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“El Cucayo” Contestable Fund Program: social and economic impact on migratory phenomenon of Azuay.

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ABSTRACT

In the present document, the causes and consequences of external migration on the population of Azuay are identified and analyzed. Afterwards, an analysis of the execution of public policies, which promote the return and entrepreneurship of migrants, is made; special emphasis is made on the Contestable Fund Project “El Cucayo” to determine its social and economical impact on the beneficiaries. The National Secretariat for Migrants provided the information used for the investigation, bibliographic sources were also used, and additional information was gathered through interviews. It was determined that the analyzed governmental project had a positive impact on the permanency in Ecuador of returnee migrants.

INDEX

ACKNOWLEDGMENTS	I
ABSTRACT.....	II
INTRODUCTION.....	IX
1 CHAPTER I. - AZUAY AS THE MAIN CENTER OF MIGRATION.....	1
1.1 THEORETICAL REVIEW.	1
1.1.1 <i>Terms of human mobility: migration.....</i>	<i>1</i>
1.1.2 <i>Historical review of the international migration in Ecuador</i>	<i>3</i>
1.1.3 <i>Situation of the migration in Ecuador.....</i>	<i>6</i>
1.1.4 <i>Migration in Azuay province</i>	<i>13</i>
1.2 CAUSES OF ECUADORIAN MIGRATION	14
1.2.1 <i>Economical and Financial crisis 1999.....</i>	<i>14</i>
1.2.2 <i>Low salaries.</i>	<i>18</i>
1.2.3 <i>Unemployment.....</i>	<i>22</i>
1.2.4 <i>Population looking for a better life.....</i>	<i>23</i>
1.3 MIGRANT PERSON´S PROFILE.	24
1.3.1 <i>Migrant person´s profile before a migration</i>	<i>24</i>
1.3.2 <i>Migrant person´s profile.</i>	<i>25</i>
1.3.3 <i>Condition of the person returning from migration.....</i>	<i>27</i>
2 CHAPTER II. - SOCIAL IMPACT AND ECONOMIC IMPACT OF MIGRATION IN AZUAY.....	28
2.1 SOCIAL CONSEQUENCES.	28
2.1.1 <i>Disintegration of the traditional family and the new configuration of the family circle</i>	<i>29</i>
2.1.2 <i>Abandonment of children and young.....</i>	<i>31</i>
2.1.3 <i>Relationship breakdowns and divorces.....</i>	<i>33</i>
2.1.4 <i>Affected school performance.</i>	<i>35</i>
2.1.5 <i>Depression and Addiction</i>	<i>37</i>
2.1.6 <i>Loss of national identity</i>	<i>42</i>
2.2 ECONOMIC CONSEQUENCES:	45
2.2.1 <i>Remittances.....</i>	<i>46</i>
2.2.2 <i>Brain drain and labor force drain.....</i>	<i>77</i>
3 CHAPTER III. - COMPETITIVE FUND PROGRAM “EL CUCAYO” AND THE IMPACT OF ITS EXECUTION.	79

3.1	GOVERNMENTAL PROGRAMS TO HELP MIGRANTS	79
3.1.1	<i>Human mobility as a human and constitutional right</i>	79
3.1.2	<i>The National Plan for the “Good Living” and the rights of the migrants</i>	88
3.2	CONTESTABLE FUND PROGRAM “EL CUCAYO”	95
3.2.1	<i>Description of the Contestable Fund “El Cucayo”</i>	95
3.2.2	<i>Goals of the creation and execution of the Contestable Fund Program “El Cucayo”</i> 96	
3.2.3	<i>Legal and institutional framework of the Contestable Fund “El Cucayo”</i>	98
3.2.4	<i>Requirements for access to contestable fund “El Cucayo”</i>	100
3.2.5	<i>Items covered by the Contestable Fund “El Cucayo”</i>	100
3.2.6	<i>Kinds of business that can be covered by Contestable Fund “El Cucayo”</i>	101
3.2.7	<i>Maximum amounts and ways to apply for the Contestable Fund “El Cucayo”</i>	102
3.3	ECONOMIC AND SOCIAL IMPACT OF THE IMPLEMENTATION OF THE CONTESTABLE FUND “EL CUCAYO”	103
3.3.1	<i>Analysis of enterprise projects implemented thanks to seed capital allocated by the SENAMI nationally</i>	103
3.3.2	<i>Inter-agency coordination in the different stages of the implementation of the project</i> 103	
3.3.3	<i>Location of enterprises nationally</i>	109
3.3.4	<i>Gender of the beneficiaries of the “El Cucayo” fund</i>	110
3.3.5	<i>Migratory destination of the beneficiaries of “El Cucayo” fund</i>	111
3.3.6	<i>Enterprises financed by “El Cucayo” fund by activity fields</i>	111
3.3.7	<i>Types of enterprises financed by “El Cucayo” fund</i>	112
3.3.8	<i>Enterprises financed by “El Cucayo” fund by year</i>	114
3.3.9	<i>Jobs created in the enterprises financed by “El Cucayo” fund</i>	115
3.3.10	<i>Management indicators of “El Cucayo” fund</i>	116
3.4	ANALYSIS OF BUSINESS PROJECTS IMPLEMENTED THANKS TO SEED CAPITAL ALLOCATED BY THE SENAMI IN AZUAY	118
3.4.1	<i>Characteristics of the beneficiaries of the Contestable Fund “El Cucayo” in Azuay</i> 118	
3.4.2	<i>Gender of the beneficiaries of the Contestable Fund “El Cucayo”</i>	121
3.4.3	<i>Level of education of the beneficiaries of “El Cucayo” fund in Azuay</i>	121
3.4.4	<i>Migratory destinations of the beneficiaries of “El Cucayo” fund in Azuay</i>	122
3.4.5	<i>Financed enterprises by activity field</i>	123
3.4.6	<i>Financed enterprises by type</i>	124

3.4.7	<i>Formalization of the enterprises financed by “El Cucayo” fund in Azuay.....</i>	125
3.4.8	<i>Implementation of the Contestable Fund Program “El Cucayo” and the creation of jobs in Azuay</i>	126
3.4.9	<i>Sustainability over time of the enterprises financed by SENAMI in Azuay.....</i>	128
3.4.10	<i>New destination of remittances, from consumption to production.....</i>	131
3.4.11	<i>Corporate projects of migrants and the creation of new industries. Case Annoa</i>	132
3.5	SOCIAL IMPACT OF THE IMPLEMENTATION OF CONTESTABLE FUND “EL CUCAYO” IN THE MIGRATION OF AZUAY	134
3.5.1	<i>Application of the knowledge acquired abroad in the enterprises supported by the seed capital</i>	134
3.5.2	<i>Projects for encourage entrepreneurship and the stay of migrants in Ecuador</i>	137
3.5.3	<i>Entrepreneurship in migrants and family integration</i>	138
	CONCLUSIONS.....	142
	RECOMMENDATIONS.....	145
	BIBLIOGRAPHY	146
	ANNEX	A
	INTERVIEW WITH THE OWNER OF “ALPARAMIS”	B
	INTERVIEW WITH THE OWNER OF “ANNOA COSMÉTICA”	G
	INTERVIEW WITH THE OWNER OF “MARIA ´S ALEMANIA”	K
	INTERVIEW WITH THE OWNER OF “NANCY ORDÓÑEZ PELUQUERÍA & SPA”	O
	INTERVIEW WITH THE OWNER OF “FABIANO ´S PIZZERÍA”	S

INDEX OF FIGURES

Graph 1	Ecuadorian migrants in U.S.A 2000-2010	6
Graph 2	Origin of migrants by region.....	7
Graph 3	Concentration of emigrants by country of destination	8
Graph 4	GDP growing 2011-2013	10
Graph 5	Unemployment rate 2009-2013.....	11

Graph 6 Underemployment rate 2009-2012	11
Graph 7 Population in poverty conditions 2009-2012	12
Graph 8 Minimum wage vs. Basic food basket's price 1998-1992	19
Graph 9 Minimum wage value vs. Basic food basket's price 2000-2012	20
Graph 10 Minimum wage Ecuador, Spain and U.S.A 2013	21
Graph 11 Unemployment rate 1990-1999.....	22
Graph 12 Economic conditions of migrants.....	24
Graph 13 Migrant's age	25
Graph 14 Children with migrant parents.....	32
Graph 15 Behavior of worker's remittances received 2004-2012	48
Graph 16 Place of origin of people who send remittances.....	49
Graph 17 Age of people who send remittances	50
Graph 18 Job of migrants who send remittances	51
Graph 19 Incorporation of receptors of remittances to the financial system	53
Graph 20 Kind of relationship of migrant with the remittances receiver	54
Graph 21 Frequency of remittance sending	55
Graph 22 Amounts sent as remittances.....	56
Graph 23 Age of receivers of remittances.....	57
Graph 24 Use of remittances.....	58
Graph 25 Spending of remittances and familiar income.....	60
Graph 26 Remittances by country of origin 2007-2012.....	64

Graph 27 Total exports and remittances 2007-2012.....	67
Graph 28 Non-oil exports and remittances 2007-2012.....	69
Graph 29 Traditional exports and remittances 2007-2012.....	70
Graph 30 Total imports and remittances 2007-2012.....	71
Graph 31 Remittances and direct foreign investment 2007-2012.....	72
Graph 32 Sex of the people who receive remittances.....	76
Graph 33 Location of enterprises by province.....	109
Graph 34 Location of the enterprises by headquarters of the SENAMI.....	110
Graph 35 Migratory destinations of the beneficiaries of the fund.....	111
Graph 36 Enterprises by activity fields nationally.....	112
Graph 37 Types of enterprises financed by the SENAMI nationally.....	113
Graph 38 Types of financed projects by new or expansion nationally.....	113
Graph 39 Jobs created by activity fields.....	116
Graph 40 Gender of the beneficiaries of "El Cucayo" fund in Azuay.....	121
Graph 41 Level of education of the entrepreneurs.....	122
Graph 42 Migratory destinations of the beneficiaries of "El Cucayo" fund in Azuay...	122
Graph 43 Enterprises by activity field in Azuay.....	123
Graph 44 Types of enterprises financed by the SENAMI in Azuay.....	124
Graph 45 Types of financed projects by new or expansion in Azuay.....	124
Graph 46 Enterprises with RUC.....	125
Graph 47 Enterprises with RUP.....	126

Graph 48 Jobs created by economic activity in Azuay	127
Graph 49 Sustainability over time of the enterprises	128
Graph 50 Open enterprises and the stay of the owners in the country.....	137
Graph 51 Disintegration of the family unit at the emigration moment.....	139
Graph 52 Reasons to migrate of the beneficiaries of the fund	141

INDEX OF TABLES

Table 1 Remittances in relation to total exports.....	68
Table 2 Remittances in relation to non-oil exports	68
Table 3 Inter-agency coordination for the creation of productive enterprises	104
Table 4 Enterprises financed by "El Cucayo" fund by year.....	114
Table 5 Management indicators of "El Cucayo" fund	116
Table 6 Analyzed projects.....	118

INTRODUCTION

There are several types of migration; nevertheless, this research paper is focused on external migration, which is the migration to other countries. In Ecuador, since the colonial period there has existed internal migration between the coast and the Andes; and, between the countryside and the city. The external migration was sporadic and uncommon since the colonial period until the sixties. In the sixties, several important migratory movements from Ecuador started especially from Azuay and Cañar provinces to other countries such the United States, Spain and Italy. The phenomenon of migration intensifies in the nineties as a result of the country's political and economical instability; a big part of the country's population was affected because they emigrated searching a stable income and a better standard of living. This social phenomenon, from then until now, has caused complex social problems that appear in: broken families, children and teenagers growing up without their parents. This, at the same time causes: depression, alcoholism, crime, etc. Previous governments had neither strong legal framework nor public policy to support the population involved in these problems, both population that migrated and population that stayed in the country. In 2008, with the new constitution, the human mobility was included in the national legal framework, and new institutions were created such the National Secretariat for Migrants (SENAMI). This institution had created projects for assisted migrants return, also assisted economic and social reintegration of migrants. One of the most important economical projects raised is the Contestable Fund "El Cucayo", which gives returnee migrants the seed capital for the starting, and growth of business ventures. These business ventures create sources of income and sources of employment.

This document will determine the main migratory flows from Azuay to other countries and its causes. It will also identify social and economic specific issues derived from migration. It will evaluate the social and economic impact of the implementation of "El Cucayo" contestable fund program on migrants from Azuay, from the date of implementation to today.

In order to get the necessary information for the analysis, we will perform a bibliographic research. Secondary sources of information will be used such as books, official bulletins, magazines and statistic data. Information from public and private entities, which have important data for the research, will be used. The main information supplier institution will be the National Secretariat for Migrants of South region. Primary sources of information such as interviews and surveys to people involved in the topic of research will be used, too.

1 CHAPTER I. - AZUAY AS THE MAIN CENTER OF MIGRATION.

1.1 Theoretical review.

1.1.1 Terms of human mobility: migration.

For the comprehension of the migration phenomenon it is necessary to know and understand the related terms, and the different forms in which the migration occurs. For this, we have taken several important definitions concerning migration, from the Glossary on Migration of the International Organization for Migration.

Migration: “A process of moving, either across an international border, or within a State. It is a population movement, encompassing any kind of movement of people, whatever its length, composition and causes; it includes migration of refugees, displaced people, uprooted people, and economic migrants.”(IOM, 38)

Migrant: “At the international level, no universally accepted definition of migrant exists. The term migrant is usually understood to cover all cases where the decision to migrate is taken freely by the individual concerned for reasons of “personal convenience” and without intervention of an external compelling factor. This term therefore applies to people, and family members, moving to another country or region to better their material or social conditions and improve the prospect for themselves or their family.”(IOM, 41)

Assisted migration: “The movement of migrants accomplished with the assistance of a government, governments or an international organization, as opposed to spontaneous, unaided migration.” IOM, 38)

Clandestine migration: “Secret or concealed migration in breach of immigration requirements. It can occur when a non-national breaches the entry regulations of a country; or having entered a country legally overstays in breach of immigration regulations.”(IOM, 39)

Return migration: “The movement of a person returning to his/her country of origin or habitual residence usually after spending at least one year in another country. This return may or may not be voluntary. Return migration includes voluntary repatriation.”(IOM, 39)

Spontaneous migration: “An individual or group who initiates and proceeds with their migration plans without any outside assistance. Spontaneous migration is usually caused by push-pull factors and is characterized by the lack of State assistance or any other type of international or national assistance.”(IOM, 39)

International migration: “Movement of people who leave their country of origin, or the country of habitual residence, to establish themselves either permanently or temporarily in another country. An international frontier is therefore crossed.”(IOM, 40)

Irregular migration: “Movement that takes place outside the regulatory norms of the sending, transit and receiving countries. There is no clear or universally accepted definition of irregular migration. From the perspective of destination countries it is illegal entry, stay or work in a country, meaning that the migrant does not have the necessary authorization or documents required under immigration regulations to enter, reside or work in a given country. From the perspective of the sending country, the irregularity is for example seen in cases in which a person crosses an international boundary without a valid passport or travel document or does not fulfill the administrative requirements for leaving the country. There is, however, a tendency to restrict the use of the term “illegal migration” to cases of smuggling of migrants and trafficking people.”(IOM, 40)

The migration is a very diverse social phenomenon that appears in different forms and in different places. The migration implies the movement of people to a place different from the place of origin or residency. This movement can occur from one city to another or from a country to another; this means, it can be internal migration or external migration. The migration can be voluntary or forced; in the first case the reasons to migrate are personal or economic, in the second case the migration has as objective the protection of person’s life and security. There are migrations in which people can enter and leave

freely a territorial division; in other cases people enter in a country in an illegal or clandestine way.

1.1.2 Historical review of the international migration in Ecuador

The international migration in Ecuador is not a recent phenomenon because it always has existed in different forms and with different causes. Since the start of the republican period until the sixties the migration of Ecuadorians abroad was sporadic and rare. According to Brian Gratton in Ecuador the first stage of the migration initiates in 1960 and ends in 1995, and the second stage start in 1995 and ends in 2004. (33)

In the sixties, a little part of the population started to leave the country looking for livelihood because at that time the straw hats market suffered a depression. The called *Panama Hats* were produced specifically in the Ecuador's southern region. The decline of this market directly affected the families who lived in rural areas, forcing women to migrate to cities and forcing men to migrate abroad. The migration from the rural area to the urban area was the predecessor of the international migration since the year 1962 until the year 1974 the rural population decreased from 65% to 41%. (Ramírez F. y Ramírez J, 33), changing the demographics of the country. The international migration starts to intensify and acquire characteristics between the sixties and the eighties, during this period the networks and the migration mechanisms were configured, the pioneer Ecuadorians contributed to the establishment of access routes and helped another Ecuadorians to do the trip.

The first stage of the migration was characterized by the characteristics of the migrant; the Ecuadorian migrant was mainly from Azuay or Cañar, was inhabitant of the rural area and suffered the lack of stable income sources. It is difficult to have an exact number of people who left the country, but it is possible to know that the migrants were mainly half-caste and in less proportion indigenous. (Ramírez, 2)

After the migratory wave of the sixties, the country experimented a new growth of the migrant population in the eighties, especially to the United States, “the Ecuadorians went from anonymity to become one of the biggest immigrant's communities in the metropolitan area of New York, this in just one generation.”(Jokisch, 57) In the nineties, 41% of Ecuadorian emigrants lived in New York. (Gratton, 36)

The oil “boom” came to an end in the eighties with a stagnant national economy, an external debt crisis and a high vulnerability to the international economy’s changes. There was a reduced domestic and international investment, just as a low growth rate of GDP. In addition, a constant devaluation of the Sucre, a high rate of inflation which reduced the population purchasing power, and a growing unemployment rate. This economic context contributed to the increase in the number of emigrants; however, the increase was not as great as in the nineties.

The migration became massive due to the appearance of people who transacted and sought clandestine entries in order to make migrants cross without problems the U.S border. These people are called “coyotes”; they charged large sums of money to bring a person to the United States. This is why when the emigrants arrived at their destination; they worked for long periods of time to pay the acquired debt.

Additionally, we have to mention that in 1986 many migrants regularized their legal status in the United States, thanks to a migratory reform. Therefore, from 1961 to 1995 more than 185.000 Ecuadorians received U.S legal residency status. (Ramírez, 2)

In the nineties the quantity of Ecuadorian migrants stabilized, each year approximately 250.000 people left the country. (Gratton, 34) In this decade, the remittances “*money earned by non-nationals transferred back to their country*” (IOM, 62) became an important characteristic of the Ecuadorian economy. The remittances allowed the building of very big houses in rural areas, those that were empty or were under the care of a relative of the emigrant owner

The second stage of the Ecuadorian migration extends from 1996 to 2004. This stage is different from the first one because of the characteristics of the migrant population, the causes and the destinations of the migration. The main cause of the strong migratory wave of this period was the economical crisis, which got worse between 1998 and 2000. Many Ecuadorians lost their economical instability and their job security; because of this, they saw the migration as an option that would allow them to have a dignified and stable life. The migrant population was not only from the Ecuador’s southern region rural areas, or only people with low economic resources. In this stage the migrants were

people, who have had good salaries, good jobs and professions or they have lost their savings and/or their jobs due to the bankruptcies.

Additionally the economic crisis, in this period existed a huge political instability; between 1997 and 2000 there existed four different governments of which none completed the four-year period.

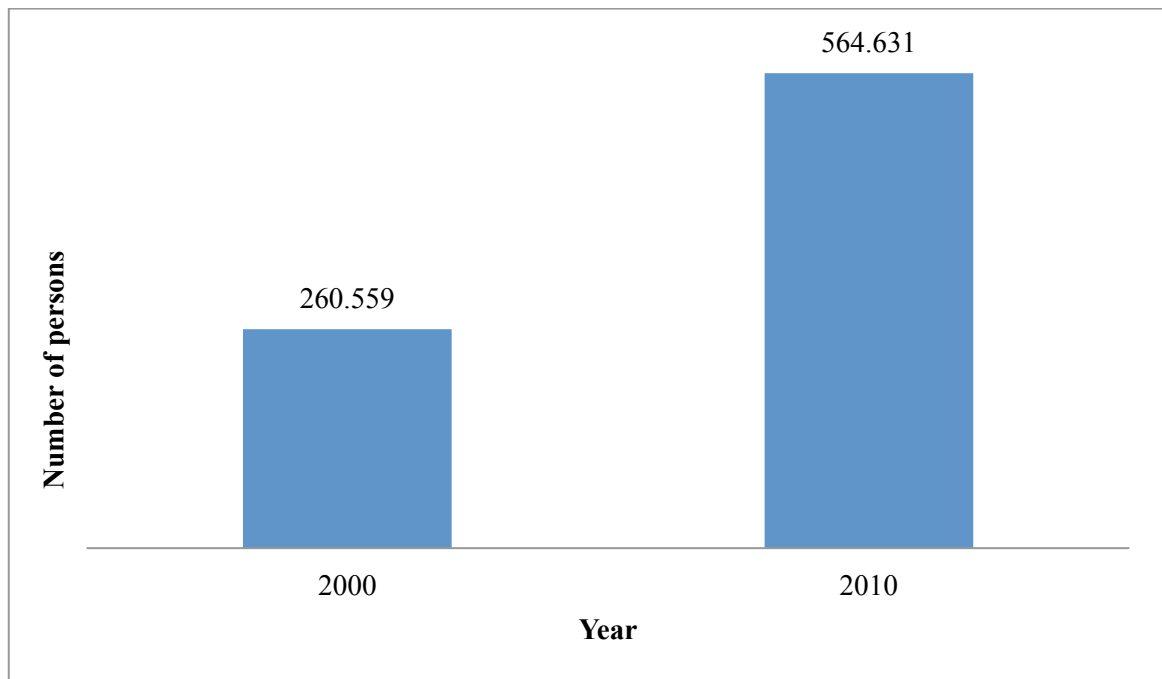
In this stage, the migration growth rate had a huge increase in comparison with past decades, from 1997 to 1998 it rose from 4% to 47%, and from 1998 to 1999 it rose from 47% to 140%. (Ramírez F. y Ramírez J, 45) The destinations of the migrants diversified, they no longer travel only to the United States, because they started to travel to Spain and other European countries. This due to the increasingly difficulty to cross the U.S border without documents, the sea and land controls became stronger. Consequently, thousands of Ecuadorians were deported, imprisoned or they died in the attempt to reach their destinations; an illegal trip is made in extremely dangerous conditions. An additional reason of the diversification of the destinations of the migrants is the high cost of the trip, and the high sums of money demanded by the “coyotes”. In the eighties, the cost fluctuated between 1.500 and 3.000 dollars. In 2003, the cost fluctuated between 8.500 and 12.000 dollars. (Gratton, 42)

Suddenly, Spain became the main destination of the migration, according to a research made by FLACSO and the Central Bank, in 2003 45% of the total migrants had travelled to Spain; the 32% had travelled to the United States and the 24% to other countries. Spain became the best choice for migration because a visa was not required to enter in that country until 2003; additionally the travel route was not very expensive or dangerous. Ecuadorians in Spain could not access wages as high as those in the United States, but they could earn two or three times more money than in Ecuador. Other important characteristic of this migration stage was that woman started to migrate in a massive way because her work were well paid in foreign countries as the United States and Spain. Before 1995 just the third part of the total of migrants were women, the next years that percentage grew close to 50% (Gratton, 45)

1.1.3 Situation of the migration in Ecuador

After the Ecuadorian migratory wave of the nineties, it is estimated that approximately 1'400.000 and 1'600.000 people left the country, and according to SENAMI data there are between two and three millions of Ecuadorians abroad currently. In the last decade, the Ecuadorian population living in the United States has grown, according to the census of this country; the migration from Ecuador grew from 260.559 people in 2000 to 564.631 people in 2010. Just in Queens, New York 98.502 Ecuadorians reside there. (Herrera, Moncayo y Escobar 35-38)

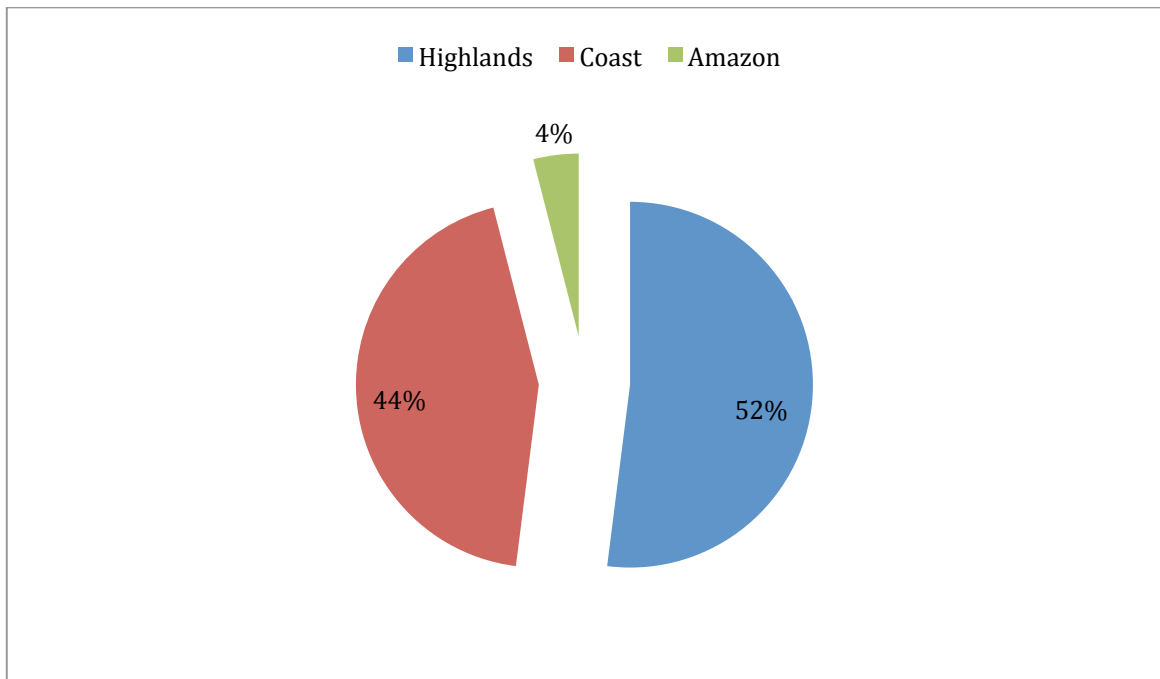
Graph 1 Ecuadorian migrants in U.S.A 2000-2010



Source: U.S.A Census 2010.

According to the Population and Housing Census made by INEC in 2010, there is more concentration of migrants from the Andean region than migrants from other regions. In the Andean region 52% of the emigrant population is concentrated, 44% in the Coast and 4% in the Amazon region.

Graph 2 Origin of migrants by region

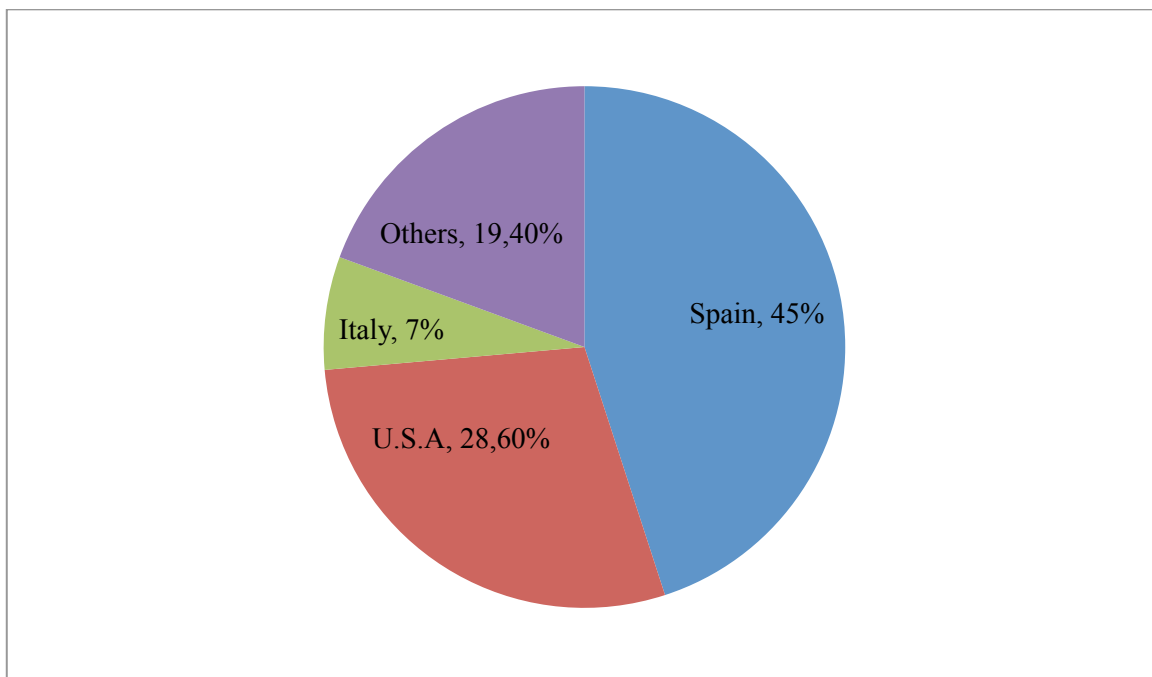


Source: INEC, Population and Housing Census 2010.

Regarding the cities with more migratory impact, 90% of this is concentrated in Azuay and Cañar provinces. (Herrera, Moncayo y Escobar 39) The trend initiated in the seventies and eighties in the Ecuadorian southern region has not changed in the last decades.

The countries of destination preferred by Ecuadorian migrants have changed, in the first instance the United States was the main destination, after decades Spain became the destination where there existed more concentration of migration. According to INEN data, 45% of the migration was concentrated in Spain, 28, 6%, in U.S.A, 7% in Italy and 19, 4% in other countries.

Graph 3 Concentration of emigrants by country of destination



Source: INEC, Population and Housing Census, 2010.

The countries of destination, where currently exist the highest concentration of migrants, have changed. In the first migratory stage, the population preferred to establish their residency in the United States. On the other hand, in the second migratory stage due to the easiness of traveling and the no requirement of a visa at the beginning, Ecuadorians preferred Spain and other European countries as their destination.

The characteristics of the Ecuadorian migratory phenomenon changed after the big migratory wave that started in the nineties and continued until 2004.

In the Migration Profile of Ecuador developed by the IOM (Herrera y Moncayo) in 2011 four main characteristics, which have prevailed in the last decade, are highlighted.

- Deceleration of the outflow of Ecuadorians.
- Moderate increase in immigration.
- Significant raise of forced migration.
- Increasing tendency to return migration.

The deceleration of the outflow is more evident in the outflow of Ecuadorians to Europe, especially to Spain. This deceleration was due to factors such the requirement since 2004 of Schengen visa to travel to Europe, the financial crisis and the rise of unemployment in the countries of destination. (Herrera, Moncayo y Escobar ,9)

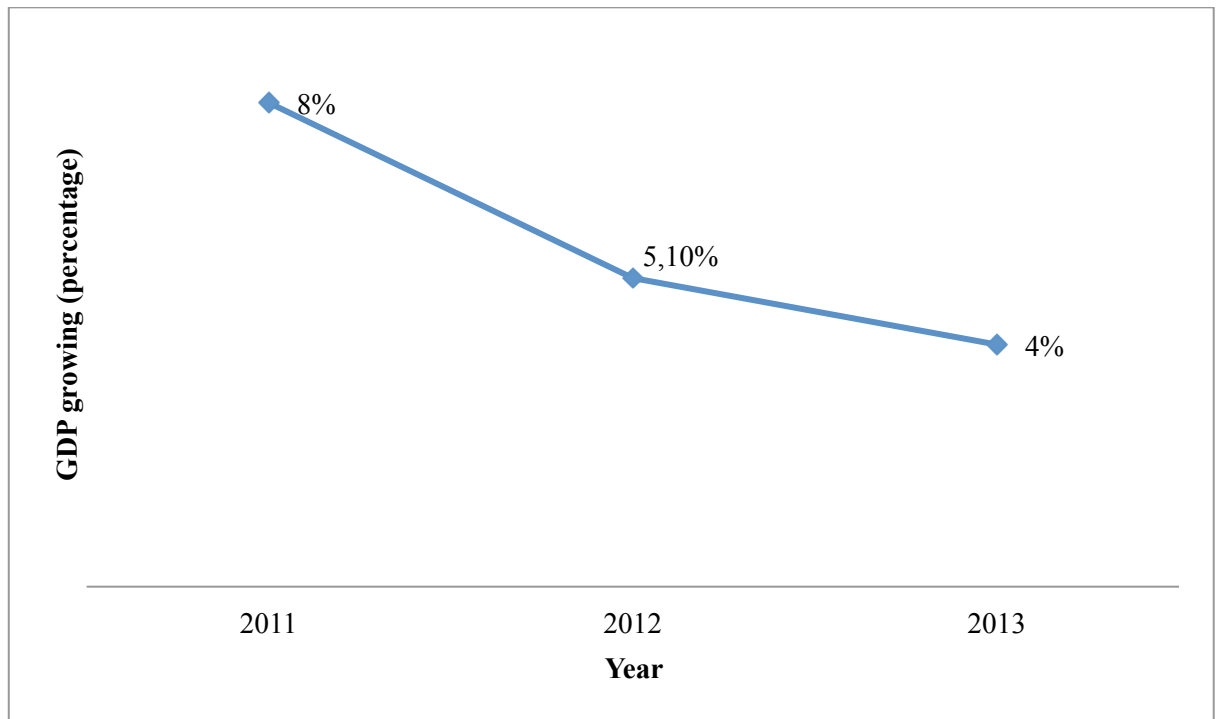
The reality of migrants who live in Spain is very discouraging, and this has forced them to come back to their own country. “The National Coordinator of Ecuadorians in Spain (CNEE) estimates that, just in Madrid, 8.500 families have faced problems related to mortgages between 2007 and 2010. This compelled them to leave this European nation. (“Shadow of the crisis follows the migrant”. Diario El Comercio 21 June 2012.) There are thousands of histories about migrants who were established in Spain a decade ago and now have come back because they have lost their job security, their houses due to mortgages problems; they also have been motivated by the voluntary return programs offered by the Spanish Government.¹

Other factor that has contributed to the deceleration of the outflow of Ecuadorians is the improvement of the political and economical stability of the country. The last 10 years, after the economic crisis of the nineties the economy has been stabilizing, the GDP growth was of 8, 0% in 2011. (Central Bank Macroeconomic Statistics 2013, 5), 5,1% in 2012 and 2013 will close with a rate between 3,7 and 4%.(“Ecuadorian GDP will approach to 100000 million dollars in 2014”. Andes October, 26 2013) The GDP grows continuously; however, each year the growth rate percentage is lowered due to the fall of oil prices and the high economic dependency on oil income.

¹ Plan started by the Government of Spain to help and assist immigrants who want to return to their countries of origin. The Spanish government assumes the cost of transport, international travel tickets and the delivery of an unemployment fund.

² Survey done by Verónica Tamariz to 5.200 partners of the Jardín Azuayo cooperative, this survey

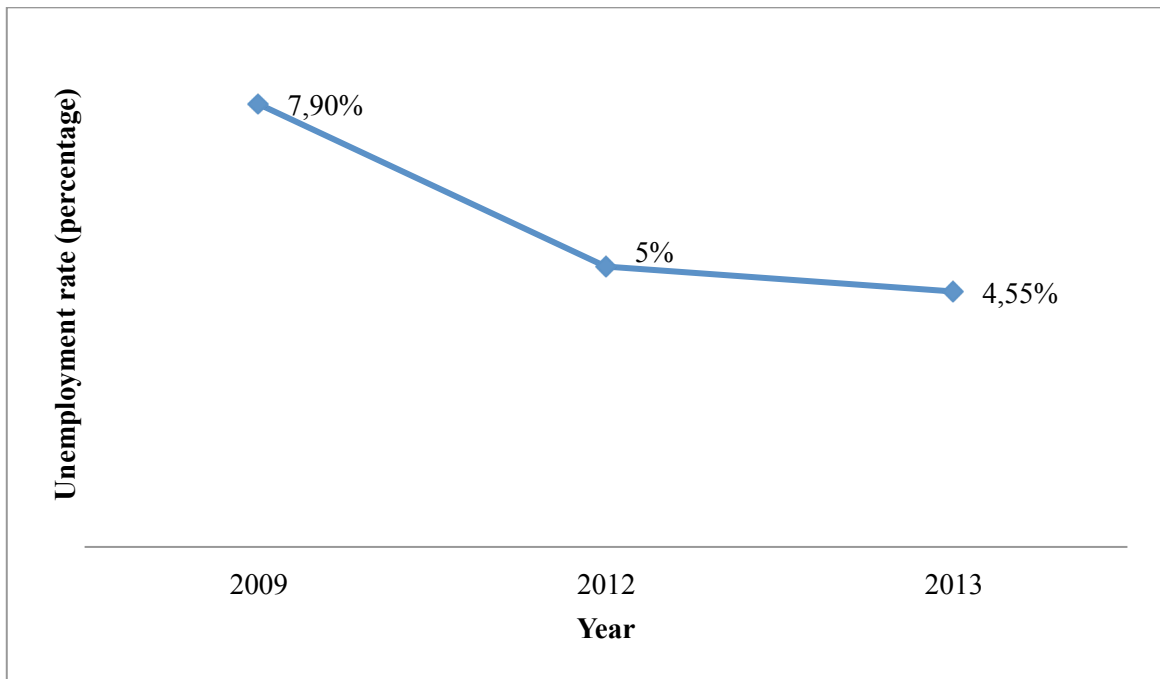
Graph 4 GDP growing 2011-2013



Source: Central Bank- Andes.

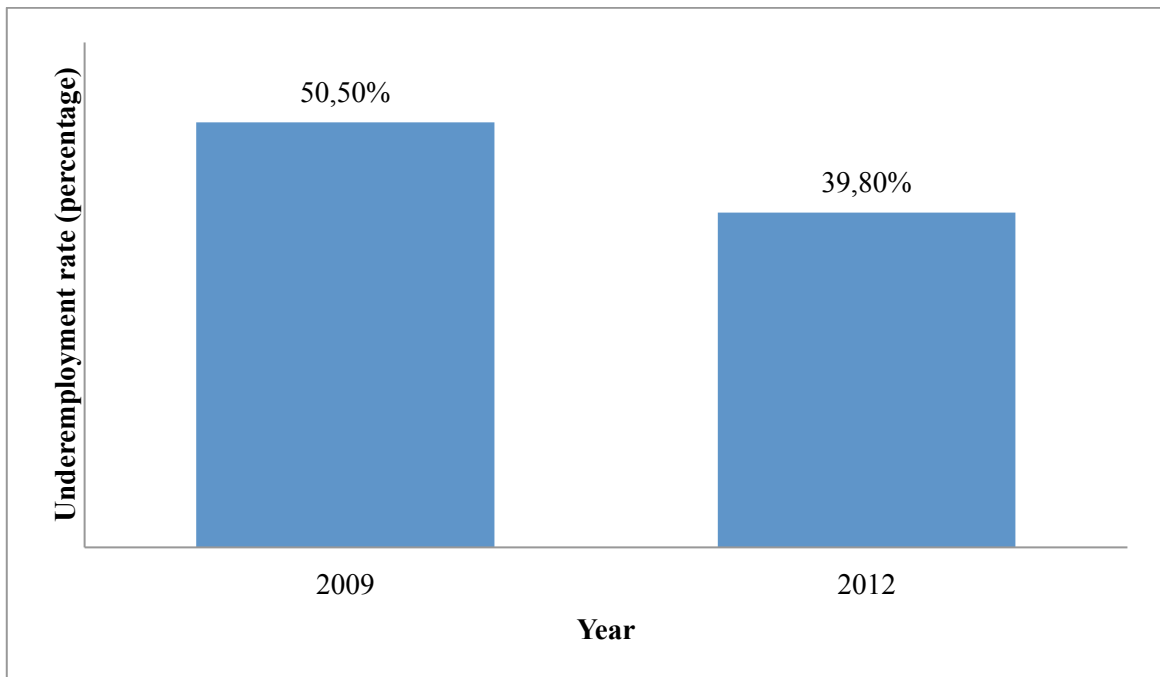
The unemployment rate has fallen from 7, 9% in 2009 to 5% in 2012, and in 2013 it was 4, 55%. Additionally the underemployment rate had fallen from 50, 5% in 2009 to 39, and 8% in 2012. In spite of the decrease of the unemployment rate in Ecuador the last 4 years, this rate is still high, this results in that a third part of the economically active population didn't have job security nor economical stability because they lacked of formal employment. The rate of population in poverty conditions has fallen from 25% in 2009 to 16,1% in 2012. (Central Bank Macroeconomic Statistics 2013, 5-37), people who live with 72,9 dollars per month or 2,4 dollars per day are considered part of the population in poverty conditions.

