) is 24% of GDP and the gross capital formation\(^10\) is 32%.\(^11\) There is however a “significant minority” as IADB (2003) express it, which is able to use the remittances for other purposes than for the daily expenses. This minority invests their money in houses, vehicles, in micro businesses and they also save some money.

In the questionnaire are the most common investments among the respondents in the children’s education and the construction of a house. The fact that many emigrants prioritize to construct a house is also mentioned in the deep interviews. This is true even when the emigrant is not planning to return back to Ecuador. Apart from providing security for the family in the long run, a house is also a “monument”\(^92\) of the emigrant and an evidence of his success abroad, which is one factor to why many emigrants choose to construct large and quite luxury houses. The investments in education and housing are long term investments, but they are not sources of guaranteed future incomes. Some of the houses are for example due to their location, size and extravagance difficult to sell.

The question concerning savings is somewhat more complicated since it is possible that the emigrant is saving money abroad, without that the respondent is aware of it. Money could also be saved with a short term plan, in order to be consumed in case of emergency or if the remittances would cease, or with the purpose to invest in businesses or other goods. On the other hand is the long term savings more limited due to the low confidence towards the banking system.\(^93\)

**Micro businesses**

As seen in the graph above is not business investments included in the results from the questionnaires. None of the remittance receivers mention such investments. In the results from the two previous studies had however the investments in business decreased from 8%\(^8\) to

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\(^8\) IADB, 2003 and Gónzalez et al, 2009
\(^9\) Gross savings are calculated as gross national income less total consumption and plus net transfers.
\(^10\) Gross capital formation (formerly gross domestic investment) consists of outlays on additions to the fixed assets of the economy plus net changes in the level of inventories.
\(^11\) The World Bank, Indicators, information obtained 2011.01.28
\(^92\) Interview with Juan Carlos Urgiles, Financial cooperative Jardin Azuayo
\(^93\) IADB, 2003.
to 5%. Although not investing the remittances in businesses at the moment do the questionnaire respondents claim that there is a will to invest in a business one day. 55% of the 20 remittance receivers are aware the emigrants aim to initiate a business when returning to Ecuador. Also 46% of the respondents in the study by González et al claim to be interested in investing their remittances. Despite the broad interest in initiating a business can less than half of the respondents specify what kind of business their family member has in mind. It thus seems like there is a will to initiate businesses but a lack of a specific plan. It is however worth mentioning, that it could be the case that the respondents in Ecuador are not fully aware of the plans the emigrants who still live in the exterior have.

All three results show that those who do not want to invest claim that they either receive too small amounts of money and that it is not enough in order for making investments or that they are worried about losing their money if investing in Ecuador.

“No, it’s difficult to get around the month with the little money we have. We only have for the most necessary[…] There is no possibility to invest” (Remittance receiver in Gualaceo).

González et al (2009) find that the investment rate using remittances also is connected to the educational level and age of the emigrants. According to their study is it the young and those who have a higher educational level who tend to invest more. Also the questionnaires show that the stated interest to initiate a business is less in the more rural areas, where the educational level tends to be lower and the poverty higher. In El Rodeo, the most rural of the
locations for the study, did only one woman confirm that her husband have mentioned an interest in a private business.

Differences

The differences between the two previous studies and these results can be found in the usage of the remittances for education, housing and luxury. Using the remittances in order to construct a house and to pay for education are two of the most common endings for the remittances stated in the questionnaires meanwhile the same purposes have quite limited percentages in the two other studies. However, since it is not asked for quantities of money in this study, the relation in size between the daily expenses and other costs can not be identified. On the other hand is not luxury and other consumption such as investments in more expensive goods such as TV’s laundry machines etc. mentioned very frequently in the questionnaires but represent 17 % of the total usage of remittances in IADB’s results.

Projects

Only 10 % of the 20 remittance receivers are familiar with SENAMI and its projects meanwhile further 30 % have heard the name SENAMI but without knowing its function. It is true that the respondents in this study live in rural areas, also those from Quito live quite far away from the city centre, where the information might not be as easy accessible as in the cities. It is also possible that the family members that have emigrated to a larger city in the exterior are more familiar with the SENAMI. One of the beneficiaries of the Cucayo Fund confirms that she heard a lot of the SENAMI when she was living in the USA. She however admits that many people don’t really know what services the SENAMI offers.

5.2 Different actors

This section will present the standpoints and development strategies of some of the actors that are related to the Ecuadorian migration remittances and development and briefly describe their projects. The actors are divided into 5 groups; International Authorities, Ecuadorian Authorities, Migrant’s Associations, Ecuadorian Organizations and Financial Cooperatives.

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94 For an overview of the different actors and their projects, see the appendix.
95 The information in this section is mainly based on the deep interviews carried out for this study with the respective actor. If not, this is indicated with a footnote.
The spectrum of actors is broad; from associations of the migrants themselves and their families to international institutions and the governments in the countries involved in the migration. Although only the projects and matters related to emigration and remittances are presented in this paper is it worth to mention that the work of many of these actors work beyond these issues.

5.2.1 International Authorities

Spain and the USA

The two most important destinations for Ecuadorian migrants are Spain and the USA which is why their policies will be presented in this chapter, but also other countries, such as Italy, run projects which are related to Ecuadorian migration.

The Spanish government implemented co-development for the first time as part of their migration policy during 2001-2004, in a model called GRECO (the Global Program for Regulation and Control of the Exterior and Immigration)96. In Spain is the state however not the only authority which participate in co-development projects, also the various autonomous communities as well as some municipalities finance and participate in co-development with other, local Ecuadorian organizations and authorities.

In accordance to other top-down co-development are these projects mainly focused at promoting the return of Spanish immigrants. Some via projects directed towards productive projects and entrepreneurial skills but the Spanish government is also since 2008 running the project The Voluntarily Return Plan. This plan offers unemployed immigrants, who have gained Social Security when working in Spain, the possibility to return to their home countries with the unemployment- as well as the pension-funds they have earned while working in Spain. When taking part of the plan the migrant is however restricted from returning to work in Spain during the coming three years.97

The USA, on the other hand, does not co-finance or participate in co-development projects.

“No they haven’t opened for the kind of programs that the EU and Spain for example have done. They work more in the context of human trafficking, and with issues that have a connection to terrorism” (Franklin Ortiz, Pastoral of Human Mobility in Cuenca).

96 Cortés, 2006
97 The Spanish Government
5.2.2 Ecuadorian Authorities

The Ecuadorian authorities presented in this paper work on two levels; on national level and in the municipalities.

The SENAMI

The National Secretariat of Migrants (SENAMI) is a new Ecuadorian governmental institution, founded in 2007. The SENAMI has 4 offices in Ecuador which are located in the regions from where the majority of the emigrants originate and they also have 5 offices in countries with high indexes of Ecuadorian immigrants. The function of these offices is to assist Ecuadorian migrants and their families with various aspects concerning the migration and inform them of the opportunities and rights they have as migrants.

One objective within the migration policies developed by the SENAMI is to better take advantage of the innovative ideas, new experiences and technics that the emigrants have gained abroad. The SENAMI therefore promotes remittances founded investments in productive projects in order to generate economic development as well as job opportunities in Ecuador. In order to achieve this objective has SENAMI initiated the plan Welcome Home which includes various projects. The Cucayo Fund, the Migration Bank and the Human Talent project are three of these projects.

The Cucayo Fund is a competition that offers seed money to the winning participants in order for them to invest in business projects. One requirement to participate in the project is that the migrant has returned, or is about to return to Ecuador. This requirement follows the line of the Spanish government’s Voluntarily Return Plan. It’s also a fact that part of the project is financed by the Spanish government via the debt swap program between Ecuador and Spain. The project offers 25 % of the total costs for the initiating of a business as a seed money, but maximum up to USD 15 000 for individual projects. The rest of the money has to be financed by the migrant himself, either by savings or through a credit.

The Migration Bank is running since 2009 and is via agreements with 33 Ecuadorian financial cooperatives offering the micro credit, CrediMigrante to emigrants and their families. CrediMigrante has an annual interest rate at 10-12% and is mainly offered for improvements and constructions of housing and to productive ventures, new as well as for already existing. The function of the credit is to facilitate the access to credits for migrants.

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98 If an association wins the competition they are given 50 % of the total costs and up to a quantity of USD 50 000.
99 One of these financial cooperatives, Codesarrollo, is further described below.
and to offer them credits with a lower interest rate than to the official interest rates for micro credits. This is important since migrants, due to the fact that they have lived abroad for many years, lack part of the documentation that in general is required for taking a loan or a credit in Ecuador, something that complicates their possibilities for taking credits.

The Human Talent project also has a development connection, although not related to money transfers. It’s a project that aims at overcoming the brain drain, generated by emigration, and instead looks for ways to take advantage of the new knowledge that is gained by the Ecuadorian emigrants when they live and work abroad. The project supports Ecuadorian students living abroad to reach a higher professional level. The idea is that they later would be able to transfer parts of their experiences, knowledge and also new technology back to Ecuador, either by returning to the Ecuadorian labour force again or via interchanges and temporal visits.

The House of Human Mobility

The municipalities in towns with high indexes of migration, such as Quito, founded in 2002, and Cuenca, founded in 2007, run so called Houses of Human Mobility. These institutions are run separately by the municipalities in the respective towns and do therefore not have a common national agenda.

The House of Human Mobility in Cuenca is working with a wide spectrum of activities; providing free counselling concerning issues related to migration and running various projects. One project is aimed at increasing school teacher’s understanding of how migration affects the students in the class room. Another is a productive project providing its participants with guinea pigs and cacao plants as a rotative fund. After one year in the project are the participants obliged to return the equivalent of what they were given, in order to provide more people with the same opportunity.

In this project, it is not the remittances that are supposed to generate development, but instead the productive activity that is initiated with the project and which resources are provided by the House of Human Mobility and the Municipality in Cuenca. The House of Human Mobility in Cuenca considers migration to be a right for everyone. They however recognize that the emigration that takes place today to a large extent is a forced migration, this since many people look at migration as the only way to sustain or increase the welfare of their family. The productive project has therefore the purpose to create a foundation for a general

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100 Which in December 2010 was 27.5 % per year
development that generates job opportunities and local economic development so that people would have a real choice between working in Ecuador and emigrating.

The House of Human Mobility in Quito was founded in order to strengthen the system of social, economic and productive support for migrants and their families and apart from providing free information and assistance they also run a project, issuing scholarships to children of migrants who live with relatives in Ecuador, something that is a cooperation between the municipalities in Quito and Madrid.

5.2.3 Migrant’s Associations

Since the situation for the migrants and their families in many cases is difficult, concerning their rights as well as concerning psychological issues, the migrants and their families have created associations in order to support their fellow migrants.

As the House of Human Mobility, have the migrant’s associations in Ecuador identified that the large majority of emigrants migrated due to the lack of opportunities in Ecuador. A main concern for them is therefore to increase the level of development in Ecuador so that their family members are able to return to Ecuador and so that not more people will feel forced to emigrate. For this section have three migrant’s associations been interviewed; Rumiñahui in Madrid, Rumiñahui in Quito and FAMIGRACH in Riobamba.

*Rumiñahui* was born in Madrid in 1997 as an association of Ecuadorian immigrants living in Spain. Later, in 2000, Rumiñahui was also established in Ecuador, where it contains of the family members of the emigrants. The two associations used to work close together, but due to political differences has their relationship changed somewhat today, and it’s better to consider the associations as two different.

The main concern of Rumiñahui in Spain is to assist the immigrants who live in Spain, but they are also working with co-development projects between Spain and Ecuador in order to increase the welfare and development in their Ecuadorian home communities. One such co-development program is the project REDES-CAP which main objective is to capture the entrepreneurial capacities of the migrants in the exterior and their families in Ecuador in order for them to be able to establish their own businesses. Another kind of co-development project that Rumiñahui participate in concerns communal remittances. These communal remittances are sent and invested via the transnational connections between Rumiñahui in Spain and local authorities, neighbourhood groups and the social civil society in Ecuador. Examples of these
investments are the construction of a school, the reparation of a church, the building of a bridge.

Rumiñhauí in Spain also has the objective to propose a similar project to the Ecuadorian government as the already existing 3x1 in Mexico.

“We are aiming at a 4 x 1 project, where the Spanish government would be the fourth actor” (Vladimir Paspuel Reveledo, president of Rumiñhauí in Madrid101).

Rumiñhauí in Ecuador on the other hand have decided to stay outside co-development projects. Instead are they prioritizing issues related to the rights of migrants and on making an impact on the migration policies. They regard economic and productive aspects of the migration as complements to social ones.

Rumiñhauí in Quito are also more critical than Rumiñhauí in Madrid in their positions towards the SENAMI and the issue of using remittances in order to generate development. However, concerning the use of remittances for development projects is Gloria Jiménez, president of Rumiñhauí in Quito, more positive towards the use of remittances for communal projects than for co-development projects. This since remittances that are used in communal projects gain the wellbeing and development for the entire community. She claims that these kinds of projects have been good since the investments carried out have been things that really have been necessary. They do however not participate in any remittance related projects or activities. The above quoted Gloria Jiménez argues that it is better that other organizations, specialized in these matters, are devoted to these matters.

FAMIGRACH is another association of families of emigrants, today also including internal as well as returned migrants. The association has its base in Riobamba, in the province of Chimborazo and was founded in Ecuador in 2004 with the aim of creating opportunities in Ecuador for their family members in the exterior so that they would be able to return. FAMIGRACH are not running their own co-development projects, but they are one of the partners in the migration network RIMHUCH and are since 2009 beneficiaries in a project with transnational actors, the project Business skills in Chimborazo102.

Ecuadorian immigrants also have active associations in the USA. Franklin Ortiz at the Pastoral of Human Mobility in Cuenca mentions two; Frente Unido and Centro Mitad del

101 Personal note from seminar during the World Social Forum of Migration in Quito, October 2010.
102 See more information about RIMHUCH and Business skills in Chimborazo in next section.
Mundo. No contact was possible with these associations but Franklin Ortiz explains that the associations in the USA are above all focused on the rights of the immigrants who live and arrive to the USA. They do however also have a similar connection to Ecuador that Rumiñahui has in terms of donating money to local projects, for example to temples, schools and sports fields. They also donate money to important festivities in their home community, for example to the local Christmas parties. However, Gloria Jiménez president of Rumiñahui in Quito reflects the general situation of these kinds of communal activities;

“Now, with the crisis, these kinds of projects have also stopped, since people over there say that they don’t even have money to pay for their own expenses. The focus has changed totally”. (Gloria Jiménez, president of Rumiñahui in Quito)

5.2.4 Ecuadorian Organizations

The Ecuadorian organizations presented in this section are carrying out joint projects with other, international organizations and institutions, such as the UN, EU and Spanish authorities and NGOs. These international organizations and institutions are contributing with initiatives and most importantly with financial support to the projects. Some call these kinds of projects co-development projects, others prefer not to use this debated concept.

Among the organizations that work with migration there are in general three main focuses; that the remittances should be directed towards productive investments in order to generate a long term development, that preparation and guidance are needed in order to increase the migrant’s business skills and thirdly, as mentioned before, that a general development, especially rural, is needed, but not necessary through the investment using remittances.

5 Ecuadorian organizations are presented here; ESQUEL and The Foundation Espejo Eugenio who run projects together with Spanish actors. RIMHUCH, Inter-institutional Network of Human Mobility in Chimborazo, which is a network for human mobility that consists of 17 organizations with different specializations. The Alternative Foundation who offers credits and technical assistance for, migrants as well as non-migrants, who wish to initiate a business. And FEPP, Fondo Ecuatoriano Populorum Progressio who promotes general rural development, for example supporting the creation of local finances structures

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103 Personal translation from the Spanish name Red Interinstitucional de Movilidad Humana de Chimborazo
104 Personal translation from the Spanish name Fundación Alternativa.
One of the Ecuadorian foundations, ESQUEL and also the migration network RIMHUCH, recognize that the spectra of migration related issues is very broad and that it is necessary to work in different ambits in order to confront all aspects. Their work is therefore broad and covers; exercising influence on migration policies, psychological assistance to the transnational families, education and improving the school system concerning the understanding of the children of migrants, the strengthening of migrants’ associations, productive projects, local development and micro credits.

Other actors, such as the Foundation Espejo Eugenio, with the project REDES-CAP, and the Alternative Foundation, with the projects Business Skills in Chimborazo and Migration Model of Voluntarily Return, are more focused on just the productive and economic part of the migration generated development. The productive projects aim at increasing the entrepreneurship among migrants and also, indirectly, the usage of remittances for investments in micro businesses.

“They return from Spain, after many years abroad, and they don’t know what to do. They are here in REDES-CAP so that we can assist and guide them of how to initiate a business process” (Eulalia Arias, Fundación Espejo Eugenio).

As stated above, an important aspect concerning productive projects, besides the financing with remittances, is thorough preparation and training on how to administrate a business and in what to invest. This is especially important since the objective with initiating businesses is that they will generate future, sustainable incomes for the migrants and their families. The participants in the above mentioned projects are therefore receiving regular assistance developing and structuring their business ideas. The Central University in Quito is for example participating in REDES-CAP in order to prepare the participants of how to administrate a business, which is the core activity in this project.

REDES-CAP, ESQUEL’s projects and Business Skills in Chimborazo offer credits or seed money to at least some of their participants in their projects. The project REDES-CAP will issue seed money to the three best business ideas that are developed within the project, meanwhile Business Skills in Chimborazo only have three participants, which all receive money, in the project. For those who do not obtain the seed money is the objective that they by the end of the project will have developed a sufficient innovative and profitable business idea that it’s possible for them to obtain a credit in an official financial institution.
The Alternative Fund runs two projects; one is the above mentioned Business Skills in Chimborazo which is developed together with RIMHUCH and the Region of Murcia in Spain. The other project is an initiative from the IADB. The first project assists technically as well as economically 3 larger projects to develop businesses. The project is supposed to generate in employment opportunities for people in locations with high migration indexes. The decision of which 3 businesses would be selected to participate in the project was made based on a market investigation in the region, carried out by the University in Chimborazo. The second project, the Migration Model of Voluntarily Return, has the objective to initiate 30 micro businesses per year during a 4 year period by offering technical assistance on how to initiate a business. Similar projects, by the IADB are also running in 3 other Latin American countries; Bolivia, Colombia and Uruguay.