Graph 5 Unemployment rate 2009-2013



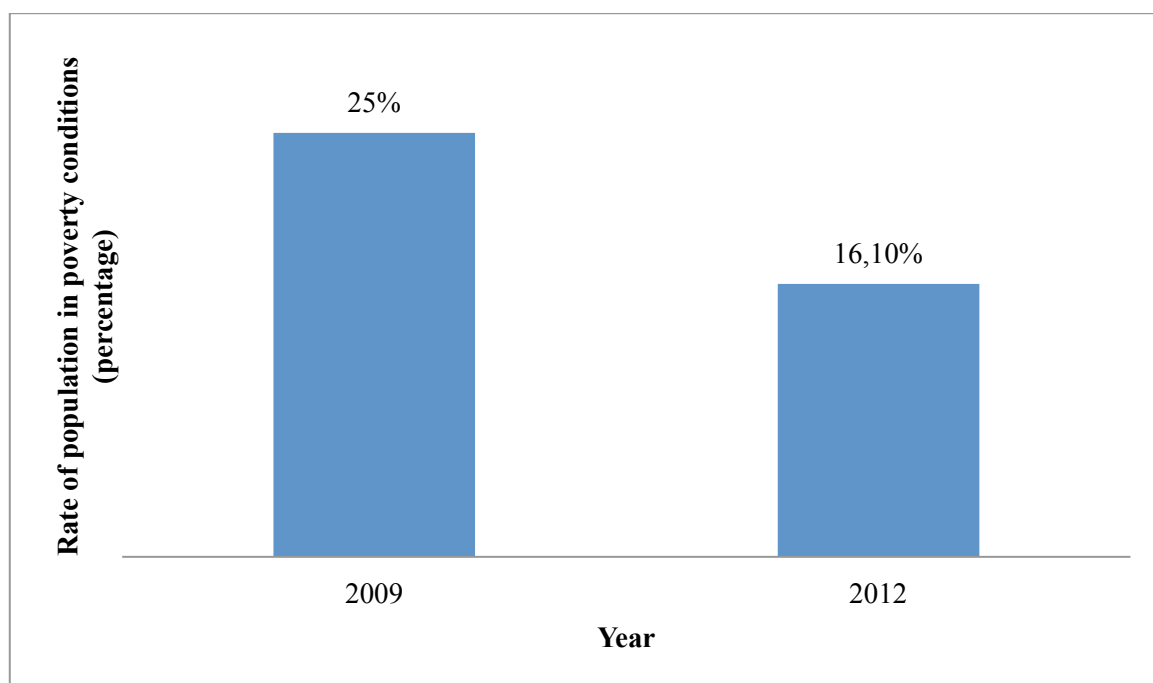
Source: Central Bank

Graph 6 Underemployment rate 2009-2012



Source: Central Bank.

Graph 7 Population in poverty conditions 2009-2012



Source: Central Bank

The existence of an increasing GDP, decreasing rates of unemployment, underemployment and poverty does not mean that the social and economic problems are already overcome because we still depend on oil income, of the primary products exports and of the international economic environment. This reality is reflected in the trade balance of the 2000-2009 periods, the oil exports represented a 52% of the total exports. (Herrera, Moncayo and Escobar, 31), this means that more than the half of foreign currency income of exports come from the oil activities.

The immigration has been rising in Ecuador because the number of people who enter the country, especially from neighbor countries such as Peru and Colombia, has grown. Since 2008, the immigration of people from other Latin American and Caribbean countries has grown because the Ecuadorian government eliminated the requirement of a visa to enter the country, but in 2010 visa for foreign people was required again. Qualitative studies have revealed that the immigrant population in Ecuador moves much

due to the difficulties to find job, especially when they are undocumented or in irregular migration situation.

The main increase in forced migration is in the entry of people from Colombia. The Colombian citizens establish in Ecuador looking for international protection and refugee. The majority of the Colombian refugees settle in the provinces near the north Ecuadorian border, the Colombian refugees are from different geographic and social origins, and they have limited possibilities to re-integrate socially and economically. (Herrera, Moncayo and Escobar, 10)

The return migration has increased due to several factors such as the institution of new policies and new laws in favor of the Ecuadorian emigrants. The first great progress was the creation of the SENAMI in 2007, institution responsible for coordinating migratory policies; the second great progress was the recognition of the migrant's rights in the 2008 constitution. (Herrera, Moncayo and Escobar, 11) Other factors of encouragement to return is the economic crisis in countries of destination such Spain, also the difficulties for regularize migratory status and for the obtainment of a legal residency status.

1.1.4 Migration in Azuay province

Cañar and Azuay are the main provinces where the migrants are from, these are also the most affected provinces by migration consequences; in these provinces there exists a massive migratory flow to the United States especially to New York, in less quantity to Chicago, Los Angeles and Minneapolis. (Jokish, Kyle, 1)

According to a research made by the FLACSO, of the total of residents of the Azuay province, 5,68% of them are migrants. They are native from these cities: San Fernando, Gualaceo, Girón, Chordeleg and Paute. (FLACSO-UNFPA, 21)

Migration from Azuay has been more illegal than legal; it is very difficult to process the documents needed to obtain a legal residency status in the United States or Spain. To enter the United States legally, a non-immigrant or an immigrant visa is required; while, to enter Spain legally, a Schengen visa is required. This has created the perfect scenery for the configuration of networks of human trafficking, through the denominated

“coyotes”. The activity of the “coyotes” is very frequent in Azuay; they are generally people trusted by the family and trusted by the person who wants to travel to the United States. The coyotes are part of the human trafficking international networks, they obtain profit from the necessity of migration or the desire of has better opportunities in other country. The human traffickers offer payment and credit facilities to the migrants; this has allowed people of all economic and social conditions access to these kinds of trips. The aim of these people was that the migrant illegally worked in the country of destination and then with his salary paid the cost of the illegal journey. The migrants who access to these kinds of networks, before they can send remittances and save money spent several years paying the debts incurred. The cost of an illegal journey is extremely high and it is made in extremely dangerous conditions, “testimonies of people affected [to reach the United States] they are carried to Guatemala by plane and then they go by car or walking along the borders. This cost them between 10.000 and 15.000 dollars.” (El Comercio newspaper. “*Coyoterismo an unpunished crime*”. August 27th, 2010.)

The “coyoterismo” or illegal human trafficking is a crime that is still unpunished in Azuay; this crime is penalized with imprisonment ranging between four and eight years. According to Judicial Police statistics, just 1% of the occurred cases are reported. This situation hinders the investigation of cases and the catch of culprits.

1.2 Causes of Ecuadorian migration

1.2.1 Economical and Financial crisis 1999

The financial crisis of 1999 was one of the worst crises in the economic history of Ecuador; it had devastating consequences at social, political and economic levels. The collapse of financial system unleashed a general annoyance of the population because they lost their savings; their jobs and a lot of them saw the migration as a life option to improve their conditions.

Several factors caused the economic crisis, the main ones were: the high external debt, the financial liberalization, El Niño weather phenomenon and the corruption in the banking system.

The country has always faced a high foreign debt, but it increased since 1998 because this year this debt began to be renegotiated in Ecuador as in other Latin-American countries. On the other hand, Jamil Mahuad's government was dominated by the called "bancocracia"; the biggest Banks in the country had influence in the creation and implementation of public policies. In this context, the financial liberalization was established; in 1994 reforms to the financial system were made, lowering the level of control and regularization to the banking activities. This resulted in high capital inflows, and in a trend of giving too much loans with few guarantees, this was reflected in a great quantity of private companies indebted.

An important trigger of the crisis was the El Niño weather phenomenon; it caused huge natural disasters including landslides and floods. The path of this phenomenon in the Ecuadorian territory affected to agricultural sector, causing losses of 2869 million dollars (Acosta 2006, 198) and producing the economic stagnation of this sector.

The economic situation of the country was already in a critical stage, and the distrust of people in the bank system grew, this is why the owners of bank accounts began to withdraw their savings to change them to dollars or to deposit them in international accounts. The massive withdrawal of savings and the massive giving of loans made the banks lose liquidity.

Thus in 1998 Filanbanco, one of the largest Banks in the country, declared problems of solvency and liquidity. This is when the Jamil Mahuad's government intervened by starting a bank bailout operation in order to avoid the collapse of the bank system. The government gave 416 million dollars to Filanbanco (Acosta 2006, 188), but the operation failed because when the public realized about the situation they withdrew their savings and changed them to dollars, while other people withdrew their money to deposit it in international banks. The same situation was repeated in other private and government banks making them lose liquidity and finally collapsed.

All these factors caused one of the worst economic crisis of the country, after the financial system collapsed the economic indicators were very negative, there was

devaluation of the national currency, high inflation, civil unrest, distrust in the financial system and stagnation of the production sector.

In order to counteract the economic crisis, several successful measures were taken, other ones led to extend the crisis to all the sectors of the country. One of these measures was the creation of Monetary Stabilization Bonds issued by the Central Bank, these documents offered attractive interest rates to the investor; however, due to the distrust of the financial market the measure had not the expected success and failed to stop the Sucre devaluation against dollar.

One of the most controversial measures taken was the freezing of private bank deposits. Since March 8, 1999 the deposits of banks with liquidity problems, began to be frozen. When the owners realized that they could not use their money, a serious social problem started. This fact led numerous strikes, protests, labor stoppages and outrages that created civil chaos. This annoyance was extended in all the sectors of the society because, there were people who lost their life savings, lost their jobs, and even public workers were not paid for several months due to the government institutions insolvency.

Finally in 2000, in a scene of social and economic chaos the dollar was adopted as currency, when it was equal to 25.000 sucres.

Since 1998 the economical, political and social scenes were devastating, an accelerated impoverishment process took place, the second largest in Latin America after the Argentine case. The percentage of homes with no coverage of basic needs jumped from 37% in 1997 to 47% in 1999 (Gratton, 36), in two years approximately 1200.000 Ecuadorians lost their living standards. In 5 years the poverty rate was duplicated, from 1995 to 2000 the percentage of population in poverty conditions jumped from 34% to 71%, from 3,9 to 9,1 million people. Additionally, the population in extreme poverty conditions jumped from 12% to 35%, from 2,1 to 4,5 million people. (Acosta 2006, 196) The indigence in the cities grew from 4% in 1995 to 9% in 1999. The coast region was the most affected by the poverty; the percentage of people living under the poverty line grew from 29% in 1995 to 56% in 1999 (Ramírez F. y Ramírez J, 62-64).

Before the dollarization, the inflation in Ecuador was extremely high, it made the prices of goods and services rise, and it reduced the purchasing power of Ecuadorian families and reduced their quality of life. The inflation affected the quotation of the basic food basket; although, the salaries were duplicated they did not have the same purchasing power due to devaluation and inflation.

The unemployment grew from 1995 to 1999 from 7% to 15%. (Gratton, 36) In four years the unemployment increased an 8%, in this span of time approximately 2 million Ecuadorians were left jobless. The per capita social expenditure decreased 22% in education and 26% in health. (Acosta 2006, 196). These numbers were extended to the whole Ecuadorian population, including the population who had access to university education, and the population that had lived in the urban area. The people who at the beginning of the decade had a stable job and a favorable economic position saw during the crisis how their stability and their living standards were reduced.

The economic conditions of the country pushed the population to emigrate because they saw in other countries the opportunities to get better income and sustain the family who was residing in Ecuador. As the crisis advanced, the number of people who left the country looking for a job in countries inside the United States, Spain and Italy increased more, “after 1997 the departures increased massively, in 2000 more than 560.000 people left Ecuador.” (Gratton, 38) According to 2001 Census data, in 1996 about 18.000 people left the country permanently, in 1998 this number increased to 34.000 people, and in 2000 it duplicated to 107.000.

The massive emigration process of the late 1990s had a deep impact in the economic and social life of Ecuador. The number of families with one or two absent members, the number of family break-ups and the number of abandoned children, increased. In addition, a big quantity of skilled labor was lost; this reflects in an unemployment decrease from 17% in 1999 to 10% in 2001 (Acosta 2006, 196). The unemployment decrease was neither due to an economic improvement nor due to the creation of new jobs, but rather due to the absence of workers who had left the country.

In summary, the economic crisis of 1999 destabilized the Ecuadorian population due to the loss of the purchasing power of the salaries, due to the inflation that made the coverage of basic needs increasingly difficult, due to the increase of the unemployment caused by the bankruptcies and by the loss of money from individuals who had their assets in banks.

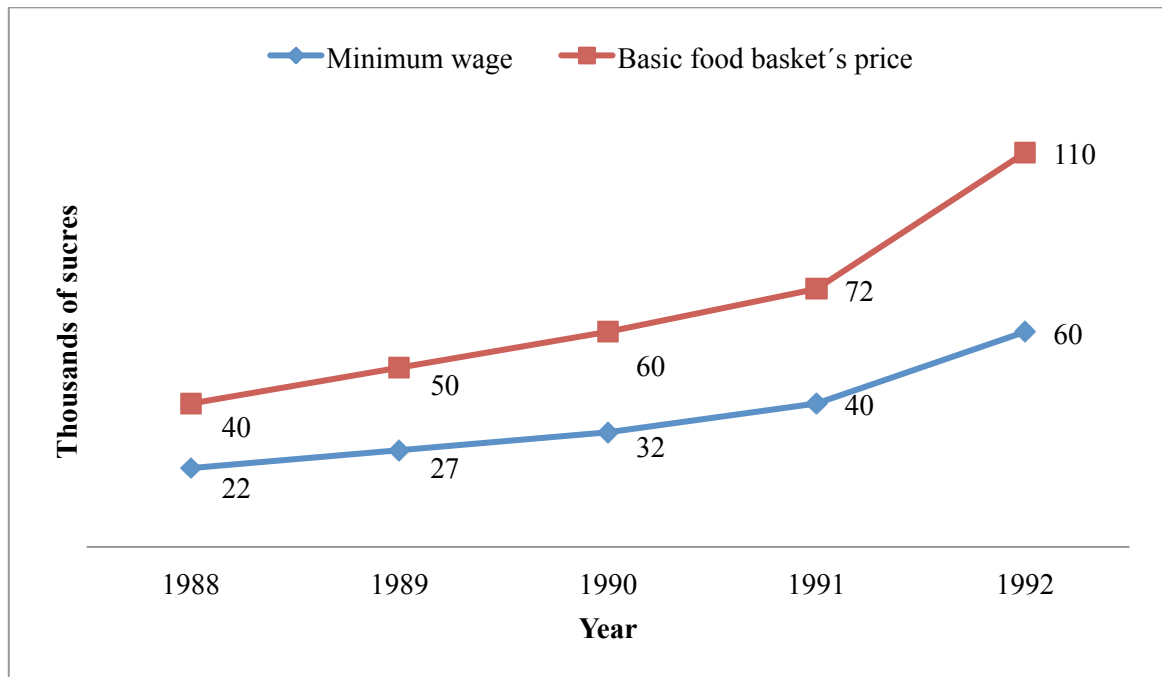
All these factors combined with political instability led to the mass exodus of Ecuadorians abroad seeking to escape from a disastrous scenario and to find a better living standard.

1.2.2 Low salaries.

The low salaries in Ecuador is one of the causes of migration due to the impossibility of covering basic needs with the income obtained in the country. From the middle of eighties to the beginning of nineties the National Government constantly raised the minimum wage; however, the basic food basket price rose at a more accelerated pace.

The minimum wage is the basic remuneration that has to be paid to the worker in any field and in any instruction level. This is set and unified by the Ministry of Labor Relationships. In 1988 the minimum wage was 22.000 sucres, in 1989 it was 27.000 sucres, in 1990 it was 32.000 sucres, in 1991 it was 40.000 sucres and in 1992 it was 60.000 sucres. Since 1988 until 1992 the minimum wage increased 272,73%; meanwhile, the basic food basket's price increased 500%. (López, 5) The basic food basket price is the cost of the essential products necessary to cover the basic needs in a home. In 1995 the country had one of the lowest salaries in Latin America, after Peru and El Salvador. ("Ecuador: The lowest salaries", El Hoy newspaper. May 1, 1995)

Graph 8 Minimum wage vs. Basic food basket's price 1998-1992



Source: Central Bank of Ecuador.

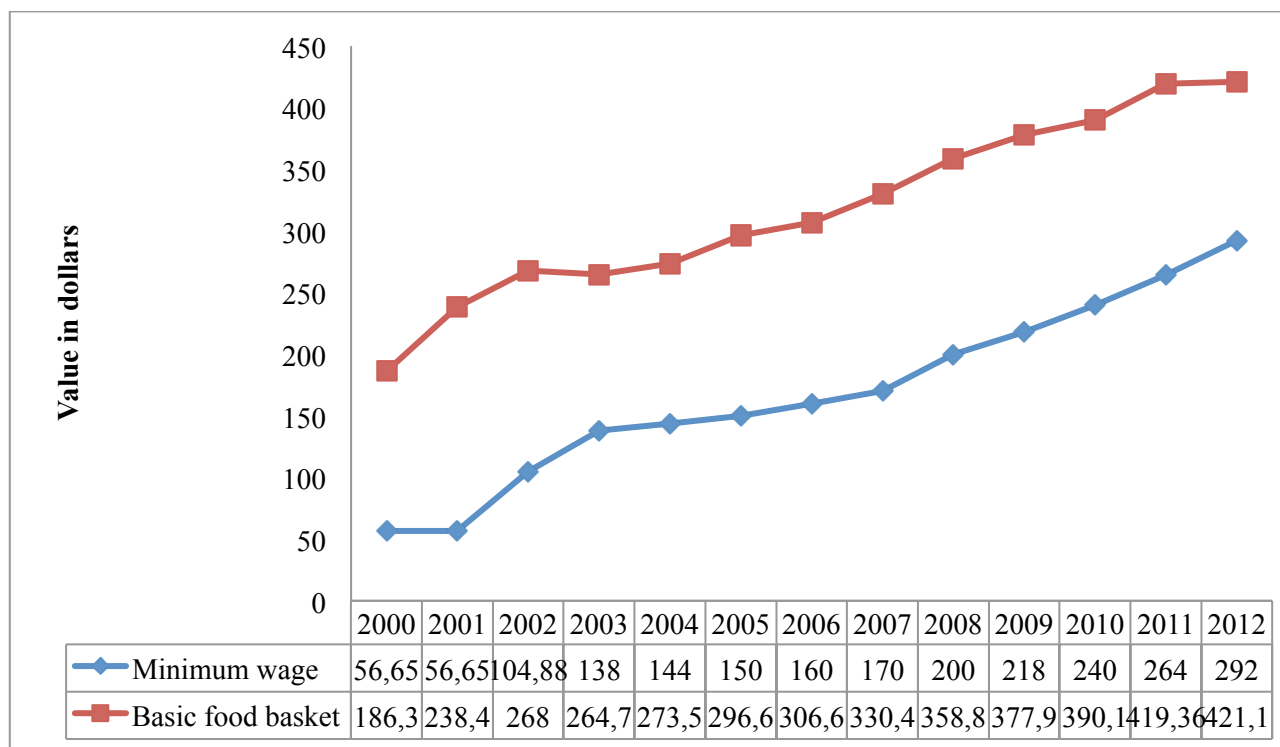
According to Central Bank data, from 1992 to 1999 the minimum wage jumped from 60.000 sucres to 100.000 sucres, increasing 40%. On the other hand, the inflation was duplicated going from 31% in 1993 to 60,7% in 1999. As the year 1999 became closer, the inflation rose more. In spite of the increasing in the salaries, this did not cover the survival needs, neither of a person nor of a family. (Central Bank Macroeconomic Statistics, 2011)

The gap between the minimum wage and the basic food basket's price was always large since the nineties until 2000 when the economy was dollarized. Before dollarization, there were high inflation rates, which made salaries progressively lose its purchasing power, in 1990 the inflation rate was of 49,5%, and it grew to 91% in 2000. (Central Bank, Macroeconomic Statistics 2011, 12)

After 2000, the economy was dollarized marking a new stage of the Ecuadorian history, the economic rates got better, and the inflation stopped its accelerated growing. However, the statutory minimum wages had failed to cover the costs of the basic food

basket, as we can note in the graph, the basic food basket's price was still over the minimum wage's value.

Graph 9 Minimum wage value vs. Basic food basket's price 2000-2012



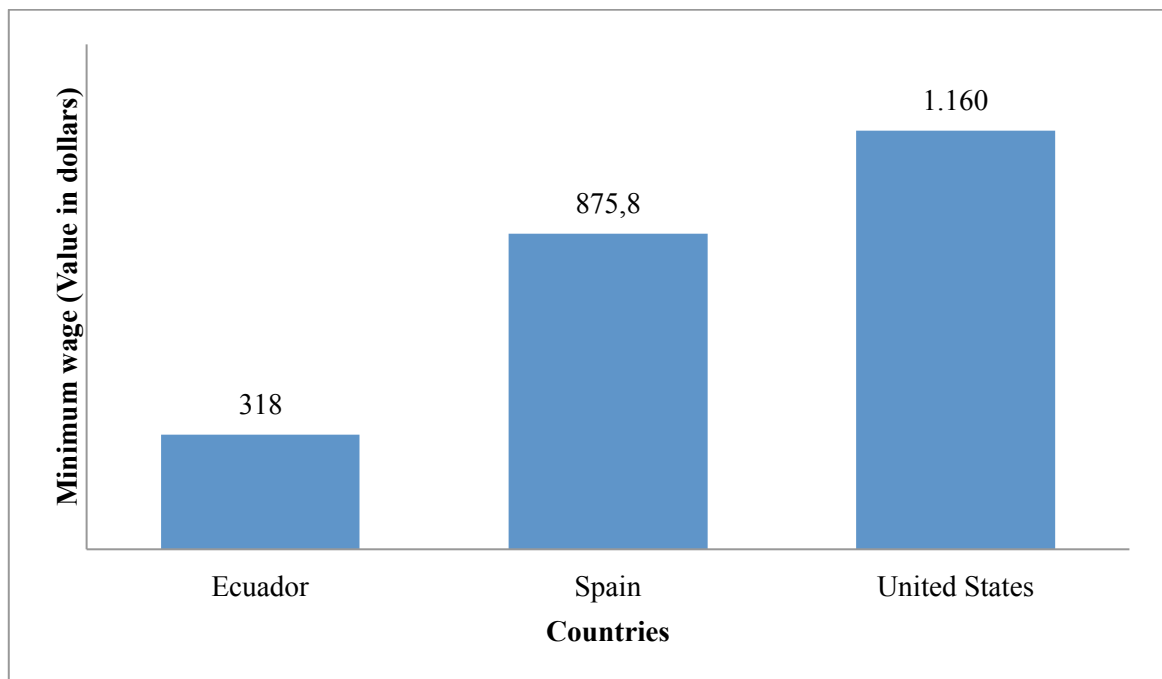
Source: Ministry of Labor Relationships.

The remuneration earned by employees depends on: academic instruction, experience, skills and labor market demand. This is why people, who had access neither to basic education nor to university education, had very limited possibilities to find a stable job that covered the daily needs. Some professionals had also been affected by this reality, the employers and companies offered low salaries to inexperienced professionals, also to the professionals because of the competition due to the saturation of the labor offer.

To understand the migratory phenomenon from an economic point of view it is necessary to compare the salaries in Ecuador with the salaries in the countries of destination. This year the statutory minimum wage is of 318 dollars, meanwhile in the United States the minimum wage is approximately of 1.160 dollars. (“Division of hours and salaries.” United States Department of Labor.), this meant that a migrant could earn

a three times bigger remuneration than the one they could earn in Ecuador. Also, keep in mind that the salary is calculated assuming that the working day is of eight hours for five days a week, the migrants generally work overtime hours and in other cases they had more than one job. In the case of Spain, the minimum wage was of 645,3 euros per month, this is equal to 875,8 dollars (“Inter-professional minimum wage”. Government of Spain: Ministry of Labor and Social Insurance), this meant that a worker could receive a remuneration of more than twice the Ecuadorian minimum wage.

Graph 10 Minimum wage Ecuador, Spain and U.S.A 2013



Source: Ministry of Labor Relationships. Ecuador, MRL Spain, USDL United States.

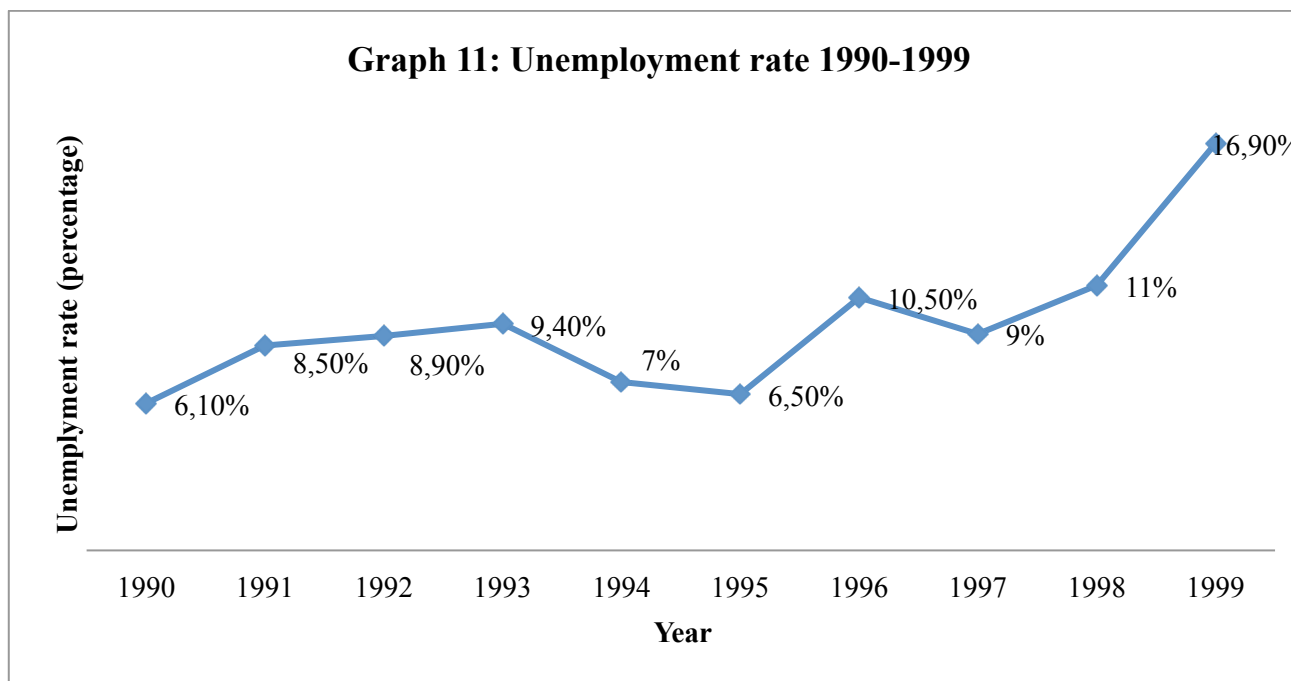
Behind these numbers the reality was that Ecuadorian migrants lived in bad conditions in the countries where they work because the cost of living is high in North America and Europe. In order to have the possibility to save money and send remittances to their families, the Ecuadorian migrants had to reduce their expenses as much as possible. This implied: sharing rooms or apartments with other migrants, having more than a job and working more than twelve hours per day.

1.2.3 Unemployment.

The difficulty in finding a job had made millions of Ecuadorians choose to seek better opportunities abroad. Since 1992 until 1999, while the days of economical crisis were getting closer, the unemployment and underemployment rates were considerably growing. According to Ecuadorian Central Bank data in 1990 the unemployment rate was 6,1%, the nine following years the unemployment had almost tripled reaching to 16,9%.

Times of crisis were lived, the production sector suffered a big recession, and there were numerous bankruptcies that caused the loss of thousands of jobs. The weather phenomenon “El Niño” joined to this problem causing the temporary loss of 112.000 jobs for agricultural workers. (Vos, Velasco y de La Bastida 1998).

Graph 11 Unemployment rate 1990-1999



Source: Ecuadorian Central Bank.

The economy stabilized with dollarization and economic measures taken since 2000, which helped to gradually reduce the unemployment rate until 2013. That year, the unemployment rate was 4,55%. However, the underemployment rate was still high, until

2011 the rate was 50%, this indicates that more than the half of the economically active population (EAP) didn't have a stable job. (Central Bank Macroeconomic Statistics, 2011)

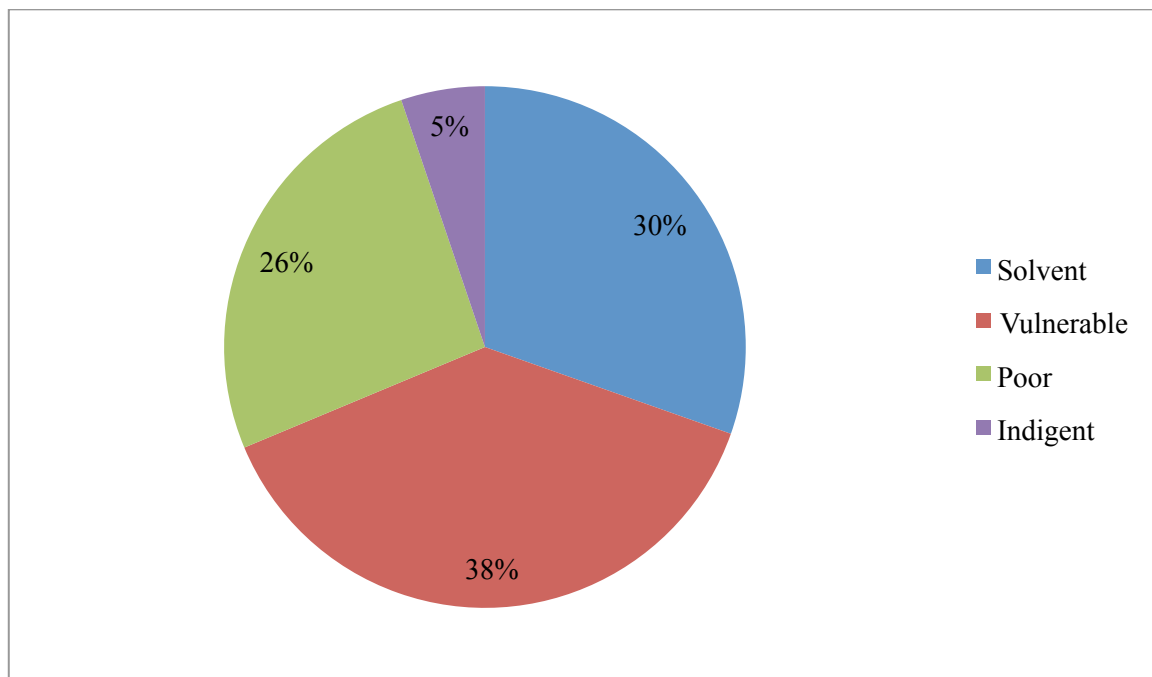
1.2.4 Population looking for a better life

Millions of Ecuadorians had left the country looking for better jobs, salaries and opportunities to raise their living standard. The people who had left the country were not necessarily vulnerable, in poverty or in extreme poverty situations. A high percentage of migrants had economic ability to cover their expenses and needs before leaving the country.

Among the multiple reasons that citizens had to leave their country, was to improve economic conditions that they had in that country, looking for higher salaries that would allow them to have bigger houses, purchase properties, cars, etc. Definitively, they left the country with the desire of returning once they have acquired a comfortable economic position, and higher socioeconomic status.

From the total of the migrant population, before leaving the country 30,4% are solvent, 38,3% are vulnerable, 26,1% are poor and 5,2% are indigent. (FLACSO-UNFPA, 40)

Graph 12 Economic conditions of migrants



Source: INEC, Census 2001. FLACSO, CIAT 2004.

1.3 Migrant person's profile.

1.3.1 Migrant person's profile before a migration

According to a research made by the FLACSO, from the total emigrant population, 58% is from the Andean region, 38% from the Coast and 4% from the Amazon. Also, from the total of migrants 73,16% is from the urban area and 26,84% is from rural area. (FLACSO-UNFPA 2006, 20-35)

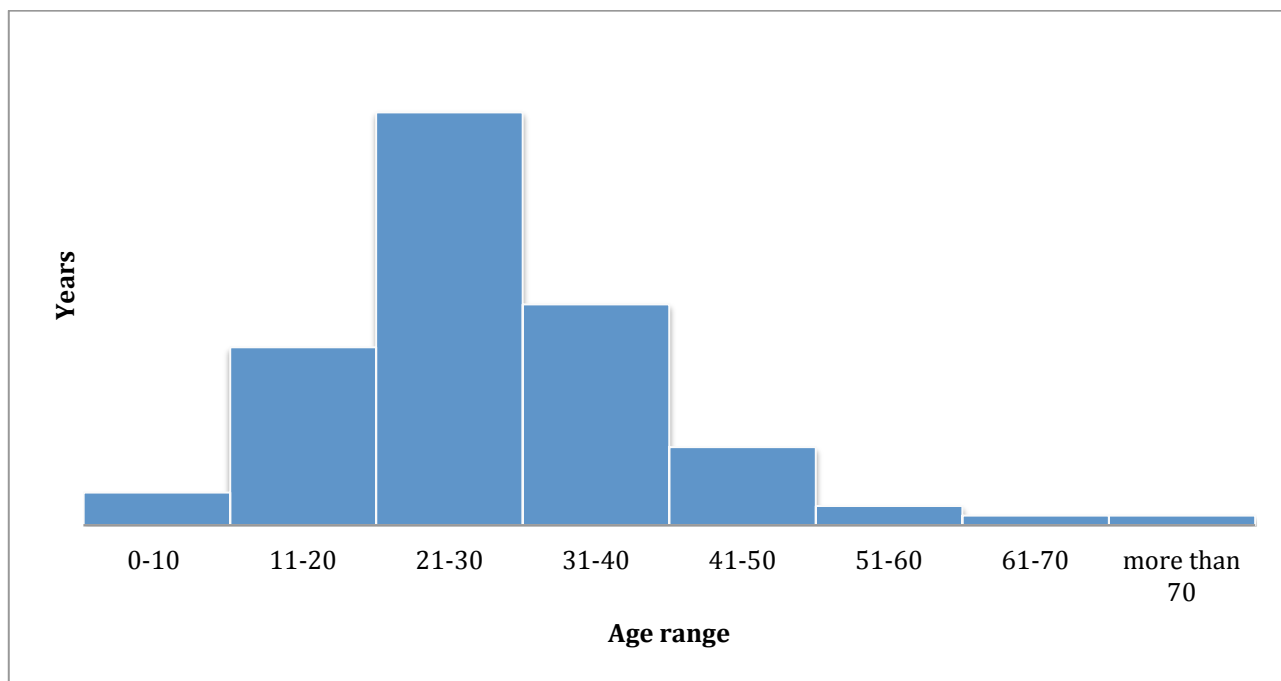
Regarding the poverty conditions, 27,02% of migrants were poor before leaving the country, 13,09% were extremely poor and 59,89% were not poor.

Is important to discuss about the previous employment of the migrants before left the country, in the case of men 55% were laborers, 14% day laborers, 26% bosses, and the 5% were unpaid workers. In the case of women 62% were laborers, 3% day laborers, 21% bosses, 6% unpaid workers and the 8% domestic servants.

The age of the migrants is more between 21 and 30 years old. According to INEC and SIISE data of the total migrants who left the country between 1996 and 2001, 43% were between 21 and 30 years old, and 23% were between 31 and 40 years old.

The majority of migrants are young so they have opportunities to join different labor fields in the countries of destination.

Graph 13 Migrant's age



Source: INEC/SIISE. Population and Housing Census, 2001

1.3.2 Migrant person's profile.

According to a FLACSO's research made by Gioconda Herrera in 2002, three kinds of migrant's profiles are identified.

- The first one is the male migrant, who is 46 years old. He has left the agricultural work in Ecuador to migrate to the United States; he stays in this country five years on average. He is from Azuay or Cañar and he has primary education. (Herrera y Martínez, 24)

- The second profile identified is the one that describes a woman who lives in the urban area and who is a housekeeper in Ecuador. She has secondary education and she works doing domestic activities in Spain. (Herrera y Martínez, 24)
- The third profile is the one that describes a professional woman who lives in the urban area, she is from Loja and she immigrates to Spain or to other Latin American countries. (Herrera y Martínez, 24)

In the same research, it is highlighted that: the younger the population is, the higher level of education they have. From the total of migrants who are between 15 and 25 years old, 44% had completed secondary; from those between 26 and 45 years old, 36,6%; from who were 46 or more years old, 21,9%. From the total of migrants just the 11% had university studies. (Herrera y Martínez, 23) Emigrants are people for whom the doors were closed in the labor market in their country, due to the low labor demands and due to the low education levels. As we can see, just a tenth of the total emigrants had university studies; most of them had primary or secondary studies. This reality make the migrants to find jobs where physical force was required more than intellectual work, Ecuadorian men who had immigrated in the United States and Spain had jobs in construction, in industries and in agriculture, the women had domestic jobs. These kinds of jobs didn't require professional instruction or high knowledge of a foreign language.

Data obtained from a survey made by INEC reflects that once the migrants were established in the countries of destination, in the case of men 75% are laborers, 8% are day laborers, 7% are bosses, 2% are domestic servants and the 8% were developing other activities. In the case of women, 58% are laborers, 2% are day laborers, 3% are bosses, 30% are domestic servants and 7% were developing other activities. (FLACSO-UNFPA 2006)

Regarding the Ecuadorian migration distribution by gender, 2011 statistic data show that the existing gap between men and women had considerably decreased. In 2001 for every two men who migrated, one woman migrated, for 2011 that proportion was reduced because for every 1.3 men who migrated a woman migrated (Herrera y Moncayo, 41). In European destinations such Italy, Belgium and Germany the number of migrant women was slightly higher than the number of migrant men; meanwhile, in Spain the proportion

of men and women was almost equal. The last 10 years women have acquired importance in the migratory phenomenon, due to many women who left the country to see relatives who had travelled previously; other women had found jobs and improvement opportunities. In Spain as in other European countries, there was a big demand of domestic jobs and elderly care jobs. These activities had been feminized, and the preferred people who performed these jobs were women. In the United States, there was not so much demand for domestic jobs as in Spain; however, the migrant women performed jobs such babysitters, care of elderly people, cleaning, cooking between others. It is important to mention that the migration of women mostly corresponded to single women without dependents or children; the migration of women who left their husbands and children in their country was rare.

1.3.3 Condition of the person returning from migration

The numbers of return migration has increased the last ten years; data from the Population and Housing Census made in 2010 indicates that for every 4 Ecuadorians who have migrated, there was one who had returned. In total, approximately 60.000 people have returned from a long-term migration. The same census indicates that 46% came back from Spain, 26% from the United States and the 6% from Italy. The people who returned had education levels ranging between complete secondary and university studies.

The return of migrants to their country can be voluntary or involuntary. Voluntary return is generally due to economic problems, unemployment, mortgage problems in the case of Spain, and due to emotional problems caused by the separation from close family. There are people who returned in a voluntary way due to the Ecuadorian government encouragement programs such “Welcome home” and due to the Spanish government encouragement program which gave journey facilities and paid unemployment insurance. There were also cases of people that once they had fulfilled their financial goals decided to return.

Involuntary return is due to legal problems in the country of destination and vulnerability situations. Most of the Ecuadorian migrants are undocumented in the countries of destination, this is why when they are discovered they are imprisoned and

deported later. In other cases, the migrants returned fleeing from dangerous situations and vulnerability, many Ecuadorian have died due to hate and xenophobia crimes.

2 CHAPTER II. - SOCIAL IMPACT AND ECONOMIC IMPACT OF MIGRATION IN AZUAY.

Azuay is one of the provinces with more incidence of international migration; a lot of azuayos have left the country looking for better job opportunities and better wages. That is why the effects of the migration are more common and marked on the population of this province.

The massive emigration of Ecuadorians has brought economic and social consequences. The economic consequences have been positive, prominent and they have more data and studies in the matter. The economic consequences can be evaluated in a more precise way thanks to the existent studies based in data obtained from financial and commercial institutions related with the sending and receiving of remittances.

On the other hand, the social consequences of migration have not been evaluated totally, there are few studies about the effects of migration in societies; to this must be added that the study of the social impact of migration is itself complex because it includes the analysis of a number of factors which are not easily perceptible and which cannot be determined exactly. The studies that have been conducted in Ecuador about social consequences show that these are negative because they affect migrants and their family environment.

2.1 Social consequences.

Migration makes changes in the family structure because one or more members leave the country. Migration also forces families that stay in the country to redefine roles in order to compensate emotional, psychological and economic scarcities. Family disintegration is the main consequence of migration; this leads other consequences such as abandonment of children and teenagers, rising of divorces, children with low learning achievement, depression, addictions and loss of cultural identity. (Velástegui, 33-36)

2.1.1 Disintegration of the traditional family and the new configuration of the family circle

One of the main consequences of migration is family disintegration; this means the rupture of ties between parents and children, between siblings, between spouses, etc. (Vázquez y Sarmiento, 38-40). Migration produces physical separation of family members. Although they have regular contact through different communication methods, the links between them are reduced or disappear. The emigration also has contributed to the formation of new types of families; this means the constitution of new familiar groups that are different from the conventional.

The traditional family has been configured according to certain social and religious paradigms that are predominant in Ecuador, as well in certain countries of Latin America and the rest of the world. This kind of family is the standard and ideal family in a lot of cultures and religions that have members with assigned and delimited roles. A father, a mother and children compose the traditional family; the parents are heterosexual and they are married. The father is the head of the household and he is the supplier of the daily livelihood. The mother for her part has the role of procreate and raise children, make household chores and she doesn't work outside the home. (*Characteristics of the traditional family*. Accessed on May 29, 2014. Available at: <http://www.innatia.com/s/c-organizacion-familiar/a-tipo-familia-tradicional.html>)

However, the concept of traditional family in the last decades has been reconfigured due to social changes and due to the change in women's role. The Ecuadorian society has been losing its patriarchal characteristic because women currently have access to higher education levels and better jobs. Men are no longer the unique house supplier; currently women also work and contribute with household expenses. This extends the women's role in the family; they are not longer destined just for childbearing and household chores because they are also heads of the household and suppliers.

Now, we have cleared the concept of traditional family and we can discuss one of the social consequences of migration on Ecuador, specifically on Azuay. Due to the massive outflow of Ecuadorians abroad, the family has been disintegrated and it has been reconfigured in diverse ways.

One of the most common ways of family disintegration is the absence of one or both parents. The people who emigrate are generally parents; when just one of them emigrates the other one stays in the country and takes care of the children. In other cases both parents are emigrants, so relatives or friends take care of the children. This causes disintegration and reconfiguration of the traditional family; in these cases uncles, nephews and grandmothers who live with their grandchildren, between others, form families.

Other form of family disintegration occurs when children emigrate; the survey EMEDINHO carried out by the Ecuadorian Integrated System of Social Rates in 2000 revealed that 7% of Ecuadorian homes have seen one or more members leave the country to work abroad. The same survey discovered that from the total of migrants who travelled in 2000, 49% of them were sons and daughters of heads of household, while the 23% were heads of household.

The rates show that the migrant population is young, which is why millions of parents are left without their children, children suffer the absence of their parents and young couples get divorced due to long-term separation.