Apart from supporting the creation of local finances structures, in order to increase the access to credits for the rural population is FEPP also running their own savings and loans cooperative; Codesarrollo.

5.2.5 Financial cooperatives

There are many financial cooperatives in Ecuador, and two of them have been included in this study; Jardin Azuayo in southern Ecuador, founded in 1996 and FEPP’s national covering financial cooperative Codesarrollo, founded in 1997. These actors are different from NGOs and migrant’s associations since although they have a social agenda they are not completely based on a voluntarily spirit. It’s indeed due to their social agenda that SENAMI’s Migration Bank has concluded agreements with the financial cooperatives and not the larger banks105, but they are driven with a profit motive. The general objective of the financial cooperatives is to increase the access to credits to a reasonable interest rate and offer their services closer to people, especially in rural areas.

The credits offered by the financial cooperatives have lower interest rates than those offered by the traditional banks. The official interest rate for micro credits in Ecuador is 27,5 % per year106 meanwhile Jardin Azuayo has one interest rates of 12,77 % for those who save money in the cooperative and 15 % for those who does not save. The normal interest rate taken by Codesarrollo is 17 %, but through the agreement with SENAMI and the product

105 Interview with Monica Torres, SENAMI
106 BCE, 2010.12.06
CrediMigrante, are Codesarrollo able to offer credits to emigrants and their families to a lower interest; 10-12 %.

The financial cooperatives also offer the possibility to withdraw the remittances already in the community where the receivers live so that both time and money is saved by the receivers. A further step to increase the proximity between the financial structures and the rural population is the fact that both Jardin Azuayo and Codesarrollo’s founder FEPP are assisting the creation of popular finance structures. One great concern of the financial cooperatives is rural development, and the intent to make some of the money that enters the villages gain the local development. Since many remittance receivers live in rural areas are these later aspects important for them.

Two means of increasing the amount of remittances that arrives to Ecuador, but that does not require more work from the emigrants, are; decreasing the final costs of the loans taken for the emigration and decreasing the transfer costs of remittances. Both are aspects that the financial cooperatives are connected to and that when accomplished would lead to higher incomes for the remittance receivers.

Apart from credits for micro business is therefore another important credit, offered by these two financial cooperatives, a credit that is aimed at paying off the debts taken for the migration. The credit is only given when the migrant already is living abroad; it is therefore not possible to take a credit in order to emigrate. However, paying off the debts to the chulqueros and instead having a debt at a financial cooperative decrease their interest rates from 7-8 % a month to approximately 1 % a month, which it’s an important difference.

Concerning the transfer costs are especially Western Union and other money transfer companies charging high commissions. The average costs of transferring USD 200 to Ecuador from Spain and the USA during the first trimester 2010, were according to the calculations of the World Bank Group; Spain to Ecuador: 5,78 % of the total amount and USA to Ecuador: 3,9 %. Codesarrollo run a project with the objective to decrease the transfer costs and they have agreements with banks in Spain and in Italy, in which the transfer cost of remittances is null if the remitter has a bank account in one of these banks. Also the IADB and the SENAMI is working on establishing agreements with banks in order to, as Monica

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107 For more information on Popular Finances see Chapter 3.
108 The World Bank, Transfer Costs Obtained 2010.09.23
109 USD 7,02 + 2,07 (commission + exchange rate margin)
110 USD 7,80 (commission)
Torres responsible for The Migrant Bank at SENAMI, expresses it “heavily decrease the transfer costs”.
6. Analysis

In this chapter is the usage of the remittances analysed as well as certain aspects from the previous described projects and standpoints concerning migration and development.

6.1 The usage of the remittances

Gloria Jiménez, president of the migrant’s association Rumiñhaui in Quito, points out that the remittances have contributed to an important development for the remittance receiving households. These households have been able to invest in what they did not have before; improved education, health and housing. The migrants earn however, what in Ecuador is regarded as a lot of money, but as the results show, is a limited amount of money invested in purposes that could generate future incomes. The factors behind the limited investment and savings rate are several. First and foremost is it a fact that there is a need to use the remittances for sustaining the family economically in Ecuador. Another factor, which also was identified during the deep interviews, is that there in general is a limited experience and knowledge in making investments among the remittance receivers. The level of investments seems to be connected to the educational level of the emigrant and the remittance receivers, especially concerning the preparation of how to invest and in what and this in favour of the higher educated. Also the restricted access to the financial market and the unfavourable investment climate curbs the remittance founded investments. As a result has the money that is left over when the daily expenses are covered in many cases also been consumed. The limited investment and savings rate prevents a remittance based sustainable development, and is instead creating a dependency on these additional incomes.

6.2 Actors and projects

6.2.1. Using the remittances for development

The issue concerns if it is the remittances that should be used for development, or if the money should come from elsewhere. The remittances are private money that the emigrants have worked hard for and maybe it should not be expected by NGOs and international as well as national authorities that this money should be seen as the key for development. Carmen

\[111\] González et al, 2009.
Alvaro at the House of Human Mobility in Cuenca agrees on that the remittances are private money, which use should be determined by the receivers. She however argues that many receivers of remittances have little knowledge and experience concerning investments, why there is a higher probability that money that is left over when the basic needs are covered, is also consumed rather than invested or saved.

“There should be more information available to them, so that they, individually can make their own, and better informed choices” (Carmen Alvaro, House of Human Mobility in Cuenca).

If that would be the case, there would probably be fewer concerns if it is legitimate to use remittances for development, since the receivers then would make their own, but better informed decisions.

The issue of communal remittances and investments is debated concerning its legitimacy. It is argued that poor people, who have been forced to emigrate, should not have to finance these kinds of projects with their private money. Communal investments could however be viable means to develop communities that are lacking adequate infrastructure such as schools, roads, sewage etc. Of course, this should not be the responsibility of the poor, but when the state is not capable to offer sufficient public services and infrastructure; communal investments using remittances is an alternative. The people in their very own communities look to their needs and what is the most necessary and they work together to achieve it instead of waiting for money to arrive. The migrants and their families have taken the matter in own hands, in what could be considered as one way of manifesting empowerment. Possibly will these investments even be higher valued, since they are the results of the inhabitants own work. It should however not that be the remittances and the good will by, for example the emigrants, is exploited and that the responsibility of offering public services and infrastructure ends up at the emigrants instead of at the government. The communal remittances should merely be a complement.

Another aspect of how remittances could generate in development is when they are inserted in local financial structures. The remittances are then converted into important liquidity which can be lent out in the local financial structures and creating multiplying
effects, but without necessary being consumed by the very remittance receivers.\textsuperscript{112}

\textbf{6.2.1 Micro businesses}

Many projects that are related to migration, remittances and development have an objective to increase the investments in micro business, using the money and knowledge gained abroad. The above mentioned Gloria Jiménez confirms that many migrants who are planning to return to Ecuador want to initiate a business and also the results from the questionnaire reflect this. Despite this will to initiate a business it does not seem like the specific business ideas neither are very clear nor developed. Considering this, it therefore seems to be room for more projects that are assisting in structuring and developing business ideas, as well as preparing interested in how to administer a business\textsuperscript{113}. These finding are however somewhat contrary to the Cucayo Fund which only offers support to already well developed and innovative business ideas. These requirements restrict the participation of the migrants, that for various reasons, do not have as developed business ideas, but who also would need the support and founding offered by the SENAMI.

\textit{“The Cucayo Fund has not been efficient at all, it merely gave a lot of expectations to many Ecuadorians who live in the exterior. But it’s not real, they [the migrants] inscribed themselves in the project, which is a “lottery” and then they didn’t win, it’s disappointing for them”. (Gloria Jiménez, Rumiñhuai in Quito)}

Also the migrants with less education and experiences of running a business would need the government support. Further, when offering guidance to develop business ideas instead of seed money could probably the assistance be applied to a broader group and more migrants could receive the support. This last aspect is related to next issue; the limited access to the projects.

\textsuperscript{112} See the discussion of popular finances in Chapter 3.

\textsuperscript{113} This is also asked for by the beneficiaries of the Cucayo Fund, REDES-CAP and Business Skills in Chimborazo. More than one claim that they would appreciate further preparation of how to administrate a business.
6.2.3 Limited access to the projects

Among the previous presented projects are some directed towards a few, selected beneficiaries, meanwhile others have a broader focus, including larger groups. The SENAMI selects its beneficiaries through a competition and only a small fraction of the candidates win and benefit from the project. The reach of the project between all emigrants is also limited since only a small fraction of all migrants apply to it. According to the “Statistical report of the Cucayo Fund, from September in 2010\textsuperscript{114}, had 3007 ideas applied for the Cucayo Fund from its start until July in 2010. Placing this number in relation to the estimated 2,5-3 million Ecuadorians who have emigrated, it is very few. Out of these 3007 ideas were 9 % of them, or a total of 273 projects, selected to participate in the project and received the fund. Indeed, not everyone is interested in returning to Ecuador nor is everyone who returns to Ecuador interested in initiating a business. In general are however the projects described in this paper small in relation to the size of the Ecuadorian migration. They have large visions as well as well-developed and innovative project plans, but only a small fraction of the many Ecuadorian emigrants and their families are able to benefit from the projects.

Another factor for the limited access to these projects is the restricted knowledge about their existence. In order to be able to assist migrants and their families they have to be better known, also in more rural areas. Especially since the Ecuadorian migration to a high degree also is a rural phenomenon. It is important that they appear in various means of communications so that people from different locations as well as social classes become aware of their existence.

6.2.4 Target group for the projects

Among the projects and services presented in the previous chapter are those run by the House of Human Mobility in Cuenca as well as the financial cooperatives open for anyone, migrant and non-migrant.

“The project is however not only for families of migrants. Everyone is welcome to participate, if not, we would be discriminating between people in the same community. We do however establish these projects in areas where there is a large percentage of emigrants, in

\textsuperscript{114} With results from the start of the project, in November 2008 to July 2010.
some places 40 \% of the families have some family member that have migrated”. (Enriqueta Martinez, the House of Human Mobility in Cuenca).

The large majority of projects are however only directed towards migrants and their families. It’s an interesting difference, considering that those, who at the moment live in Ecuador, one day if they don’t regard the future in Ecuador as sufficient promising, can turn into migrants, as is clearly proved in Ecuador after the financial crisis in 1999/2000. Therefore, the kind of projects that are carried out with the objective to generate a general development aim at creating a real option between migrating and staying in Ecuador. A perspective that is related to the viewpoint that the Ecuadorian migration, due to the limited opportunities in Ecuador, to a large extent is a forced one.

6.1.5 Co-development as development strategy

The majority of the above presented projects have both Ecuadorian as well as Spanish and European partners. The provincial governments in Spain as well as the Spanish government provide financial support to projects in cooperation with local Ecuadorian foundations who also in certain projects collaborate with universities. Some of the interviewed actors call their projects co-development projects, others prefer not to use the definition. Although aimed at increasing local development have co-development projects been criticized for being top steered and mainly focused on controlling migration flows. This critic is connected to the final objective to control the immigration, which is regarded as different from the idea to create an option to emigration and make the migration a freer choice.

Due to the similarities between co-development and cooperation for development are on the other hand others considering that co-development, as beautiful as the idea is, does not yet exist. Frankly Ortiz at the Pastoral of Human Mobility in Cuenca argue that there is no real mutual benefits in the existing co-development projects and it merely is developing countries like Ecuador that are benefited\textsuperscript{115}.

Salzar (2006) does however argue that the cooperation through co-development can be mutual but that it should not be reduced to include only the remittances, the control of migration flows and economic cooperation via projects in the country of origin\textsuperscript{116}. According to Salzar, is co-development also a matter of cultural transfers as well as communication and

\textsuperscript{115} Interview in October 2010.
\textsuperscript{116} Salzar 2006 p.12
transfer of knowledge and programs that mitigates the possible negative effects generated by migration, something that both countries can enjoy and develop from. He promotes cultural interchanges and festivities, as well as commerce- and investments agreements for co-development. Another kind of co-development is dialogue between the different actors, from both countries, in the process of development, in order to facilitate the migration and especially the integration of the immigrants in the country of destiny is order to overcome issues such as xenophobia. ¹¹⁷

Another form of co-development is job-matching between the countries involved in the migration. The idea is to facilitate the job search for potential emigrants, before emigrating, and thereby decrease the flows of irregular migration. The question is however who gains from such agreements. It is possible that the demand of labour from the countries of destiny would be centred around high skilled labour, something that would lead to an organized Brain Drain, and a loss of high skilled human resources from the country of origin.

6.1.6 The SENAMI and the Cucayo Fund

Not everyone supports how the SENAMI work and design their projects. Gloria Jiménez argues that instead of initiating a new governmental institution should the government have invested the money in the already existing organizations and projects. She finds the SENAMI to be another bureaucratic and slow institution. This might be true, but the creation of the institution recognizes that Ecuador is a country with a clear impact of migration and the SENAMI is an ambitious idea that is looking beyond many traditional views of migration and human mobility. But it is also a new institution, and is therefore still developing its policies and projects.

Concerning the project the Cucayo Fund are two of the project’s objectives taking advantage of the innovative ideas, new experiences and technics that the emigrants have gained abroad and generating job opportunities in Ecuador. These objectives are compared to the results from the questionnaires with 7 beneficiaries of the Fund below.

Of the 7 questioned beneficiaries of the Cucayo Fund did 6 of them have previous experiences within their sector. 4 of them claim that they have either gained or developed their experience within their sector when living abroad and 2 have brought technology from the exterior to Ecuador.

¹¹⁷ Salzar 2006
According to the “Statistical report of the Cucayo Fund, from September in 2010”, was the average number of employments generated in each business supported by the Cucayo Fund, 11.1 employments. In this study, excluding the associative business which provides 18 families with employments, was however the average employment opportunities created per business 4.83. It is much less than the average calculated in SENAMI’s report, but it excludes the indirect employments.
7. Conclusions and Recommendations

7.1 Conclusions

The results from this study as well as the results from previous studies and research confirm the first specific hypothesis that the most important usages for the remittances are food, medicines, education and housing meanwhile a more limited percentage of the remittances are saved or invested in what could generate in future incomes. The development that is and has been generated by migration and remittances is therefore quite fragile and to a large extent dependent on the continued transfers of remittances. This fragility is clearer than ever in the present global recession when many migrants who lost their jobs in the exterior no longer are able to send remittances in the same quantities and with the same frequency as before. It is thereby also possible to confirm the general hypothesis that the increased welfare generated by remittances is not a sustainable development.

Despite the conclusion that the remittance based development not is sustainable two things should be underlined. First, that the remittance receivers as well as the emigrants are a disperse group of people with quite different realities, concerning for example education, profession, knowledge and possibilities. Some of the emigrants have been able to return to Ecuador with a capital and have substantially increased their living standards, meanwhile others have not been as successful and “return as they left – with nothing”\textsuperscript{118} in a much more difficult situation. Further others are not planning to return to Ecuador at all, and have established themselves with family, a permanent job and a house in their new countries. The level of development, increased living standards and its sustainability does therefore differ between the migrants. Second, although the remittance based development is fragile have the above mentioned usage of remittances led to an important development for the families who receive remittances and who are now able to live more secure and with a higher living standard than before. A development that also is important, especially on a personal level. However, although important, the observation that this development is not sustainable does remain.

Considering this last observation, it is therefore essential to increase the sustainability of the remittance generated development, so that the trans-national families are able to maintain

\textsuperscript{118} Carmen Alvarado, the House of Human Mobility in Cuenca
and further increase their improved welfare also in the future and that those who have emigrated are able to return and live in Ecuador again if they like to. Saying this, it should be kept in mind that the remittances are private money, gained by people who have emigrated in order to improve their family’s living standard. An emigration that in many cases is a result of a lack of opportunities in Ecuador, and by some therefore regarded as a forced migration. When talking about remittances and development it is therefore important not to forget this aspect and that the usage of the remittances are decisions that only could be made by the emigrants and the remittance receivers themselves. The decisions taken should however be well-founded by emigrants who are aware of their possibilities and how they could invest their money. It is offering these advices and assistance that the actors, described above, have a potentially important role in increasing the sustainability of the remittance generated development.

Many of the described projects in this study look, in slightly different ways, to increase the business investments using remittances. As the results show, it also seems like there is an aim among returning emigrants to initiate a micro businesses and that there is room for increased education and advice, assisting emigrants starting up a rentable business. The projects presented in this paper contain of different actors who collaborate; Spanish authorities and NGO’s with universities and Ecuadorian authorities and foundations as well as migrant associations. Some of the actors define their projects as co-development projects, and some do not, although all projects presented in this paper seem to fit under the definition of co-development. The concept used for the project is however not the most important, the important is if the projects and the services they provide lead to an impact when increasing the long term sustainability of the remittance generated development. Considering that the large majority of these actors and projects have not existed, or at least not have been involved with the issue of migration for more than ten years, is it difficult to evaluate their effects on the development. It’s for the future to tell their full potential for the development in Ecuador and it is therefore not possible to confirm the hypothesis that the actors are contributing to increasing the sustainability of the remittance generated development. It is however reasonable to believe that they make a difference, at least for the participants in their projects. The concern is to what extent they are able to make an impact on the development since most

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119 This has a natural explication; the Ecuadorian migration didn’t reach a larger scale until around 1999-2000 when Ecuador faced its hardest economic crisis. The organizations with the largest experience in this field in Ecuador are found in the southern regions, especially in Austro. This is the region where the Ecuadorian migration has its longest history.
projects presented in this paper are quite small in relation to the size of the Ecuadorian migration. It also seems like there is a restricted knowledge about their existence among the migrants and their families.