A key element in familiar disintegration is the legalization of migrants in the country of destination. For example, in the United States the legalization causes migratory chains that separate the community from their previous inhabitants. In the eighties women and children inhabited the communities of Azuay in majority, in the nineties children and grandparents inhabited the communities. (Jokish and Kyle, 63).

Discussing new forms of family or domestic units we can say that migration has changed the composition of the families, of their members and the coexistence. In a FLACSO's study conducted by Gioconda Herrera and Alexandra Martínez in March 2002 (Herrera and Martínez, 25) in families with emigrant members from Cañar, Azuay and Loja the following conclusions about family composition were obtained:

- a) In the analyzed families there exist a high percentage of people older than 60 years. This shows that in those families there live not only the father, the mother and the children but also grandmothers and grandfathers.

- b) There exist a high percentage of boys, girls and teenagers in each family.
- c) The percentage of young people who are 20 years old has decreased; this means that at this age the migratory outflow of people starts.

To this must be added that: when the familiar ties don't break thanks to communication facilities and thanks to good relationships appear the called transnational families defined as: "those families whose members live part-time or the most of their time separated from each other, and they are capable of creating ties which let members feel part of a unit, and perceive their welfare from a collective dimension in spite of the physical distance" (Bryceson et al. 2002) In this type of family the members keep their roles in spite of physical separation, a clear example is when the head of the household migrates and continues being at the head of the important decisions of the family.

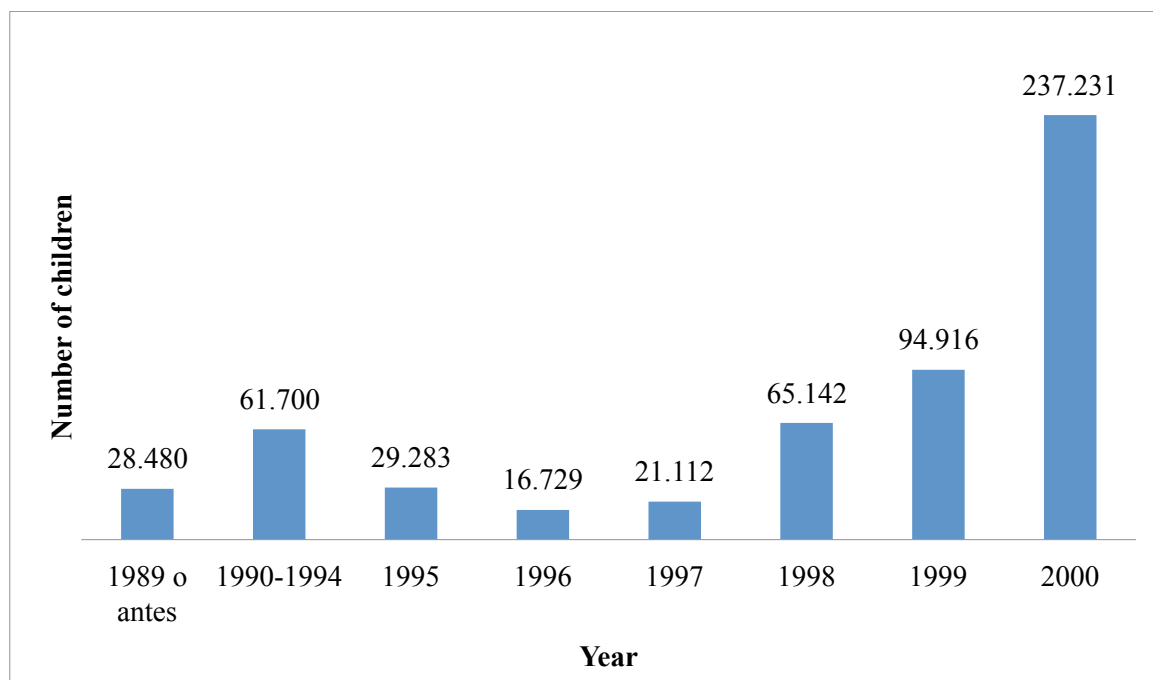
2.1.2 Abandonment of children and young

Many migrants are parents, whereby they are forced to leave their children under the care of other people when they leave the country. Most emigrations occur in dangerous and illegal conditions due to restrictions of the countries of destination, this is why they can't take their children with them. This situation generates abandonment of children and young people, this understood as the physical separation between parents and children. This causes emotional scarcities and psychological problems in kids and teenagers. The departure of one or both parents make children: face feelings of abandonment, have rebellious behavior, have depression and make them more likely to drop out of school and to have low school achievement. (Velástegui, 20-21)

Due to the emigration increase, the abandonment of children and teenagers has grown in an accelerated way in Azuay and in Ecuador. The departures of the parents make children remain under the care of one parent, under the care of near relatives or under the care of their parent's friends. SIISE data exposed in a FLACSO's research revealed that the number of children with emigrant parents has increased in big scale, from 1990 to 1994 there existed 61.700 kids. On the other hand, in 2000 there existed 237.231 abandoned children. (Ramírez F and Ramírez J, 24) In ten years of migration the quantity of abandoned children became four times larger; the analyzed period of time

coincides with the migratory boom that accelerated the migration after the economic crisis.

Graph 14 Children with migrant parents



Source: EMEDINHO 2000. INEC, SIISE.

In order to complement the exposed data we have the data obtained from a survey done by INEC-SIEH in 2005. This survey informs that 36% of migrant women and 39% of migrant men have left at least a child in Ecuador. In Spain, 44% of men, and 43% of women and in Italy 45% of women and 45% of men have kids in their country of origin. (INEC, 2006)

There exists several reasons why both parents decide to travel, these reasons can be economic because two people can save money and send more money as remittances to Ecuador, also can be emotional reasons *because “numerous couples have gotten tired of the long-term separation and have met again in the United States leaving their children with grandparents or other relatives.” (Jokish and Kyle, 66).*

In the specific case of Azuay, a survey done by the House of the Migrant in Paute² shows that 54,29% of the student population lives at least with their mother, the remaining 45,71% suffer the abandonment of both parents.

2.1.3 Relationship breakdowns and divorces

The relationship breakdowns and the divorces are social problems which can be or not caused by migration because, on the one hand, the prolonged estrangement and the impossibility of meeting in short time can create difficulties in the conjugal stability and push people to start new relationships; furthermore the emigrations of one member of a couple can occur in a context where the relationship is already weak. Then, we can say that migration is not the cause that determines a breakdown but is a factor that facilitates it. (Lagomarsino, 345) Migration and thus the physical separation of couples and spouses in very prolonged periods of time are important factors that accelerate breakdowns. The separations are caused by the loss of contact with the migrant people and also by infidelity. In the research of Herrera and Martínez (47) made in 2002, are distinguished four orientations about how men and women perceive infidelity in a migratory context:

- a) Men as well as women tend to recognize migration as the main cause of infidelity, although in many cases the reason of departure of one of the spouses is the inability to continue as a couple in the country of origin. A woman who was part of a group of study in Loja said as testimony:

“I had a stand in the market, I sold food. It wasn’t going very well for me, and I got very indebted. Then, we faced hard moments, my husband was irresponsible, he drank a lot, and he hit me. I was pregnant of the last child, he told me: -I will leave; I will work to help you pay the debts. In that way, for the necessity he left the country and later I did the same. There, he got another woman.” (Focus group of women of Loja. Herrera y Martínez, *Gender and migration in the south region*, 47)

² Survey done by Verónica Tamariz to 5.200 partners of the Jardín Azuayo cooperative, this survey included 1.118 children.

- b) Migration causes changes in the practices regarding the exercise of sexuality in the couples. Many men and many women whose couples or spouses have emigrated admit that they got emotionally or sexually involved with other person. A man who belongs to a Group of study in Cariamanga as a testimony affirms:

“There is a range of impositions of macho values which persist until now and they generally are present in coexistence. They are part of religion and currently they are being deteriorated, this causes a crisis of moral values. We see a more liberating trend of women, who tend to have more adventures ... issue that is not totally accepted inside our concepts.” (Focus Group of men in Cariamanga. Herrera y Martínez, *Gender and migration in the south region*, 48)

- c) In the research made we can note that people give different explanations to infidelity of migrant women and migrant men, or infidelity of people who have remained in the country of origin. According to the perceptions, is affirmed that women’s infidelity is due to the loneliness and the lack of affection suffered in the countries of destination; in the men’s case is affirmed that infidelity is due to the uncontrollable character of the masculine sexuality. In a group of study in Deleg a man affirmed that:

“Talking about a man who immigrates to other country, he will spend one month and he will be missing his couple and crying. He will spend two months, three months, but even the conservative man can’t stand; the men’s character in itself and the risk of acquire venereal diseases and AIDS, I had better get a couple.” (Focus Group of men in Deleg, Herrera y Martínez, *Gender and migration in the south region*, 48)

- d) Migration also has caused changes in the inequitable form that the women’s and men’s infidelity have been valued. The trend has always been that women forgive to men who had other couples abroad, although there are increasing cases

of men forgiving women who had extramarital partners, or a couple out of the relationship.

The physical separation of couples and the loss of contact are not the unique causes of relationship breakups and divorces. Even though in many marriages both spouses migrate, when they coexist in a different social and economic environment they have disagreements and separate. The most representative case is the one of the migrants in Spain. According to INE (National Institute of Statistics of Spain), in 2010 there existed 798 women and 194 men who broke their marriages, this represents 136 more breakups than 2009, and 287 more breakups than 2008. The disagreements in these couples are caused mainly for the gender issue because in Spain women have different roles than Ecuador, they are more independent and freer while Ecuadorian men remain with macho customs and paradigms. Another important reason is the economic crisis of Spain that has forced men to immigrate to other countries looking for a job; this causes a new separation of the family. (Cevallos, Jaime. *Increasing number of divorces of Ecuadorians in Spain*. El Universo newspaper. October 4th, 2011. Digital version.)

2.1.4 Affected school performance.

One of the negative consequences of migration is the low school performance present in children and teenagers who had remained in the country after the departure of their parents, they suffer psychological and emotional lacks which negatively affect their academic performance. (Velástegui, 36) Between the symptoms that appear in children and teenagers who suffer the absence of one or both parents there are: difficulties in learning, low academic performance, lack of attention and lack of concentration. (Villavicencio, 281)

It is clear that the multiple effects of migration disrupt and affect the educational process of children and young people who stay in the country. The migrant fathers and mothers delegate the care and the education of their children to close relatives such as grandparents, uncles, and aunts or even to friends or acquaintances.

A research made in several educational centers of the province of Cañar, which has similar problems of the province of Azuay, shows some components of the influence of

the parent's migration in the academic development of their children. Unicef, the Observatory of Rights of Children and Teenagers, the FLACSO, and the Municipality of Cañar made the mentioned research; the most important indicators were published on March 15th of 2009 in an article of El Comercio newspaper entitled "Migration affects the school performance level".

The migrant parents see themselves forced to leave their children under the care of other people, in the province of Cañar the responsibility is of the grandparents, with an incidence of 45%. The little children who suffer the absence of their parents are exposed to situations of mistreatment and they have a high risk of malnutrition. It is important to emphasize that migration doesn't eliminate child labor because from the total of children with migrant parents the 14% of them work, this profoundly affects their academic performance.

The guidance counselor of the Calasanz Institute of Cañar, Guillermo Benavidez, affirms that from the 529 students of the institute the 30% has one or both parents abroad. From these, the 25% has an average grade of 11 from a maximum of 20. The academic performance problem comes from the fact that the people who live with the children have low level of education, whether they are grandparents, uncles or friends.

According to the director of Planning of the Municipality of Cañar, Remigio Padrón, the emotional lack of the parents as well as the lack of accompaniment not just cause low academic performance but also lead to school dropout.

In the mentioned article of El Comercio newspaper is exposed the testimony of Jonathan Guamán who is 9 years old, he lives with his mother Maria Taday. His father immigrated to the United States 8 years ago, and 2 years ago he stopped sending money and calling them. His mother affirms that Jonathan was a good student; he had an average grade between 20 and 18. When he stopped to communicate with this father, his average grade decreased to 16. ("Migration affects school performance". El Comercio newspaper. March 15th, 2009. Digital version)

On the other hand, a research made by Angel Pacheco Latorre for the FLACSO, the migration of the parents can have two kinds of effects in the children's academic

performance. The first of these effects is positive because in certain cases the remittances sent to the people who take care of the children are invested in better education. When the household income increases through remittances, the necessity of children labor is reduced and the facilities for children to attend school are increased. The second effect exposed in this research is negative because the absence of the parents leads to psychological and emotional consequences that influence academic performance. The absence of parents results in lack of supervision, accompaniment and authority that cause negative feelings, behavioral problems and academic problems in children. There exist cases where children consider migration as an option; they see education as a loss of time because they want to migrate as their parents did. (Pacheco Latorre 2007, 25)

2.1.5 Depression and Addiction

Both people who emigrate and people who stay in the country suffer changes in their familiar life, conjugal life, social life, etc. Among people directly affected by migration, there are people who tolerate and overcome suffering but there are many more who can't overcome suffering giving rise to pathological mourning, melancholy, insupportable nostalgia, corporal illnesses and addictions. (Villavicencio, 287)

2.1.5.1 2.1.5.1 Depression and addictions on emigrants

The depressive disorder is a disease that affects organism, affects mood and affects the way of thinking and perceive the reality. Depression can be a consequence of certain traumatic situations such as migration. (Erraez, 74) A migration supposes the disintegration of the familiar unit as a consequence of a physical and emotional separation that can be temporary or permanent. Migration implies changes in the lives of both the person who leaves as the person who stays. The changes can affect basic aspects as diet, interpersonal relationships, weather, language, culture and social status. The changes also affect the emotional and psychological parts of the people, when they leave the country they leave behind the affective links formed there; these links tend to be those created in the first stages of life and they have a fundamental role in the personality structure. (Atxotegui, 14)

An emigrant finds him or herself in a new environment in which he or she is forced to adapt to have success, the adapt process includes a mourning process because of all the things they leave behind and because of the acquirement of new links in the country of destination.

The psychological problems are associated with pain and sorrow feelings that accompany migrants; these feelings intensify when the migration has been done in difficult conditions.

In the paper written by Joseba Atxotegui seven kinds of mourning related to migration are described. The mourning can be related to family or friends, language, culture, country, social status, contact with the ethnic group and to physical risks.

- Mourning because of family or friends:

The mental health science considers that affective world of a person focuses in the field of family and friends. Migration has profound psychological effects on people who are separated from their loved ones for long periods of time; the consequences of the separation caused by migration can be positive or negative depending on the case. In the first case the individual may have had problematic relations with relatives and friends. Consequently, the migrant can form better links in the country of destination. In the second case, due to the distance the relations with close people who live in the country of origin became troubled.

Whatever the case, not to have affection and support from the loved ones is always painful, especially when a person is sick or in need. The lack of affection and the lack of familiar support cause: anxiety, feelings of loneliness and fear to the future.

One of the most traumatic situations for migrants is separation between parents and children. There exists the case where little children stay in the country of origin asking dramatically for their parent's presence. Other of the most common cases appears when children emigrate leaving their elderly or sick parents abandoned and without support. Profound guilty feelings appear on the people who have left the country, this in all the situations of abandonment both of children as of parents.

To solve psychological and social problems in the migrant community the governments of several countries, between these Ecuador, have policies to make easier the family reunification by promoting the return of migrants to their countries of origin. However, is complicated to repair the links broken during the family separation, there exist abandonment feelings, guilt feelings and resentment in the family environment. For overcome the problems originated during family disintegration people need time, patience, maturity, and psychological support. (Atxotegui, 16-19)

- Mourning because of the mother tongue.

When a migrant arrives at the country of destination, he or she is forced to know and use the language of that country. This makes migrants leave in the background their mother tongue that is strongly linked to their culture and familiar bonds.

Many migrants have limitations when they learn a new language due to the cost of language schools and due to lack of time because of the large workdays and because of the difficult situation living in a country that is not theirs. The migrant's difficulty to communicate in the country of destination have an effect on the labor field because local language knowledge is required depending on the kind of job made. (Atxotegui, 19-20)

The impossibility to communicate successfully in an environment due to language limitations put people on difficult situations, both in labor field when they don't get good jobs as in personal field when they can't establish relations with people around them.

- Mourning because of the culture.

When people leave their country of origin, they also leave in the background very important cultural characteristics and conceptions. The culture of an ethnic or social group is constituted by a number of conceptions and attitudes toward the world and by behavioral patterns. At the country of destination, the cultural characteristics may be different forcing migrants to adapt to new conceptions and new behavioral patterns. The most frequently changed aspects are: diet, way of dressing and sense of time. (Atxotegui, 20-21)

- Mourning because of the homeland.

From the psychological point of view homeland is symbolically linked to parents, ancestors and in itself linked to the identity. For the migrants who had affective bonds with their homeland, is difficult to assume the change of landscape, temperature, luminosity, colors, etc. A migration supposes also the change from a rural environment in the country of origin to an urban environment in the country of destination. (Atxotegui, 21-22)

- Mourning because of the social status.

When people migrate especially from Ecuador, they leave the country with high expectations of social, personal and economic improvement. However, the reality is different in the country of destination because their projects are not completely fulfilled and they find a lot of obstacles to develop in labor and social fields.

When migrants arrive at the country of destination, they have a social status much lower than the one they owned in their country of origin. The condition of illegality makes migrants exposed to labor exploiting and labor risk situations, the workdays are extensive and the work conditions are bad. In the countries of destination, people generally have a distorted and discriminatory notion about people who come from the called third world, many people are surprised when they know that migrants have high levels of education and they had high social status in their countries. (Atxotegui, 22-23)

- Mourning because of the contact with the ethnic group.

A migration supposes the separation of people from their family group, and from their ethnic group. An ethnic group is part of the ethnic identity that is fundamental in the human identity, as well as the identity of gender, religion, family, profession and social identity. The ethnic identity is related to the feeling of belong to a human group with which people share common characteristics of culture, history, language between others. When people don't have a strong ethnic identity, they have a national identity that is linked to cultural patterns, historical patterns and common objectives. (Atxotegui, 23-25)

- Mourning because of physical risks.

Migrants in the countries of destination don't have familiar, affective and community support to face any situation of danger or vulnerability. Migrants expound to health risks as diseases and injuries caused by labor or social reasons.

In many countries of destination, migrants live in situations of overcrowding and poor hygiene; this increases the risk of infectious, digestive and respiratory diseases. The situation of illegality allows that labor exploitation conditions exist, in this context the risk of suffer labor accidents increases. Even the illegal migratory journey supposes a high risk of injury or death, the illegal human trafficking includes trips under trucks, walks through the desert, overcrowding in ship's holds, etc. Migrants are also victims of racial violence that vary from derogatory or discriminatory attitudes to physical violence. (Atxotegui, 25)

2.1.5.2 Depression and addictions on people who stay in the country of origin

Migration from Ecuador to other countries is made in difficult conditions; this decision is taken under pressure, in the middle of poverty and need situations. In this situation, members of the family are forced to live the absence of a loved one; they live a complicated process of mourning and sadness. The mourning process is not always solved in the best way causing mental pathologies; between them the more frequent is depression. (Erraez, 3)

Depression is common in the closest family members of the emigrant; however the most affected are the girls, boys and teenagers. The absence of one or both parents is reflected in low self-esteem and in a lack of belonging sense. Many parents forget their children when the time passes, the children feel abandoned, rejected and unloved, many times children are forced to assume parental roles with younger brothers or sisters. (Erraez, 7)

At the moment of separation, the children with emigrant parents assume that they will remain abandoned, they won't see their parents in many years, they will have to defend themselves and solve their problems alone. This situation brings consequences which are present in children and young, these consequences are: low self-esteem, school dropout, abandonment feeling, rebelliousness, aggressiveness, insecurity, poor interpersonal

relations, loss of identity, lack of vision of the future and mainly depression accompanied by suicide desires. (Erraez, 13)

The absence of a parent or a mother is related to the absence of support, affection, protection and control. Due to the lack of control, girls, boys and teenagers primarily are given to alcoholism; drug addiction, early pregnancy or they are given to be part of a gang. Alcoholism is related to depression symptoms, the affected person is vulnerable to consume depending on the way he or she faces frustration and internal conflicts. (Erraez, 15-20)

There is no unified data about the relation between migration and depression; however several studies made in the country give us a general view. The conclusions of a research made by Sandra Erraez in a high school of Ambato tell us that among the children with migrant parents the 49,08% have depression in different levels, the 29,09% have slight depression, the 14,54% have moderate depression and the 5,45% have serious depression. (Erraez, 74).

Other research was made in a high school of Loja, the results of that research show that among the investigated individuals, 43,02% have some symptom of depression. 23,66% have slight depression, 13,98% have moderate depression and 5,38% have severe depression. The conclusions also show that among the investigated people who have their parents abroad, 75,28% have some level of anxiety. (Alvarado y Merino, 31)

2.1.6 Loss of national identity

The identity is the feeling of being oneself that is achieved by the person through succession of time and through the changing biological, familiar and cultural experiences that allow maintaining a level of cohesion and stability more or less uniform. (Belmonte, Del Valle et al. 1976 aforementioned in Goldstein) This feeling of being oneself can be altered when the external conditions change, especially when it changes suddenly as in a migratory process. (Goldstein, 43)

A migration implies to leave in the background homeland and with it leaves language, customs, traditions and cultural values. The migration from Ecuador in the last decades

have caused that Ecuadorians acquire new cultural characteristics and they find new models and identities.

“Identity is part of the process of constitution of a nation as an imagined community. As a body of traditions interests and values that tie citizens who inhabit a territory.” (Kingman, 108) The Ecuadorian national identity is very diverse because we are a multi-cultural and multi-ethnic country. The national territory has a wide richness in untouchable patrimony; there exist a linguistic diversity, cultural diversity and a number of traditions. These unfortunately have been losing in the last decades due to several factors between them is the migration.

The effects and the causes of migration are related to emotional nature, changes in social and family organization, and changes in diet system, way of dressing, behavior, musical preferences, etc. The mentioned changes are often very big and very fast; this causes radical changes in the collective life of a group. Migration in Latin American countries can't be avoided; this is why the development of strategies to avoid the loss of ethnic and indigenous cultural features is needed. (Cornejo, 2010)

It is common that people who migrate have feelings of dissatisfaction about their homeland. Homeland that hasn't offered them opportunities of economic improvement, these opportunities are found in developed countries of North America and Europe. This is why migrants minimize their national identity by acquiring new cultural features and new behavioral patterns typical of the countries of destination that offer them better jobs and improvement in opportunities.

In the article published by Alberto Cornejo the main cultural effects of migrations in the ethnic groups are distinguished: the effect in family economic organization, the effect in affective relations and the effect in cultural values. (Cornejo, 2010)

- Effect on family economic organization.

Generally, women are the ones who assume the responsibility of caring for home and children after a migration. Women who stay in the country are in charge of paying debts, receiving money of remittances and managing it depending on the instructions of the

sender. Migrants, because of the distance, lose respect and authority at their homes, children start to see them as strangers and generally all the family members have more independent lives. On the other hand, children grow up with the idea that in their country they may not progress through any kind of job, especially in agricultural or handicraft work; they want to migrate as their parents have done.

- Effect on affective relations:

In Latin American culture, especially in Andean countries, the cell of a social organization is the family. Migration causes the separation of the family and causes the impairment of affective bonds between its members. Distance and time cause that the members of a family see each other as strangers, have poor communication and cause the break of affective bonds which ever were strong. A clear example is the one of the families separated due to conjugal infidelity, when people don't have their couples near they look for new affective bonds. Infidelity in marriage results in divorce that affects not only the marriage but also the children, for whom a divorce represents a traumatic experience.

- Effect on cultural practices and values.

In the diverse countries of destination, migrants are influenced by ideologies and practices predominant in those countries such as capitalism and individualism. This makes migrants lose the values they had due to community life and solidarity predominant in ethnic groups. Additionally, cultural practices and values are changed because migrants adopt new customs when they are in a new environment.

Among the cultural changes implied in a migration, there is the change in diet preferences. Migrants change their diet due to the difficulty finding traditional products in foreign markets or due to the desire of acquire a new cultural identity by emulating customs of the country of destination. For example, when a migrant is in the United States he or she prefers hamburgers instead a traditional soup.

Other important cultural change occurs in health care. Migrants generally no longer know about medicinal plants and medicinal ancestral methods as their parents and grandparents knew.

The cultural impact also affects to music preferences because foreign music is preferred instead traditional music. Also, the way of dressing is changed especially in indigenous ethnic groups who abandon their traditional clothes in order to dress with American clothes, for example.

Discussing language, the migration cultural impact also affects the practice of certain languages. For example, in Ecuador Kichwa language is no longer learnt. Many people in spite of knowing this language, they deny speaking it in order to hide their indigenous origin. Many indigenous have replaced their native language by Spanish and English, especially when they migrate to the United States.

Migration has had positive and negative impacts; among the negative ones there is the loss of national and cultural identity. Generally, there are many Ecuadorian nationalities and ethnic groups which live day per day the loss of their customs and characteristics due to the adoption of foreign cultural patterns. There are few communities and ethnic groups that defend their identity and keep alive their culture with pride.

2.2 Economic consequences:

Migration is a social phenomenon that has had a big impact in Ecuadorian economics and collectivity. The main motivation of the Ecuadorians for migrate has been the searching of economic prosperity or at least have the possibility of cover expenses related to subsistence and basic needs. The sending of remittances is the form in which Ecuadorian migrants safeguard the welfare of their families or save money for the achievement of their economic goals. The amounts sent as remittances are high. That is why they constitute an important source of income for the country and for the families that receive them.

Other of the important economic consequences of migration is the brain drain and labor drain. Most of Ecuadorian migrants are people in working age, this means that a lot of qualified and not qualified workforce is abroad. On the other hand, there also exist

professionals or people with high education level who leave Ecuador looking for better opportunities and better wages.

2.2.1 Remittances.

“Remittances have the effect of maintaining, in time and in a new geography, the familiar interrelations.” (Ramírez F y Ramírez J, 98). Most people who emigrate once they are established in the country of destination, they start to work and send money to their country of origin to pay debts, comply with obligations, satisfy familiar needs, buy properties, etc. The sending of remittances occurs thanks to strong familiar and affective bonds that maintain migrants with their country of origin because they maintain these ties by safeguarding the economic welfare of their families who stay in the country. The sending of remittances is an important element of the Ecuadorian economy and society because it is a substantial currency income for the country and it is a source of livelihood in many families.

The glossary on migration published by the IOM defines a remittance as “monies earned or acquired by non-nationals that are transferred back to their country of origin”. This section is focused in the study of the remittances generated by migrant workers, this kind of remittance are defined by Orozco as “the sending of money by migrants from a country ,which is different of theirs ,to a relative in their country of origin in order to comply with economic and financial obligations.” (Orozco, 36)

The sending of remittances to Ecuador is one of the migration effects with more economic and social impact. Remittances as national income are important to give support to the dollarization process, to adjust the balance of payments, to pay the debt, to guarantee monetary reserve and to reduce poverty in the country. (Interview with Oswaldo Hurtado, Cántaro Magazine N°32) It is important to take into account that since Ecuador quit issuing national currency, remittances have become a fundamental part of the economy because currency income helps the country to have enough monetary species to conduct transactions.

The sending of remittances has been and is still a common practice in Ecuador. The increasing of the flow of remittances coincided with the migratory boom of the nineties.

After a height period, the sending of remittances has been decreasing due to the rise of the unemployment rate in the United States and due to the economic crisis of Spain and other European countries. Remittances constitute a positive consequence of migration talking in economic terms; however this income could be better exploited. Is worrying to know that the majority of the remittances are destined to consume and not to investment or production.

2.2.1.1 Historical evolution of the flow of remittances in Ecuador

A lot of researches about remittances flow and its influence in economy have been made. However, it is not possible to determine the exact moment when this social and economic phenomenon began. On the other hand, the different stages of remittances flow growth have been determined; this growth is due to the increase of migrant population.

The remittances flow had three first stages of evolution:

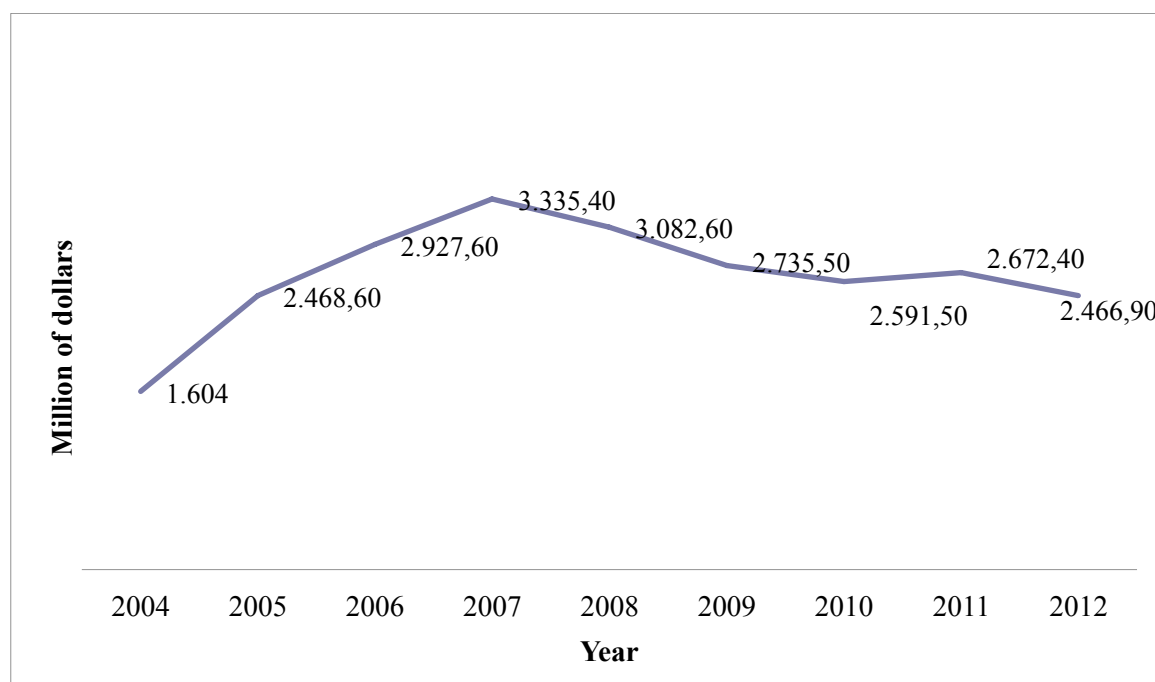
- Stage of initial growth: this stage took place from 1993 to 1997. The average of annual remittances increase was 120 million dollars.
- Stage of acceleration: this stage took place from 1998 to 2000. It coincided with the explosion of the migratory wave and the annual remittances increase rose reaching 262 million dollars.
- Stage with saturation trend: this stage took place from 2001 to 2004. The remittances flow turned slow because this flow had a growth just of 64 million dollars per year. (Acosta, López y Villamar, 230).

After these stages of growth, the remittances flow has experimented a descent period, the total amount of remittances is smaller each year. According to statistics published by Central Bank, in 2007 the total of received remittances was 3.335,40 million dollars while in the end of 2012 the total of remittances was 2.466,90 million dollars; this shows that the remittances flow has reduced 26,04% from 2007 to 2012.

The decrease of the remittances flow is due to the economic crisis of Spain that began in 2008 and the increase of the unemployment rate in the United States. In

2008 the remittances income decreased 7,58% in relation with the previous year, in 2009 11,26%, in 2010 5,26%, in 2011 3,12% and in 2012 7,69%.

Graph 15 Behavior of worker's remittances received 2004-2012



Source: Central Bank. Macroeconomic statistics 2014

2.2.1.2 Players in the process of sending and reception of remittances

In the process of sending and reception of remittances there are three main players:

1) Migrant worker:

A migrant worker is the person who generates the familiar income through his or her work abroad. Migrants send the surplus of the total money earned to their close relatives; the surplus is usually high because migrants see the saving of money as a priority. The amount of the remittances varies according to migrant's income and the cost of life in the countries of destination.

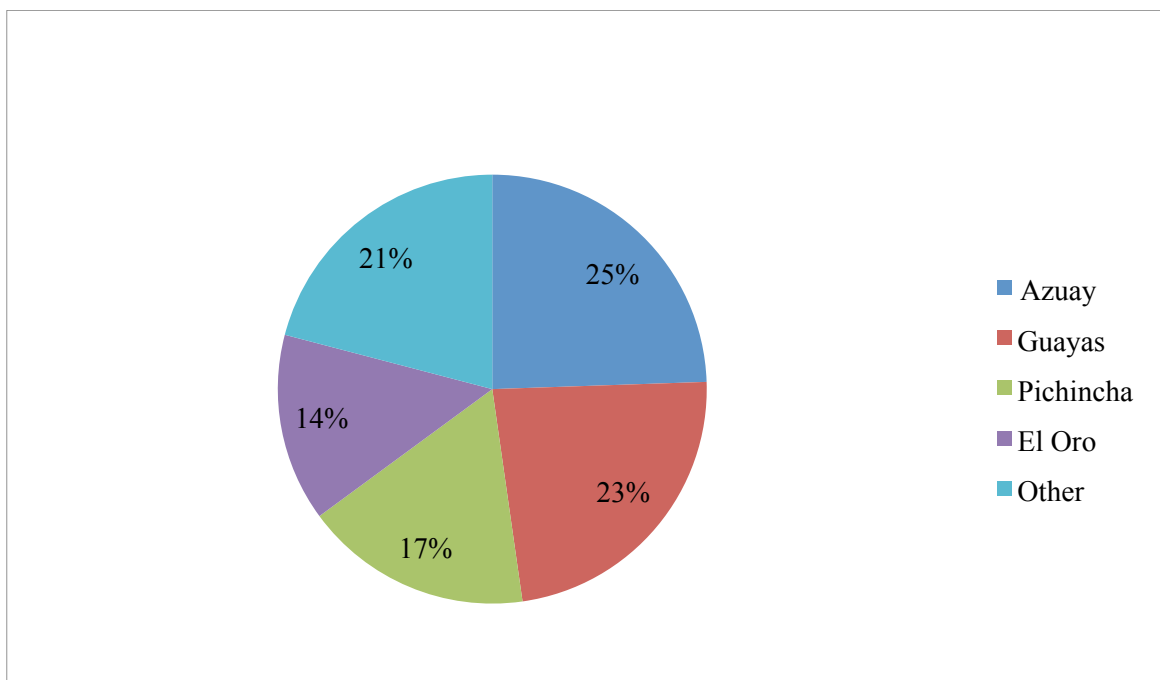
The migrant worker is generally a young person, with low education level and low income, who sends money through agencies and who has poor access to financial

services. Most of the migrants send money to their country of origin and send approximately 4.000 USD per year. (Orozco, 91)

- Place of origin of people who send remittances.

In the Ecuadorian case, almost the quarter of the total of migrants who send remittances are from the province of Azuay (24,46%), after these there are the migrants from the province of Guayas (23,38%), in third place there are the migrants from Pichincha (17,17%), in fourth place are the ones from the province of El Oro (14,16%); the remaining 20,92% corresponds to the migrants of the rest of provinces of Ecuador. (Olivié 2008, 19).

Graph 16 Place of origin of people who send remittances

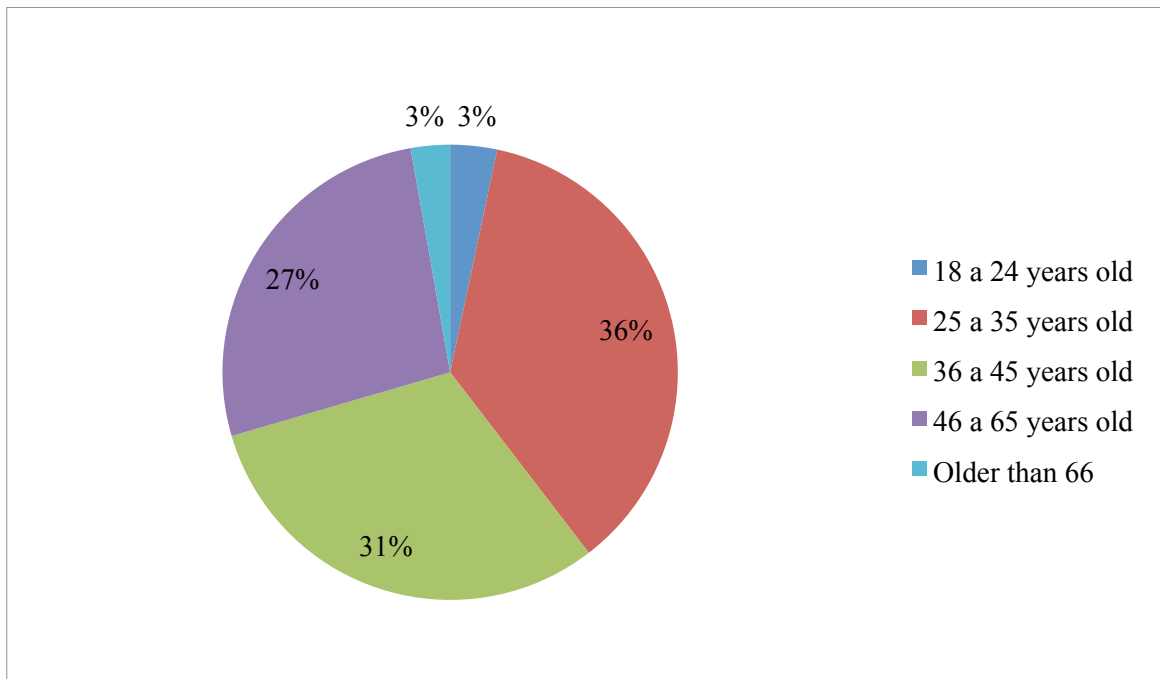


Source: FLACSO-Ecuador. 2008. Working document 06/307.

- Age of migrant people who send remittances.

According to the results of the Life Conditions Survey made in 2006³ (ECV), among the migrant people who send remittances 36,26% are between 25 and 35 years old, 30,91% are between 36 and 45 years old and 26,74% are between 46 and 65 years old. The sending of remittances is directly related to the wages acquired by migrants abroad, this is why the majority of remittances are generated and sent by people who are in working age. Young people who are between 18 and 24 years old send only 3,32% of remittances, and elderly people send 2,78%.

Graph 17 Age of people who send remittances



Source: Life Conditions Survey. INEC 2006.

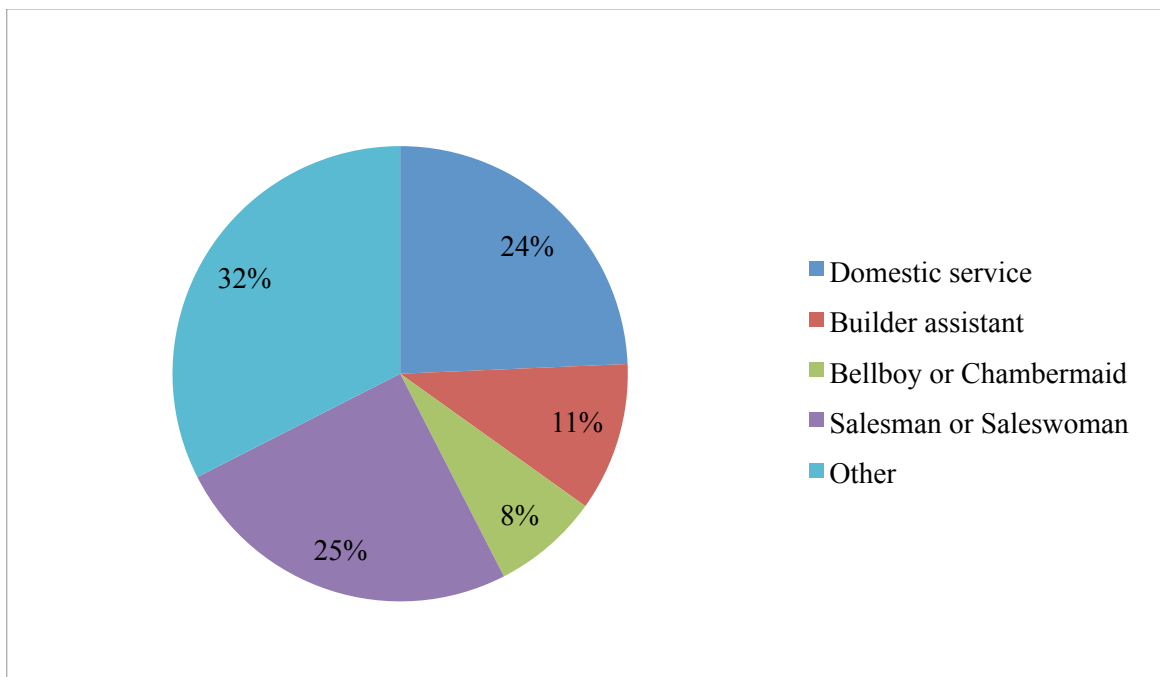
³ Survey made by the National Institute of Statistics and Census (INEC) to obtain indicators about living standards and population welfare by relating several factors such as education, health, poverty, security, inequity and time use, for the application of public policy. The last survey was made in 2006, since November of 2013 the INEC is collecting new data whose results will be published in December of 2014.

- Job of the migrants who send remittances.

Is worrying that the majority of migrants have jobs abroad for which a lot of technical training or a professional degree is not required; this reduces the opportunities of self-improvement, academic improvement and to get better jobs in the future. The main obstacles for migrants at the moment of get a job are: the difficulty learning a new language and the illegal migratory status, which exposes them to labor exploitation situations.

Among migrants who send remittances, 25,03% are salesmen, saleswomen, chefs, cleaning staff, carpenters, jewelers, workers or taxi drivers. 24,32% of migrants who send remittances are dedicated to domestic service, 10,56% work in construction as builder assistants, 7,59% have jobs as bellboys or chambermaids and 32,50% are dedicated to other activities.

Graph 18 Job of migrants who send remittances



Source: Life Conditions Survey. INEC 2006.

2) Broker: For make the money of a remittance reaches its destination, an intermediary, which facilitate the sending between countries is needed.