Further, and as pointed out by UNDP, does also the state have an important role offering good and responsible governance with stable institutions that favour investments and that gain development and economic growth. With a higher level of development and social services in Ecuador, would probably also less people feel forced to emigrate. Also the success of the projects is connected with good governance and especially concerning the procedure, obstacles and risks that entrepreneurs as well as financial institutions face when investing money in micro businesses in Ecuador.

Below follows a summary of the different standpoints and development strategies that are identified among the actors presented in chapter 5. The paper is concluded with some recommendations that are based on the results from the interviews and the questionnaires.

**Micro-businesses as development strategy**

- Promote the usage of the remittances into productive investments in Ecuador in order to create employments and developing the economy; the national as well as the family economy.
- Take advantage of the new experiences, technologies and innovative ideas that the emigrants have gained in the exterior and are able to bring with them and implement in local businesses in Ecuador.
- Facilitate the access to credits for migrants, and to a lower interest rate, since they in general have more difficulties obtaining credits.
- Assist migrants with guidance in order for them to develop long term business ideas and make independent decisions on how to invest their money. (REDES-CAP, RIMHUCH, the Alternative Fund, the House of Human Mobility, Cuenca

1. **General development in Ecuador**

- Generate a general local development and promoting the generation of employment, not necessary by investing the remittances, but instead by changing policies and promote local investments, so that it is possible to decide between living a dignified life in Ecuador and emigrating.
• Insert the remittances that are sent to rural Ecuador in the local financial structures, so that more money is invested in the villages and that the rural population gain an increased access to credits.

• Co-development projects as a mean to increase the development in both the country of origin and in the country of reception. The objective of co-development to create conditions for a sustainable development in Ecuador in order to diminish the inflow of migrants in the territories of the receiving countries and to promote the voluntarily return of the immigrants that have already arrived.

• Communal remittances that emigrants send from the exterior in order to invest in social goods that gain the entire community such as infrastructure, schools, drinking water systems etc.

• The present usage of the remittances to housing, health and education is also development. This position differ from the position that only the money invested in productive projects generate in development.

2. Increase the quantity of remittances that arrives to Ecuador

• Decrease the transfer costs and facilitating the withdrawal of the remittances in the home communities of the receivers.

• Decrease the interest rates, and thereby the costs of paying off expensive loans that were taken for the migration.

7.2 Recommendations

More information about the projects

More disperses means of information about the services that are offered to migrants and their families, especially by the governmental SENAMI. This of course implies more costs, money that could be used for investments in projects etc. but it is essential that those who are supposed to be supported have knowledge about their possibilities. It is also important that there is continuity in the projects, so that people become familiar with them and that more migrants are able receive the assistance.

Broader projects – more focus on training

Since it seems to be a great interest among the returning migrants for starting businesses I believe more guidance, to emigrants but also to their family members, of making investments could increase the remittance’s investment rate, as well as increase the sustainability of the
established businesses. With further information and knowledge of how to manage a business, which sectors are profitable etc. and in an adequate and understandable level for each individual, the project beneficiaries would be able to develop and strengthen their own ideas and make well founded decisions about their future. If focusing more on this kind of guidance and preparation, to a broader group, instead of offering seed money to a few selected, could more people benefit from these kinds of projects.

**Improve the investment climate**

Improve the investment climate for micro entrepreneurs as well as the incentives for business investments in Ecuador. Credits are expensive and quite complicated to obtain for all small investors and entrepreneurs, and even more so for migrants. More people would probably be incentivised to initiate a micro business if the interest rates for micro credits were lower, if it was easier to access credits and if it was more flexibility in the financial system. Other measures could be tax relieves or favourable credit agreements for micro entrepreneurs.

**Better planning of the return to Ecuador**

The return to Ecuador is difficult for many migrants especially in terms of finding a job and reintegrate themselves in the society and with the family. It is therefore a good idea to prepare the return already from abroad. If the migrant would invest in a business in Ecuador already before returning, he would be able to return to an employment and a source of income, as well as the entire family would have some time to become mentally prepare of the return. An already established business before the return of the migrant could also avoid a second emigration if it turns out that the business is not developing as planned.

**Transparency**

There are cases where migrants who send remittances have been cheated by their relatives in Ecuador and where the money has been wasted in alcohol, consumption etc. It should therefore be easier for the emigrants to control what the money they send are being used for. For example that the banks and the financial cooperatives offer services that facilitate the transparency of what the withdrawn money is used for. Or that the emigrants themselves, instead of sending money, could buy the goods/services directly in Ecuador via the internet.

**Investments in production increasing goods**

Promote investments in production increasing goods, for example a tractor, which without the remittances would not be possible to buy due to the lack of capital among peasants. Such an investment would be able to gain the entire community if they would be able to rent it and also the person making the investment would gain money renting the tractor. It would
however be necessary to make a thorough investigation prior to the purchase in order to find out if there is an interest in the community for renting such machinery

**Local financial structures**

Promote the increased use of local financial structures that inserts the remittances in the local communities from where the emigrants originate so that people in these localities would have an increased access to credits.

**Other possibilities**

Lastly, I also think it’s important to increase the awareness of the possibilities that exist in Ecuador and thereby change the sense that the only opportunities for economic development are found in the exterior. It’s a fact that the migration is costly and perhaps would it be possible to invest the money used for the migration directly in Ecuador, without that anyone would have to emigrate.
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**Other resources**

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Deep interviews

2010.09.28
- Joaquin, the House of Human Mobility, Quito

2010.10.05
- Macarena Pazmiño, SENAMI, Human talent, Quito
- Ivan Matute, SENAMI, Human Talent, Quito
- Monica Torres, SENAMI, The Migrant Bank, Quito
- Raul Jiménez, Rumiñahui, Madrid

2010.10.07
- Hugo Dutan, SENAMI, the Cucayo fund, Quito
- Israel Idrovo Landy, SENAMI, Quito

2010.10.13
- Grace Espinosa, the Alternative Fund, Quito

2010.10.18
- Barbara Sanpedro, ESQUEL, Quito

2010.10.19
- Eulalia Arias, Foundation Espejo Eugenio, Quito

2010.10.25
- Ana Abad, SENAMI, Cuenca
- Carmen Alvarado, lawyer, the House of Human Mobility, Cuenca

2010.10.26
- Franklin Ortiz, the Pastoral of Human Mobility, Cuenca

2010.11.08
- Orlando Arévalo, Fondo Ecuatoriano Populorum Progressio (FEPP), Cuenca
- Enriqueta Martinez, the House of Human Mobility, Cuenca

2010.11.09
- Carlos Cando, Financial cooperative Codesarrollo
- Juan Carlos Urgiles, Financial cooperative Jardín Azuayo

2010.11.22
- Patricio Hernán Sinalusia Sananay, RIMHUCH, Riobamba

2010.11.23
- Gloria Jiménez, Rumiñahui, Quito

Questionnaires

Remittance receivers

2010.10.30 - Gualaceo, Cuenca
- 6 interviews

2010.11.05 - El Rodeo, Cuenca
- 6 interviews
  2010.11.26 - Oyacoto, Quito
- 8 interviews
  Project beneficiaries
  *The Cucayo Fund*
  2010.10.18, Quito
  2010.10.19, Quito
  2010.10.26, Cuenca
  2010.10.28, Cuenca
  2010.11.01, Cuenca
  2010.11.04, Cuenca
  2010.11.09, Cuenca
- *REDES-CAP*
  2010.10.20 Quito
  2010.11.24 Quito
  *Business skills in Chimborazo*
  2010.11.22, Riobamba
Appendix II - Background information on Ecuador

Ecuador is located between Colombia and Peru in north-western South America. The capital is Quito is situated in the province Pichincha and has 1.6 million inhabitants. Ecuador as a country has 13.6 million inhabitants and approximately 25 % are indigenous. The official languages are Spanish and Quichua.

Map 1: The Ecuadorian provinces and the percentage of the total Ecuadorian emigration that originates in each province.
Source: Fundación Alternativa.

Ecuador is an agricultural economy and is, apart from the important petrol, dependent on exportations of banana, cacao, tuna a shrimps. The agricultural sector employs one third of the Ecuadorian labour force and 75 % of the farmers are peasants. One fourth of the labour force work within the industry and the remaining workers are occupied within the service sector. It is estimated that one third of the workers are employed within the informal sector. The unemployment is 6.1 % and the sub-employment was in 2008 at 47.1%.

Ecuador is one of the poorest countries in Latin America. The breach between rich and poor is large in Ecuador where the richest 10 % of the population owns 80 % of the wealth and it is estimated that half of the population live under conditions that the UN classify as poverty. According to official data from Ecuador’s National Statistical Institute (INEC) is the

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120 This background information is to a large extent based on the information found in Swedish Landguiden
121 INEC 2011.01.14
poverty rate 38.3%\textsuperscript{122}. Health and education are deficient, although improvements have been undertaken during the last years. Analphabetism is 9.1%\textsuperscript{123}, but it’s higher in certain sectors, especially among rural indigenous people.

Especially the 1990’s were economically as well as politically difficult for the country. The IMF (International Monetary Fund) required implementation of Strict Austerity Programs (SAPs) and a reduction of the public and social spending in order for Ecuador to maintain their financial support. In 1996 was only 5.18% of GDP used for public expenditures, compared to about 12% in 1989. In 1995 did Ecuador enter into a military conflict with neighbouring Peru which resulted expensive for the country and two years later was the coastal regions hit by the natural disasters El Niño and the white spot disease\textsuperscript{124}. Events which eroded the already poor economy. With the economic and financial crisis in 1999, and the freezing of public funds in banks, the Ecuadorians lost a large part of their savings in the banks. Since there was no money available for the productive sector was also the production affected and decreased due to the freezing of the funds in the banks. The decreased production increased the sub-employment and underemployment rates.\textsuperscript{125} In 1999, the year of the crisis had the inflation and unemployment rates reached 60.7% and 14.4% respectively\textsuperscript{126}. The GDP decreased during the same year with 30.1% in dollars\textsuperscript{127} and the foreign debt reached a record level of 115% of GDP.\textsuperscript{128} As a result of the crisis did the poverty increase during these years and had in the year 2000 reached a level of 71% and a level of extreme poverty of 31%, and that in the same time as the gap between rich and poor grew even larger. A situation that was deepened with the dollarization in 2000 that was carried out in order to stabilize the inflation which had reached 52%\textsuperscript{129} the year of the crisis.

In addition to the economic problems during the 1990’s did Ecuador experience political instability for many years. The instability is a result of the geographic established political differences between the coastal and the mountainous regions have. As many as 5 different presidents came to power between 1996 and 2000\textsuperscript{130}. In 2007 was President Rafael Correa elected and he is the first Ecuadorian president to be reelected in 30 years. He was elected

\textsuperscript{122} INEC, 2011.01.14  
\textsuperscript{123} INEC, 2011.01.14  
\textsuperscript{124} A shrimp disease that destroyed large part of the important shrimp industry  
\textsuperscript{125} Gómez et al, 2007  
\textsuperscript{126} Acosta, 2009  
\textsuperscript{127} Acosta, 2009  
\textsuperscript{128} Gómez et al, 2007  
\textsuperscript{129} Acosta, 2009  
\textsuperscript{130} Jokisch and Kyle, 2005
with the promise to renew the constitution, which was accomplished and the new constitution, which is supposed to change the uneven resource allocation and include everyone, was approved in 2008.

Below follows a few data of the Ecuadorian economy today.

<table>
<thead>
<tr>
<th>GDP per capita in USD (2009)</th>
<th>3 939\textsuperscript{131}</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inflation</td>
<td>3,33%\textsuperscript{132}</td>
</tr>
<tr>
<td>Foreign debt (as % of GDP)</td>
<td>15,30 %\textsuperscript{133}</td>
</tr>
</tbody>
</table>

\textsuperscript{131} Landguiden \textsuperscript{132} BCE, 2011.01.14 \textsuperscript{133} BCE, 2011.01.14
Appendix III - Summary of a sample of actors related to the Ecuadorian migration.

<table>
<thead>
<tr>
<th>Organization/Institution</th>
<th>Year</th>
<th>Objective with the organization or project</th>
<th>Projects/services for migrants</th>
<th>Location</th>
<th>Partners/Financing</th>
</tr>
</thead>
<tbody>
<tr>
<td>International authorities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The Spanish government</td>
<td>2008</td>
<td>Increase the protection and facilitate the return of unemployed immigrant workers in Spain.</td>
<td>Program of Voluntarily return, offering the migrants to bring their gathered pension money and unemployment benefits with them to Ecuador. Co-financing other co-development projects with local actors in Ecuador</td>
<td>Spain</td>
<td></td>
</tr>
<tr>
<td>Ecuadorian authorities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SENAMI</td>
<td>2007</td>
<td>Develop Ecuador’s migration policies and run migration related projects. Does also give advices and support to people who want to migrant, their families and migrants who wish to return to Ecuador.</td>
<td>Migrant’s houses in the exterior, website, Plan Welcome Home: Including; The Cucayo Fund, Human Talent, the Migrant Bank,</td>
<td>Quito, Guayaquil, Cuenca, Loja, Manta, New York, Madrid, Barcelona, Milano, London, Caracas</td>
<td></td>
</tr>
<tr>
<td>The Cucayo Fund (El Fondo Cucayo)</td>
<td>2008</td>
<td>Facilitate the return of Ecuadorian migrants by offering seed money to innovative business ideas via a competition.</td>
<td></td>
<td>Ecuador</td>
<td>The Spanish government via the debt swap program</td>
</tr>
<tr>
<td>Human Talent (Talento Humano)</td>
<td>2007</td>
<td>Support and take advantage of the knowledge, capacities and practices that the Ecuadorian emigrants have</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>The Migrant Bank (Banco del Migrante)</strong></td>
<td>2009</td>
<td>Establish agreements with financial cooperatives in order to provide returned migrants with favourable credits. Aim at decreasing the transfer costs for remittances.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>-----------------------------------------</td>
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</tr>
</tbody>
</table>
| **House of Human Mobility, Cuenca (La Casa de Mobilidad Humana)** | 2007 | Provide information to the public about migration, including a lawyer and social workers in their staff.  
- Diminish prejudices against emigrants, especially their children.  
- Work with everyone in the communities in order to create more equality and a viable option in Ecuador to the migration. | Cuenca  
Projects of breeding guinea pigs and cultivating cacao in order to create job opportunities in Ecuador.  
Projects with school teachers and youth in areas with high indexes of migration. |
| **House of Human Mobility Quito (La Casa de Mobilidad Humana)** | 2002 | Strengthen systems, social, economic and productive structures through projects aimed at people that live in a context of human mobility. Provides people with information and assistance, juridical as well as psychological. | Quito  
- Teach about human rights in order to decrease racism  
- Run tele-centers where knowledge about technology and communication is taught  
- Issue scholarships to migrants’ children |
| **Migrants’ associations** | 1997 | Assisting the newly arrived Ecuadorian immigrants in Spain  
REDES-CAP and a project with communal remittances | Madrid, Valencia and Murcia.  
EU, UN, the Spanish government the munici- |
<table>
<thead>
<tr>
<th>Organization</th>
<th>Year</th>
<th>Activities</th>
<th>Location</th>
<th>Partner</th>
</tr>
</thead>
<tbody>
<tr>
<td>Association <em>Rumiñahui</em>, Quito</td>
<td>2000</td>
<td>- Assisting families of migrants with information, therapy</td>
<td>Quito</td>
<td>House of Human Mobility, Quito</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- Working for human rights and exercise impact on migration policies in Ecuador</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Association <em>FAMIGRACH</em></td>
<td>2004</td>
<td>- Create sources of employment so that their family members that have emigrated are able to return to Ecuador</td>
<td>Riobamba</td>
<td>One of the partners in the network RIMHUCH</td>
</tr>
<tr>
<td>Association <em>Frente Unido</em></td>
<td>?</td>
<td>- Assist newly arrived immigrants in the USA</td>
<td>USA</td>
<td>?</td>
</tr>
</tbody>
</table>

**Ecuadorian organizations and foundations**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Year</th>
<th>Activities</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pastoral for Human Mobility, Cuenca (Pastoral de Mobilidad Humana)</td>
<td>1992</td>
<td>- Assist with information and guidance to increase the awareness of people. - Today more with immigrants and refugees. - Work in the ambits where the government does not.</td>
<td>Cuenca</td>
</tr>
<tr>
<td>FEPP: Fondo Ecuatoriano Populorum Progressio</td>
<td>1970</td>
<td>- Promote a general development, especially in rural areas. - Increase the usage of Popular Finances</td>
<td>Quito, Cuenca, Coca, Esmeraldas Guaranda, Ibarra, Lago Agrio, Latacunga, Loja, Portoviejo, Riobamba</td>
</tr>
<tr>
<td>Organization</td>
<td>Year</td>
<td>Implementation</td>
<td>Business Skills in Chimborazo</td>
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<tr>
<td>Network RIMHUCH</td>
<td>2003</td>
<td>Implement integrated strategies in order to respond to issues that are connected to human mobility through different organization that work together in a network. -Initiate a processes of development</td>
<td>Starting 3 businesses in order to generate employments in areas with high emigration</td>
</tr>
<tr>
<td>ESQUEL</td>
<td>2005</td>
<td>Mitigate the negative impacts of migration and maximize the positive effects and economic, social and cultural opportunities it brings about, to enhance development both in communities of origin and host countries</td>
<td>2 projects promoting a support system for individuals linked to human mobility processes in the Province of Chimborazo and the city of Madrid -Province of Tungurahua and the city of Valencia.</td>
</tr>
<tr>
<td>Foundation Espejo Eugenio</td>
<td>1980</td>
<td>REDES CAP; Promote development in communities with a high index of migration in order to prepare migrants of how to initiate and administrate a micro business</td>
<td>REDES – CAP; prepare migrants and their families to initiate micro businesses</td>
</tr>
</tbody>
</table>