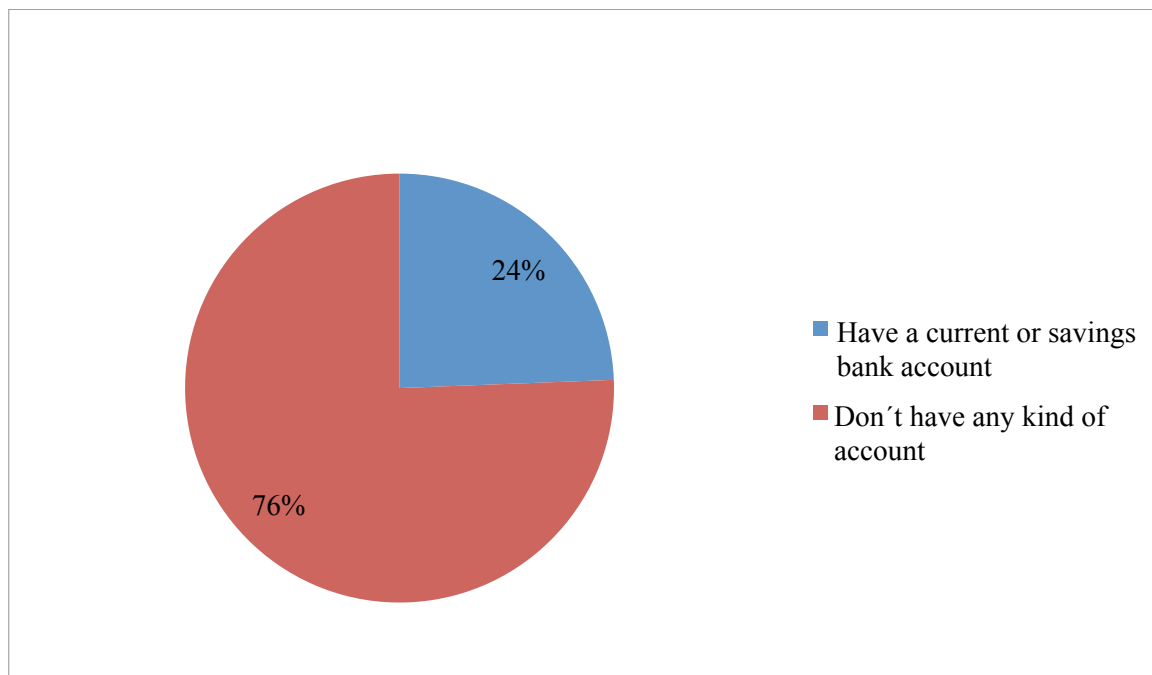
There exist four kinds of brokers or suppliers of remittances services:

- Non banking financial brokers: They are generally money transfer operators such as Western Union, Ria, Vigo, Money Gram, etc.
- Banks and Loan Cooperatives: They are banking institutions, which offer the service of sending and receiving money from different countries.
- Post offices: They are post offices authorized for the sending and receiving of money.
- Informal brokers: These can be messengers, relatives or friends who facilitate the sending of money from the sender to the receiver. (Orozco, 46)

Among the four kinds of brokers described by Orozco we can say that in Ecuador predominate the use of non-banking financial brokers and informal brokers. The non banking financial brokers offer an easy and fast service for sending remittances; both the sender as the receiver are exempt from regulations and formalities which are common in formal banking institutions. On the other hand, the informal brokers are also used by a lot of people because they avoid lines and they pay a low or nonexistent fee for sending money.

Data from ECV (Life Conditions Survey) made by the INEC in 2006 shows that among the people who receive remittances, 75,61% don't have any kind of incorporation to the financial system; this means that they don't have any kind of bank account. The migrant population don't demand financial services due to "wrong perceptions between the beneficiaries about the expenses, poor access to the places where the remittances are received, poor financial education and persistence of business models focused on groups with high income" (Orozco, 84); therefore the majority of remittances are sent and received in cash. The lack of access to the banking system limits the ability of the migrant to save money and the possibility of obtains a loan.

Graph 19 Incorporation of receptors of remittances to the financial system



Source: Life Conditions Survey. INEC 2006.

3) Receiver: The receiver is the person who receives the money sent by the migrant, the receiver is generally a relative who is responsible for managing the money according to the needs and obligations of the migrant in the country of origin. The receiver may be a spouse, a child, a parent, a close friend, etc. The number of remittances receivers is significant, 14% of Ecuadorian adults; this means almost one million people receive remittances from relatives abroad. (IDB-IMF, *Receivers of remittances* 13).

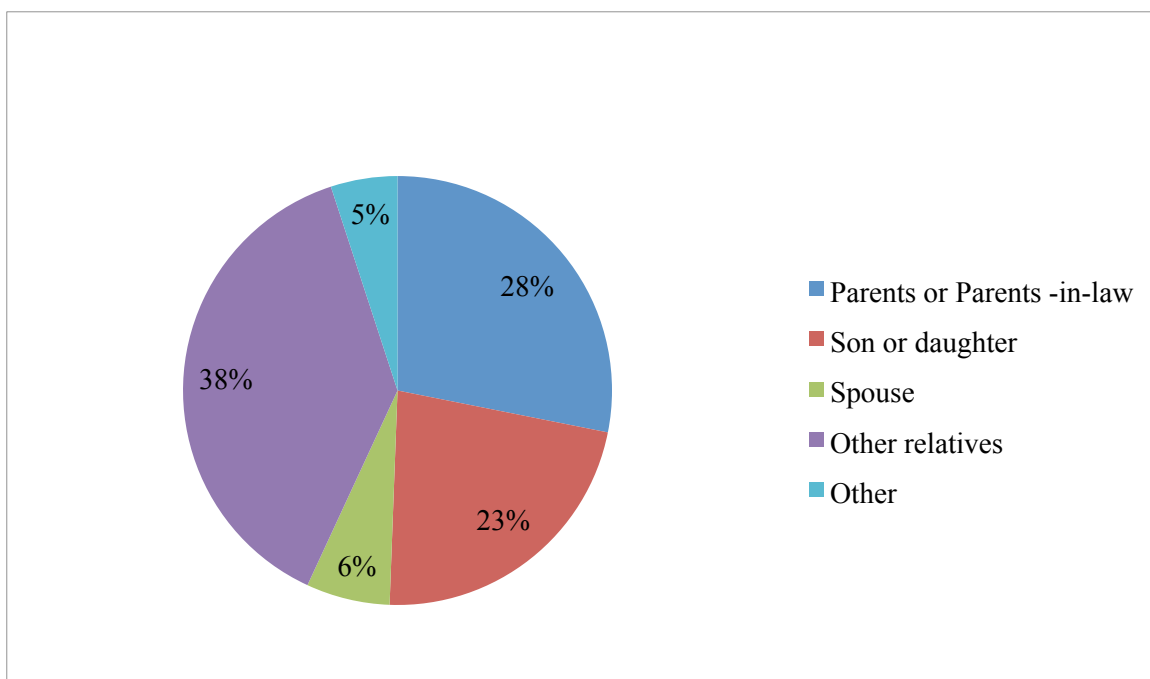
- Kind of relationship and kinship between migrants and people who receive remittances.

According to a research made by the FLACSO⁴, the migrant's parents or parents-in-law are the ones who receive more remittances, a 28,13% of the total. In second place are the sons or daughters with 22,46%, the spouses who have stayed in the country of origin with 6,31%, other relatives with 38,07% and other people with 5,03%. (Olivié, 23)

⁴ Working document made by researches of the Latin American Faculty of Social Sciences. The analyzed data in that document come from the Life Conditions Survey made in 2006 and from the database of RIE-FLACSO.

The relatives of migrant receive 94,97% of remittances, and people who don't have any kinship with the migrant receive just 5,03% of the remittances. This is because that the motivation of the sender is generally linked to the familiar welfare and familiar economic improvement.

Graph 20 Kind of relationship of migrant with the remittances receiver



Source: Life conditions survey. INEC 2006.

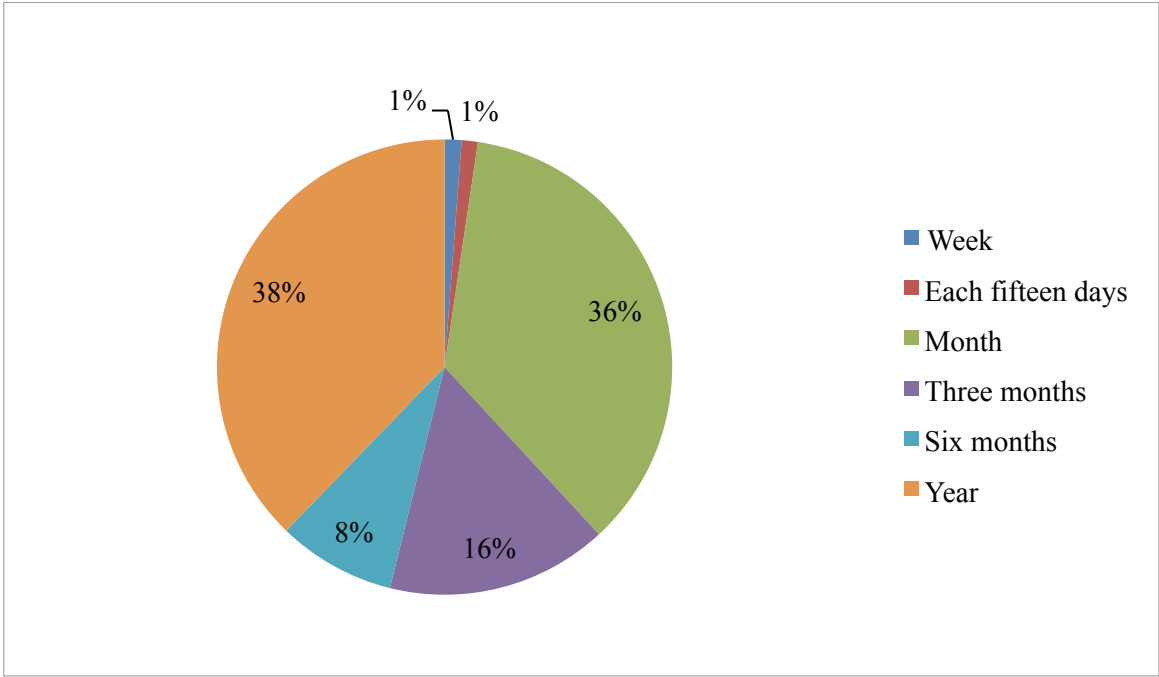
The continuous sending of remittances indicates that migrant workers maintain familiar and affective bonds with the ones who receive the remittances. A research made in focus groups in Ecuador showed as a result that the relation between the sender and the receiver is usually close and many times the relationship is maintained for considerable time periods. *“The participants, in majority report a degree of communication extremely regular with their relatives who send remittances. They generally communicate once or twice times per week by telephone, many times in determined days and in determined hours. A minority formed by young people communicates by e-mail. Generally the communication is maintained, in spite of the extension of the residency. However, with the time some decrease in the regularity of communication is reported.”* (IDB-MIF, *Receivers of Remittances* 37)

Migrants maintain ties through distance communications as well as the migrants and the receivers maintain contact through visits. Migrants who have obtained a legal status after a migration can come back to Ecuador to visit relatives because they can travel freely between countries. On the other hand, there are the migrants who don't have a legal status, the travel between countries for them is extremely expensive and dangerous therefore they can't come back to their country of origin easily. However, the possibility to get tourist visas has facilitated the visit of relatives to the countries of migrant's residency.

- Amounts and frequency of remittances sending.

In the Life Conditions Survey of 2006, among the 55.666 interviewed people 2.782 declared that they have received remittances during the 12 months previous to the interview. Among the people who receive remittances, 37,76% receive them annually, 35,78% receive them monthly, 15,73% quarterly, 8,38% twice yearly, 1,20% weekly and 1,15% each 15 days.

Graph 21 Frequency of remittance sending



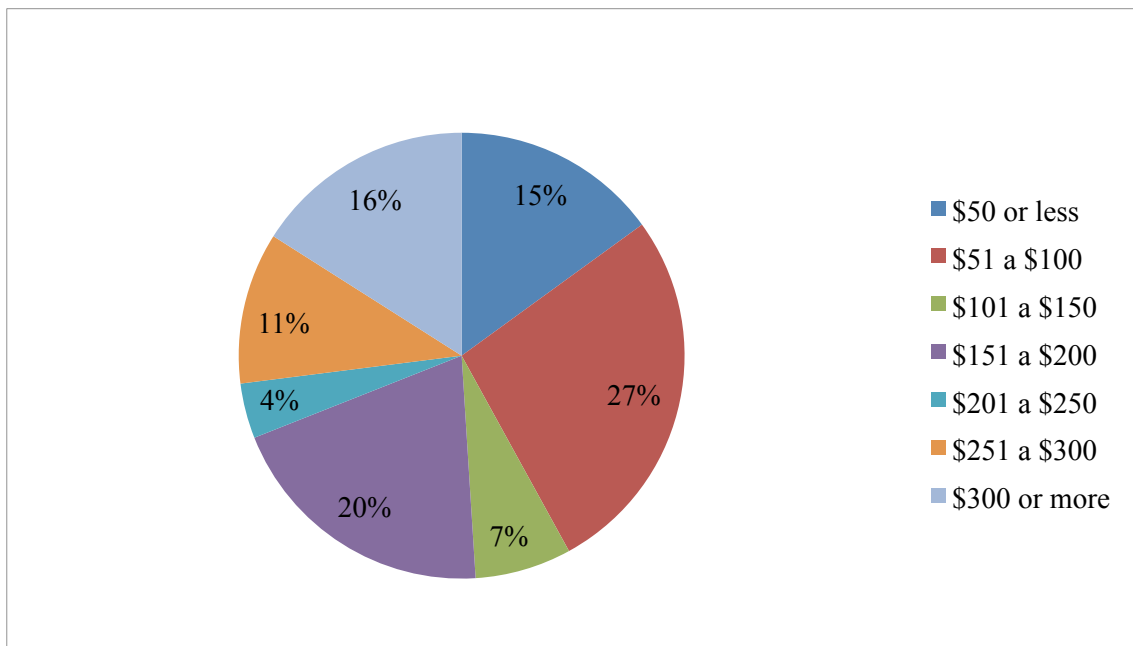
Source: Life Conditions Survey. INEC 2006.

A research made for the FOMIN shows that the total money corresponding to remittances is sent through thousand of transactions of low amounts. The average of sending is 175 dollars monthly and three-quarters of the receivers earn less than 500 dollars monthly, these amounts of money have helped to reduce the effects of the poverty in sectors of low income. (Bendixen and Partners, 2003)

Other research of the same entity⁵ show that 15% of the remittances beneficiaries receives 50 dollars or less, 27% receive between 51 and 100 dollars, 7% between 101 and 150 dollars, 20% between 151 and 200 dollars, 4% between 201 and 250 dollars, 11% between 251 and 300 dollars, 16% receives more than 300 dollars. (IDB-MIF, *Receivers of remittances 22*)

The predominant amount of remittances is between 51 and 100 dollars, these amounts represents more than a quarter of the total. .

Graph 22 Amounts sent as remittances



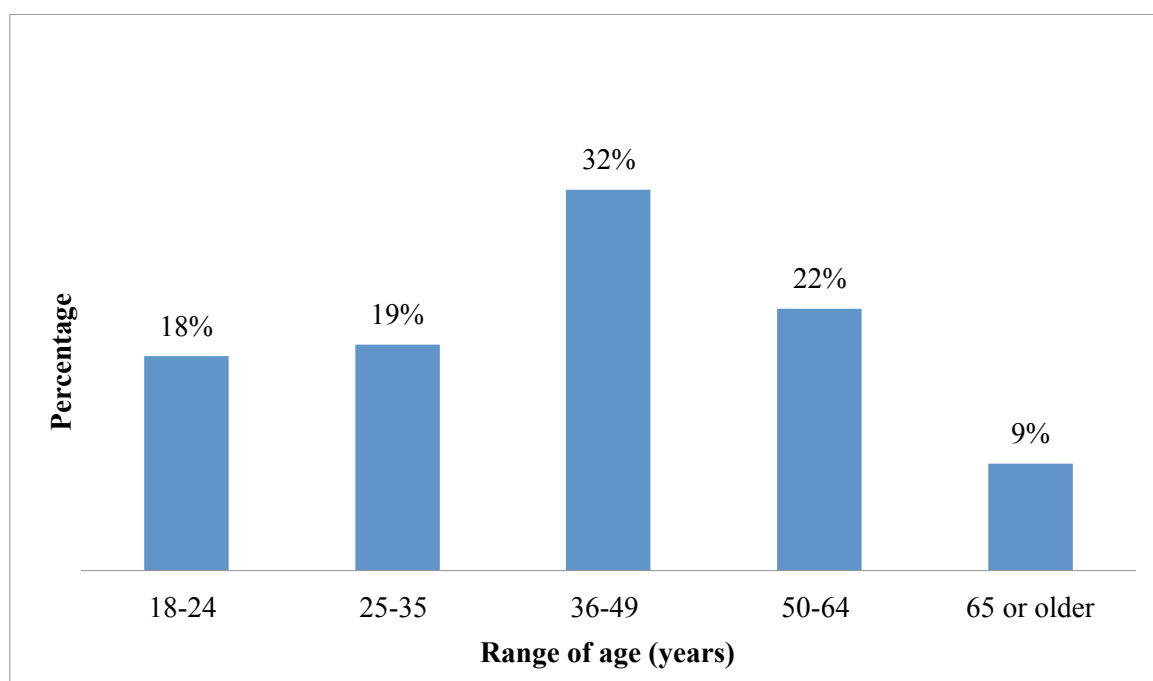
⁵ National Survey made by the Multilateral Investment Fund. A total of 3.320 interviews were made with a representative sample of the universe of adults in Ecuador. The error rate for this sample is 1,8%. This national survey includes a sub-sample of 476 Ecuadorians who receive money from their relatives abroad. The error rate for this sample is 4,7%. The company CEDATOS/Gallup Internacional Ecuador made the fieldwork between March and April of 2003.

Source: IDB-MIF. Receivers of remittances in Ecuador, 2003.

- Age of the receivers of remittances.

The part of the population which receives more remittances are the ones who are between 36 and 49 years old, 32% of the total of the receivers are in this range of age. This is followed by people who are between 50 and 64 years old that represent 22% of the total of receivers of remittances. The young population also receives remittances, 18% of the total of receivers is between 18 and 25 years old, 19% is between 26 and 35 years old. The part, which receives fewer remittances, is the group conformed by elderly people; just 6% of the receivers are 65 years old or older.

Graph 23 Age of receivers of remittances



Source: IBD-IMF 2003. Receivers of Remittances in Ecuador, a market research

2.2.1.3 Administration of remittances

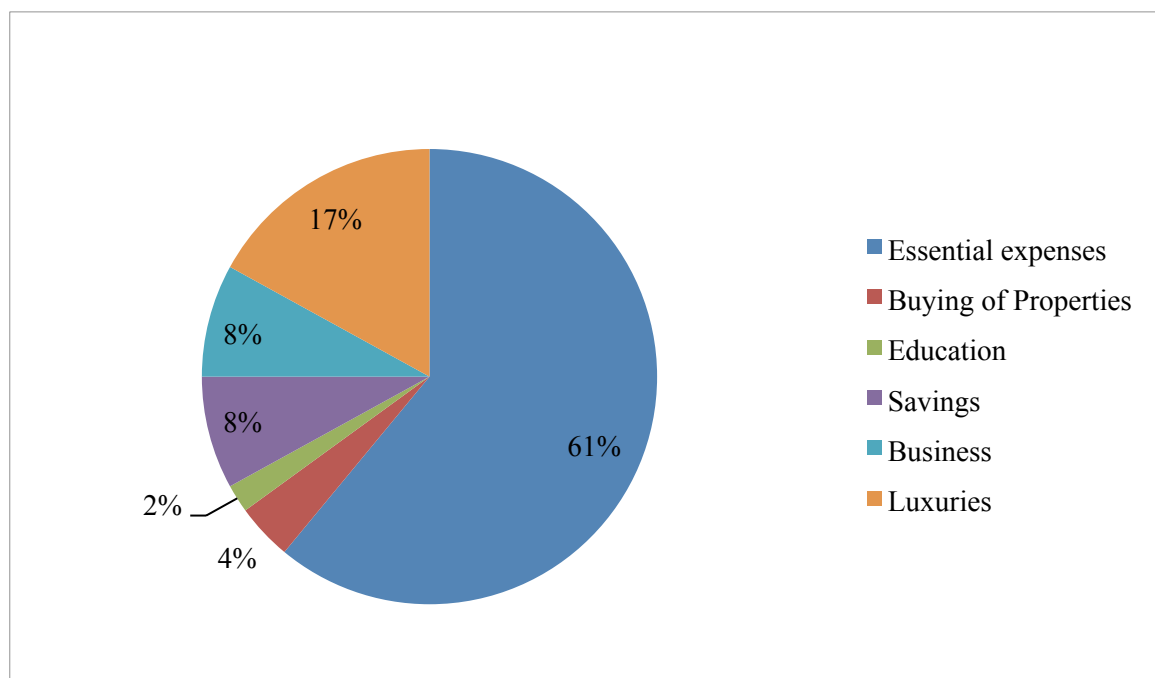
According to a research made in focus groups from Azuay, the remittances are earmarked mainly for expenses related to family welfare such as: feeding, health, dress and education. The second important item, the remittances are earmarked for, is the payment of debts especially the payment of the debt acquired to arrive at the country of

destination. Also, it was established that very few people earmark their surplus for savings, agricultural investment, buying of land or cattle. (Herrera y Martínez 2002, 31)

The same research confirmed that remittances have decreased; migrants send amounts relatively small which are earmarked for family livelihood, the boom of construction of houses has decreased due to the low wages in Spain and United States because of the increase of the offer of illegal workers. . (Herrera y Martínez 2002,32)

A report of the FOMIN shows more detailed data about the administration of the remittances in Ecuador. The report confirms that the majority of remittances are earmarked for essential expenses, 61% of the receivers of remittances earmark the money for feeding, rent, electricity, water service, telephone service, transportation, clothing and medicines. 22% is earmarked for investment, among this 22% the 4% corresponds to buying of properties, 2% to education, 8% to savings and 8% to business. The 17% remaining is earmarked for luxuries. (IDB-MIF, *Receivers of remittances* 28)

Graph 24 Use of remittances



Source: BID-FOMIN 2003. Receivers of Remittances in Ecuador, a market research

The items to which remittances are earmarked for, vary according who is responsible for its administration. In the research made by Gioconda Herrera and Alexandra Martínez was observed that peasant and urban women use the remittances for feeding, health, education and clothing for the members of their families. On the other hand, the urban men prefer to earmark the money of the remittances for improvement of fixed assets such as cars, machinery, and commerce. (42)

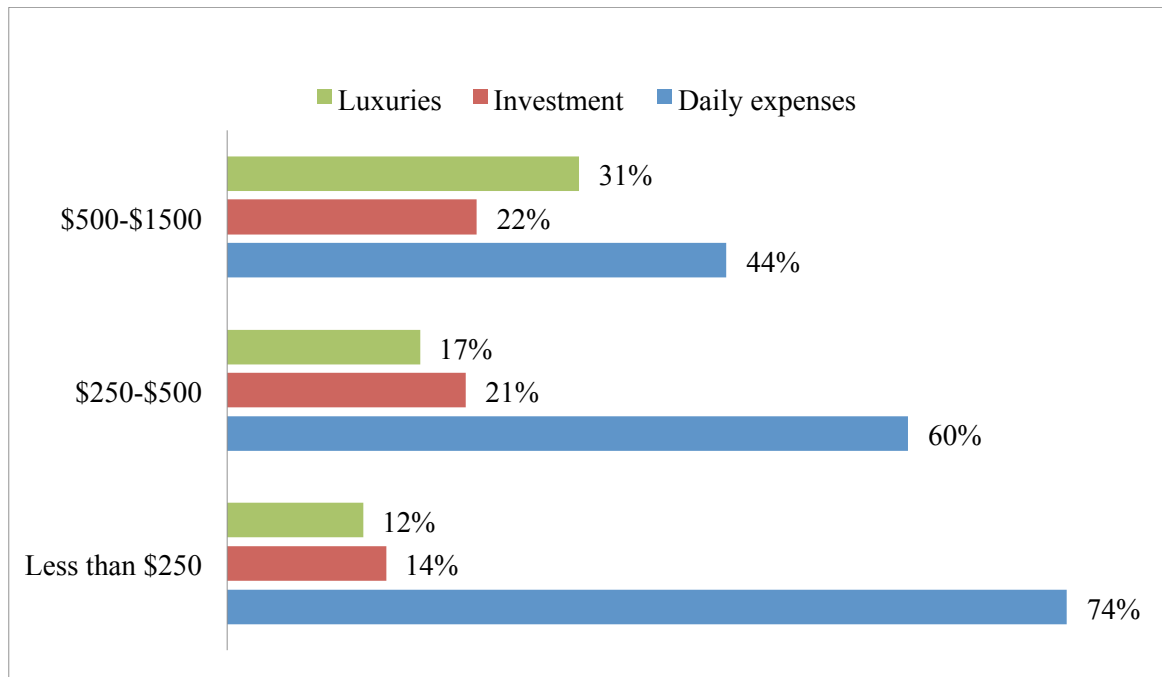
The ways in which the remittances are spent also vary according to the amount of money earned by the receivers. The higher is the income the higher will be the surplus, which can be earmarked for other kind of expenses additionally to the expenses associated with livelihood. 74% of the receivers of remittances who receive less than 250 dollars earmark the money for essential expenses, 14% for investment and 12% to expenditure on luxuries.

The way of spending remittances money changes in the receivers of remittances that oscillate between 250 and 500 dollars, the trend to earmark money for essential expenses decreases a 14%, the trend of investment increases a 7% and the trend of expenditure on luxuries increases a 5%.

People who receive amounts of remittances that are between 500 and 1.500 dollars spend 30% less in essential expenses than the people who receive less than 250 dollars.

It would be supposed that people who receive high amounts of remittances would have a high surplus for investment; however, the trend of investment of people who receive remittances between 250 and 500 and the trend of investment of people who receive between 500 and 1.000 varies just 1%. It is important to note that the people who receive between 500 and 1.500 dollars prefer to spend on luxuries instead investment; the people who spend in luxuries represent the 31% of this part of the population and the people who invest represent the 22%.

Graph 25 Spending of remittances and familiar income



Source: BID-FOMIN 2003. Receivers of remittances in Ecuador, a market research

- Remittances and essential expenses.

The remittances have turned on an important source of livelihood for families of the Ecuadorian migrants. Women are who take care of the family members in Ecuador and women are who receive more remittances. These women and their families have a high level of dependency on the remittances because in many cases they don't have a job or their income is low. To this must be added the trend of women to depend on the remittances to satisfy basic needs due to they are not prone to have additional income sources, they are homemakers or they develop informal work at home. (Orozco, 71)

It is important to emphasize that the women who live in rural areas prioritize the satisfaction of basic needs; therefore they earmark the remittances for essential expenses as feeding, clothing, basic services, etc. They have more worries for the management of the home economy and they don't have interest in being trained to invest the remittances. (Herrera y Martínez, 38)

For the people who receive small amounts of money of remittances, these amounts just cover essential expenses. The ability to satisfy the needs of the family increases the welfare level and has helped a lot of people to out of poverty. A testimony obtained inside the focus group of the IDB-MIF research (*Receivers of remittances*, 39) represents an example of this fact:

“My daughter in law has three children. She didn’t have money to maintain them because of the situation She had a little sister there, so I stayed here with the three children. All she sends me is to feed and clothe them.” (María Elena, 53, Focus Group in Quito. IDB-MIF, *Receivers of remittances*, 39).

- Remittances and Investment.

A survey made by FLACSO showed as a result that the possibilities of investment of the people who receive remittances vary according to their place of residency and their level of income.

The urban men have more possibilities of invest the remittances in business, buying of land or saving money in a bank; while the rural women have few possibilities of investment because they use the money to cover basic family needs. (Herrera 2005, 155) Other research of the FLACSO adds the fact that urban men already have assets such as houses, cars and land at the moment of make investments that reactivate the economy, and these investments can create new jobs and increase capital circulation. (Herrera y Martínez, 38) For their part, rural women have few or any access to the financial system, this limit their ability for saving money and hence their ability for investment.

On the other hand, the people who have more income have more possibilities to invest. There exist receivers who have few or no dependency on the remittances because they have jobs with good wages or at least they earn enough money to cover the basic needs of the individual and the family. When they have enough income to cover basic expenses, the money of the remittances turns in surplus, which is available for investment or expenditure on luxuries, this depending on the preferences.

The 22% of the total of remittances are invested, but just 8% of these investments represent capital circulation, job creation and productivity. This small percentage is earmarked for the creation and improvement of new companies or businesses. The most common businesses financed with remittances are: seamstress workshops, little stores, buying and selling of houses, selling of goods acquired abroad and providing loans. (IDB-MIF, *Receivers of remittances* 40) There are few people who see investment as a priority and want the capital to grow and create profit:

“All I receive from my husband is invested. The investment gives me, the saving doesn't. Savings are for emergencies. I have been always an investor. I had twenty cars. I bought a house for \$10.000 and I sold it for \$30.000. It is impossible to live here just with a salary. We wanted to invest there, but we are not legal residents.”(Mercedes, 60. Focus group in Cuenca. DB-MIF, *Receivers of remittances* 40)

The more noticeable investment of the remittances has been the acquirement and construction of houses. It is easy to note the change in the rural and urban landscape of Azuay where 10 or 15 years ago, little and modest houses could be seen, but now huge houses and buildings can be seen, these have been built by the families of the migrants. 4% of the total of remittances is invested in buying and building of properties, unfortunately these properties are usually empty because their owners live abroad. The abandoned properties turn in stagnated capital because they are not exploited to generate productivity or any kind of profit.

The remittances, which are not invested in businesses or properties, are used to acquire cars, machinery or at least are earmarked for saving. 8% of the total of remittances is earmarked for savings to acquire any property in the future or start a business. The percentage earmarked for savings is very small, this can be due to factors such as the less or non-existent access of the receivers of remittances to the financial system, lack of training, saving culture, motivation and objectives for the future.

- Remittances and luxuries.

The 17% of the total of remittances is earmarked for luxuries or unnecessary expenses. This trend is due to factors as: young people managing high amounts of money without

adult supervision, the desire of the migrants to obtain social recognition through the auspice of activities in the community of origin, the reaffirmation of familiar bonds through certain gifts, the desire of proving that they have success and abundance.

There exist a lot of young people receiving remittances, 19% of the total of receivers are between 18 and 24 years old. There are cases where these young people live with relatives who are in charge of supervising them and managing the money that they receive by giving them the material goods they need instead cash. In other cases the young receivers are alone or taking care of their younger siblings. They don't have adults to supervise them and guide them to manage the money. These young people are prone to overspend and be victims of abuse from close people.

The second mentioned factor is the desire of the migrant to have social recognition in the community of origin. Is common to hear that migrants are the sponsors of community holidays especially religious holidays. This auspice implies the sending of big amounts of money to fund preparations to buy food, fireworks, etc. In the country of destination, migrants lose certain social status that is why it is important to prove that they have had success in their migratory venture in order to be recognized socially in their community of origin. (Herrera 2005, 160)

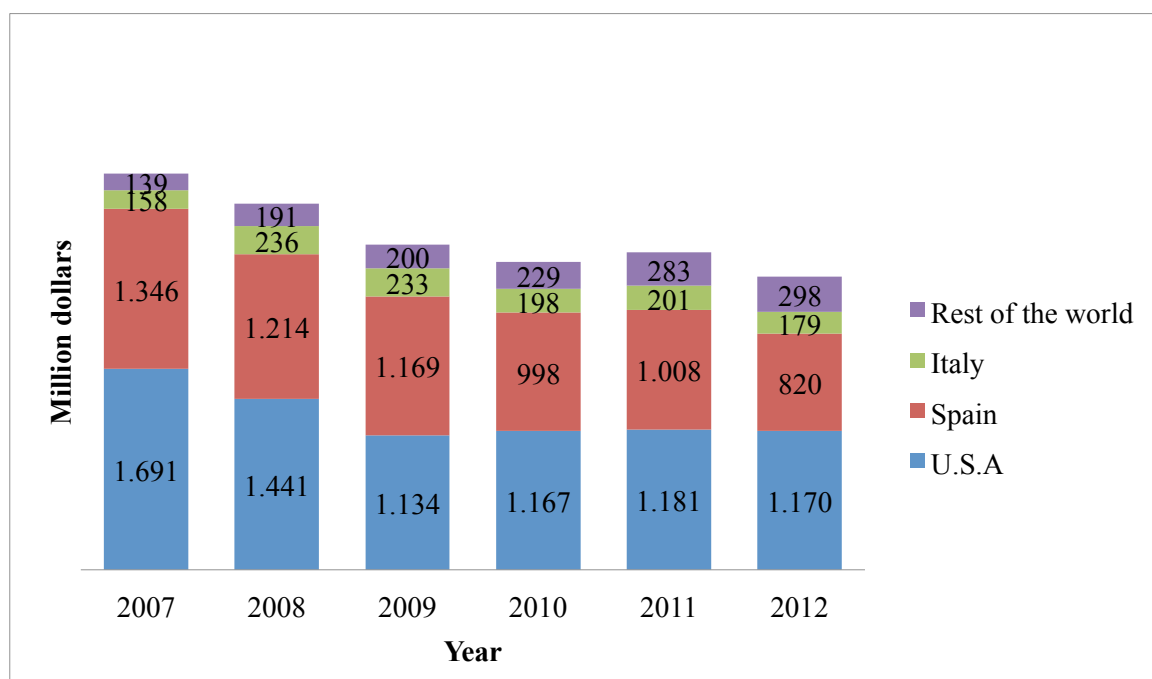
The consumption of luxury goods is also related to the reaffirmation of familiar bonds, which are undermined by the distance. The migrants who have left their children in Ecuador send expensive gifts trying to compensate their absence. For these kids and young people the gifts they receive are important, the gifts are perceived as a fortunate of presence of their absent parents and are perceived as a reaffirmation of familiar bonds. In addition to gifts, parents usually organize parties to help their children to hold familiar referents, for them are extremely important the celebrations of religious sacraments, birthdays, graduations, etc. With this they try to rebuild ties through luxury and abundance elements. (Herrera 2005, 158)

The last of the mentioned factors is the desire of migrants to prove that they have success and abundance. In the domestic landscape of Azuay can be seen luxury cars, many migrants have more than one. This is due to that in certain way before migrate

they had a relatively low social and economic status, after have being successful working abroad they want to reaffirm their identity and new status.

2.2.1.4 Remittances by country of origin

Graph 26 Remittances by country of origin 2007-2012



Source: Central Bank of Ecuador. Macroeconomic Statistics 2014

In 2007 the total of remittances from the United States was of 1.691 million dollars, this amount was decreasing until reach 1.170 million dollars in 2012, from 2007 to 2012 the remittances from the United States decreased a 30,81%. The increasing of the unemployment and the hard economic conditions contributed to the decrease of income of the migrants and indeed contributed to the decrease of sending of remittances. Between 2008 and 2009 during the financial and real estate crisis of the United States the remittances decreased in 307 million dollars.

In the remittances sent from Spain we also have a trend to decrease. In 2007 the total of remittances was of 1.346 million dollars, this amount decreased until reach 820 million dollars in 2012. These decreasing in percentage points represents 39,08%. The effects of

the economic crisis in Spain affected the sending of remittances and the conditions of the migrants many more than the crisis in the United States.

Unlike what happens with the remittances from the United States and Spain, the remittances from Italy increased. In 2008 the total of remittances from this country was 236 million dollars, increasing a 49,37% regarding the previous year. The increasing of the remittances from Italy is more noticeable in 2008 coinciding with the economic crisis in the United States and Spain, this shows that the migrants have looked to establish their residency in other countries, which have better work conditions. Until 2012 the remittances decreased 179 million dollars; however it is important to note that the amount of remittances in 2012 is higher than the amount in 2007.

Regarding the remittances sent from other countries of the World if we compare the amount of 2007 ,which is 139 million dollars, with the amount of 2012, which is 198 million dollars, we can note that the sending practically has been duplicated. This shows that the Ecuadorian migration has been moved to other parts of the world.

The sending of remittances from the United States has been always in first place, from Spain in second place and after from other countries of the world including Italy.

Updated data from the third trimester of 2013 showed that the remittances from the United States represented the 48% among the received remittances, while the remittances from Spain represented the 32% and the remittances from Italy the 7%. The 13% remaining correspond to the remittances sent from other countries of the world, between them stand out Mexico, Venezuela, Chile, England, Germany, Colombia, Canada and others. (Central Bank of Ecuador, Macroeconomic statistics 2014, 44)

2.2.1.5 Impact of the remittances in the Ecuadorian economy

The Ecuadorian economy has always depended on external factors to regulate and sustain. Currently the main income of the country comes from the exports of oil and raw material. After these incomes, the remittances of the migrants have become an important source of liquidity. In 2003 the remittances were equivalent to 10 times the total of foreign economic assistance to Ecuador and were equivalent to 5 times the amount of loan given by the International Monetary Fund in 2001 to the country. (IDB-MIF,

Receivers of remittances 4) In spite of that the remittances have decreased after 2007, the impact of these is still important to many sectors.

The remittances helped to reduce the effects of the financial crisis. Also, they are important to regulate monetary species in circulation; since the economy was dollarized the raise or contraction of monetary offer depends in big part on the results obtained through the economic flows abroad such as exports, external debt, foreign investment and remittances. . (Acosta, López y Villamar, 231)

The sending of remittances from the migrants has become an important part of the economy because it has contributed to the evolution of the ability to pay abroad, increase the amounts of the current account of the balance of payments and sustain the monetary offer.

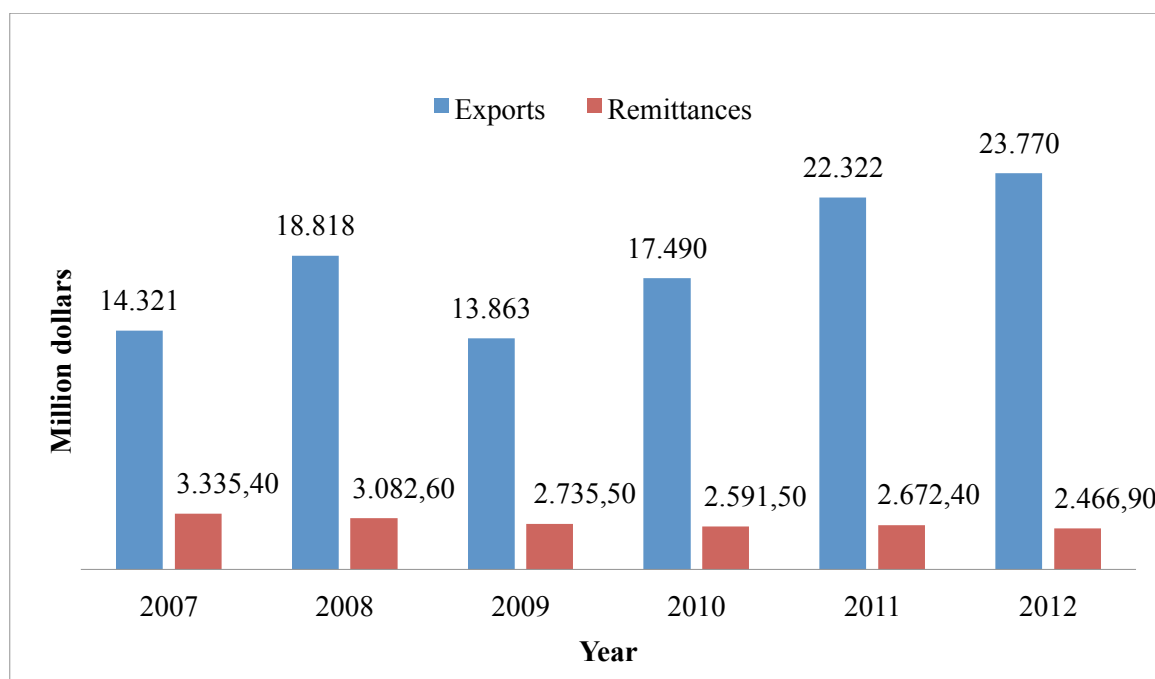
- Influence of the remittances in the balance of payments.

The current account registers all the transactions in economic values that are made between resident and nonresident agents, this account includes goods, services and current transfers. The remittances are classified as current transfers because they are transfers of property of real and financial resources between residents and nonresidents.

To understand the importance of the remittances in the balance of payments it is necessary to compare the trends of the remittances with the trends of exports, imports and direct foreign investment.

-Remittances and exports.

Graph 27 Total exports and remittances 2007-2012



Source: Central Bank of Ecuador. Monthly statistic information. Bulletin 1936.

Preparation: DEECO/MCE

In spite of that in the current year several public and private projects to change the production matrix of the country have been started, Ecuador is still a country which depends mainly on commodities exports. Commodities such as oil, banana, coffee, etc. compose the exports basket.

If the amounts of remittances are compared with the amounts of exports, we can note that remittances have representative percentages in relation to the whole exports. For example, in 2007 the remittances income was equivalent to 23,29% of the total of exports. In spite of that in the next years this percentage had been decreasing this is not lower than 10%.

Table 1 Remittances in relation to total exports

Year	Remittances: Percentage in relation to total exports.
2007	23,29%
2008	16,38%
2009	19,73%
2010	14,82%
2011	11,97%
2012	10,38%

Source: Central Bank of Ecuador.