**International organizations**

<table>
<thead>
<tr>
<th>Organization</th>
<th>Year</th>
<th>Implementation</th>
<th>Migration Model of Voluntarily Return develop viable business ideas and teach emigrants in how to manage a business</th>
<th>Location</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>IADB – The Inter American Development Bank in Ecuador</td>
<td>2000</td>
<td>-Reduce the costs of transfer of remittances -Increase the number of receivers that receive remittances through formal financial institutions -Direct the</td>
<td>The Alternative Fund and the Foundation CREA in Spain</td>
<td>The Alternative Fund and the Foundation CREA in Spain</td>
<td></td>
</tr>
<tr>
<td>Financial cooperatives</td>
<td>Jardin Azuayo</td>
<td>1996</td>
<td>-Transfer and capture the remittances at local level in order to generate local development, employment and development possibilities. Promote local financial structures.</td>
<td>-Possibility to withdraw the remittances in the locality. -Savings and credits possibilities in local financial systems. -Assist the creation of Popular finances.</td>
<td>In communities in the provinces of Azuay, Cañar, Loja, El Oro and Morona Santiago.</td>
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<tr>
<td></td>
<td>Codesarrollo</td>
<td>1997</td>
<td>Reach an integrated development in urban as well as rural, marginalized areas in Ecuador by offering financial services and strengthening the local financial structures.</td>
<td><strong>CrediMigrante</strong> (that is offered to the Codesarrollo by the SENAMI). -Possibility to withdraw the remittances in the locality. -Transfers of remittance free of charge.</td>
<td>In 29 communities in Ecuador.</td>
</tr>
<tr>
<td></td>
<td>The Alternative Fund (Fundación Alternativa)</td>
<td>1991 – Migration in 2008</td>
<td>Improve the life quality of the most vulnerable people in the society and in the communities, by offering them credits for micro businesses.</td>
<td><strong>Migration Model of Voluntarily Return</strong> develop viable business ideas and teach emigrants in how to manage a business <strong>Business Skills in Chimborazo</strong> Starting 3 businesses in order to generate employments in areas with high emigration.</td>
<td>The provinces of Pichincha, Santo Domingo de los Tsáchilas, Esmeraldas, Cotopaxi, Imbabura and Chimborazo. IADB, the UN, EU, RIMHUCH the Region of Murcia.</td>
</tr>
<tr>
<td>Newspaper</td>
<td>2006</td>
<td>News concerning migration issues in Ecuador and the countries in where the Ecuadorian migrants live.</td>
<td>Ecuador, Europe and the USA</td>
<td></td>
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<tr>
<td>El Migrante</td>
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<tr>
<th>Websites</th>
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<tbody>
<tr>
<td><a href="http://www.migrantesecuador.org">www.migrantesecuador.org</a></td>
<td>Influencing local, regional, national and transnational policies related to migration in order to guarantee the rights of migrants and their families in Ecuador and in the world.</td>
<td>Portal for migrants including; social forum, investigations on migration, news on issues related to migration, and contacts to organizations working with the issue. Support initiatives that goes beyond co-development, including education, health, public policies, creation of employments, access to credits, psychological and pedagogic support etc.</td>
</tr>
<tr>
<td><a href="http://www.ecuadormigrante.org">http://www.ecuadormigrante.org</a></td>
<td>Inform and contribute to the discussion and debate around migration and promote linkages between actors related to migration.</td>
<td>It’s an open space for organizations and initiatives related to migration. Actors related to migration in Ecuador and their work and projects are listed with contacts.</td>
</tr>
<tr>
<td></td>
<td>ESQUEL, the Spanish organizations; International Cooperation, the Municipality of Madrid and Generalitat Valenciana, Save the Children. Financed by the EU</td>
<td></td>
</tr>
<tr>
<td><a href="http://www.migranteecuatoriano.gov.ec">http://www.migranteecuatoriano.gov.ec</a></td>
<td>Information from the government about migration and SENAMI’s projects, news, social forum for migrants, migrant radio</td>
<td></td>
</tr>
</tbody>
</table>
Appendix IV - QUESTIONNAIRE – remittance receivers (English)

Date: __________
Location: __________

Good morning/afternoon. I am a student at the Linnaeus University in Sweden, studying a program of economics and politics. I am in Ecuador in order to realize a field study for my bachelor’s thesis.

The objective of the study is to gain knowledge about the remittances that Ecuadorian emigrants send and about the use of these remittances. I would appreciate if you dedicated 30 minutes of your time in order to answer these questions. It is important that you are aware of that all the information given is absolutely anonymous. Thank you very much for your cooperation!

Emma Ljungkvist.

1. Gender
Female __________ 1
Male __________ 2

2. Age: _________

4. Number of children: _______

3. Number of people in the household: ______________

5. Who was the person that migrated? Does he/she still live in the exterior?

6. What level of education do you have?
No education __________ 1
Primary __________ 2
Secondary __________ 3
University level __________ 4
Other __________ 5

7. Do you in your household receive remittances?
Yes __________ 1
No __________ 2

8. What sources of income does your household have, besides the remittances?
Paid work by one person __________ 1
Paid work by two persons __________ 2
Other source of income (what?) __________ 3

9. What was the major reason behind the migration? In which year was it?
________________________________________________________________________
________________________________________________________________________
10. In which country is the migrant living?

_______________________________________________________________

11. Is the migrant planning to return back to Ecuador after some time in the exterior?

_______________________________________________________________

12. What percentage of the total incomes do the remittances represent in your household

Less than 20 %........................................................................1
Between 21-55%.......................................................................2
Between 56-80%........................................................................3
More than 80 %..........................................................................4

13. How are the remittances being sent?

Money transfer company...............................................................1
Financial cooperative...................................................................2
Bank............................................................................................3
Via a person..................................................................................4
Via mail.......................................................................................3
Other............................................................................................4

14. In your household, what were the remittances used for? What are the major changes in your expenses since you began receiving remittances? (better nutrition, better economic security, less stress, less work?)

_______________________________________________________________

_______________________________________________________________

15. With the incomes from the remittances, are you’re family able to save money, to spend more money in the education of the children, enjoy more spare time or buy more goods such as brand clothes/shoes? Please, mention a few things that you are able to enjoy now, but that before the incomes of remittances was not possible.

_______________________________________________________________

_______________________________________________________________

16. As a result of the migration and the remittances, have you been able to make some kind of investments? (For example the construction or renovation of the house, land, home electronics, vehicle)

_______________________________________________________________

83
17. Is there an interest from you or from the migrant to initiate a micro-business here in Ecuador one day?

________________________________________________________________________________________

18. As a result of the migration, do you have to pay off debts with a part of the remittances that you receive? What percentage of the total remittances is spent on the debts?

________________________________________________________________________________________

19. Are you familiar with any kind of project that is directed towards the migrants and their families? Have you or anyone in your household benefited from such a project? (for example The Cucayo Fund, a credit or assistance in order to initiate a micro-business?) What project?

________________________________________________________________________________________

Thank you very much for your collaboration!
Appendix V - ENCUESTA – Receptores de remesas (Spanish)

Fecha: ________________
Lugar: ________________


El objetivo de este estudio es conocer acerca de las remesas enviadas por los emigrantes ecuatorianos y cómo éstas son utilizadas en Ecuador. Le agradecería que me dedique media hora de su tiempo para responder estas preguntas, es importante que sepa que toda la información será absolutamente anónima. Muchas gracias por su colaboración!

Emma Ljungkvist

1. Sexo
2. Edad: ________________ 3. ¿Número de hijos? ___________
Mujer ________________ 1
Varón ________________ 2

4. Número de personas en el hogar: ____________

5. ¿Quién es la persona que ha migrado? Está todavía en el exterior?
___________________________________________________________________________

6. ¿Qué nivel educativo tiene Vd.?
Ningúno ________________ 1
Primario ________________ 2
Secundario ________________ 3
Universitario ________________ 4
Otro__________________________ 5

7. Recibe Vd. remesas?
Si ________________ 1
No ________________ 2

8. ¿Qué fuentes de ingresos tiene su hogar?
Trabajo pagado de una persona ________________________________ 1
Trabajo pagado de más que una persona ________________________________ 2
Otro fuente de ingreso (¿qué?) ________________________________ 3

9. ¿Cuál fue la razón principal para la emigración? Y en qué año se migró?
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

85
10. ¿En qué país está el migrante?

11. ¿Tiene el emigrante como objetivo retornar a Ecuador después de un tiempo en el exterior?

12. ¿Qué porcentaje del ingreso total significa las remesas en su hogar?
- Menos que 20% ____________________________ 1
- Entre 21-55% ________________________________ 2
- Entre 56-80% ________________________________ 3
- Más que 80% ________________________________ 4

13. ¿Por qué medio son las remesas enviadas?
- Empresa de transferencia de dinero______________ 2
- Cooperativa financiera________________________ 3
- Banco_______________________________________ 4
- A través de una persona________________________ 5
- Por correo__________________________________ 6
- Otro ________________________________________ 7

14. ¿En su hogar, en qué gastan el mayor parte de las remesas que reciben? Y ¿qué son los mayores cambios en sus gastos desde que empezaron a recibir las remesas? (mejor alimentación, más seguridad económica, menos estrés, menos trabajo?)

15. ¿Con los envíos de remesas, es posible para su familia ahorrar dinero, gastar más en la educación de los niños, disfrutar de más tiempo de ocio o comprar cosas como ropa/zapatos de buena marca etc? Por favor, menciona algunas cosas que pueden permitirse ahora gracias a las remesas, pero que antes no era posible.
16. ¿Han podido realizar otro tipo de inversión, como resultado de la migración y las remesas? (Por ejemplo la construcción o mejora de la casa, tierra, electrodomésticos, un vehículo)

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

17. Hay un interés por su parte o del emigrante iniciar un negocio con las remesas que reciben? (Qué tipo, problemas de iniciar ...)

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

18. ¿Cómo resultado de la migración, tienen que utilizar parte de las remesa para pagar deudas? ¿Qué porcentaje de las remesas tenían que utilizar para estas deudas?

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

19. ¿Conoce Vd algún tipo de proyecto dirigido para familias de emigrantes? ¿Ha Vd. o alguien en su hogar disfrutado de algún de estos proyectos? (por ejemplo Fondo Cucayo, un crédito para iniciar una empresa etc.) ¿Qué proyecto?

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

Muchas gracias por su colaboración!
Appendix VI - QUESTIONNAIRE – project beneficiaries (English)

Date:_____________
Location:_____________

Good morning/afternoon. I am a student at the Linnaeus University in Sweden, studying a program of economics and politics. I am in Ecuador in order to realize a field study for my bachelor’s thesis.

The objective of the study is to gain knowledge about the remittances that Ecuadorian emigrants send and about the use of these remittances. I would appreciate if you dedicated 30 minutes of your time in order to answer these questions. It is important that you are aware of that all the information given is absolutely anonymous. Thank you very much for your cooperation!

Emma Ljungkvist.

1. Gender
Female______________1  2. Age: ___________  4. Number of children: _______
Male______________2  3. Number of people in the household: ___________

5. What level of education do you have?
No education _______________1
Primary_______________________2
Secundary_______________________3
University level_______________________4
Other_____________________________5

6. Who was the person that migrated?
________________________________________________________________________

9. What was the mayor reason behind the migration? In which year was it?
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

10. In which country were you living?
________________________________________________________________________

11. Why did you decide to return back to Ecuador?
________________________________________________________________________
________________________________________________________________________
________________________________________________________________________

88
12. What percentage of the total incomes do the remittances represent in your household?

Less than half ________________________________________________________________ 1
More than half ______________________________________________________________ 2

14. In your household, what were the remittances used for? What are the major changes in your expenses since you began receiving remittances? (better nutrition, better economic security, less stress, less work?)

___________________________________________________________________________
___________________________________________________________________________

12. Did you have the idea to initiate your own micro business already when leaving Ecuador? How was the idea to initiate the business developed?

___________________________________________________________________________
___________________________________________________________________________

13. How did you hear about the Cucayo Fund?

___________________________________________________________________________

14. What kind of micro business have you initiated?

___________________________________________________________________________
___________________________________________________________________________

15. Why did you decide to initiate exactly this micro business? (Due to previous experiences, high profits, suggestion from another person?)

___________________________________________________________________________
___________________________________________________________________________

16. For how much time have you been running the business? Was it initiated with the Cucayo Fund or did it exist already before?

___________________________________________________________________________

17. What kind of support have you received from the Cucayo Fund when initiating the micro business?

___________________________________________________________________________
___________________________________________________________________________
18. What is your evaluation of the business? Are you able to live from it?
___________________________________________________________________________
___________________________________________________________________________

19. How many people work in the business? Who are they?
___________________________________________________________________________
___________________________________________________________________________

20. Do you have any suggestions for the Cucayo Fund? Is there anything that you have been missing as a beneficiary of the fund?
___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

Thank you very much for your collaboration!
Appendix VII - ENCUESTA – beneficiarios de proyectos (Spanish)

Fecha: __________
Lugar: __________


El objetivo de este estudio es conocer acerca de las remesas enviadas por los emigrantes ecuatorianos y como éstas son utilizadas en Ecuador. Le agradecería que me dedique media hora de su tiempo para responder estas preguntas, es importante que sepa que toda la información será absolutamente anónima. Muchas gracias por su colaboración!

Emma Ljungkvist.

1. Sexo

Mujer __________
Hombre __________

2. Edad: __________

3. ¿Número de hijos? __________

4. Número de personas en el hogar: __________

5. ¿Qué nivel educativo tiene Vd.?

Ningúno __________
Primario __________
Secundario __________
Universitario __________
Otro __________

6. ¿Quién fue la persona que migró?

___________________________________________________________________________

7. ¿Cuál fue la razón principal para la emigración?

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

8. ¿En qué país está/estuvo el migrante y por cuánto tiempo?

___________________________________________________________________________

9. ¿Por qué decidió retornar a Ecuador?

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________
10. ¿Qué porcentaje del ingreso total significa/significaban las remesas en su hogar?

Menos que la mitad __________________________________________________________ 1
Más que la mitad __________________________________________________________ 2

11. ¿En su hogar, en qué gastan/gastaban la mayor parte de las remesas que reciben/recibieron? Y ¿cuáles son/fueron los mayores cambios en sus gastos desde que empezaron a recibir las remesas? (mejor alimentación, más seguridad económica, menos estrés, menos trabajo, etc.?)

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

12. ¿El hecho de iniciar un emprendimiento, lo tenía pensado al momento de partir? ¿Cómo se fue desarrollando la idea de iniciar un emprendimiento?

___________________________________________________________________________
___________________________________________________________________________
___________________________________________________________________________

13. ¿Cómo escucharon del Fondo Cucayo?

___________________________________________________________________________
___________________________________________________________________________

14. ¿Qué tipo de emprendimiento ha iniciado?

___________________________________________________________________________
___________________________________________________________________________

15. ¿Por qué decidieron establecer precisamente este emprendimiento? (Por experiencias previas, mayor rentabilidad, sugerencia de otra persona, etc.)

___________________________________________________________________________
___________________________________________________________________________

16. ¿Cuánto tiempo llevan con el emprendimiento? ¿Fue iniciado con el proyecto Fondo Cucayo, o ya existía antes?

___________________________________________________________________________
___________________________________________________________________________

92
17. ¿Qué tipo de apoyo han recibido del Fondo Cucayo, iniciando el emprendimiento?

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

18. ¿Cuál es su evaluación del emprendimiento? Pueden vivir de ello?

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

19. ¿Cuántas personas trabajan en el emprendimiento? ¿Quiénes son?

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

20. ¿Tienen alguna sugerencia para Fondo Cucayo? ¿Hay algo que les ha hecho falta como beneficiarios del proyecto?

___________________________________________________________________________

___________________________________________________________________________

___________________________________________________________________________

Muchas gracias por su colaboración!
Appendix VIII - DEEP-INTERVIEWS – Actors (English)

Interview with ____________________ Date: ____________

Background of the actor

- Name of the actor:________________________
- In what year was _________ founded?/For how long have you been working with migrants?
- With what objectives was _________ founded?
- What kind of support do you offer to the migrants and their families?

Projects:

- What are the requirements to participate in the project?
- How many people are benefitting from the project?
- Is it a large demand for participation in this project?
- How are the migrants informed about the existence of the project?
- Will there be a new project after this one?
- Do you regard the project to be a kind of co-development?/ What is your definition of co-development?
- How is the projects financed?/Are other partners are involved?
- Do you also offer credits?
- How high are the interest rates?

About the migration

- Have more people returned to Ecuador due to the financial crises?
- In what are the remittances spent?
- Are you familiar with any migrant’s associations from the region?
- Is it common with communal remittances and investments?
Appendix VIII – ENTREVISTAS DE PROFUNDIDAD – Actors (Spanish)

Entrevista con ___________________ Fecha: ____________

Sobre el actor

- ¿Nombre del actor:_______________________
- ¿En qué año fue fundado?/ ¿Por cuánto tiempo han trabajado con migrantes?
- ¿Con qué objetivos fue fundado?
- ¿Qué tipo de apoyo ofrecen a los migrantes y sus familias?

Proyectos:

- ¿Cuáles son los requisitos para participar en el proyecto?
- ¿Cuántas personas se han beneficiado del proyecto?
- ¿Cómo es la demanda para participar en el proyecto?
- ¿Cómo son los migrants informados de la existencia del proyecto?
- ¿Tendrán otro proyecto después de este?
- ¿Considera que el proyecto sea un especie de codesarrollo?/ ¿Cuál es su definición de codesarrollo?
- ¿Cómo se financia el proyecto?/ ¿Hay otros socios?
- ¿También ofrecen créditos?
- ¿Quál es el interés de los créditos?

Sobre la migración

- ¿Hay un incremento en migrantes retornados como resultado de la crisis financiera?
- ¿Cómo son las remesas utilizadas?
- ¿Conoce alguna asociación de migrantes con origen en la región?
- ¿Son las remesas e inversiones comunitarias comunes?