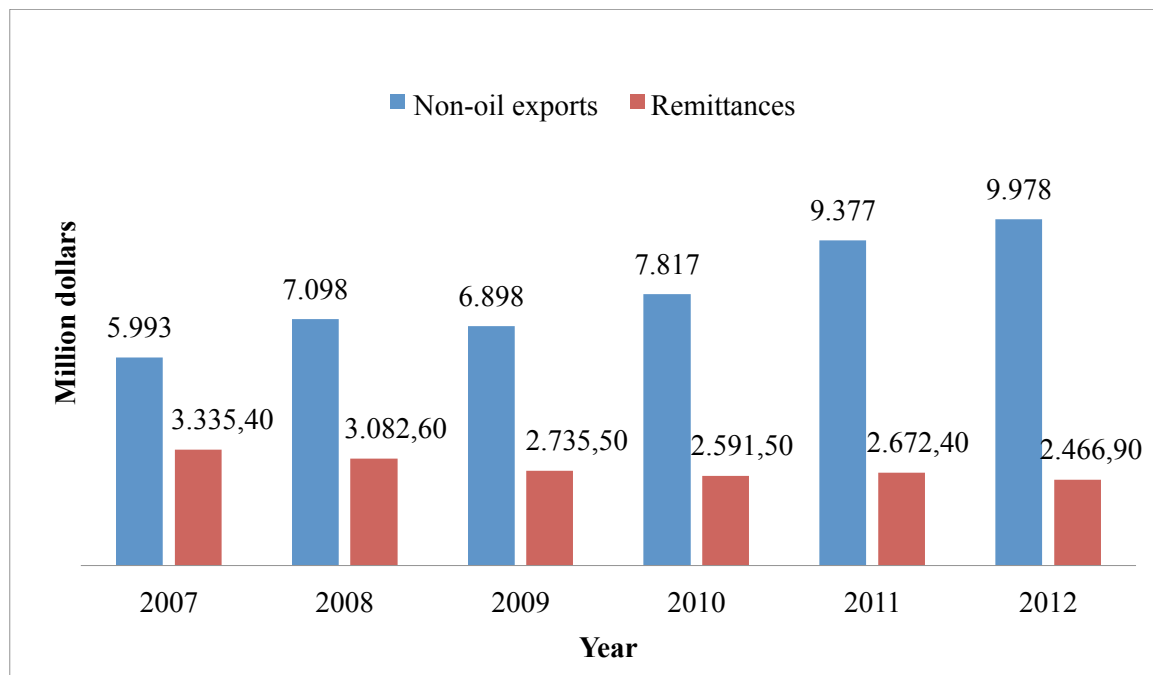
If we compare the non-oil exports with remittances we can note that several years ago the remittances represented more than the half of that exports. In 2007 the total of remittances was equal to 55,65% of the whole non-oil exports since 2008 this percentage have been decreasing but it hasn't been lower than 24%.

Table 2 Remittances in relation to non-oil exports

Year	Remittances: Percentage in relation to non-oil exports.
2007	55,65%
2008	43,43%
2009	39,66%
2010	33,15%
2011	28,50%
2012	24,27%

Source: Central Bank of Ecuador.

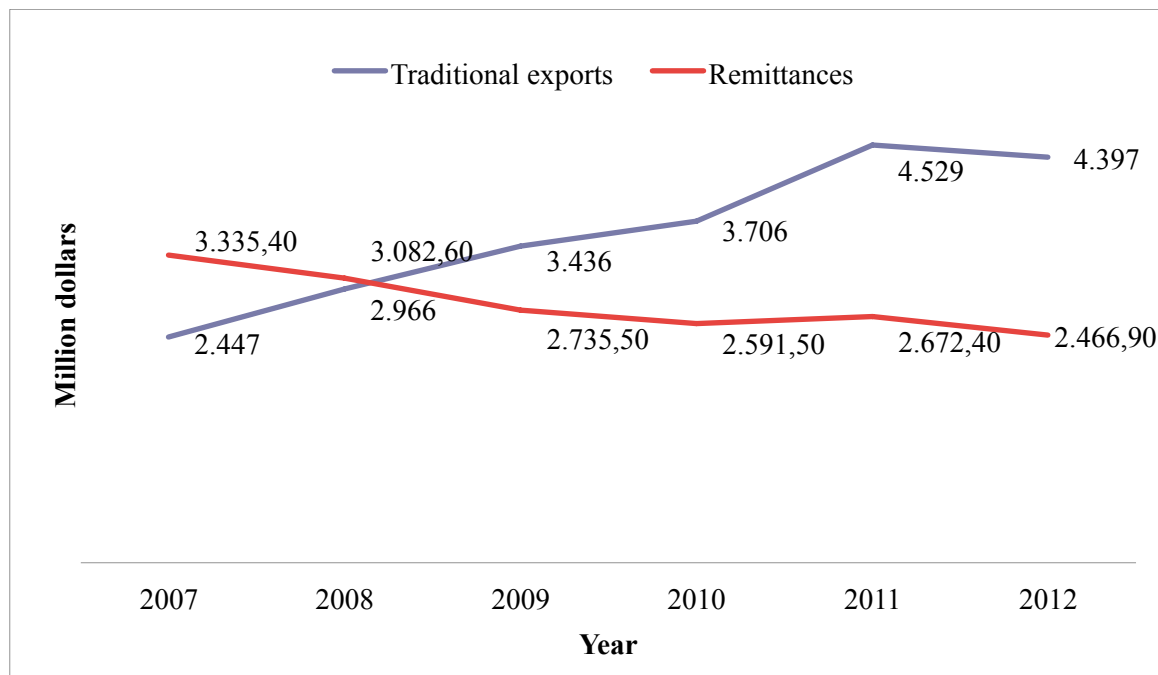
Graph 28 Non-oil exports and remittances 2007-2012



Source: Central Bank of Ecuador. Monthly statistical information, bulletin 1936

The income of remittances in 2007 was higher than the income of traditional exports in 36,31%. In 2008 the remittances remained higher than this kind of exports in 3,93%. The next years in spite of that the amount of remittances decreased, these represented more than the half of the whole traditional exports until 2012.

Graph 29 Traditional exports and remittances 2007-2012



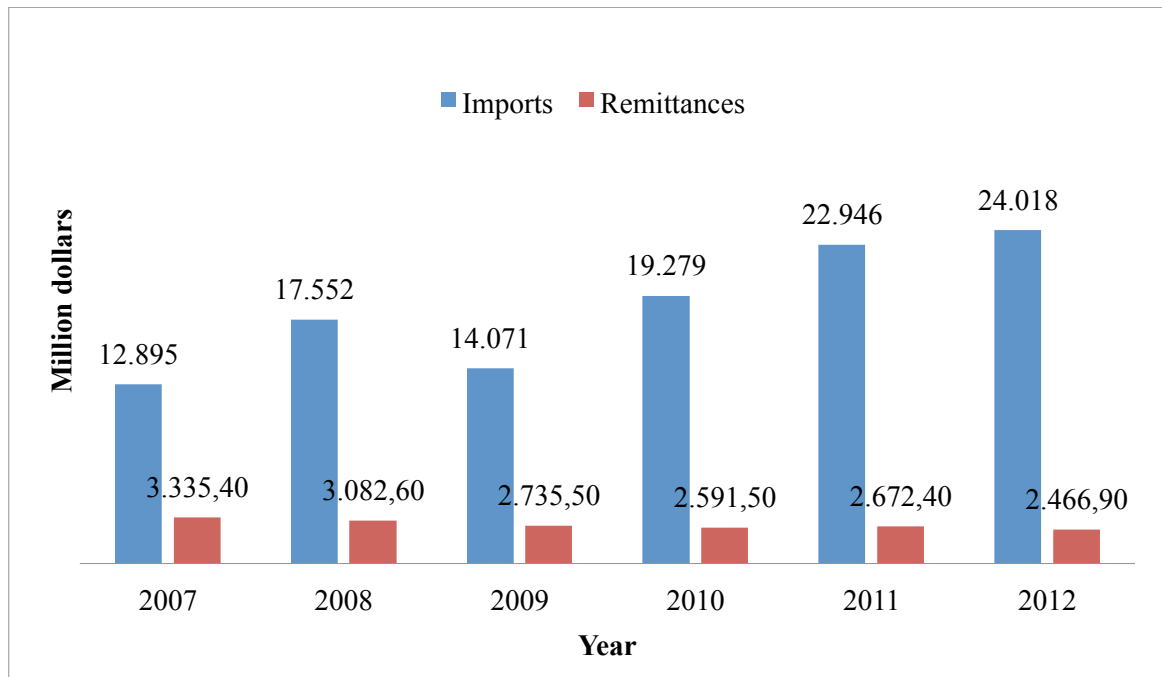
Source: Central Bank of Ecuador. Monthly statistical information, bulletin 1936

-Remittances and imports

If we analyze and compare the data published by Central Bank we can note that the total of imports has always been higher than the total of remittances. In 2007 for every dollar of remittances that entered, 3,87 dollars went out because of imports. In 2008 this rate reached 5,69; in 2009 5,14; in 2010 7,44; in 2011 8,59 and in 2012 9,74 dollars.

Additionally, it is important to emphasize that in “remittances have been largely earmarked for consumption of imported products such as white goods, computer equipment and clothes.” (Acosta, López y Villamar, 233) This means that a big part of the remittances money leaves the economy again because it is used to acquire imported products.

Graph 30 Total imports and remittances 2007-2012



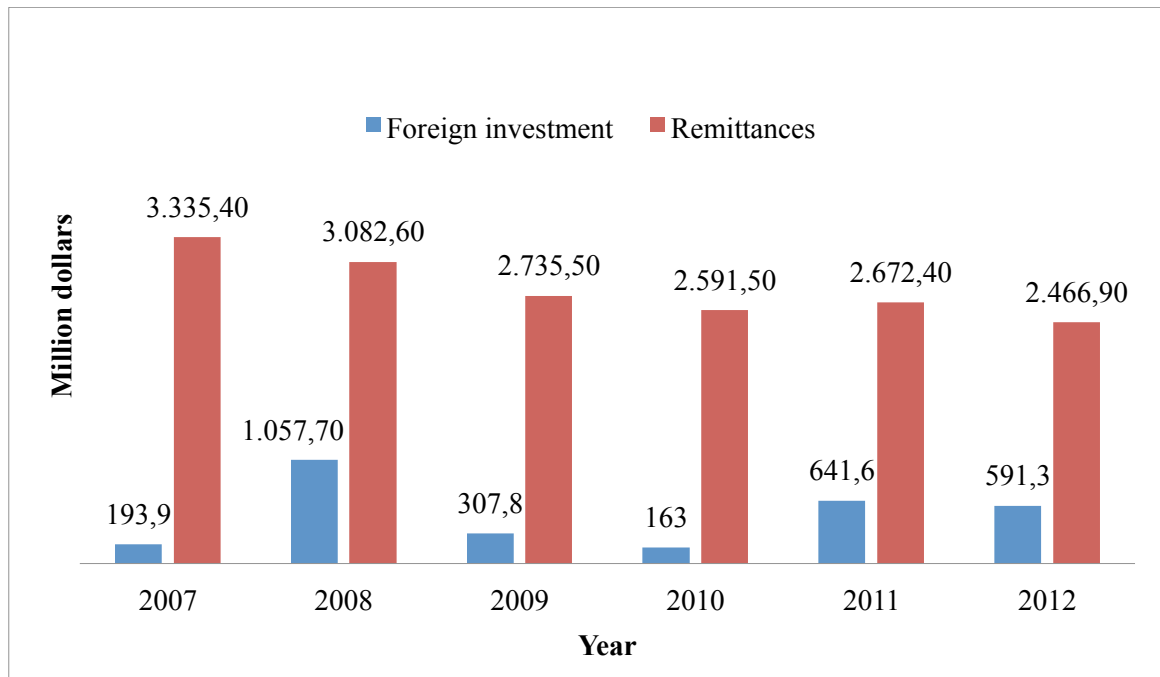
Source: Central Bank of Ecuador.

-Remittances and direct foreign investment.

The direct foreign investment is the arrangement of long-term capitals, which come from other country for the creation or internationalization of companies. The direct foreign investment is very important because it invests money to the economy, creates new businesses, helps to the growth of already existing companies and generates job sources.

The direct foreign investment in Ecuador has been small in comparison to remittances. For every dollar that entered through direct foreign investment, 17,20 dollars entered through remittances in 2007; 2,91 in 2008; 8,89 in 2009; 15,90 in 2010; 4,17 in 2011 and 4,17 in 2012. The last years the remittances have contributed to the economy a lot more than the direct foreign investment; however, remittances are earmarked mainly for consumption while foreign investment is earmarked for projects that produce, generate profit and increase the sources of job.

Graph 31 Remittances and direct foreign investment 2007-2012



Source: Central Bank of Ecuador. Macroeconomic Statistics 2014.

2.2.1.6 Social impact of the remittances

As well remittances have economic impact, they have had social impact due to that this money income has changed aspects of the quotidian life of the beneficiaries. The remittance not only benefits the receiver but also benefits an average of two more people. (IDB-MIF, *Receivers of remittances* 39)

The remittances as part of social development facilitate the protection of the welfare of the receivers because the remittances are a source to build assets, social protection and generation of livelihoods. (Orozco, 68) To this must be added that remittances have contributed to the decrease of poverty and have influenced positively the access of population to education, health and dwelling.

The remittances as a source to build assets have boosted the saving of money and the capital accumulation. The capitals create wealth, which has contributed to the creation of new companies and new jobs. An important source for social protection is the income of remittances in the country. In times of economic crisis, natural disasters and family

problems, the migrants who are in contact with their country of origin react quickly by sending funds to cover the needs originated by these conflicts. (Orozco, 77) The remittances have created new livelihoods as well as they contribute to the cover of basic needs, gives job or income sources either through the creation of small businesses or through the constructions of houses for rent.

The income of remittances has also contributed to the decrease of poverty; families of emigrants who had no resources to cover their basic requirements now have a better standard of living. A research made in several Latin American countries shows that an increase of 10% in the international remittances per individual contributes to the decrease of 3,5% of people living in poverty. (Adams, 2004)

On the other hand, the access to education was difficult for many people before they began to receive remittances from their emigrant relatives. Although migration provokes a negative effect in the academic performance of children affected by the absence of one or both parents, the remittances have a positive impact in the access to education. The remittances can solve liquidity problems faced by families making possible the investment in services of health and education; in this form the lack of money is no longer an obstacle for kids to attend class in any educational institution. (Orozco, 73)

Finally, must be emphasized that the access to health has been increased thanks to the income through remittances. Most of the emigrants are people in working age while the people who remain in the country and depend on the remittances are children or elderly people. These groups of ages are vulnerable in several ways, especially in the health field. The systems of Public Health in Ecuador doesn't cover the needs of health of the whole population and the medical costs in private institutions are high. The remittances cover the deficiencies of state services because the receivers of remittances have the resources to access good quality private health services. (IDB-MIF, *Receivers of remittances* 39).

2.2.1.7 Impact of the remittances in social and economic development of Azuay.

As mentioned, remittances have a fundamental role in social and economic development of the community where reside the receivers. The higher the remittances income and the lower the level of dependence on these, the receiver will have more surpluses available for saving or investment. The savings, which are originated thanks to the receiving of remittances, help families to build or increase their material and financial basis. A strong financial basis gives opportunities of generation of wealth, which promote the development. (Orozco, 81)

The remittances in spite of have a small percentage of investment invigorate the local economy of Azuay. The receivers of remittances have a higher purchasing power, which promotes the creation of new business that covers the increasing demand of the consumers. To this must be added that the creation of businesses is also due to the accumulation and expansion of capital thanks to the reception of remittances.

“The massive income of remittances hoisted the installation of micro-enterprises or businesses promoting a commercial development in the whole province. In the first semester of that year, Azuay received 120,8 million dollar through remittances. The 49,2% is earmarked for productive activities such as agriculture, commerce, buying of properties.” (Marcelo Vázquez. *Azuay is the second province with higher proliferation of business.* El Comercio newspaper. August, 30 2011)

In the case of Azuay, it is easy to note the proliferation of businesses especially in the city of Gualaceo. In the principal avenue abound shops such as shoe shops, boutiques, restaurants, handicrafts stores, ceramic stores, etc. Additionally, in this city associations for the exports of handicraft and textile products have been created. Most of these businesses have been installed thanks to the remittances of the migrants and the enterprising initiative of the receivers.

In the city of Paute, the remittances besides being capital for the construction of buildings, apartments and houses are capital for the start of corporate and social projects. For example, in this city exists a market where participate women who are spouses of migrants, they commercialize vegetables and fruits which are cultivated and picked by

them. This enterprise was possible thanks to the capital contributed by the remittances. (Abad, 59).

Besides invigorate economy through the increase of purchasing power and the growing of enterprises, remittances contribute to certain social projects and cultural events. Several migrants contribute economically for the improvement of schools and temples in their places of origin; also contribute with money for the production of cultural and religious holidays. “Abound testimonies which relate the sending of big quantities of money to the organizing of local holidays for the hiring of orchestras, production of sports championships, move a virgin or saint, repairing of churches and other activities.” (Herrera 2005, 159).

In spite of that the income of remittances in the province of Azuay has invigorated the local economy we can't say that the remittances have contributed totally to the development of the province. Most of the remittances are earmarked for consumption, there are few, which are earmarked for saving and invested in projects that promote development. The priest Hernan Rodas, president of the cooperative Jardín Azuayo affirmed that remittances don't contribute with the local development particularly in the case of Paute. He emphasizes that remittances have helped the conditions of the beneficiary families, but the remittances have not contributed to the development of the city because migrants are not disposed to send money to make projects in their communities of origin. Several migrants send money each two months to help elderly people, improve schools and catholic temples. (Abad 2009, 86).

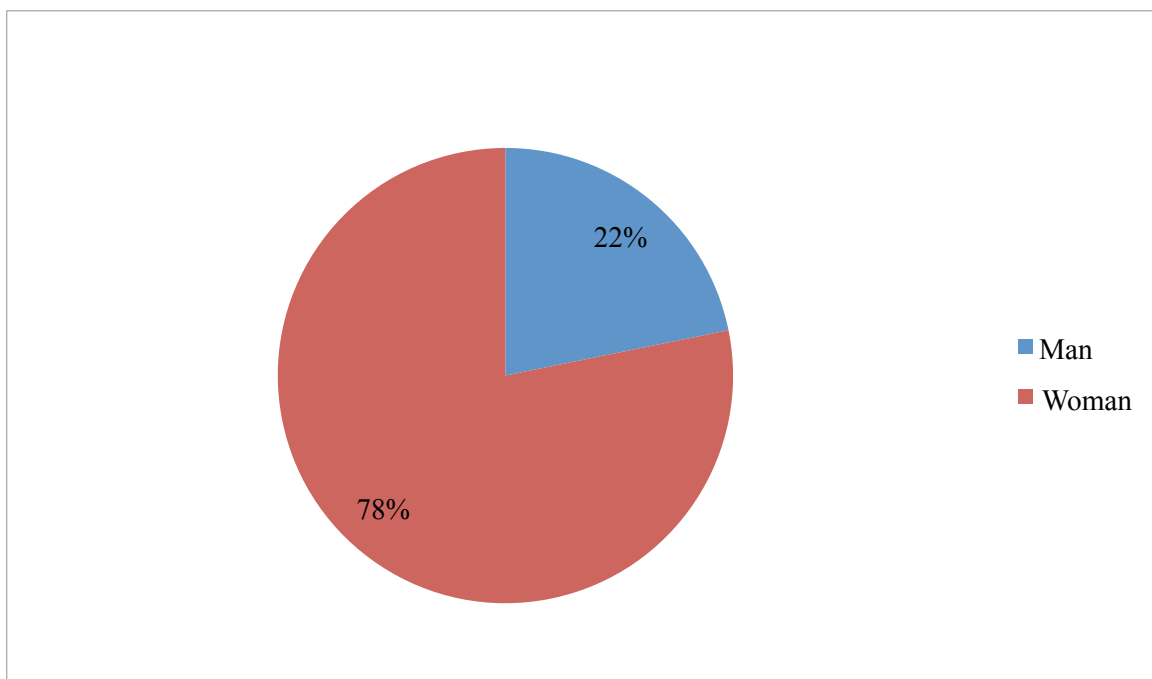
The potential of the remittances is not fully exploited; if this income was correctly used could promote the local development, invigorate many more the economy and create new livelihoods and jobs. Orozco recommends to articulate opportunities of investment, creation of saving, creation of favorable environments both at local level and central level, and propensity of more risk between local, national and transnational entrepreneurs. Also, mentions that the efforts of the governments must be focused in modernize the productive base of the local economies by exploiting the resources from the migrants abroad. (88)

2.2.1.8 Women and the management of the remittances

According to data of the Life Conditions Survey made by INEC, 78% of people who receive remittances are women and 22% are men.

Around three quarter of the whole remittances are received by women and frequently managed by them. Generally is the husband who migrates and the wife is the one who stays in the country to take care of the children in the country of origin, she receives the money for the maintenance of the family, saving and investment. In the cases where both parents migrate, who stay to take care of the children are the grandmothers, aunts, etc. “Women tend to be the careers of the children at home, they are responsible for the appropriate feeding of the children, healthcare, education and general welfare.” (Orozco, 69).

Graph 32 Sex of people who receive remittances



Source: Life Conditions Survey. (ECV) 2006. INEC

In spite of that the women are who receive most of the money sent as remittances; they not always take economic decisions.

In the research made by Gioconda Herrera and Alexandra Martinez several patterns associated with the administration of remittances by women have been found. First, the use and control of the remittances by women are subject to a series of familiar controls where the masculine role is exercised and reproduced in the name of the family. (Herrera y Martínez, 10) Telephone calls, letters and e-mails of the sender, which indicate what and how to spend the funds, accompany the transfers. Women do not always follow closely the instructions of their husbands or migrant relative; however, have risk to be discovered and the funds be sent to other member of the family. When the money, which is sent, is not directly given to the wife of the migrant but rather to other relative, the ability for the management of the money is lower and also the familiar relationships are undermined in the most of cases. (Herrera y Martínez, 44).

Second, the number of women who stay to care family don't decrease but rather their levels of dependency on the remittances increase due to several cultural and social factors that prevent them from having freedom of decision over these resources. (Herrera y Martínez, 10).

It is important to emphasize that the sending of remittances has modified the relations of gender, the absence of a parent or sibling has trained women to take important economic decisions. (Herrera y Moncayo, 32) The ability to decide over economic resources and dispose of them has given more independence to women.

Definitely women who receive remittances have won certain level of autonomy and have improved their capacity to manage money and take financial decisions. Women, because they are in charge of the home have had to learn to distribute effectively the resources so that cover the needs and allow achieve their objectives. However, we can't say that women have perfect autonomy because they depend on the money sent from other countries, the decisions over the money are taken jointly with the sender, and in other cases just the sender decides over the funds.

2.2.2 Brain drain and labor force drain.

We call brain drain to the departure of the country of professionals or people with high level of training, and we call labor force drain to the departure of the country of people

who are in conditions and have age to work. With the migration of professionals and other kind of workers appears the lack of human talent and labor force so that affect to the national productive sector.

The massive exodus of workers and professionals is a consequence of the migration, the emitter countries are left without a part of their labor force. The migration in Azuay has been made mainly from rural areas where the development of agricultural and artisanal activities predominates. These sectors have lost their skilled labor, which makes products price raise and search labor force in other parts of the country, for example “for the vegetables crops in San Joaquin is necessary to search labor force in provinces near the coast of northern highlands.” (Vázquez y Sarmiento, 36)

The construction sector is also affected because in Azuay there is a high demand of skilled workers for building, “the labor force specialized in this field is the most expensive of the country, the cost of the average hour of urban salaried is 0.90 dollars and the cost of the hour of the master builder in Cuenca and nearby zones is 5 dollars.” (Vázquez y Sarmiento, 36) People who used to be in these kinds of jobs preferred to make the same kind of work abroad where they can obtain better wages. This is why the hiring of immigrants from nearby countries such as Peru and Colombia is a common practice between the builders.

Besides the labor force drain, there is the brain drain. This is due to the migration of professionals, academics and technician with high academic training. These people have migrated for several reasons; among these are the low wages, the unemployment and the lack of opportunities for improvement. This kind of migration affects the country because the State invests in public education until third and fourth level; this cost is never recovered because the professionals work abroad. In the same way, sectors such as health and education are affected due to the lack of professionals who cover the needs of the population.

3 CHAPTER III. - COMPETITIVE FUND PROGRAM “EL CUCAYO” AND THE IMPACT OF ITS EXECUTION.

3.1 Governmental programs to help migrants

3.1.1 Human mobility as a human and constitutional right

3.1.1.1 Definition and characteristics of human mobility

The IOM defines human mobility as “the mobilization of people from one place to other in exercise of their right of freedom of movement. It is a complex process motivated by diverse reasons, which is made with the purpose of stay in the place of destination for short or long periods or even to develop a circular mobility. This process implies the crossing of borders of a geographical or political division within the country or abroad.” (IOM 2012, 17) The human mobility encompasses all kinds of person’s movements whether if they are occasioned by personal, economic improvement, refugee or security reasons. When we discuss human mobility we include emigration and immigration; the first implies departures and the second implies entrances inside a certain territory.

To understand the characteristics of human mobility we have to mention that it is:

- A human process: the human being is the main actor of the process of movement and circulation between territories. The individual is object of public and private decisions. (IOM 2012,18) Then, the individual is under the jurisdiction and under the law of one or several territorial divisions because the human movement can happen internally or between states. As well, the individual can be object of decisions made by International Organizations in specific cases that regulate aspects of human mobility.
- Expression of the exercise of a human right: The human mobility is the exercise of the right of freedom of movement. (IOM 2012,18) The article 13 of the Human Rights Universal Declaration expresses that all person has the right to circulate freely between countries.
- Multi-causal: The person’s motivations to move between territories are varied. (IOM 2012,18) The reasons why people decide to change their residence

temporary or permanently or move between territories can be voluntary or forced. The voluntary reasons can be personal, economic, academic, touristic, etc. On the other hand, people are forced to move from their place of residence when they are victims of prosecution, they suffer inhuman treatment, their integrity is threatened or their lives are in danger.

- Intention of dwell: The person who mobilizes can have the intention of stay in the place of destination for short or long periods. (IOM 2012,18) The intention of dwell depends on several factors such as: the reason of mobilization, the circumstances in which the mobilization is made, the legal status of the person who is moving and the conditions of the place of destination. For example: in cases of tourist moves people have intention to stay for short periods; while people who move with the intention of residence stay long periods of time in the place of destination.
- The crossing of borders: The mobilization of a person implies the crossing of geographical borders or political divisions. (IOM 2012,18) This crossing of limits can be made in a free and legitimate way, while in other cases it can be made in a clandestine manner. When the movement of people occur within the boundaries of a State there is not usually any legal barrier or prohibition to cross-political divisions. When the moves of people happen between different countries, the country of destination can demand certain requisites to entry for example a visa.

3.1.1.2 The human mobility and the right of freedom of movement

In 1948 the United Nations Organization (UN) approve the Universal Declaration of Human Rights with the object that all the nations, states and institutions promote and secure the respect to the rights and freedoms expressed there. This is why the Ecuadorian state promotes and secures the respect to human rights through different laws, institutions, organizations, foundations and international treaties.

The article number 13 of the Universal Declaration of Human Rights contains the right of freedom of movement because it expresses that “everyone has the right to move

freely and to choose residence inside the territory of a state. Everyone has the right to leave any country and to return to his own country.” All the people no matter their origin or ethnic group should exercise the human right of freedom of movement; however, the exercise of this right is limited by the legal regime of countries and nations. The migration laws in different parts of the world restrict the access of foreign people to different territories; this is why certain requisites or visas are required to entry and stay legally inside a country.

Restrictions to free movement have created the appropriate environment for the appearance of mafias engaged in illegal traffic of migrants, swindle, extortion between other crimes arising from this illicit activity. Every day millions of people make long and dangerous trips to cross a border illegally; many of these trips are deadly due to the inhuman conditions in what they are made.

3.1.1.3 International treaties in which Ecuador takes part in human mobility matter

The Ecuadorian state has engaged to defend the respect of the human right of freedom of movement, for this the state has a legal base that is supported in the content of several international treaties.

In the specific issue of human mobility, the country is part of agreements, conventions, pacts and treaties about refugee, asylum, migration and extradition. These are:

- International pact on civil and political rights.
- International convention on the protection of the rights of all migrant workers and members of their families.
- Convention against organized transnational crime and the protocols thereto.
- Protocol against the smuggling of migrants by land, sea or air. (National Government of the Republic of Ecuador 2009, 74-81).

Ecuador is part of bilateral agreements about migratory subject with several countries in the world:

- Convention on social security with Spain.

- Convention on dual citizenship between Ecuador and Spain.
- Agreement relating to the regulations of migratory flows between Ecuador and Spain.
- Permanent migratory statute with Colombia.
- Ecuadorian-Peruvian wide agreement on border integration, development and neighborhood.
- Agreement between the Government of the Republic of Ecuador and the Government of the Hong Kong special administrative region of the People's Republic of China on the exemption from visas for holders of ordinary passports.
- Convention with Chile about undocumented people.
- Convention of cooperation between the Government of the Republic of Ecuador and the Government of the United States of America relating with the strengthening of the institutional ability of the Republic of Ecuador to control the production and traffic of drugs. (National Government of the Republic of Ecuador 2009, 81-82)

Among all the listed treaties and agreements the most important are: International pact on civil and political rights and the International convention on the protection of the rights of all migrant workers and members of their families.

Ecuador ratified the International Pact on civil and political rights in March six of 1969, this entered into force in March twenty three of 1976. Inside this document is originated the international obligation of the State to promote the universal and effective respect of the human rights and freedoms. (International pact on civil and political rights, preface) Among the rights expressed inside this pact, there are two related with human mobility; the article number 12 express the right of all the people to freedom of movement, additionally "anyone can be unfairly deprived from the right to enter to his own country." The article number 13 express that "an alien lawfully in the territory of a State Party to the present pact may be expelled therefrom only in pursuance of a decision reached in accordance with law and shall, except where compelling reasons of national security otherwise require, be allowed to submit the reasons against his expulsion and to

have his case reviewed by, and be represented to the purpose before, the competent authority or a people or people especially designated by the competent authority.”

In the article number 40 is declared that “the States Parties to the present pact undertake to submit reports on the measures they have adopted which give effect to the rights recognized herein and on the progress made in the enjoyment of those rights.” Ecuador has presented several reports about the observance of the International pact on civil and political rights; the last report was presented to the committee on 2007. In this report the actions, which have contributed to the observance of the acquired obligations by ratifying the international pact, are presented.

In human mobility matter inside the constitution of 2008 in the article 66 numeral 14 has been declared “the right of the people to move freely inside the national territory and to choose residency as well as enter and leave the country freely.” This right of freedom promotes the observance of the article number 12 of the mentioned international pact. (CCPR 2008, 52) Ecuadorians and aliens can move inside the country with no restriction, they can enter and leave the national territory freely except in especial cases where is set up a prohibition of departure due to judicial processes, crimes, alimony trials or to avoid human trafficking. Furthermore, for the observance of the article number 13 of the international pact in the article 66 of the constitution is expressed that “aliens cannot be returned or expelled to a country where their lives, freedom and security are in danger.” Also the internal legislation of Ecuador set up that an alien lawfully in the territory cannot be deported unless when exists a request of extradition or crimes committed abroad. (CCPR 2008, 57)

Ecuador is also part of the International convention on the protection of the rights of all migrant workers and members of their families. This convention was adopted by the General Assembly of the United Nations on December 18th, 1990 with the goal of ensure human rights for migrant workers and members of their families. The Ecuadorian state became part of this convention on November 23th, 2001. (National Government of the Republic of Ecuador, 2009)

As part of the aforementioned convention, Ecuador is internationally liable party to report on compliance of its duty to protect human rights of the migrant workers, the latest report was submitted on December 1st, 2009. In this report the actions taken by the state to fulfill its international obligations as part of the convention are detailed. Among the actions taken highlights the development of a new constitutional framework that regulates human mobility issues. In the new constitution fundamental rights of migrant workers are ensured, and issues such as emigration, immigration, refugee, asylum, transit, internal movement, human trade and human traffic are addressed comprehensively. (National Government of the Republic of Ecuador 2009,11)

3.1.1.4 Human mobility in the constitution of the Republic of Ecuador

Human mobility is recognized as a civil right in the text of the constitution of Ecuador of 2008. The article number 40 says, “ The right to migrate of people is recognized. No human being shall be identified or considered as illegal because of his/her migratory status.” To guarantee the exercise of the rights of Ecuadorian citizens abroad, the same article states that the relevant state entities:

- “Shall provide with assistance to migrants and their families whether they live abroad or in the country.” (Constitution of Ecuador 2008, 32) Up to 2013 the SENAMI offered assistance to migrants and their relatives, this institution had offices in different parts of Ecuador and strategic points in cities abroad. Currently, all the functions of the SENAMI were assumed by the Vice ministry of Human Mobility.
- “Shall provide care, advisory services and integral protection so that migrants can freely exercise their rights” (Constitution of Ecuador 2008,33) The Republic of Ecuador has embassies and consulates in different countries of the world, these entities are in charge to attend, advice and protect migrants and defend their rights.
- “Shall safeguard migrant rights when, for any reasons, they have been arrested and imprisoned abroad.” (Constitution of Ecuador 2008,33) The embassies and consulates are in charge to ensure the respect of the rights of the Ecuadorians arrested abroad.

- “Shall promote the ties of migrants with Ecuador, facilitate family reunification and encourage their voluntary return.” (Constitution of Ecuador 2008,33) The SENAMI had several programs that promoted the return of migrants and so facilitate family reunification. These programs included business projects, credit facilities, training, free legal advice between others. The projects of the SENAMI are now performed by the Vice ministry of Human Mobility.
- “Shall uphold the confidentiality of personal information located in the files of Ecuadorian institutions abroad.” (Constitution of Ecuador 2008, 33) All the public entities that manage personal information of Ecuadorian citizens are obliged to keep that information reserved.
- “Shall protect transnational families and the rights of their members” (Constitution of Ecuador 2008, 33) Due to migration in Ecuador there exist many families whose members live in different parts of the world, this is called transnational family. The members of these families keep affective, social and economic ties between them.

To complement this information, in a document developed by the SENAMI⁶, Lorena Escudero Minister of the institution until September, 2013 listed several important points on which the constitution assumed important responsibilities in human mobility and rights of the migrants.

To improve the life conditions of the migrants, the Ecuadorian state:

- 1) Assumes the responsibility for defining and developing an integral migratory policy, ensuring the rights of people in human mobility and exercising stewardship of migratory policy through the competent entity in coordination with different levels of the government.
- 2) Establishes the non-discrimination to people because of their migratory condition.

⁶ The SENAMI in 2008 developed a document called *The text of the new constitution: big steps to guarantee the rights of migrant people*. In this document the changes made in the constitution of Ecuador in favour of migrants and human mobility are listed and analyzed.

- 3) Recognizes the ideal of a “universal citizenship” and advocates its construction in Latin America while motivate the regional integration to defend the rights of the Latin Americans abroad.
- 4) Provides for Ecuadorian migrants protective of their fundamental rights in the countries of transit and destination, support for their families in our country giving them assistance, advisory, protection and targeted programs.
- 5) Offers migrant people the possibility to elect their representatives (optional vote) and to be elected both for political responsibilities and public officials in general, and to present projects, proposals and initiatives.
- 6) Recognizes the transnational family and cares for strengthening the ties of Ecuadorians with the country and facilitate family reunification.
- 7) Applies the principle of reciprocity in general in its international relationships by establishing for foreigners, who are in Ecuadorian territory, the same rights and duties of Ecuadorians, and specifically by granting voting rights to foreigners who live at least five years in the country.
- 8) Promote the investment of resources of the migrants on their benefit and that of the country, ensuring a decent and sustainable both economical and physical return.
(National Government of the Republic of Ecuador 2008, 3)

In the Constitution of Ecuador of 2008 are also declared civil rights, political rights, social-economic rights, and principles in favor of migrants and human mobility in general.

- Civil rights: Article 9 expresses that both foreigners and Ecuadorians who are inside the country will have the same rights and duties. In article 11, it is stated that the law punish any kind of discrimination that have the goal of void or diminish the exercise of the rights of a person. In the article 40 is recognized the right of the people to migrate and the actions the state must take to guarantee the exercise of the rights of Ecuadorians abroad regardless of their migratory or legal status. In article 41, it is recognized the right of asylum and refuge. In the article 66, paragraph number 14 is recognized the right of the people to move freely through national territory and to chose their residence place as well as

enter and leave the country freely. (National Government of the Republic of Ecuador 2008,6)

- Political rights: Article 63 recognizes voting right to Ecuadorians living abroad as well as voting right to foreigners who have lived in Ecuador at least five years. The article 104 recognizes the right of Ecuadorians living abroad to request a referendum. (National Government of the Republic of Ecuador 2008,7)
- Social-economic rights: Article 392 states that the state shall ensure the rights of people in human mobility and shall exercise the stewardship in migration policy. The article 374 expresses that the state shall encourage Ecuadorians living abroad the voluntary membership of Ecuadorian Institute of Social Insurance. The article 338 expresses that the state shall promote the saving and investment of migrants. The article 102 says that all Ecuadorians including the ones living abroad can present proposals and projects to all levels of government. (National Government of the Republic of Ecuador 2008, 8)
- Principles: Article 416 recognizes the right of all the communities, the state is committed to promote the protection of the diversity of societies and reject the racism, xenophobia and all kinds of discrimination. The article 416, paragraph 6 “advocates the principle of universal citizenship, the free movement of all inhabitants of the planet and the progressive extinction of the status of alien or foreigner as an element to transform the unequal relations between countries, especially those between North and South.” The article 416, paragraph 7 demands observance of migrant human rights and promotes its exercise through the compliance of the obligations assumed with the signing of international instruments. (National Government of the Republic of Ecuador 2008, 10)

Definitely, the new constitution increased the rights of the migrants; the Ecuadorian state is committed to defending the rights of the Ecuadorians living abroad especially when they are in vulnerability situations. It also is committed to promoting the voluntary return of the migrants so they can have facilities to return, find a favorable social-economic environment in the country to establish themselves in Ecuador again with a decent life. The state also assumes the responsibility to promote the saving of income of

the migrants and convert the remittances in productive investments that benefit people and the country.

3.1.2 The National Plan for the “Good Living” and the rights of the migrants.

3.1.2.1 Description of the Plan for the “Good Living”

The National Plan for the good living is a political project developed during the government of the Economist Rafael Correa Delgado. The National Secretariat of Planning and Development made this project (SENPLADES), which consists in a planning that contains the guidelines for, develop public policy, the goals of this policy and the strategies for its compliance.

In the presentation of the Plan for the Good Living is established that “Ecuador as an Andean country builds human, economic, social, cultural and environment rights over a concept and vision of the world born in the ancient societies of the region of the South American Andes: The Good Living is the Sumak Kausay”. (SENPLADES 2013, 16)

The Sumak Kausay is translated as “Good Living” or “Fullness life” and it is the ancestral understanding of the life in a society with respect for nature. The goals of the Good Living were raised based in the guidelines of the Sumak Kausay, which are equality, social justice, recognition and respect for cultural diversity.

The first version of the Plan was called National Plan of Development 2007-2010, among the goals of this plan are “guarantee stable, fair and decent work” and “establish a sustainable and solidary economic system” (SENPLADES 2013), and the importance of these goals is extended to all the sectors of the society including Ecuadorian migrants. This is why is created in 2008 the Return Plan “Welcome home” within which is the Contestable Fund Program “El Cucayo” executed by the SENAMI.

In the second version of this document called National Plan for Good Living 2009-2013 and in the current version called Good Living National Plan 2013-2017 institutional strategic goals regarding migrant rights such as “Promoting process of human development for migrants, their families and their environment” are included. (Sectorial

Planning, National Plan for Good Living 2009-2013, SENPLADES. Accessed on May 14th, 2014. Available at: <http://plan.senplades.gob.ec/secretaria-nacional-del-migrante>.)

3.1.2.2 Governmental policies related to improve life quality of Ecuadorian migrants.

With the endorsement of the National Plan for Good Living, the Ecuadorian state committed to develop and execute public policies that achieve the goals of the plan. The National Plan for Good Living changed the way of addressing social and economic problems originated with the migration of Ecuadorians. The current public policy is developed to attend comprehensively the needs and problems of the migrants and their families to protect the exercise of their rights and promote return.

One of the priorities of the public policy is the creation of incentives to return and family reunification. For this, several plans are executed such as “Welcome home” plan that facilitate travel paperwork, social and economic reintegration of the migrants who decide to come back to the country. It is known that remittances constitute an important source of income for the country that regrettably are destined most for consumption, this is why several programs were created to promote productive investment and entrepreneurship among people sending and receiving remittances.

Inside the framework of the National Plan for Good Living 2013-2017 specific institutional strategies have been developed to address human mobility issues. The institution responsible for developing and executing this policy is the Ministry of Foreign Affairs and Human Mobility, in its web page defines its goal: “guarantee the protection and promote social and economic inclusion of people in human mobility situation as well as of their diverse kinds of families.” (*Human mobility within the National Plan for Good Living*. Foreign Ministry of Ecuador. Accessed on May 15th, 2014. Available at: <http://cancilleria.gob.ec/la-movilidad-humana-dentro-del-plan-nacional-para-el-buen-vivir/>)

In the same text the strategies to develop are established, and these are:

- a) *“Encourage and install a legal framework for human mobility.”* For this, the Foreign Ministry has developed the Human Mobility Law proposal that will be ready to be submitted to the National Assembly in June 2014 and it is looking to have a legal body to regulate all the issues regarding human mobility. The proposed legal body will unify the Law of Migration, Asylum and Refuge so the laws will be integrated and updated according to real problems originated with migration.
- b) *“Provide care and protection to Ecuadorian migrants abroad”*, the Ecuadorian Embassies and Consulates meet the needs of migrants and protect their rights abroad.
- c) *“Promote the regularization of migratory status of Ecuadorians abroad”*, the Ecuadorian state through their representations abroad give legal advice to Ecuadorians who want to legalize their migratory status; however, the state can't intervene directly in the approval of temporary or permanent visas because that is an exclusive power of each country.
- d) *“Strengthen and assemble a system of regularization of foreigners”*, Ecuadorian Consulates framed in the Law of Migration regulate the migratory status of foreigners who visit and live in the country through the issuance of visas and passports.
- e) *“Guarantee the due legal process to deported people”*, the Ecuadorian Embassies abroad guarantee the due legal process and the respect for the rights of deported people through mechanisms of international legal support.
- f) *“Accompany the return process of Ecuadorians who have decided it and promote their social and economic inclusion”* up to 2013 the SENAMI with its plan “Welcome home” facilitated the return and inclusion processes of the migrants. Currently, the Ministry of Foreign Affairs and Human Mobility develop new programs.
- g) *“Promote the implementation of supranational mechanisms to guarantee the protection of rights of people in human mobility*, Ecuador is currently part of

several conventions and international treaties bilateral and multilateral to protect the rights of the migrants, the most important are: 1951 Convention relating to the Refugee Status and its Optional Protocol, Declaration of Cartagena, International Convention for protection of the rights of migratory workers and their family members, and Convention relating to Asylum.

- h) *“Incorporate in the comprehensive subsystem of information about violation of rights, the peculiarities and needs of the people in mobility situation”* there are several institutions that compile and process important information about human mobility; however, it doesn't exist a system that unifies and standardizes all this data yet.
- i) *“Develop mechanisms of prevention, control and punishment against acts of discrimination and violation of rights of people in human mobility situation”*, Ecuador has domestic laws and international treaties that punish all kinds of discrimination and violation of rights both of Ecuadorians living in Ecuador and Ecuadorians living abroad. The most important international treaties in this area are: Convention against transnational organized crime and Protocol against illegal human trafficking by land, sea and air.
- j) *“Encourage and implement education and communication instruments for the respect for the human dignity, the elimination of all kinds of xenophobia and racism”* In the country, campaigns against discrimination are constantly made. For this, the Ministry of Foreign Affairs and Human Mobility, International Organizations and other state institutions coordinate their actions. One of the campaigns made to educate population about rights of the migrants was called “We are all migrants”.
- k) *“Produce and implement mechanism that facilitate the recovery of capabilities for their economic inclusion”*. When Ecuadorian migrants return they not only find a totally new social and economic context, they also need to recover different skills in order to reintegrate themselves in the labor market and in the economy.
- l) *“Promote actions to comprehensively attention for people in irregular migratory status, refugees and in need of international protection”* the

Ministry of Foreign Affairs and Human Mobility through its Embassies and Consular offices defends Ecuadorians who need international protection. This Ministry has the mechanism of international legal assistance in criminal matter and the mechanism of repatriation of imprisoned people.

3.1.2.3 Creation of the National Secretariat for Migrants and its functions

In the National Plan for Good Living goals related to improve life conditions and promote return of Ecuadorian migrants are developed. For this, is created the National Secretariat for Migrants by the Decree number 150 in the official record number 39 on March 12th, 2007. The SENAMI was founded to be the institution in charge of “define and execute migratory policy aimed at human development of all its actors that will serve as link in the actions of prevention, attention, protection and development of migrants and their families” (Sectorial Planning of the National Plan for Good Living 2009-2013. Accessed on May 14th, 2014. Available at: <http://plan.senplades.gob.ec/secretaria-nacional-del-migrante>.) The SENAMI in 6 years of operation fulfilled its institutional mission because it started several projects, and offered services of comprehensively attention for Ecuadorian migrants in the country and abroad. Among the most important projects there are:

- “Bank for Migrant”, it offered loans for migrants to finance productive activities, commercial activities, and services. It also offered loans for expansion and remodeling of housing.
- “We are all migrants”, was an international campaign for educates society in general about the importance of human mobility and the rights of migrants.
- “Communication and Culture strengthening ties” was a training project about human mobility and migration reality.
- “Help, saving and investment of the migrants and their families” was a public law institution to support Ecuadorian emigrants and their families.
- “Welcome Home” was a plan of comprehensively support for migrants who return to Ecuador.
- Contestable Fund “El Cucayo” was a fund intended for promote saving, investment and entrepreneurship among migrants who return.

The SENAMI supported migrants who returned in vulnerability status. For this, the institution worked with the National Customs Service (SENAE), the Foreign Ministry, Ministry of Urban Development and Housing (MIDUVI), the Ministry of Industries and Productivity (MIPRO), the Ministry of Education and the Ministry of Health. The plan offered to migrants who return, an easing for legal paperwork and customs formalities to move household goods and machinery. It offered free medical care to migrants who returned with deteriorated health conditions. Additionally, it offered to migrants who returned with their children, an easing for enrollment in public schools and high schools.

The SENAMI also promoted the rights of the migrants through the project “We are all migrants” and protected the exercise of these rights through the “Welcome Home” plan. The SENAMI developed projects to increase the number of opportunities of Ecuadorians abroad, one of these project consisted in free training in English, gastronomy and tourism, this thanks to the alliances with universities of the United States. (Pepe the true newspaper, *385.904 migrants helped by the Senami*, February 11, 2013. Printed)

In case of tragedies, disasters or any calamity, the SENAMI had a fund intended for covering all the expenses of repatriation of corpses of Ecuadorians dead abroad, and for offer support to their families. The institution also offered housing bonds for migrants who wanted to build their own house, and it had alliances with the Professional Training Service (SECAP) for giving training to migrants in any field of their interest. (The hour newspaper, *Senami exposes the services and products offered to migrants*. October 24, 2012. Printed)

It can be said that the administration of the SENAMI was efficient in achieving the goals of the National Plan for Good Living, fighting the negative consequences of migration and taking advantage of the economic and cultural potential of this phenomenon. The SENAMI through its projects contributed to the protection of human, economic, social and cultural rights of the Ecuadorians abroad; and promoted the strengthening of ties of migrants with their families. It is a fact that all the problems around human mobility cannot be totally attended because this is a complex social phenomenon, which is caused

by diverse factors. However, available human and financial resources can be used to greatly improve the situation of the migrants.

3.1.2.4 Transition from National Secretariat for Migrants to vice Ministry of Human Mobility

The National Secretariat for Migrants was transformed in vice Ministry of Human Mobility through an executive decree on June 10, 2013. From this date, the employees of the institution had a period of 90 days to complete the transition. All the institutional structure of what was the SENAMI is currently part of the Ministry of Foreign Affairs and Human Mobility; all the powers, responsibilities, attributions, programs, projects, resources and delegations of this secretariat became part of the new vice Ministry of Human Mobility. The transition executive decree expresses that the new vice Ministry has to continue the projects executed by the SENAMI after evaluate them. (Presidency of the Republic of Ecuador. *Executive Decree Number 20*)

The new vice Ministry has the mission of “plan, manage and evaluate the administration of human mobility policy in issues related to emigration, immigration, transit, return and refugee so that contribute to protect and promote the rights of Ecuadorians abroad and foreigners in Ecuador. Also, has as mission to develop processes of internal and external coordination aimed at regional integration, promotion and defense of the interest of Ecuadorian citizens and the social, and economic inclusion of migrants and their families.” (*Foreign ministry strengthens its management in issues of human mobility. Accessed on May 19th, 2014. Available at: <http://cancilleria.gob.ec/integracion-de-la-senami-al-nuevo-vice-ministerio-de-movilidad-humana/>*)

Unlike SENAMI, the vice Ministry of Human Mobility has more responsibilities because it serves not only Ecuadorian migrants but also increases its functions serving foreigners who established their residence in Ecuador, move through the country, are refugees or asylum seekers. In order to make the management more efficient this vice Ministry has several specialized sub-secretariats: “Under-Secretariat of Migratory and Consular Services”, “Under-Secretariat for Ecuadorian Migrant Community” and “Under-Secretariat for Attention to Immigrants”.

The “Under-secretariat for Ecuadorian Migrant Community” is what specifically has to assume the powers and offer the services that the SENAMI offered. This undersecretary aims to promote and protect the rights of Ecuadorian migrants as well as guarantee their economic and social inclusion when they return. This is why this entity has to continue the plans started by the SENAMI or formulate more comprehensive and effective new projects.

Currently, the Vice-Ministry of Human Mobility offers the same services that SENAMI offered: support for decent return, repatriation of corpses, psycho-social attention, guidance, legal advisory and support in locating missing people. The plan “Welcome Home” has been continued through the program of tax-free import of household goods belonging to returnee migrants. The training programs for Ecuadorian migrants have also been continued through alliances with the SECAP and with universities from different parts of the world. New programs for support the return of Ecuadorian migrants have been created such as “return of people with catastrophic illnesses, “return of people with disabilities” and the “return of teachers”. (*Services*. Vice-Ministry of Human Mobility. Ministry of Foreign Affairs and Human Mobility. Web. Accessed on May 20th, 2014. Available at: <http://cancilleria.gob.ec/movilidad-humana-servicios/>). However, concrete projects that encourage saving, productive investment and entrepreneurship among Ecuadorian migrants have not been formulated yet within the new model of management of Human Mobility.

3.2 Contestable Fund Program “El Cucayo”.

3.2.1 Description of the Contestable Fund “El Cucayo”

The fund called “El Cucayo” consists in a seed capital given to migrant people who have returned to Ecuador and who have an enterprise project or an existing business. This fund has been placed in different enterprises through several assignations, the first was in 2008 and the last in 2012.

The seed capital is a contestable fund; this means that the beneficiary has to go through a selection and assignation process to gain access to this capital. The investor or immigrant contributes to the enterprise project with a counterparty consisting of real

state, goods and cash available for use in the business. The counterparty has to be submitted with supporting documents such as property deeds, bills or an affidavit. The SENAMI contributes with the non-reimbursable fund that represents the 25, 33 or 50% of the total cost of the project, this depending on the type of business in which the money will be invested.

The contestable fund program, as its name indicates, is a project that is accessed through a contest. The Executive Committee of the institution determines the specific conditions of this contest: priority guidelines, conditions, deadline for submission of ideas between others. (SENAMI 2013, 3)

The contestable fund program offers guidance about productive enterprises, technical support and economic incentives for people enrolled in the return plan, this means that the SENAMI not only gives the fund for investment but also place corporate advisors who train and help migrants to start their business or to expand existing ones. (*“Fondo El Cucayo”*, Movement Ecuador in the United Kingdom. Accessed on November 7th, 2013. Available at: http://www.movimientoecuador.co.uk/Fondo_EL_CUCAYO-t-69.html)

3.2.2 Goals of the creation and execution of the Contestable Fund Program “El Cucayo”

The SENAMI, being the institution responsible for formulating and executing policies in favor of the Ecuadorian migrants, created the Contestable Fund Program “El Cucayo” which is aimed at “encourage enterprise initiatives through the giving of seed capital for the co-financing of businesses that preferably be innovative, associative and/or inclusive so that contribute to the social and economic reintegration of migrant people in the Ecuador.” (SENAMI 2013,1)

The specific goals of the project are:

- *“Advise the entrepreneur in the development of the design of the business plan in the stages of: rating of the idea, development of profile and design of the definitive project.”* (SENAMI 2013, 1) To reach this goal the SENAMI had a budget intended for the hiring of corporate mentors who were responsible for

advising and supporting the entrepreneur in the stages of pre-incubation and incubation of the project. The hired mentors were highly trained professionals who had experience in business management.

- *“Train the entrepreneur in issues of business management to give migrants the tools to decide in the best way how to use their money, develop skills and behavior to be successful.”* (SENAMI 2013, 1) When the entrepreneur, who is benefited with the seed capital, elaborates and starts his/her business project he/she acquired skills and knowledge necessary to manage a company. Once the business mentor contract was completed, the beneficiary was in charge of managing and administration in the proper way the started business. During the technical support in the incubation of the business the benefited migrant acquired knowledge in specific areas such as sales, merchandising, finance, human resources, legal issues, etc.
- *“Finance the seed capital through the mechanism of shared funds for the execution of the enterprise project.”* (SENAMI 2013,1) The contestable fund program was planned to run in a period of a year and a half from August 2008 to December 2010; however, this period was extended to December 2012. For the execution of this project 4'184.113 dollars were received, this amount has been executed an average the 94%. (SENAMI 2013, 4) The SENAMI and the beneficiary assume the same risk quantity at the moment of invest because both the institution and the beneficiary provide money and goods necessary for the business start.
- *“Support technically and administratively the beneficiary of the fund in the process of installation, starting and opening of the business; easing and strengthening the company constitution to make more powerful its corporate, touristic and commercial presence.”* (SENAMI 2013, 1) In order to support technically and administratively the beneficiary, the SENAMI has worked jointly with several governmental institutions to make easier: the formalization of the enterprise, the constitution of legal people, the granting of permits, the tax management, the training in technical fields, the legal advisory, etc.

The main crosscutting management principles regarding this program are:

- Gender equity, intercultural equity and integration equity.
- Decent and quality jobs.
- Promotion of partnership and solidarity.
- Comprehensive development of migrant people.
- Endogenous territorial development. (SENAMI 2013, 1)

The crosscutting management principles are those in which project implementation is based; they are crosscutting because many social and economic sectors participate in the project. This is how the crosscutting management principles allow responding in an organized manner to problems in which several sectors and institutions are involved.

3.2.3 Legal and institutional framework of the Contestable Fund “El Cucayo”

The creation of the SENAMI as well as the implementation and execution of the “El Cucayo” fund project are part of the social-economic rights expressed in the 2008 constitution. The article 338 particularly expresses that:

“The state shall promote and protect the domestic saving as a source of productive investment in the country. Also, shall create incentives for the return of savings and goods of migrant people and for orient the savings of people of the different economic units to quality productive investment.”

The aforementioned contestable fund effectively promotes internal saving especially the saving of remittances sent by migrants. It is important for a returnee migrant to have professional guidance that allows evaluating risk, studying the market and managing the resources to start an enterprise. Additionally, the assignation of a non-reimbursable fund that is not a loan, but is a direct state investment is a big incentive for the presentation of projects that will be turned in productive business that invigorates economy.

On the other hand, the article 102 of the constitution says that:

“The Ecuadorians including those living abroad, in an individual or collective manner may submit proposals and projects to all the levels of the government through mechanisms provided in the constitution, law and humanitarian attention.”

The announcements for the allocation of the fund “El Cucayo” allow Ecuadorians to submit their enterprise projects through the SENAMI.

The Contestable Fund “El Cucayo” is within the return plan “Welcome Home”⁷, and it was formulated to achieve the goals and comply with the policy of the National Plan for Human Development of the Migrations 2007-2010 written by the SENAMI.

- Goal: *“Promote processes of human development for migrant people, their families and their environment.”*(SENAMI 2007,22)
 - Policy: *“Take advantage of the power of the migratory fact for sustainable human development at local, national and global levels.”* (SENAMI 2007,22)
 - Strategies:
 - a) *“Development of programs and incentives that favor productive investment in the country and the creation of more benefits for emigrants, their families and the zones of their origin promoting the creation of jobs and the transfer of technology viewing remittances as private investment.”*
 - b) *“Promote and encourage the transmission of social remittances in Ecuador, these include all the knowledge and skills acquired in the places of destination.”*
 - c) *“Facilitate community enterprise and development projects”*(SENAMI 2007, 22)

The start up of the contestable fund program “El Cucayo” is aligned with the formulated strategies because it is a fund that encourages productive investment, takes advantage of the skills and knowledge acquired by migrants during their stay abroad and facilitates the development of community enterprises. A returnee migrant who is benefited with the fund starts a business that contributes with the economy invigoration and the creation of jobs. Additionally, migrants acquire new capabilities and skills thanks to job or

⁷ “Welcome Home” plan. Incentives and guidance for social and productive investment.

academic experience in the countries of destination. These capabilities can be used through an enterprise. Finally, not only natural people can access to this fund but also associations and communities. These also can start up enterprise projects that can be turned in sources of livelihood and development.

The project implementation has a specific legal base that includes two resolutions: Resolution N° SENAMI-047-2012 that contains the regulation of “Support for productive investment of the Ecuadorian migrant people” and the Resolution N° SENAMI-070-2008 that contains the substitute regulation of the development and management of the Fund for the Human Development of the Ecuadorian Migrant. (SENAMI 2013, 1)

3.2.4 Requirements for access to contestable fund “El Cucayo”

To access the contest, people must have the following requirements:

- Must have stayed abroad at least one year without breaks greater than 60 days.
- Must be enrolled in the “Welcome home” plan.⁸
- Must have returned to the country since January 2007.
- Must have savings or ability to request a loan of the same amount as the amount requested to the SENAMI for the starting of the business.
- Must have a clear idea for the enterprise project.

3.2.5 Items covered by the Contestable Fund “El Cucayo”

The items that can be covered by the fund exclusively are:

- Materials, supplies and specialized software.
- Advertising and merchandising of products.
- Payment for use patents.

⁸ The “Welcome Home” plan is a program of the SENAMI that implements the right to return for Ecuadorians abroad by giving them support to continue with their life plan in Ecuador. To access this program is required to have been abroad more than a year, express voluntary decision of return and have returned since 2007.

- Market studies.
- Design, certification and standardization of products.

3.2.6 Kinds of business that can be covered by Contestable Fund “El Cucayo”

The kinds of business financed by Contestable Fund “El Cucayo” are:

- Individual: The business idea belongs to the migrant person who shall develop the enterprise. For that, it is important to register the property of the business assets under the name of the migrant.
- Familiar: The business idea belongs to the migrant person; the migrant and his/her relatives up to the fourth degree of consanguinity and second degree of affinity will start the enterprise. Relatives up to fourth degree of consanguinity include parents, children, grandparents, siblings, grandchildren, uncles, aunts and cousins of the migrant. Relatives up to second degree of affinity include parents, children, grandparents and siblings of the spouse. In this type of business the business assets must be registered under the name of the migrant and the relatives involved.
- Associative: The business idea shall be developed by a legally constituted association or in the process of constitution. This association must have 5 members at least and they must not be related. Among these 5 members, 2 members at least must be returnee migrants. The business assets of this kind of enterprise must be registered under the name of the members of the association.
- Cooperative: This type of business shall be started by a legally constituted cooperative or in the process of constitution. This cooperative must have 11 members at least and they must not be related. Among these 11 members, 7 at least must be returnee migrants. The business assets of this kind of enterprise must be registered under the name of the members of the association.
- Community: The business idea shall be developed by a legally constituted community enterprise or in the process of constitution. This enterprise must be constituted by at least 10 families of a community, 25% of these people must be returnee migrants. The assets used for this kind of enterprise must be registered under the name of the families involved. (Announcement, Forms for

presentation of business ideas. Accessed on May 13th, 2014. Available at: <http://cucayo.senami.gob.ec/modules/forms/home.php>)

3.2.7 Maximum amounts and ways to apply for the Contestable Fund “El Cucayo”

The types of application for the different kinds of business ideas are:

Table1 Types of business ideas to apply for the fund "El Cucayo"

Types of application	Maximum amount to request	Must have a counterpart of:
New idea: individual or family enterprises	15.000 dollars	Double of the requested amount, 67% brings the proposer and 33% the Cucayo of the total cost of the project
Expansion idea: individual or family enterprises	15.000 dollars	Triple of the requested amount, 75% brings the proposer and 25% the Cucayo of the total cost of the project
Associative and/or Cooperative ideas: new or expansion ideas	15.000 to 50.000 dollars	New: Double of the requested amount, 67% brings the proposer and 33% the Cucayo of the total cost of the project. Expansion: Triple of the requested amount, 75% brings the proposer and 25% the Cucayo.

Community idea: new or expansion idea	15.000 to 50.000 dollars	Equal amount of the requested one, 50% brings the proposer and 50% the Cucayo.
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Source: Web page of the Fund El Cucayo. SENAMI (Announcement, Forms for the presentation of business ideas. Accessed on May 13th, 2014. Available at: <http://cucayo.senami.gob.ec/modules/forms/home.php>)

3.3 Economic and social impact of the implementation of the Contestable Fund “El Cucayo”

3.3.1 Analysis of enterprise projects implemented thanks to seed capital allocated by the SENAMI nationally

The Contestable Fund project “El Cucayo” was formulated to run in a period of two years and a half from August 2008 to December 2010; however, this was implemented until 2012 extending the period two years more. The total investment was 4’184.113 dollars that were allocated to 328 enterprises nationally. (SENAMI 2013, 4)

3.3.2 Inter-agency coordination in the different stages of the implementation of the project

After the completion of the contest and the selection of the innovative and viable enterprises, the necessary work to start up the businesses presented by involved migrants is made. To start up the businesses there are three stages: pre-incubation, incubation and post-incubation of enterprises.

The pre-incubation stage includes: provide information to entrepreneurs, advise them about the necessary processes to start a business and enable them to structure their business ideas.

The incubation stage includes: forming the enterprises legally, managing operating permits, and training the entrepreneur about issues such as administration and tax management.

The post-incubation stage includes: managing the merchandising of products and services offered by the new businesses and position these products and services in the market.

To carry out successfully these three stages several state institutions have worked in coordination with the SENAMI.

Table 3 Inter-agency coordination for the creation of productive enterprises

Pre-Incubation	Actors	Parts
Unique information booklets for entrepreneurs and virtual information system about enterprises that includes: consolidated information about the offer of public and private programs and projects (offer of financial and non-financial services) and procedures to start businesses.	SENAMI	Consolidate information Assemble packages of products and services Provide information
	MRL	Provide updated information
	MIES	
	MIPRO	
	GADS	
	MAGAP	
	BNF – CFN	
Identify unsatisfied demand in potential markets (productive vocations in the country of origin / new markets in the countries of destination)	SENAMI	Consolidate information and assemble catalogs of opportunities to start businesses and invest. Spread the information
	MAGAP – SIGAGRO-	Provide territorial geo-referenced information about the use of the soil and its

		productive potential
	GADS – Plans of Territorial Development	Provide information about territorial productive vocations
Training and advice in the structuring of the business idea	SENAMI	Identifies and assembles the training needs about entrepreneurship Give advice about enterprise opportunities Support and evaluate the making of business profiles Coordinate the instruments of presentation of business ideas
	UTPL – Entrepreneurship centers	Advise on how to start a business Advise on how to make the business plan
	SECAP	Advise on how to start a business Advise on how to make the business plan Training for the creation of specific abilities
Incubation		
Legal constitution of the businesses	SENAMI	Provides information Coordinate procedures with other entities

		Tracking and observation
	MAGAP	Gives legal personality
	Superintendence of Companies	Gives legal personality
	MRL	Gives legal personality
Management of operating permits	SENAMI	Provides information Coordinate procedures with other entities Tracking and observation
	Ministry of Health	Gives operating permits
	Fire Department	Gives operating permits
	GADS	Gives operating permits
	Ministry of Tourism	Gives operating permits
	SRI	Gives the RUC or RISE Advise on tax management
Administration and customer management	SENAMI	Provides information Coordinate procedures with other entities Tracking and observation
	SECAP	Trains Accredits
	MCPEC	Trains

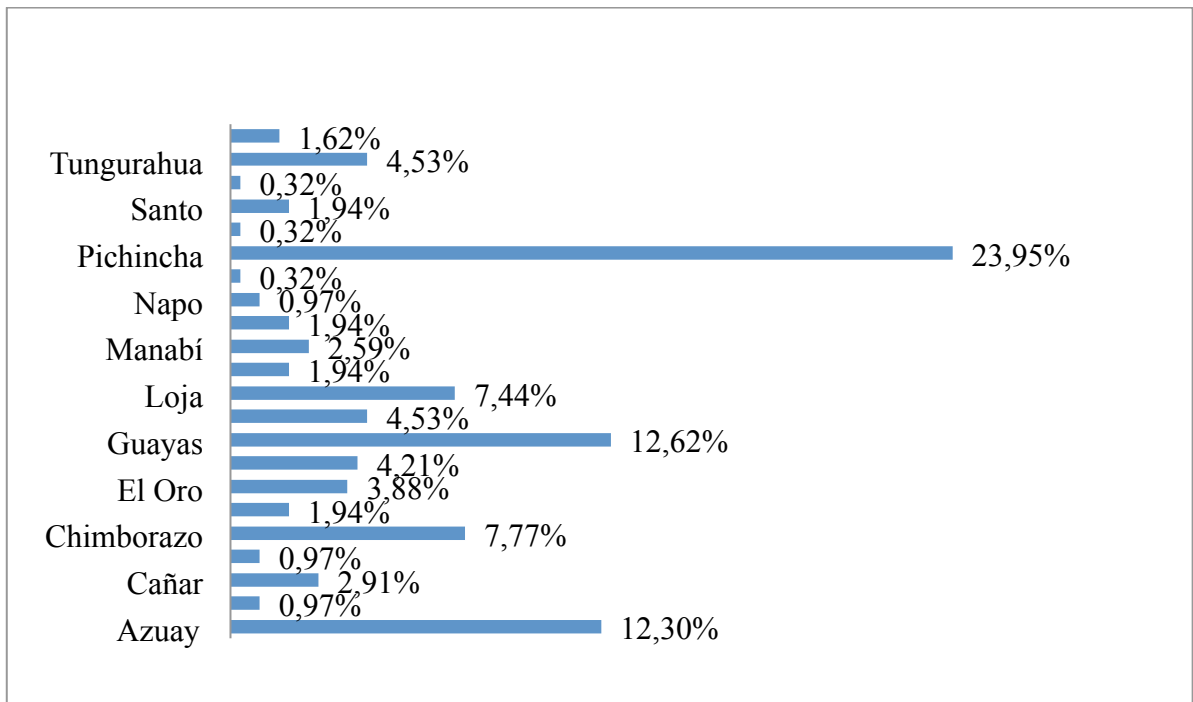
Financial and Tax management	SENAMI –Mentors-	Provides information Coordinate procedures with other entities Tracking and observation
	SECAP	Trains Accredits
	BNF – CFN	Provides loans
	SRI	Trains Advices
Access to emergent social insurance	SENAMI	Provides information Coordinate procedures with other entities Tracking and observation
	IESS	Campaigns of affiliation to social insurance and benefits in each territory
Training and Technical Support	MAGAP –Eras-Land Plan	Participatory diagnosis Agricultural and livestock technical support Provides basic structure of irrigation Provides seeds and fertilizers Improvement of soil
	SECAP	Trains Accredits
	MINTUR	Trains on touristic services: customer service, touristic guidance between others

	MIPRO	Trains Facilitates the enrollment in INCOP
Interchange of knowledge and experience	SENAMI	Assemble experiences of successful and unsuccessful enterprises.
Post-incubation		
Merchandising	SENAMI	Provides information Put products in marketing channels
	MIES –CIBV, Citizen Fair, Spinning the development-	Put the products in the markets of public procurement and solidarity markets
Supply chain	SENAMI	Promotes Impulses Strengthens
	MIES – Associativity programs-	Creates spaces for associativity

Source: Evaluation Fondo Cucayo. SENAMI 2013.

3.3.3 Location of enterprises nationally

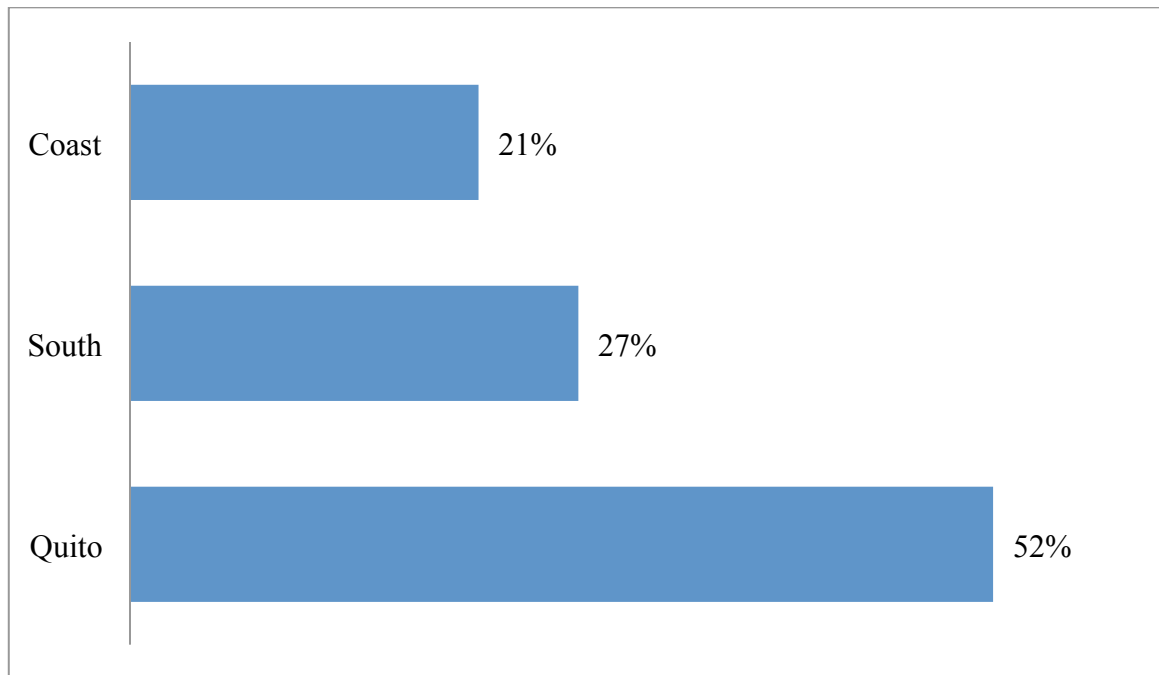
Graph 33 Location of enterprises by province



Source: SENAMI.

Most of the 328 enterprises existing in the country were developed in Pichincha province, 79 projects that representing 23,95% of the total. In the second place is Guayas province with 41 projects representing the 12,62% of the total. In third place is Azuay province with 40 projects representing the 12,30% of the total.

Graph 34 Location of the enterprises by headquarters of the SENAMI



Source: SENAMI

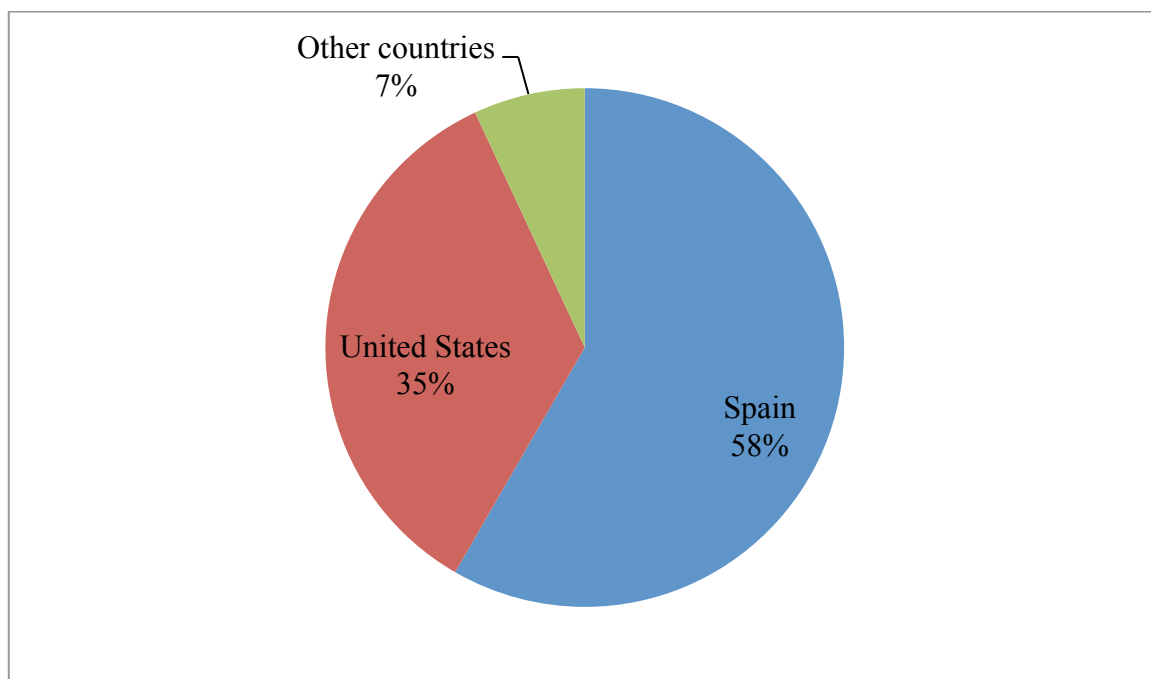
More than the half of the enterprise projects of the “El Cucayo” fund (171 projects) were made in the Quito headquarters of the SENAMI, 27% of the projects were made in the headquarters of the SENAMI located in the South of the country (88 projects) that includes Azuay, Cañar, Morona Santiago, Loja, El Oro and Zamora Chinchipe provinces. The remaining 21% corresponds to the projects made in the Coast headquarters of the SENAMI. (69 enterprises)

3.3.4 Gender of the beneficiaries of the “El Cucayo” fund

Among the total of the fund beneficiaries, it can be emphasized that the most were men with a ratio of 2 to 1 in relation to the number of women (SENAMI 2013,4) 218 of the 328 beneficiaries were men and 110 were women. Although the project has the promotion of the equity of gender as a central concept, it was not possible to have equal numbers of men and women among the applicants. This may be because in the first migratory stage of Ecuador most of the emigrants were men, and the most of returnee people were also men.

3.3.5 Migratory destination of the beneficiaries of “El Cucayo” fund

Graph 35 Migratory destinations of the beneficiaries of the fund



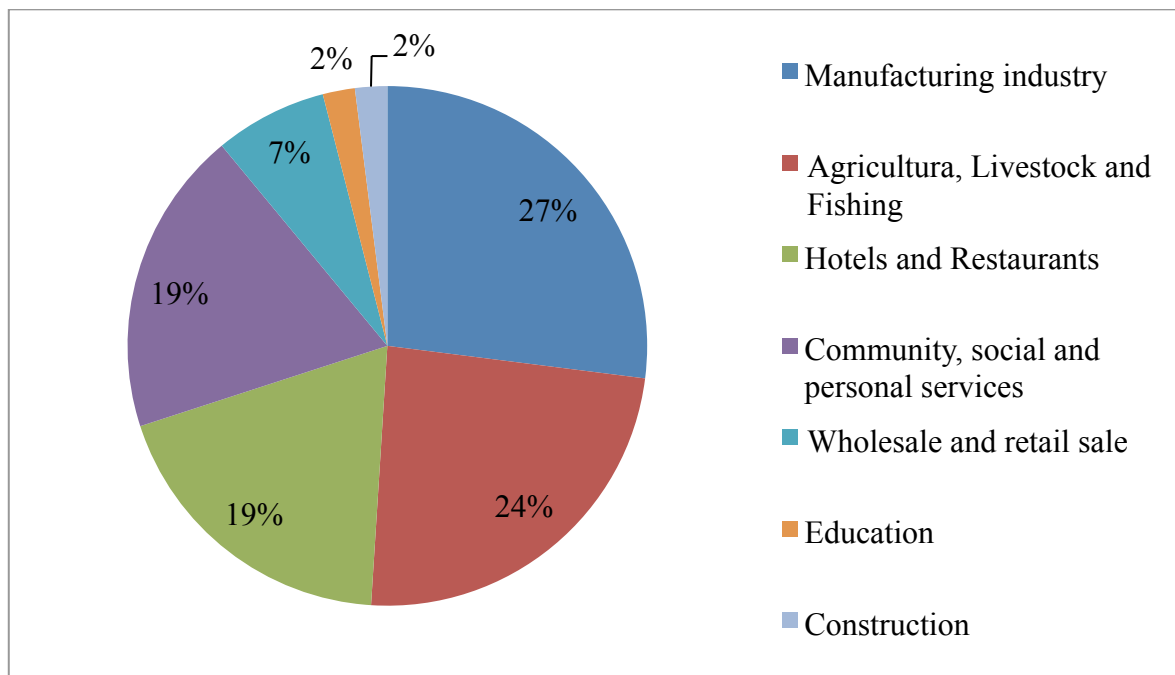
Source: SENAMI

Regarding the migratory destinations of the beneficiaries of the fund, 58,33% of the beneficiaries returned from Spain, 34,72% from the United States and 6,95% from other countries between these Italia. (SENAMI 2013, 4) The most of returnee people came from Spain due to economic crisis, rise in unemployment, and incentive plans for return offered by Spanish and Ecuadorian governments.

3.3.6 Enterprises financed by “El Cucayo” fund by activity fields

Among the total enterprises financed by the fund 27% corresponds to manufacturing industry, 24% to agriculture, livestock and fishing; 19% to hotels and restaurants; 19% to community, social and personal services; 7% to wholesale and retail sale, 2% to education and 2% to construction. (SENAMI 2013, 4) It predominated the start up of enterprises dedicated to the manufacture of products and enterprises related with agricultural activities.

Graph 36 Enterprises by activity fields nationally

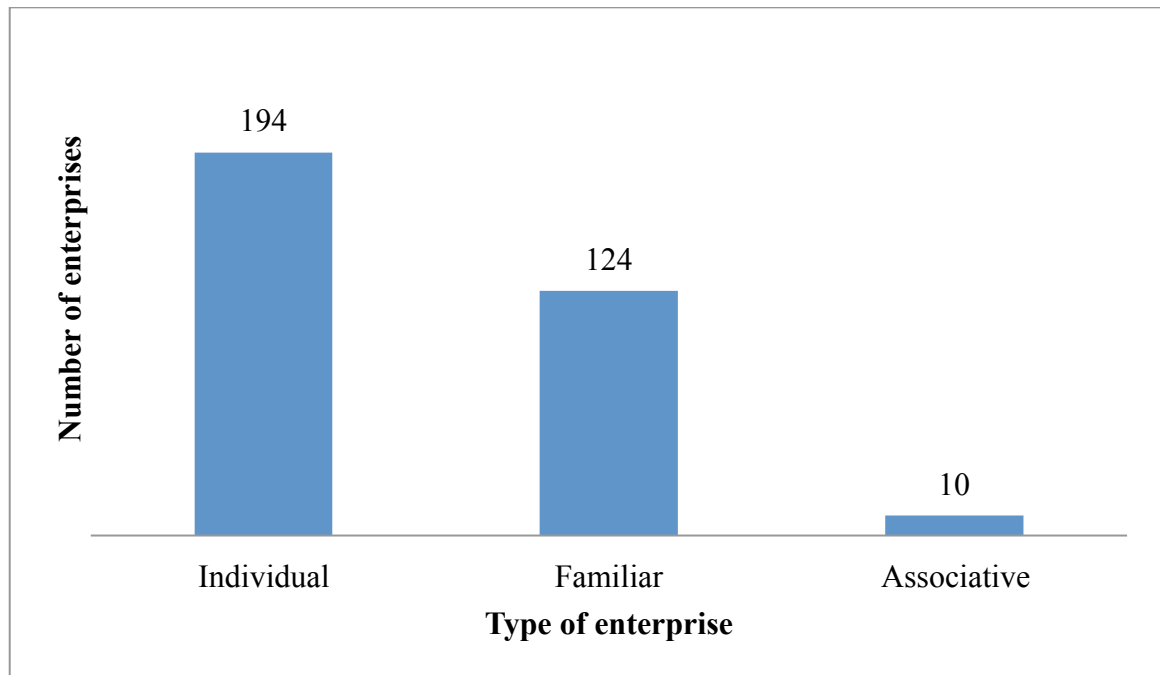


Source: SENAMI.

3.3.7 Types of enterprises financed by “El Cucayo” fund

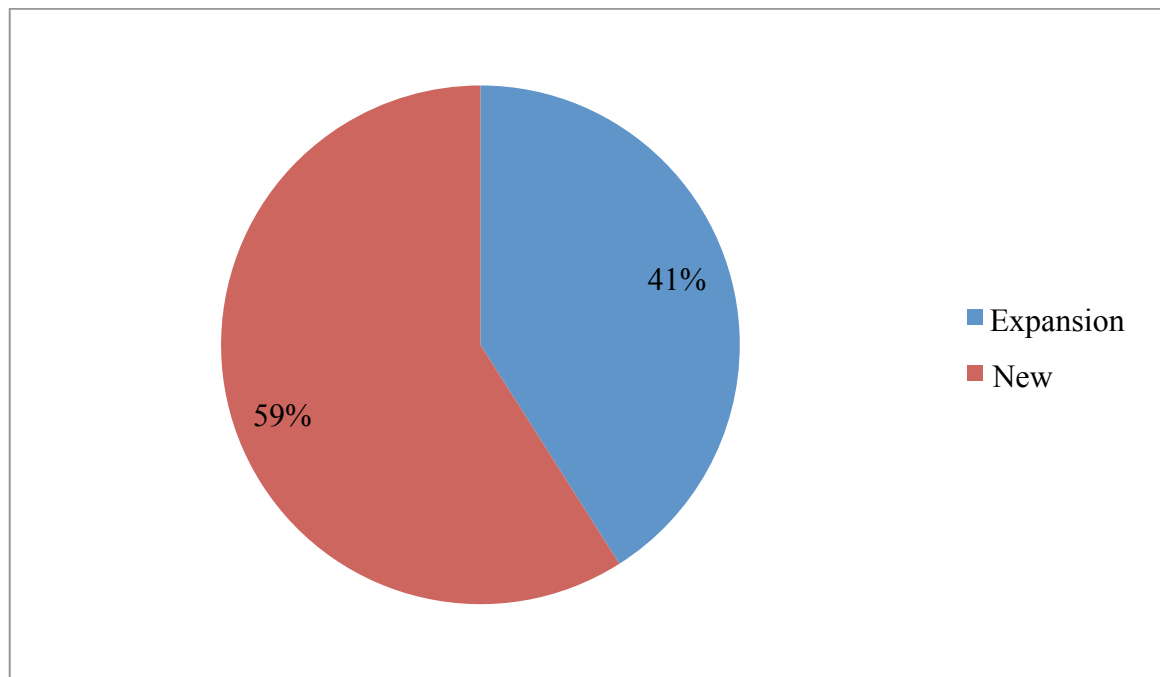
Among the total of 328 enterprises, 59,15% were individual; 37,80% were familiar and 3,05% were associative. (SENAMI 2013, 4)

Graph 37 Types of enterprises financed by the SENAMI nationally



Source: SENAMI.

Graph 38 Types of financed projects by new or expansion nationally



Source: SENAMI.

Among the total of financed projects, 59% were new ideas and 41% were expansion ideas of existing businesses. (SENAMI 2013, 4)

3.3.8 Enterprises financed by “El Cucayo” fund by year

The implementation of the Contestable Fund Project “El Cucayo” started on 2008 and ended on 2012. It assigned seed capital for the starting and expansion of businesses belonging to returnee migrants. In a 5-year period the SENAMI through this project financed 328 enterprises in all the provinces of the country.

Table 4 Enterprises financed by "El Cucayo" fund by year

ZONES	2008	2009	2010	2011	2012	Grand Total
SENPLADES						
ZONE 1 Esmeraldas		14	8	3		25
ZONE 2 Pichincha	6	8	3	2	9	28
ZONE 3 Chimborazo	4	25	3	3	3	38
ZONE 4 Sto. Domingo	1	7	4		1	13
ZONE 5 Guayas	2	10	6		5	23
ZONE 6 Azuay	13	28	9	6	9	65

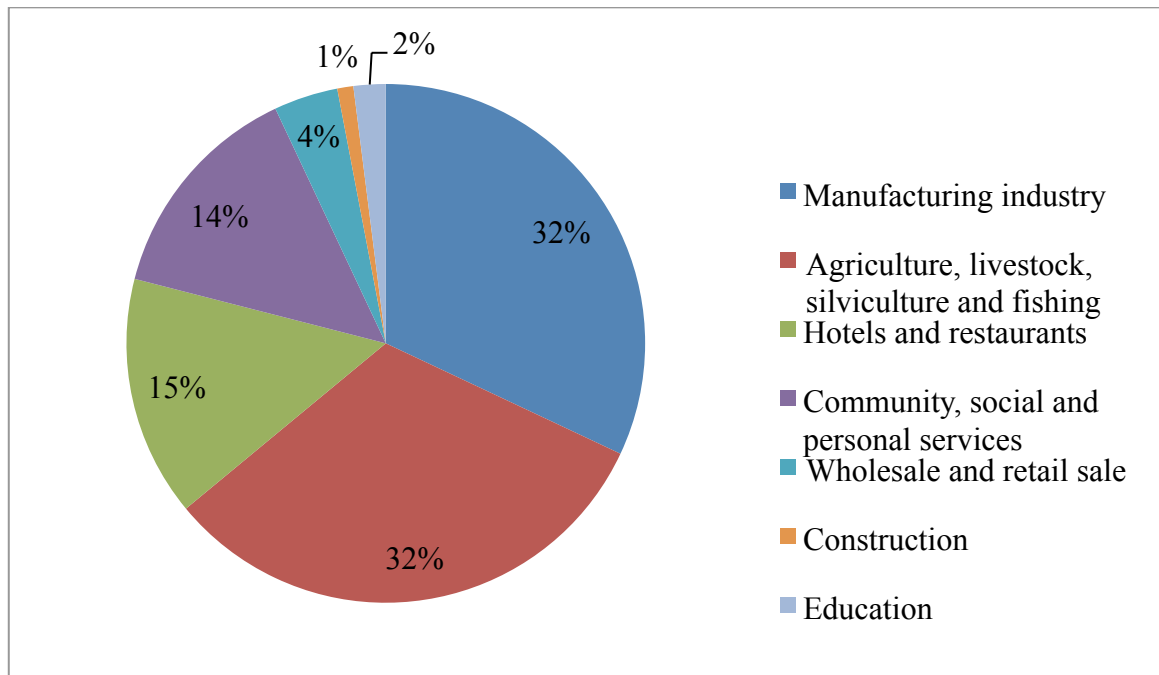
ZONE 7 Loja	7	16	8	1	16	48
ZONE 8 Coast	1	8	3		2	14
ZONE 9 Amazon	18	17	25	7	7	74
Grant Total	52	133	69	22	52	328

Source: SENAMI

3.3.9 Jobs created in the enterprises financed by “El Cucayo” fund

After the start up of the enterprises financed by the SENAMI, 1200 direct jobs were created. Among these, 32% belongs to manufacturing industry, 32% to agriculture, livestock, forestry and fishing; 15% to hotels and restaurants; 14% to community, social and personal services; 4% to wholesale and retail sale, 1% to construction and the remaining 2% to education. (SENAMI 2013, 5) It is important to emphasize that manufacturing industry and agricultural activities are the fields where most jobs were created.

Graph 39 Jobs created by activity fields



Source: SENAMI.

3.3.10 Management indicators of “El Cucayo” fund

Management indicators allow having a general view about the use of the assigned resources for the implementation of the project, and the meeting of goals. For the general evaluation of the project we will use data of the enterprises and the assigned budget nationally.

The management indicators of “El Cucayo” fund for decent return are:

Table 5 Management indicators of "El Cucayo" fund

Indicator	Result	Goal	Compliance rate
Level of implementation: Amount delivered as seed capital	4'052.613 USD	4'184.113 USD	97%

Number of financed enterprises	328	950	35%
Amount of the counterpart delivered by the entrepreneur migrants	15'411.457 USD	4'052.613 USD	380%
Number of trained people	1604	950	169%
Number of created jobs	1200	2293	52%

Source: SENAMI

- 1) Level of implementation: The level of budget implementation is satisfactory because just the 3% of the total capital was not allocated in the enterprises. It is important to note that the amount assigned as seed capital to each enterprise depends on whether the application is individual or familiar and depends on the counterpart amount given by the entrepreneur.
- 2) Number of financed projects: It was executed just the 35% of the goal number of projects. This due to the insufficient received resources, amount of seed capital delivered in average to each enterprise (12.356 dollars), and because just the projects that comply with the contest conditions and the projects that are viable and sustainable in time were chosen. (SENAMI 2013, 8)
- 3) Amounts of counterpart and seed capital: The initial goal was for every dollar delivered by the SENAMI canalize one dollar of the entrepreneurs; however, it was possible to exceed the target because 3,80 dollars were canalized for each dollar delivered as seed capital. (SENAMI 2013, 8)
- 4) Number of trained people: This goal has a compliance rate of 169%(SENAMI 2013, 8) because in the enterprises participated more people in addition to the

beneficiary and during the business incubation stage the knowledge was transmitted to all the involved people.

- 5) Number of created jobs: This goal has the 52% of compliance because of the poor sustainability in time and low levels of sales of several enterprises. This prevented the enterprises from hiring the planned personnel. (SENAMI 2013,4)

3.4 Analysis of business projects implemented thanks to seed capital allocated by the SENAMI in Azuay

3.4.1 Characteristics of the beneficiaries of the Contestable Fund “El Cucayo” in Azuay

During all the announcements of “El Cucayo” fund, 40 enterprise projects were implemented in Azuay province. Data from 17 of these projects were used for this analysis. This, because the Austro SENAMI headquarters could provide information of 13 projects and the information of 4 additional projects was gathered through interviews to the beneficiaries.

The projects to be analyzed are:

Table 6 Analyzed projects

Beneficiaries	Name of the enterprise	Description
1)María Isabel Calle Medina	“BIOJARDIN”	Design of green areas for residencies. Planting, marketing and sale of plant material, organic material, garden tools and related articles.
2)Diego Federico Baquero Vázquez	“BATRE”	Cleaning service for homes, offices and buildings. Garden maintenance and

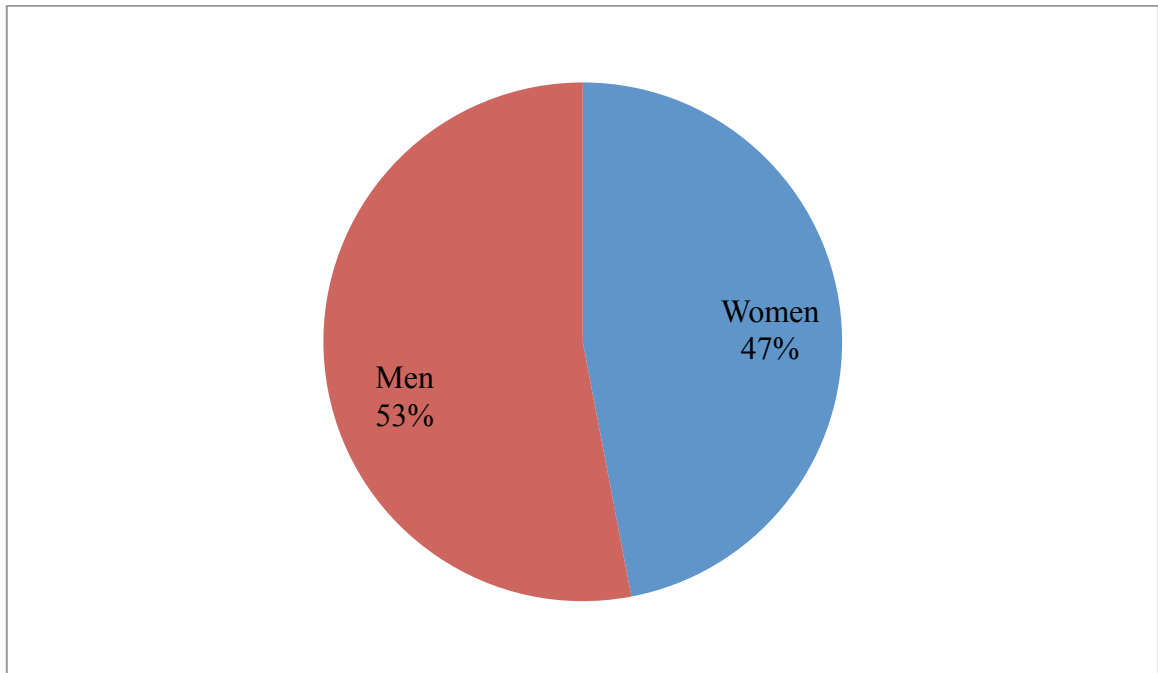
		landscaping.
3)María Rosa Guerrero	“FERRETERÍA MABELCO”	Sale of building materials at store and through home delivery.
4)Juan Francisco Sarmiento Paredes	“TALLERES MEGASARMIENTO”	Service of industrial mechanics in general, especial welding and manufacture of ventilation systems.
5)Claudia Sofía Landívar Cordero	“ANNOA COSMÉTICA”	Manufacturing of cosmetic facial creams.
6)Jackeline Susan González Pazmiño	“FABIANOS PIZZERIA”	Preparation and sale of pizza, lasagna, snacks, beverages, lunches and barbecues.
7)Manuel María Fernández Parra	“PANADERÍA EL RELÁMPAGO”	Preparation and sale of different kinds of bread and cookies.
8)José Santiago Ordóñez Tello	“RESTAURANTE EL AEROPUERTO”	Sale of la carte dishes and snacks.
9)Pablo Iván Rea Rodas	“PROCESADORA DE BALANCEADOS”	Production of food for: chickens, pigs, trout, calves and cows.
10)Arturo Hernán Yopez Carrasco	“RENOVACIONES EN GYPSUM”	Services of design and installation of prefabricated dry panels for constructions

		(gypsum).
11)María de los Ángeles Ortega Mendoza	“LA CASA DEL HERRERO”	Sale of lunches and la carte dishes.
12)Alina Alencastro Drouet	“ALPACALI”	Manufacture and sale of comforters, bedcovers, unisex jackets, scarves, ponchos and threads made with alpaca wool. Alpaca breeding to obtain raw materials.
13)Juan Oswaldo Mejía Mejía	“PIZZARELLI”	Restaurant of Italian food dedicated to prepare and sale pizzas, lasagna and spaghetti.
14)Nancy Liduvina Ordóñez Ortiz	“NANCY ORDÓÑEZ PELUQUERÍA & SPA”	Complete hair salon and spa.
15)Esteban Neira Maldonado	“ALPARAMIS”	Landscaping, sale of plants, seeds, garden tools and related articles.
16)María Cristina Glanzman Segovia	“MARÍA’S ALEMANIA”	Preparation and sale of bread, sandwiches, desserts and chocolates.
17)Pablo Sexto Quiroz Quiroz	“PISCICOLA QUIROZ”	Pisciculture, breeding and sale of trout. Restaurant, sport fishing, walks and horseback riding.

3.4.2 Gender of the beneficiaries of the Contestable Fund “El Cucayo”

Among the 17 analyzed enterprises, 47% of the beneficiaries were women (8 people) and 53% were men (9 people). Unlike the rest of the country, in Azuay was possible to have more or less equal number of entrepreneur men and women.

Graph 40 Gender of the beneficiaries of "El Cucayo" fund in Azuay

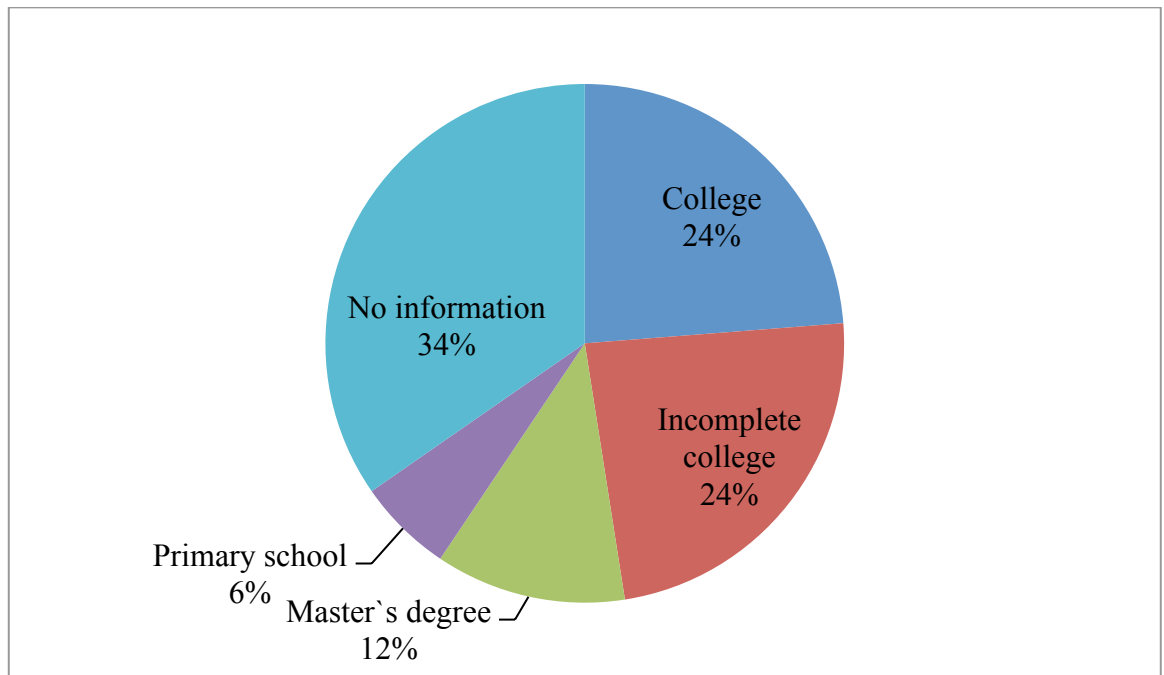


Source: SENAMI

3.4.3 Level of education of the beneficiaries of “El Cucayo” fund in Azuay

Among the 17 entrepreneurs, 4 have complete college education, 4 have incomplete college education, 2 have master’s degree, 1 has primary school education and the remaining 6 did not give information about their level of education.

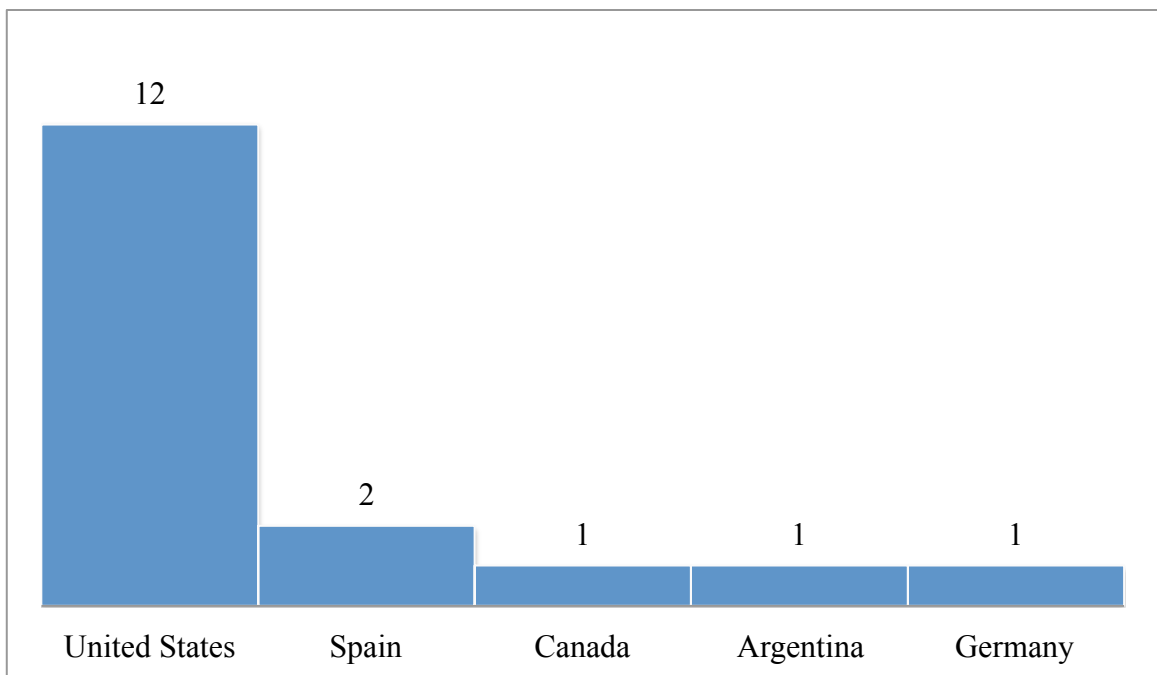
Graph 41 Level of education of the entrepreneurs



Source: SENAMI

3.4.4 Migratory destinations of the beneficiaries of "El Cucayo" fund in Azuay

Graph 42 Migratory destinations of the beneficiaries of "El Cucayo" fund in Azuay



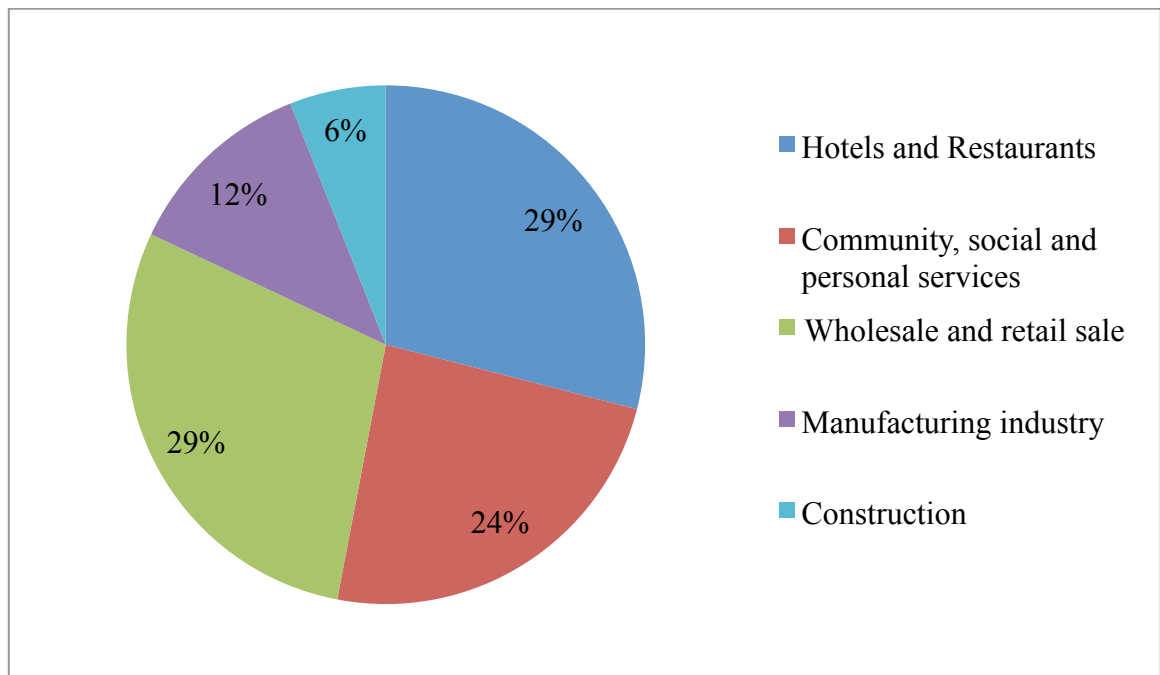
Source: SENAMI

Most of the beneficiaries of the fund in Azuay returned from the United States. 71% correspondent to 12 beneficiaries returned from the U.S, 12% correspondent to 2 beneficiaries returned from Spain, 6% returned from Canada, 6% from Argentina and 6% from Germany, 6% corresponds to 1 beneficiary.

3.4.5 Financed enterprises by activity field

In Azuay among the 17 analyzed enterprises financed by the SENAMI, 29% belongs to hotels and restaurants (5 enterprises), 24% to community, social and personal services (4 enterprises); 29% to wholesale and retail sale (5 enterprises); 12% to manufacturing industry (2 enterprises) and 6% to construction field (1 enterprise). It can be noticed that the activity fields where the project had most impact were the hotel sector and the commercial sector.

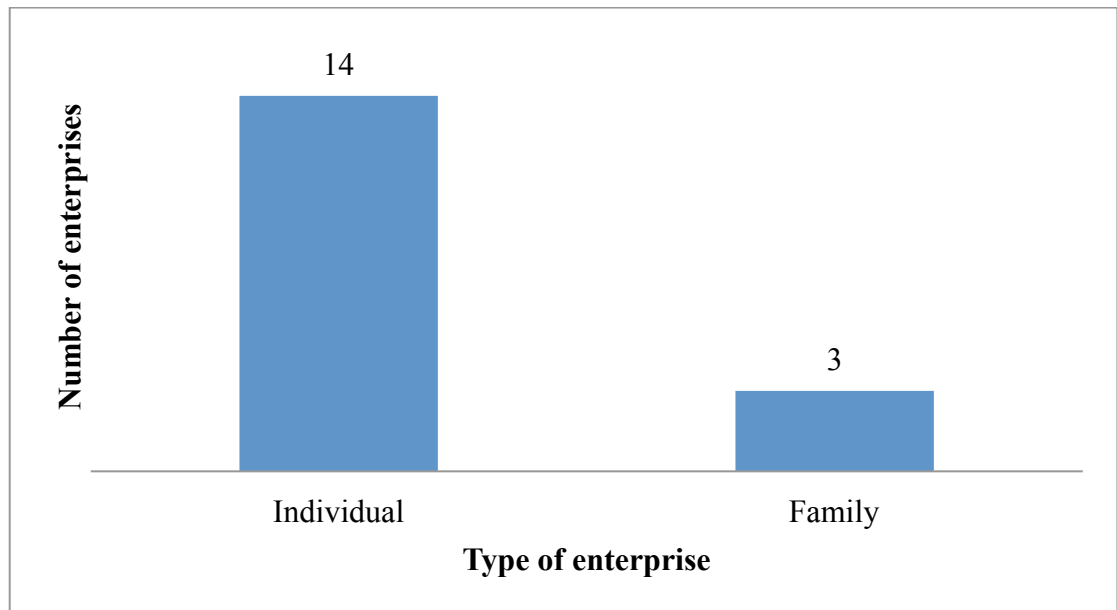
Graph 43 Enterprises by activity field in Azuay



Source: SENAMI

3.4.6 Financed enterprises by type

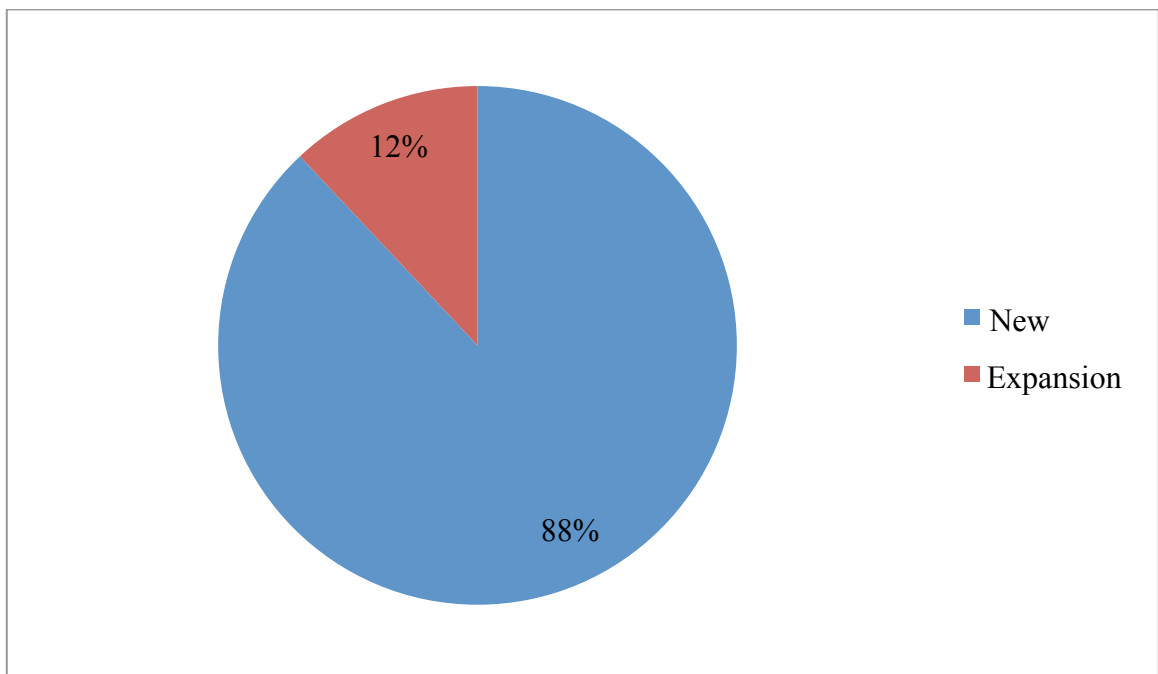
Graph 44 Types of enterprises financed by the SENAMI in Azuay



Source: SENAMI

In Azuay, among the total of analyzed enterprises 82% were individual and 18% were family. It did not exist associative projects in the province.

Graph 45 Types of financed projects by new or expansion in Azuay



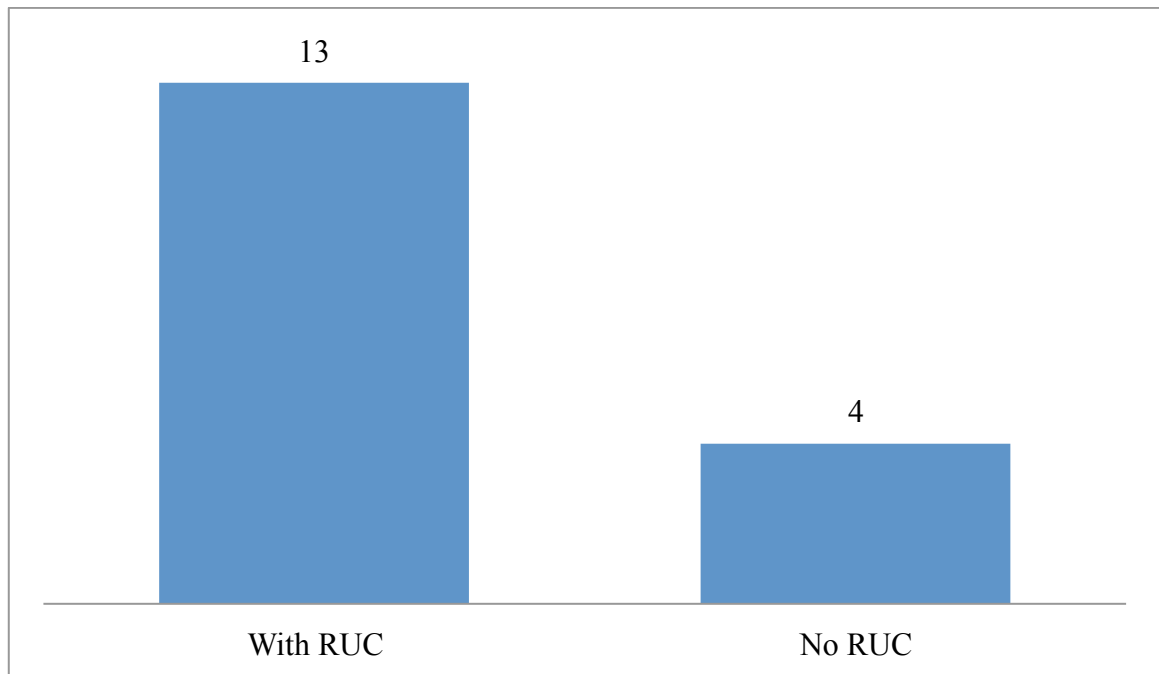
Source: SENAMI

Among the 17 financed projects in Azuay, 88% (15 enterprises) were new ideas and 12% (2 enterprises) were expansion ideas for existing businesses.

3.4.7 Formalization of the enterprises financed by “El Cucayo” fund in Azuay

Formalize an enterprise; business or company implies the legalization of productive or commercial activities developed in that enterprise. In the country, the first step to formalize an enterprise is to define if the owner is natural or legal person. Later, is necessary to obtain a RUC that is a Unique Register of Taxpayer. This can be obtained in the Service of Internal Revenue; this allows billing, paying taxes and developing any commercial activity legally. Depending on the physical space where the business will operate, it is necessary to obtain the respective permits of health, police, firefighters, municipality, etc. Several businesses must obtain a RUP that is a Unique Register of Supplier; this allows to offer and sale to government institutions.

Graph 46 Enterprises with RUC

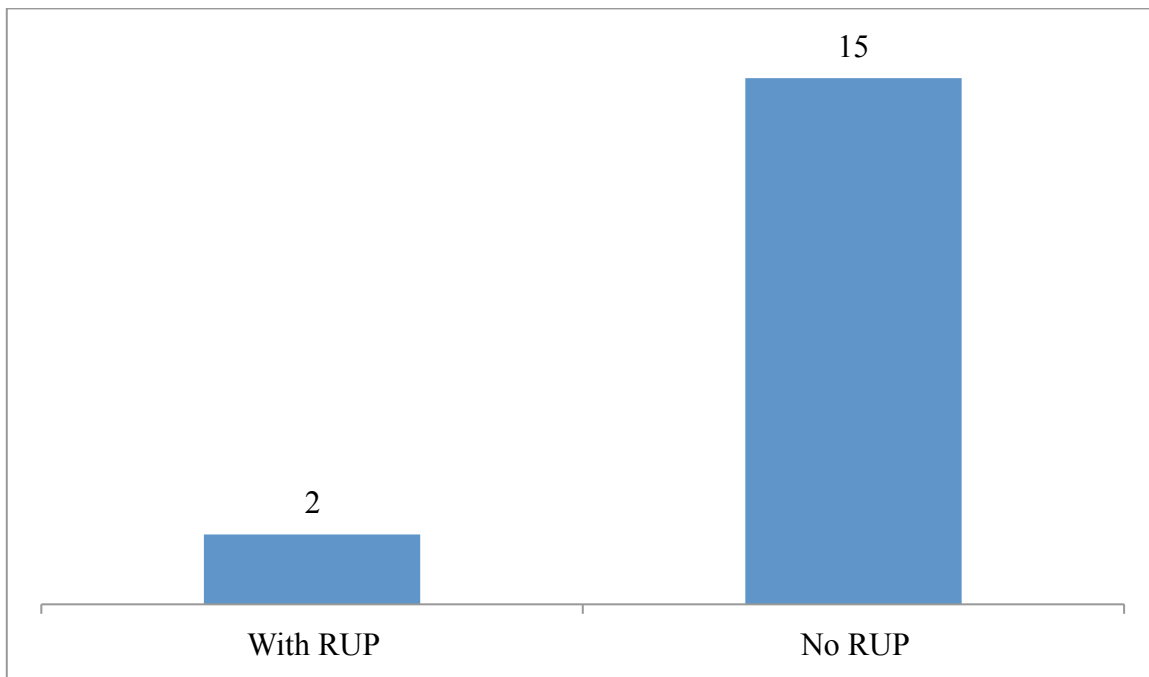


Source: SENAMI

Among the 17 analyzed enterprises 76% (13 enterprises) have RUC and 24% (4 enterprises) operate without RUC. Is important to note that enterprises that are not

registered in the Service of Internal Revenue are not able to bill so they can't develop their activities legally and they may be sanctioned by SRI.

Graph 47 Enterprises with RUP



Source: SENAMI

Only 2 (12%) of the 17 studied enterprises have Unique Register of Suppliers. The 15 enterprises remaining can't neither participate in public tenders nor sell products or services to government institutions.

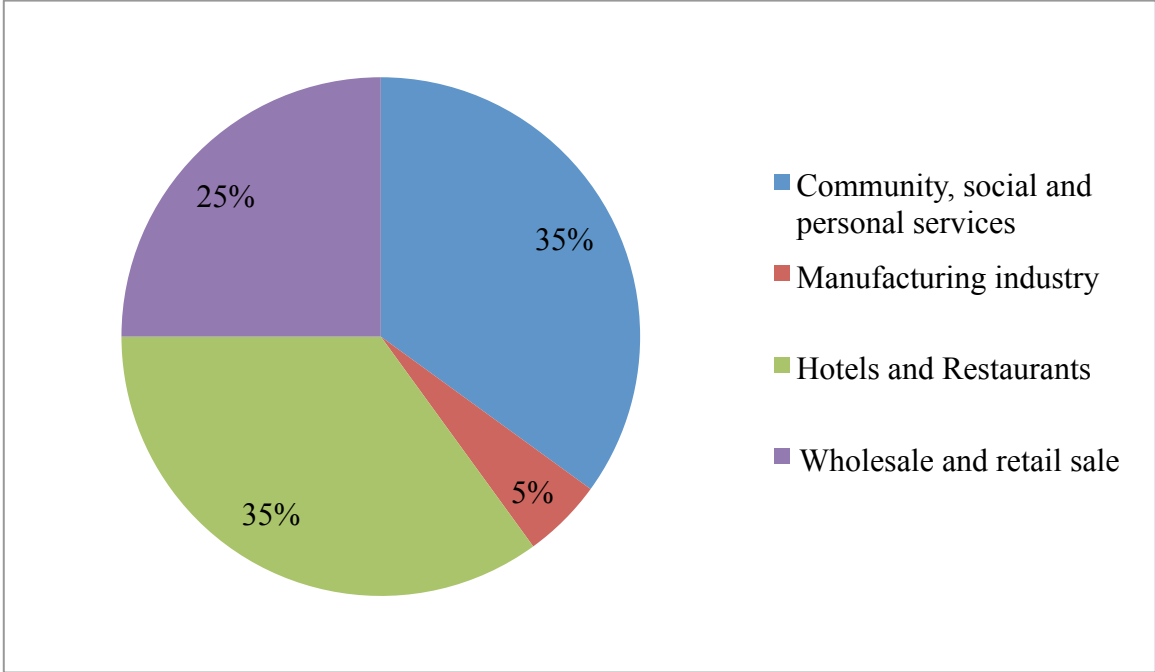
3.4.8 Implementation of the Contestable Fund Program “El Cucayo” and the creation of jobs in Azuay

In the case of Azuay, the implementation of the project created 51 direct jobs including the entrepreneurs. In the incubation stage of the business, the creation of 85 jobs was projected. However, it was not possible to reach the established goal because several projects closed shortly after starting or they never were started up. Additionally, there were enterprises that failed to reach the projected sales target; this prevented the hiring of more personnel.

Among the total of created jobs with the starting up of the enterprises in Azuay, 35% corresponds to community, social and personal services (18 jobs); 35% corresponds to

hotels and restaurants (18 jobs); 25% corresponds to wholesale and retail sale (13 jobs) and 5% corresponds to manufacturing industry (2 jobs). The services sector and the hotel industry are those that have created most jobs in Azuay.

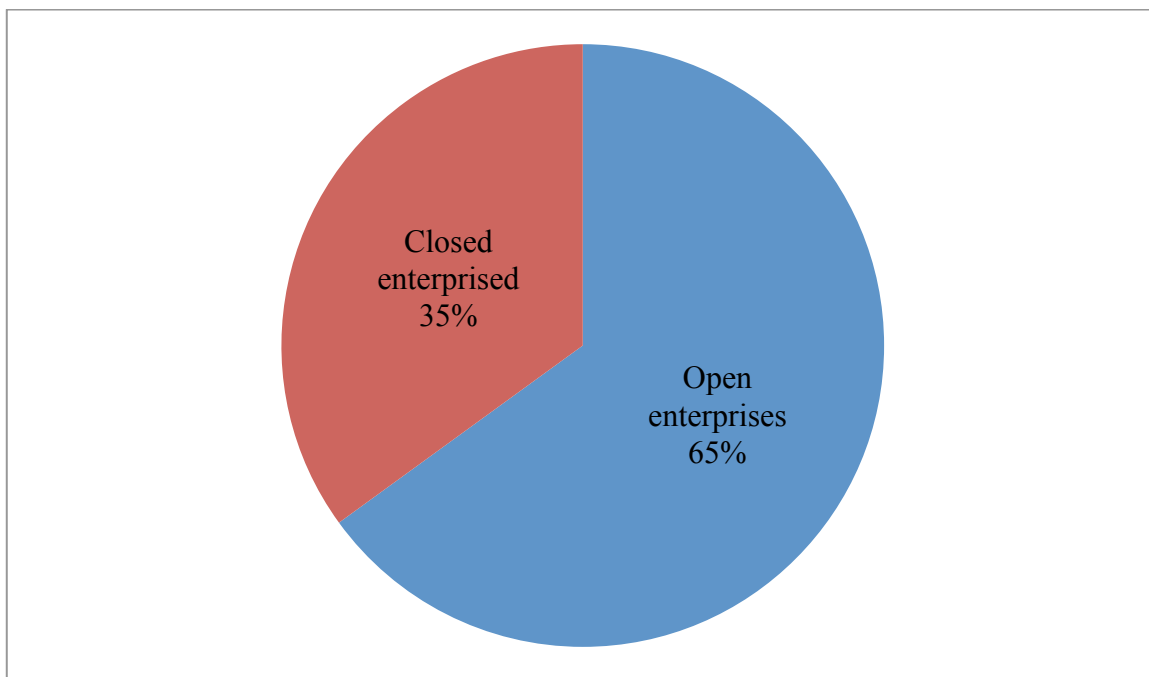
Graph 48 Jobs created by economic activity in Azuay



Source: SENAMI

3.4.9 Sustainability over time of the enterprises financed by SENAMI in Azuay

Graph 49 Sustainability over time of the enterprises



Source: SENAMI

Among the 17 analyzed enterprises financed by the SENAMI in Azuay, 6 are closed and 11 are open. These represent 35% of closed enterprises and 65% of open enterprises. The reasons of closure are varied, among these are: death of the owner, problems in the country of migratory destination, breach of established conditions for the allocation of the fund and low sales.

Then, we will analyze the enterprises that closed and the factors contributing to the closure:

- “TERRA/BIOJARDIN”: The project was financed by the contestable fund; the enterprise was open only 5 months. The beneficiary neither gave the offered counterpart during the incubation stage of the project nor step into the business full time because she had a job in an institution. The business generated losses during the 5 months of its operation; this is why the owner decided to close it. In this situation, the staff of the SENAMI visited the beneficiary to encourage her to

reactivate the project, but she refused. In the next visit, a relative of the beneficiary reported that she died in a traffic accident.

- “FERRETERIA MABELCO”: The enterprise was open 2 years and 7 months; the beneficiary was not fully engaged in the business because she had a parallel job. Additionally, the land where the hardware store operates had legal liability problems with third parties. When the staff of the SENAMI visited the enterprise, they found it closed.
- “RESTAURANTE EL AEROPUERTO”: The enterprise was never opened because the owner died during the incubation stage of the business.
- “RENOVACIONES EN GYPSUM”: The business was open only 2 months; the beneficiary closed the business and returned to the country of his migratory destination to solve personal problems.
- “LA CASA DEL HERRERO”: The business was open 11 months, during which it was not possible to obtain the necessary sales levels to sustain it. During the incubation stage, the beneficiary failed to comply with the directions and suggestions of the technical advice.
- “ALPACALI”: The enterprise was operating for 7 months. During the incubation and post-incubation stages of the business, there were problems with the beneficiary because the seed capital was not invested in the items agreed with the technical advice. Later, it was impossible to find the beneficiary because she didn’t answer phones and she was not in the place where the business operated. It was not possible to know the current status of the business.

The open enterprises are:

- “TALLERES MEGASARMIENTO”: It has been operating for 4 years and 6 months and it has an average monthly income of 650 dollars.
- “PIZZARELLI”: It has been operating for 3 years and it has an average monthly income of 1.000 dollars.
- “BATRE”: It has been operating for 4 years and 5 months and it has an average monthly income of 2.568,08 dollars.

- “ANNOA COSMÉTICA”: It has been operating for 6 years and it has an average monthly income of 2.528,38 dollars.
- “FABIANO’S PIZZERIA”: It has been operating for 3 years and it has an average monthly income of 1.179 dollars.
- “PROCESADORA DE BALANCEADOS SAN FELIPE DE OÑA”: It has been operating for 4 years and 6 months; it has a low average monthly income that is 50 dollars.
- “PANADERÍA EL RELAMPAGO”: It has been operating for 4 years and it has a low average monthly income that is 234,44 dollars.
- “NANCY ORDOÑEZ PELUQUERÍA & SPA”: It has been operating for 5 years and it has an average monthly income of 1.500 dollars.
- “ALPARAMIS”: This business has 6 years of operation.
- “MARIA’S ALEMANIA”: This business has 5 years of operation.
- “PISCICOLA QUIROZ”: This business has been operating for 5 years and it has an average monthly income of 1.681,14 dollars.

The open businesses generate monthly profits that oscillate between 50 and 2.568,08 dollars. The income is very low in two particular cases; however, the owners keep the businesses open. Although, the profits don’t cover all their needs these are an extra income that helps to cover expenses. In the rest of the cases, the generated profits are good and enough to sustain the owner’s family economy.

In addition to the aforementioned data, we could notice that most of owners of opened business have college education and masters degree. Among the 11 owners of open businesses, 2 have masters degree, 2 have complete college education, 4 have studied several years at college without complete their studies, 1 have primary school education and the 2 remaining didn’t give information about their education.

3.4.10 New destination of remittances, from consumption to production

In chapter II, there is a description of the items where the most remittances entering Ecuador are spent. It is worrying to know that most revenues are intended for consumption instead investment. To this must be added that many Ecuadorian families have high degrees of dependency on the remittances because the money sent by the family living abroad covers livelihood, education and health expenses. The higher is the dependency on this income; the lower is the ability to save and less the ability to invest.

The creation of programs to encourage entrepreneurship such as “El Cucayo” fund has been a manner to reduce the economic dependency on remittances, encourage saving and create livelihood and job sources for the returnee migrants. The article 338 of the Constitution of Ecuador says that: *“the state shall promote and protect domestic saving as a source of productive investment in the country. It shall also create incentives for the return of the savings and assets of emigrants, and so that the savings of people and different economic units are directed towards quality productive investment.”*

One of the goals of the program is to channel remittances, commonly intended for consumption, to savings and production. The mechanism used to channel remittances is to encourage entrepreneurship by giving economic incentives like “El Cucayo” fund. This fund provides a part of the initial capital and the entrepreneur migrant has to provide the rest. In this way, the remittances and savings owned by migrants are not longer intended for consumption instead these are intended for investment when the migrants return. The goal of the program was to channel one dollar of entrepreneurs per each dollar delivered as incentive; however, the goal was exceeded because per each dollar delivered was possible to channel 3,80 dollars of the beneficiaries.

Now, we will analyze several concrete cases where the remittances were channeled to investment within the context of Contestable Fund “El Cucayo”.

- “FABIANO’S PIZZERIA”: The owner of this enterprise during her stay in the United States sent money monthly to her mother who lived in Ecuador. The total remittances were intended for savings and later for investment; the beneficiary said that her mother was not dependent on the remittances because she had her

own source of income. For the expansion of her restaurant the owner provided 71.785 dollars and the SENAMI provided 13.000 dollars.

“The money sent to my mother was not to help her but to save for the construction of my house, to buy the house where the business operates. My mother had her own source of income.” (Interview with the owner of Fabiano’s Pizzeria)

- “NANCY ORDÓÑEZ PELUQUERÍA & SPA”: The owner of the enterprise during the time she lived in the United States sent money weekly to Ecuador, specifically to her mother. The sent money was intended for savings because the beneficiary had economic projects, specifically the buying of a real estate. To start up the business the beneficiary provided 36.000 dollars and the SENAMI provided 12.000 dollars.

“At that time I was interested in buying a real estate, I sent money for that.” (Interview with the owner of Nancy Ordoñez Peluquería and Spa)

“PANADERÍA EL RELÁMPAGO”: The owner immigrated to the United States and he spent four years and a half, there. When he returned, he had savings that were intended for investment because that money was used to renew and expand the bakery. To start up the business the owner provided 24.988,24 dollars and the SENAMI provided 9.500 dollars.

“In May, 2007 he returned to the country. The little he could save, he didn’t know where to invest in. Fernandez applied for the Contestable Fund El Cucayo and he decided to renew the bakery Relámpago that belongs to his family since 1986. Currently, he goes well in his business and the bread he makes is delivered in 10 stores of the city.” (The Time Newspaper, *Migrant renews his bakery with support of the Senami*, August 27, 2009. Printed.

3.4.11 Corporate projects of migrants and the creation of new industries. Case

Annoa

The enterprises not only of migrants but also in general invigorate the economy because they create jobs, take advantage of capitals and help indirectly other companies to grow.

In the particular case of the enterprises started up by migrants, the knowledge and experience they have when they return helped to create new business ideas and new productive sectors.

One of the most representative cases in the province is the case of the enterprise called “ANNOA COSMETICA” because it is a company of the manufacturing industry that produces high quality cosmetics. Before this company open its doors, cosmetic products were not manufactured in Azuay specifically products for face care.

Claudia Landivar, owner of the aforementioned enterprise is Doctor in Biochemistry and Pharmacy from the University of Cuenca, she also obtained a masters degree in Dermopharmacy and Cosmetology of the Autonomous University of Barcelona. She lived 5 years in Spain where she obtained her master’s degree and where she acquired experience manufacturing cosmetic products by working for a German multinational.

Claudia came back to Ecuador with her husband Ricard Fuster and her kids approximately 6 years ago. When they arrived at the country, they decided to start their own business. For this, they had their own capital to which they added 40.000 dollars given as a loan by the National Financial Corporation. Their project was also beneficiary of “El Cucayo” fund that provided 15.000 non-reimbursable dollars for the enterprise.

The production of Annoa Cosmetica is specialized in facial products to improve skin structure, it is important to emphasize that products are manufactured with the best technology and with quality raw materials. Annoa offers cosmetic products of the same quality of those imported and in better prices.

“Our creams use the same raw materials of high cosmetics of L’Occitane, Chanel or Estée Lauder that cost 120 dollars. The creams of Annoa cost 32 dollars.” (Interview with Claudia Landivar. Vistazo maganize. *“Exclusive formulas”* 2013. Digital version.)

Annoa Cosmetica has customers in several zones of the country; some are private customers others are from spas. The products of this company were positioned in the market because of their high quality and the advertising made by the owner.

The products offered by this company are: moisturizing, nourishing, wrinkle and depigmentation face creams. They also offer facial toners, sunscreens, treatments, etc.

This enterprise is operating during approximately 6 years because it has good sales levels and it is a company with little competition in Azuay.

3.5 Social impact of the implementation of Contestable Fund “El Cucayo” in the migration of Azuay

3.5.1 Application of the knowledge acquired abroad in the enterprises supported by the seed capital

Most of the entrepreneurs who were beneficiaries of the seed capital applied in their business the knowledge acquired during their stay abroad. Some of the beneficiaries migrated in order to obtain a master’s degree, so when they returned they had knowledge to start certain types of businesses. Other beneficiaries didn’t acquire academic knowledge abroad, but they acquired experience in the field of their activity.

Now, we will expose several concrete examples about how migrants applied their knowledge and experience in their businesses.

- “FABIANOS PIZZERIA”: both the beneficiary and her husband put their knowledge into practice in the business. The beneficiary acquired experience in administration when she had to take over the business of one of her bosses in the United States; she also learned English. They also took advantage of the knowledge of the beneficiary’s husband to start the restaurant because he acquired gastronomic experience when he worked several years in an Italian community in the United States.

“My husband had the experience in the kitchen. Anyway, when I studied to become a nursing assistant I was responsible for managing the business of one of my bosses. Then, I acquired experience for managing a business and knowledge in English. The knowledge of English has helped us have an advantage in the market because most of our customers are foreigners. My husband is a chef; he is good in the kitchen so this encouraged us to have our own business to show the world his skills. I didn’t have

experience in this field, but my husband studied and learned everything about gastronomy from Italians in Connecticut United States in a little Italian community.”
(Interview with the owner of Fabiano’s Pizzeria)

The owner said that English proficiency has given them an advantage in the market because they have many foreign customers who prefer to be served in that language.

- “ANNOA COSMÉTICA”: The beneficiary and her husband manage this enterprise. The beneficiary migrated to Spain where she obtained a master’s degree in dermopharmacy and cosmetology of the Autonomous University of Spain. The knowledge and experience acquired abroad were very important to start up the business because it is dedicated to the manufacturing of cosmetic products, especially face creams.
- *“The knowledge that I have acquired abroad has been fundamental to be able to start my company that is the only producer of treatments and face creams in Cuenca.”*(Interview with the owner of Annoa Cosmetica)
- “ALPARAMIS”: The beneficiary manages this enterprise. The beneficiary migrated to Argentina in order to obtain a master’s degree in Agronomics with a specialization in floriculture and landscaping. In Argentina besides obtain knowledge in his activity field, he acquired experience because he owned a business for 15 years. After spending 25 years in Argentina, he came back to Ecuador and started a similar business that offers landscaping service, plants and gardening supplies.
- “MARIA’S ALEMANIA”: The beneficiary and her husband manage this enterprise. The beneficiary migrated to Germany because her father was from that country, and she spent 8 years there. During her stay abroad, the beneficiary and her husband worked in restaurants in gastronomic field, this helped them to be able to offer an innovative and quality product in Cuenca. This is why this business has several quality awards, especially from foreign community living in Cuenca for example: Gringo Post, Gringo Tree, Trip Advisor, etc.

“My husband is gastronome many years, he acquired his knowledge in Germany. That knowledge has helped us improve our business.” (Interview with the owner of Maria’s Alemania)

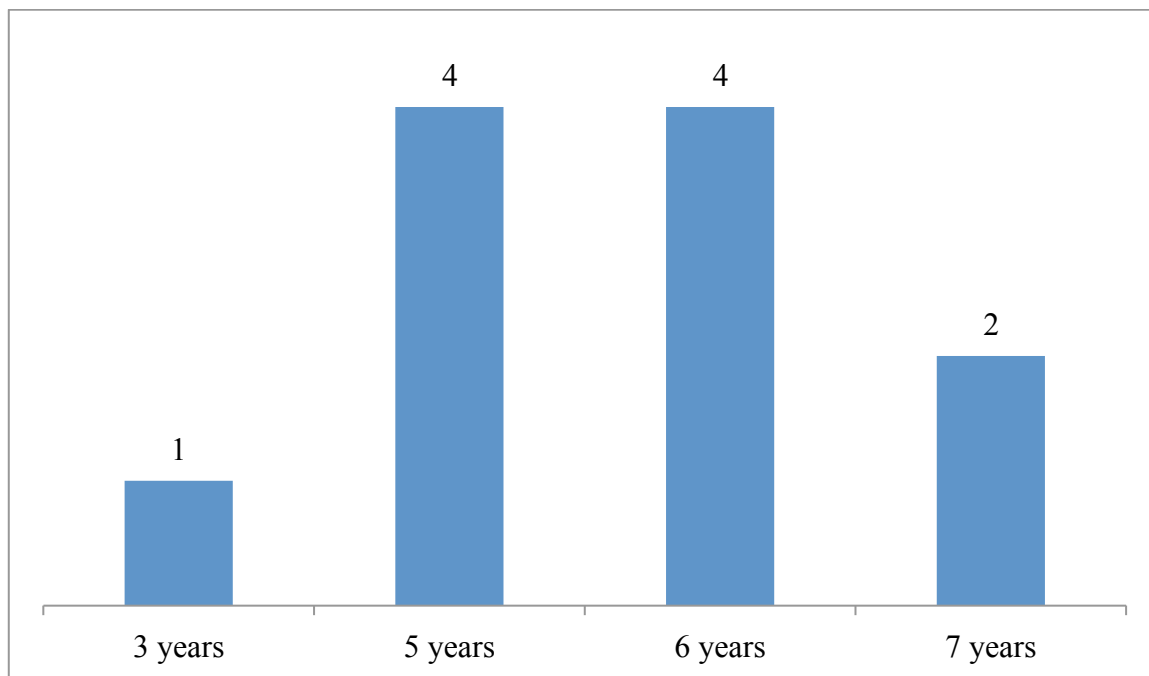
- “NANCY ORDOÑEZ PELUQUERÍA & SPA”: The beneficiary of the fund manages this business. The owner migrated to the United States and spent 12 years in that country. There, she acquired knowledge in hairdressing and cosmetology because before migrate she was a student and homemaker, so she didn’t have a job. When she finished her studies, she worked in a hair salon in the United States, so she returned to Ecuador with knowledge and experience.”

“I have learned several techniques abroad, but I believe that success of the business not only depends on the knowledge I have. I can say from experience that customer service is more important. In my business, the personnel are excellent, highly trained. I said this to you because customers tell us that this is the reason why they come back.” (Interview with the owner of Nancy Ordóñez Peluquería & Spa)

- “BATRE”: This business operates thanks to the management of the beneficiary and his wife. The enterprise has been operating for 5 years, first in Totoracocha area and now in Ricaurte area. The beneficiary migrated to the United States and spent almost 15 years there. At first, he worked for a cleaning company; then he started to offer the same services independently to big companies in New York. This experience helped him start his own cleaning company in Cuenca, it offers services such as carpet washing, glass cleaning, bath cleaning and landscaping.

3.5.2 Projects for encourage entrepreneurship and the stay of migrants in Ecuador

Graph 50 Open enterprises and the stay of the owners in the country



Source: SENAMI

The 11 owners of the businesses that are still operating, they have stayed in Ecuador after their return. 1 of them returned 3 years ago, 4 of them 5 years ago and 2 of them 7 years ago.

The stay in the country of migrants who returned and started businesses with the support of Cucayo Fund is due to several economic and personal factors. In the economic sphere, having an own business and a source of family livelihood makes them think not to migrate back if the life in Ecuador is stable.

“Having own business influenced the economic stability, it gives us the possibility to work again and grow economically. These facts influence the family stability.”
(Interview with the owner of Fabiano’s Pizzeria)

“Having a business has contributed to our stay in Ecuador because it gives us economic stability.” (Interview with the owner of Annoa Cosmetica)

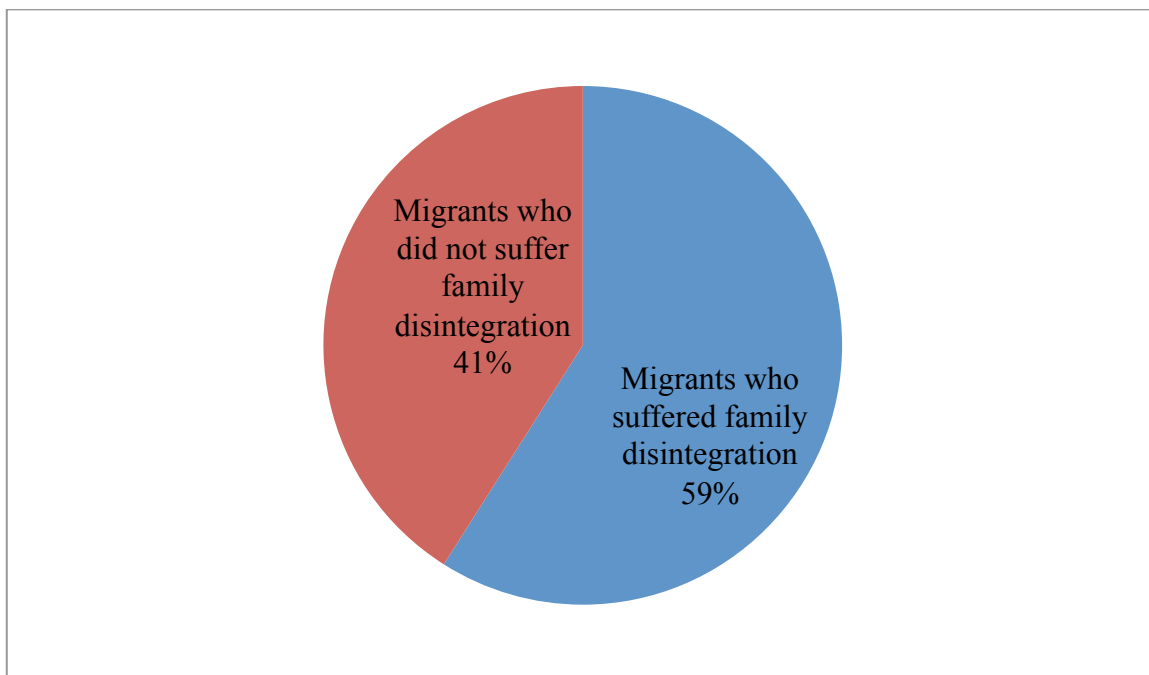
“I am from here, I feel comfortable, I like the country, and I like how the country works. The help I received has been accompanied by effort to run the business; even it was required to demonstrate the SENAMI that it is possible to help migrants and it is possible to succeed. My stay in Ecuador is due to this, too. I am from Cuenca and I have my family here. While everything goes as I want, so I am personally and professionally satisfied, I will stay here.”(Interview with the owner of Alparamis)

In the case of closed enterprises, 2 of the beneficiaries died so is impossible to obtain information about their stay in the country, 1 returned to Ecuador 3 years ago, 2 returned 5 years ago and 2 migrated back. As it can be noticed, the trend to migrate back is low among the beneficiaries of the fund because among 17 beneficiaries only 2 returned to the country of their migratory destination. This demonstrates that having a business and having economic stability influence the stay of returnee migrants in Ecuador.

3.5.3 Entrepreneurship in migrants and family integration

The international migration in Ecuador has been a phenomenon with positive and negative consequences; family disintegration is among these negative consequences. In many cases the inability to travel legally to countries of North America or Europe makes the journey becomes dangerous and expensive, so just one or several members of the family can travel abroad. The rest of the family remains in the country, and generally the relatives who emigrated become their financial sponsors. However, the family disintegration causes very complex social problems. Among the most common are: depression, addiction, low school performance, etc.

Graph 51 Disintegration of the family unit at the emigration moment



Source: SENAMI

Analyzing the situation of the 17 fund beneficiaries for which data are available, it could be observed that 10 of them were in situation of family disintegration. This, because when they migrated they left children and spouses in Ecuador. The remaining 7 were in a different situation because in several cases family members emigrated together, and in other cases migrants didn't have children or spouses when they left the country. This indicates that 10 of the benefited migrants were reunited with their spouses, children and other members of the family, when they returned.

Among the 7 beneficiaries who didn't suffer family disintegration, 4 of them migrated with their spouses and children and 3 of them didn't have spouses. These beneficiaries state that emotional and family stability were unaffected by migration and they emphasize that living in Ecuador and having a business have improved aspects of their life.

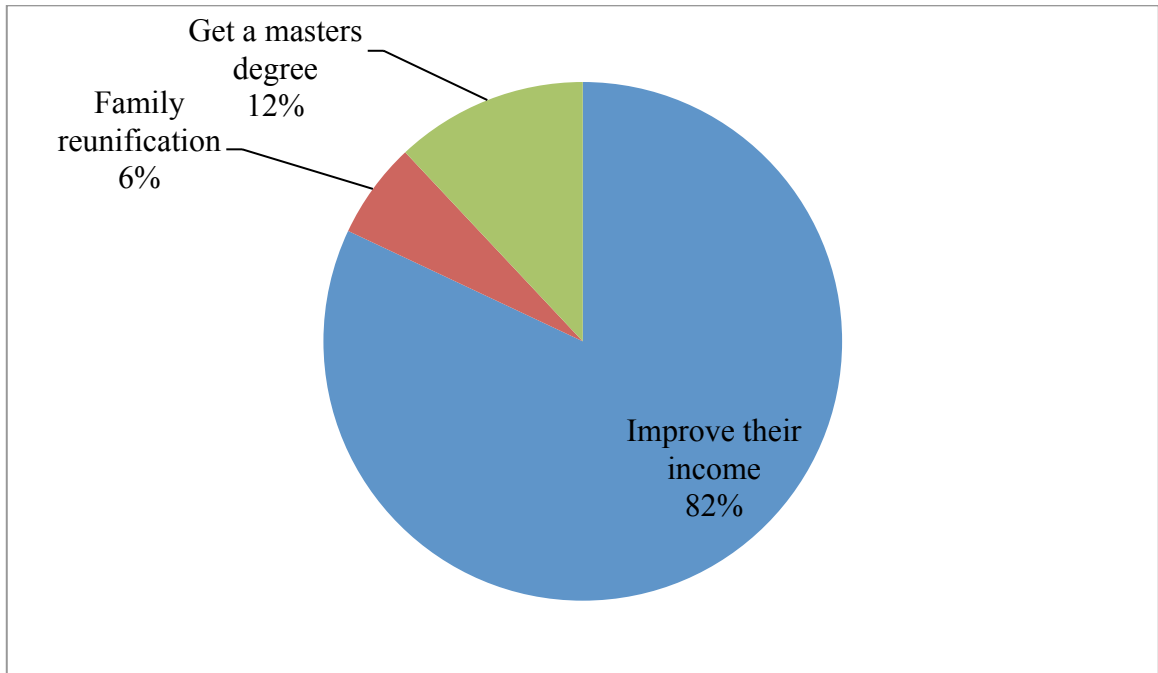
“The fact that we have returned to Ecuador didn’t influence too much in our family stability; however, being here and having our business makes us succeed.” (Interview with the owner of Maria’s Alemania)

“Rather than improving family relation is being close to family, know closely how the family grows, I have my parents here, my siblings, my nephews, my nieces, I am the great uncle of some, then I’ve always had a good relation with my family.” (Interview with the owner of Alparamis)

“In my case, my family has always been very united and stable. But having a business has given us an economic stability that helps family stability.” (Interview with the owner of Annoa Cosmetica)

“Living in Ecuador and having a business influenced the economic stability, it gives us the possibility to work and grow economically. These things influence family stability. But the fact that we returned to Ecuador didn’t influence family stability because we have always gotten along and we have always been close in spite of the distance. When we first got married, my husband and I were separated because he emigrated first; but we have always been united. Then, this has also given stability to my business.”(Interview with the owner of Fabiano’s Pizzeria)

Graph 52 Reasons to migrate of the beneficiaries of the fund



Source: SENAMI

To analyze the context of family reunification it is also necessary to know what the reason, why the beneficiaries emigrated, was. 14 of the 17 beneficiaries migrated in order to obtain better income, 1 migrated to reunite with family who live abroad and 2 migrated to get a master`s degree.

82% of the analyzed beneficiaries migrated in order to obtain a livelihood source. The fact to have a stable source of income through a business influences their stay in the country; therefore, it influences positively in family stability.

“Having a business in Ecuador has given me economic stability, so I have stability to live here, this has made the relation with my family 100% better. A long-distance relation can’t be compared with being all the members of the family present. I decided to return because my children were here.” (Interview with the owner of Nancy Ordonez Peluqueria)

CONCLUSIONS

The conclusions obtained from this research are:

- ✓ The main causes of the Ecuadorian migratory wave were the financial crisis, low salaries, unemployment and the desire of Ecuadorians to have better life conditions. The financial and economic crisis of 1999 terribly affected population stability because the bankruptcies caused that thousands of people lose their savings, national currency lost purchasing power, inflation increased life cost, and the stagnation of productive sector increased unemployment. In this situation, thousands of Ecuadorians migrated mainly to the United States, Spain and Italy escaping from the terrible national economic environment and looking for opportunities to improve their economic stability through higher salaries. Additionally, the desire to have better life conditions and higher social and economic status was one of the causes of the migration because many Ecuadorian migrants had livelihood sources, and they weren't in poverty and vulnerability conditions.
- ✓ Remittances are the main economic consequence of external migration, and they are products of strong affective and social ties of migrants with their families and communities. Remittances have had a fundamental role in the recovery of the economy in Azuay; however, only a little part of these is intended for investment (22%) the rest is intended for livelihood expenses, luxuries and consumption in general. It has also been detected that many receivers have a high degree of dependency on remittances, so this prevents them from saving or investing.
- ✓ Other economic consequence of the external migration is the brain and labor drain. Thousands of professionals have found better job opportunities abroad and much of the population in working age have left the country decreasing the workforce of the different productive sectors.

Regarding the research made to the implementation of the Contestable Fund "El Cucayo" in Azuay, the following conclusions have been obtained:

- ✓ The implementation of the Contestable Fund Project “El Cucayo” fulfilled the planned goals because all the projects nationally (328) had mentors who supported and advised each beneficiary, it was possible to encourage migrants to give a counterpart for the start up of their businesses, and 1604 people were trained instead of 950 of the initial goal.
- ✓ Nationally and in Azuay province the number of created jobs was inferior to the number of projected jobs. This is because several enterprises closed and others didn't have enough sales to hire more staff.
- ✓ In Azuay it was possible to have certain equity in the number of men beneficiaries (53%) and women beneficiaries (47%)
- ✓ Most of the beneficiaries of the fund returned from the United States (71%)
- ✓ The sectors with higher number of financed enterprises in Azuay are: hotels and restaurants (29%), wholesale and retail sale (29%); and community, social and personal services (24%). There were few enterprises belonging to manufacturing industry and construction.
- ✓ 82% of the analyzed enterprises in Azuay were individual and only 3% were family enterprises. This can be because the decision to start a business is usually individual, and the entrepreneurs have difficulty to organize and associate themselves.
- ✓ 88% of the analyzed enterprises were new and 12% were expansions of existing businesses. The expanded enterprises had sustainability over time and good sales levels while many new enterprises failed shortly. This shows that new enterprises have more difficulty starting activities, entering the market and being competitive.
- ✓ 76% of the investigated enterprises have RUC this indicates that these are formal businesses that bill and pay all the correspondent taxes.
- ✓ 88% of investigated enterprises doesn't have RUP so they can't sell goods or offer services to governmental institutions.
- ✓ 35% of the projects, which were the object of the research, closed their doors and 65% are still operating. There were several reasons to close the businesses; however, it was detected that the most common reason was the breach of the

conditions for the delivery of the fund. This caused by the lack of commitment and constancy to move forward with their projects.

- ✓ “El Cucayo” Fund channeled 3,80 dollars of remittances for each dollar delivered as seed capital. Due to the economic incentive, the returnee migrants decided to allocate their savings in the start up of their own businesses.
- ✓ “El Cucayo” fund has had a positive economic impact personally in the beneficiaries because their businesses provide them enough income to have a decent and stable life in the country. Additionally, at provincial level the fund didn’t invigorate the economy because it didn’t create the projected jobs and the enterprises are not large or numerous enough to cause high impact.
- ✓ “El Cucayo” fund encouraged returnee migrants to put in practice the knowledge and experience acquired abroad. It also contributed significantly to the permanent stay of migrants in the country because the majority is still living in Ecuador after starting their businesses.
- ✓ “El Cucayo” fund has contributed in certain level to reintegration and family stability of benefited migrants. Almost half of beneficiaries were not in disintegration situation because they migrated with their family members; however, having a business has contributed to their stability. On the other hand, for migrants who left their families in Ecuador having returned and having a business contributes to their economic stability and therefore contributes to their family stability.
- ✓ “El Cucayo” fund has been an initiative that has positively changed the life of those involved in the project and from whom the provided resources have been successfully channeled. However, there were planning and control deficiencies that prevented the institution from achieve all its goals.

RECOMMENDATIONS

- ✓ Leverage the knowledge obtained from the implementation of “El Cucayo” fund to identify the weaknesses of the program, and the experience should serve to develop new projects to encourage the investment and entrepreneurship of migrant people.
- ✓ The Vice-minister of Human Mobility should continue with projects of help and economic incentive for entrepreneurship of returnee migrants.
- ✓ The future projects, to encourage saving and investment, should have efficient planning and implementation mechanisms to guarantee a higher number of successful enterprises and sustainability over time.
- ✓ The future projects to encourage saving and investment should have control mechanisms that include legal proceedings because the right use of public resources must be ensured.

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ANNEX

Interview with the owner of “Alparamis”

General Data	
Names: Esteban	Surnames: Neira Maldonado
Marital status: Divorced	Education level: Masters Degree
Province: Azuay	City: Cuenca
Country of destination: Argentina	Name of the enterprise: ALPARAMIS
Time of operation: 6 years	Type of business: Landscaping

DATA ABOUT MIGRATION

1.- When did you emigrate and how long did you spend abroad?

I spent 25 years abroad.

2.- At the time of migration. Did you travel alone, with friends or family members?

I travelled alone.

3.- What was your job before your migration?

Student.

4.- What was the main reason why you decided to emigrate?

Study abroad, get a master`s degree in Agronomics in floriculture and landscaping.

5.- What was the way you made your trip?

I travelled legally.

6.- What resources did you use to finance your trip?

My parents helped me to finance my trip.

7.- When you arrived at the destination country. How long did it take to get a job?

I went there to study, not to work. After finishing my studies, I stayed there working in my field in my own business. I didn't work for an employer.

8.- Did you have job stability in the country of destination?

Yes, I did. I started my own business.

9.- What was your job in the country of destination?

I was an Agronomist, owner of my own business.

10.- Did your income allow you to send money to Ecuador?

No.

11.- If you sent money to Ecuador. Did you send it to a family member?

12.- How often did you send money to Ecuador?

13.- What was the approximate amount you sent to Ecuador?

14.- What kind of expenses were covered with the money you sent to Ecuador?

15.- Did you start any business or company in the country you lived?

Yes, I did. I started a business in the field of my studies. I offered products and services related with landscaping.

16.- If you started a business. What resources did you use as capital and what type of activity developed your business?

He didn't answer the question.

17.- If you started a business. How many jobs did you create? Were the employees Ecuadorian?

I created jobs. The employees were not Ecuadorians.

18.- If you started a business. How long did your business operate?

Approximately 15 to 20 years.

DATA ABOUT THE RETURN OF THE MIGRANT

19. - What was the reason you decided to come back to Ecuador?

I decided to return because the field of my studies is new in Cuenca and the proposal of the government was interesting regarding the people living abroad. I already had decided to return to Ecuador, but the proposal of the government was one more push. I already knew about the proposal of the government before coming because I went to SENAMI offices and there they informed me about the Return Plan, the facilities to bring household goods and El Cucayo fund.

20.- When did you return to Ecuador?

I returned on 2008, 7 years or so ago.

21.- Before knowing about “El Cucayo” fund. Did you plan to start a business or company?

Yes, I did. In Argentina, I already had my own business. Later, once I was established in Ecuador I contested and there was an important tracking made by the staff of the SENAMI, they were trained people who accompanied the project because there were three or four stages. The economic contribution of El Cucayo fund was really useful to acquire the necessary goods to start up the business and create jobs.

22. - What was the reason you decided to start a business?

I started my own business because the field of my studies is new in Cuenca.

23. - Did you have knowledge or experience in the activity field of your business before starting it?

Yes, I did. I had a similar business in Argentina.

24.- Where did the capital that allows to start your business come from?

He didn't answer the question.

25.- How many jobs did your business create?

Currently, I create 2 jobs.

26.- What are the products or services offered by your business?

Basically, my business offers ornamental plants and service of landscaping.

27.- How long has your business been operating?

6 years.

28.- Do you consider that the knowledge and experience acquired abroad contributed to the success of your company?

The knowledge is there but sometimes success is not due to the knowledge because the merchandising part is also important and the interaction with people.

29.- Do you consider that having a business have contributed to your stay in Ecuador?

I am from here, I feel comfortable, I like the country, and I like how the country works. The help I received has been accompanied by effort to run the business; even it was required to demonstrate the SENAMI that it is possible to help migrants and it is possible to succeed. My stay in Ecuador is due to this, too. I am from Cuenca and I have my family here. While everything goes as I want, so I am personally and professionally satisfied, I will stay here.

30.- Do you consider that El Cucayo fund have encouraged entrepreneurship in returnee migrants?

Yes, of course.

31.- How did having your own business and living in Ecuador contributes to family integration and stability?

Rather than improving family relation is being close to family, know closely how the family grows, I have my parents here, my siblings, my nephews, my nieces, I am the great uncle of some, then I've always had a good relation with my family.

32.- Do you believe that El Cucayo Contestable Fund must be continued in the future?

I am no one to say if the government must continue with this project. The SENAMI through its functionaries must determine if the project was beneficial or not. In my case, I started the project and it is still operating. I have no idea how the rest of the projects are running. The functionaries must determine if the projects were fulfilled or not, if the projects were properly supported or not. In my particular case, the help from the SENAMI at the moment was very useful because I used it properly. I had already an own research about the needs of my business in order to have a good operation and good work, but for that capital is necessary. This project of the SENAMI benefited me because I contested with a clear objective and I knew what was necessary to run the business. In my personal case, I always will be grateful because the government helped me, but at the same time I rewarded them with my job because I am also a taxpayer. I pay taxes to SRI for the bills and I pay taxes to IESS for my employees. I also create jobs and definitely it is a whole network because I benefit my suppliers and all the activity of the business helps to invigorate the economy.

THANK YOU VERY MUCH FOR YOUR HELP

Interview with the owner of “Annoa Cosmética”

General Data	
Names: Claudia Sofia	Surnames: Landívar Cordero
Marital status: Married	Level of Study: Masters Degree
Province: Azuay	City: Cuenca
Country of Destination: Spain	Name of the business: ANNOA COSMETICA
Operation time: 6 years	Type of business: Factory of cosmetics

DATA ABOUT MIGRATION

1.- When did you emigrate and how long did you spend abroad?

I emigrated in 2003 and I spent 5 years abroad.

2.- At the moment of migration. Did you travel alone, with friends or family members?

I travelled alone.

3.- What was your job before your migration?

I was a student. I had finished my university career.

4.- What was the main reason why you decided to emigrate?

Get a master's degree and have a specialty.

5.- What was the way you made your trip?

I travelled legally.

6.- What resources did you use to finance your trip?

I traveled with my own financial resources.

7.- When you arrived at the destination country. How long did it take to get a job?

Once I finished my master's degree I got a job.

8.- Did you have job stability in the country of destination?

No, I didn't because I had temporary jobs.

9.- What was your job in the country of destination?

Cosmetologist.

10.- Did your income allow you to send money to Ecuador?

No.

11.- If you sent money to Ecuador. Did you send it to a family member?

12.- How often did you send money to Ecuador?

13.- What was the approximate amount you sent to Ecuador?

14.- What kind of expenses were covered with the money you sent to Ecuador?

15.- Did you start any business or company in the country you lived?

No.

16.- If you started a business. What resources did you use as capital and what type of activity developed your business?

17.- If you started a business. How many jobs did you create? Were the employees Ecuadorian?

18.- If you started a business. How long did your business operate?

DATA ABOUT THE RETURN OF THE MIGRANT

19. - What was the reason you decided to come back to Ecuador?

The situation became complicated in Spain and we also have two children. We wanted to educate our children in Ecuador.

20.- When did you return to Ecuador?

We returned in November 2007, approximately 6 years ago

21.- Before knowing about “El Cucayo” fund. Did you plan to start a business or company?

Yes, we did. We had already planned to start our own business.

22. - What was the reason you decided to start a business?

Take advantage of the existing opportunities to start a business in the country and succeed.

23. - Did you have knowledge or experience in the activity field of your business before starting it?

Yes, I did. I had knowledge and experience in the cosmetology field because I got a masters degree in Spain and also worked in this field.

24.- Where did the capital that allows to start your business come from?

Own savings.

25.-How many jobs did your business create?

Two jobs.

26.- What are the products or services offered by your business?

Our business is dedicated to the manufacturing and sales of cosmetic products such as creams for skin care.

27.- How long has your business been operating?

6 years.

28.- Do you consider that the knowledge and experience acquired abroad contributed to the success of your company?

Yes, a lot. The knowledge I have acquired abroad has been fundamental to be able to start my business because it is the only in Cuenca that manufactures face treatments and creams.

29.- Do you consider that having a business have contributed to your stay in Ecuador?

Yes, because having a business gives us economic stability.

30.- Do you consider that El Cucayo fund have encouraged entrepreneurship in returnee migrants?

Yes. In our case the help of El Cucayo fund contributed to improve the quality of our business and our products.

31.- How did having your own business and living in Ecuador contributes to family integration and stability?

In my case, my family has always been very united and stable. But having a business has given us an economic stability that helps family stability.

32.- Do you believe that El Cucayo Contestable Fund must be continued in the future?

Yes, it would be good to give the fund to other people who want to return to the country. However, people must be aware that the fund is not a gift; but it is a help to start a business and succeed.

THANK YOU VERY MUCH FOR YOUR HELP

Interview with the owner of “Maria´s Alemania”

General Data	
Names: Maria Cristina	Surnames: Glanzmann Segovia.
Marital status: Married	Level of study: College
Province: Azuay	City: Cuenca
Country of destination: Germany	Name of the business: MARIA´S ALEMANIA
Time of operation: 5 years	Type of business: Bakery

DATA ABOUT MIGRATION

1.- When did you emigrate and how long did you spend abroad?

I emigrated in 2000 and I spent 8 years abroad.

2.- At the moment of migration. Did you travel alone, with friends or family members?

I travelled with my brother.

3.- What was your job before your migration?

Student

4.- What was the main reason why you decided to emigrate?

My father is from Germany, we went to visit my grandparents and we remained there.

5.- What was the way you made your trip?

I travelled legally.

6.- What resources did you use to finance your trip?

My parents helped me.

7.- When you arrive at the destination country. How long did it take to get a job?

At first, I didn't work but when I decided to stay there I looked for a job and I got one shortly.

8.- Did you have job stability in the country of destination?

Yes, I did.

9.- What was your job in the country of destination?

I worked in restaurants in gastronomic.

10.- Did your income allow you to send money to Ecuador?

No.

11.- If you sent money to Ecuador. Did you send it to a family member?

12.- How often did you send money to Ecuador?

13.- What was the approximate amount you sent to Ecuador?

14.- What kind of expenses were covered with the money you sent to Ecuador?

15.- Did you start any business or company in the country you lived?

No, I didn't. My husband had a business there, but I don't.

16.- If you started a business. What resources did you use as capital and what type of activity developed your business?

17.- If you started a business. How many jobs did you create? Were the employees Ecuadorian?

18.- If you started a business. How long did your business operate?

DATA ABOUT THE RETURN OF THE MIGRANT

19. - What was the reason you decided to come back to Ecuador?

We came back for the family, for the city, for the weather. I lived there with my husband; we didn't separate for migration issues.

20.- When did you return to Ecuador?

6 years ago, in 2008.

21.- Before knowing about “El Cucayo” fund. Did you plan to start a business or company?

Yes, when we returned to Ecuador we already had planned to start a business.

22. - What was the reason you decided to start a business?

Have income, something to do, a job. We have skills in gastronomy.

23. - Did you have knowledge or experience in the activity field of your business before starting it?

My husband had knowledge and experience.

24.- Where did the capital that allows to start your business come from?

We started without capital and with few savings we had.

25.- How many jobs did your business create?

We have 7 employees. We need more staff, but unfortunately we don't have enough money to pay more salaries.

26.- What are the products or services offered by your business?

We offer bread, wholegrain bread, and pasta. Now, we have also chocolates, empanadas, sandwiches, lasagnas, etc.

27.- How long has your business been operating?

5 years.

28.- Do you consider that the knowledge and experience acquired abroad contributed to the success of your company?

My husband is gastronome many years; he acquired his knowledge in Germany. That knowledge has helped us improve our business.

29.- Do you consider that having a business have contributed to your stay in Ecuador?

Yes, in part.

30.- Do you consider that El Cucayo fund have encouraged entrepreneurship in returnee migrants?

Yes, the fund helped us start the business. Otherwise, we were with the hands tied.

31.- How did having your own business and living in Ecuador contributes to family integration and stability?

Returning to Ecuador didn't influence our family stability; however, being here and having our business makes us succeed.

32.-Do you believe that El Cucayo Contestable Fund must be continued in the future?

If there is a chance, I would be positive. There are things in which we need support to continue producing and expanding the business.

THANK YOU VERY MUCH FOR YOUR HELP

Interview with the owner of “Nancy Ordóñez peluquería & Spa”

General data	
Names: Nancy Liduvina	Surnames: Ordoñez Ortiz
Marital status: Married	Level of study: College
Province: Azuay	City: Cuenca
Country of destination: United States	Name of the business: NANCY ORDOÑEZ PELUQUERIA & SPA.
Time of operation: 5 years	Type of business: Hair salon and spa

DATA ABOUT MIGRATION

1.- When did you emigrate and how long did you spend abroad?

I emigrated definitely in 1997. The first time I traveled, I spent a year abroad. I came back, I traveled again and I spent 12 years there.

2.- At the moment of migration. Did you travel alone, with friends or family members?

I travelled with a family member, specifically with my sister.

3.- What was your job before your migration?

I was a student and homemaker.

4.- What was the main reason why you decided to emigrate?

The first time I went for tourism, then I came back and I remained there to work. The main reason to migrate was to work.

5.- What was the way you made your trip?

I travelled legally with a tourist visa.

6.- What resources did you use to finance your trip?

I traveled with my own financial resources.

7.- When you arrive at the destination country. How long did it take to get a job?

No, because I went there to study cosmetology.

8.- Did you have job stability in the country of destination?

No, because I didn't have enough knowledge. But later, I had knowledge in hairdressing and cosmetology. Then, I started to work in a hair salon where I had very stable job.

9.- What was your job in the country of destination?

10.- Did your income allow you to send money to Ecuador?

Yes.

11.- If you sent money to Ecuador. Did you send it to a family member?

Yes, I sent the money to my mother.

12.- How often did you send money to Ecuador?

At that time, I had projects. I sent money weekly.

13.- What was the approximate amount you sent to Ecuador?

\$500.

14.- What kind of expenses were covered with the money you sent to Ecuador?

At that time, I was interested in buying a real estate. I sent the money for that purpose.

15.- Did you start any business or company in the country you lived?

No, I was always an employee.

16. - If you started a business. What resources did you use as capital and what type of activity developed your business?

17.- If you started a business. How many jobs did you create? Were the employees Ecuadorian?

18.- If you started a business. How long did your business operate?

DATA ABOUT THE RETURN OF THE MIGRANT

19. - What was the reason you decided to come back to Ecuador?

I returned because my children were here in Ecuador.

20.- When did you return to Ecuador?

5 years ago.

21.- Before knowing about “El Cucayo” fund. Did you plan to start a business or company?

Yes.

22. - What was the reason you decided to start a business?

The reason was the desire of all people to have to succeed economically and to have more income.

23. - Did you have knowledge or experience in the activity field of your business before starting it?

Yes, because I worked in hairdressing in the United States.

24.- Where did the capital that allows to start your business come from?

I started the business with my own resources.

25.-How many jobs did your business create?

I have 6 employees.

26.- What are the products or services offered by your business?

My business offers all regarding hairdressing. The Spa operates on the second floor where we offer services of skincare and bodycare.

27.- How long has your business been operating?

5 years.

28.- Do you consider that the knowledge and experience acquired abroad contributed to the success of your company?

I have learned several techniques abroad, but I believe that success of the business depends not only on the knowledge I have. I can say from experience that customer service is more important. In my business, the personnel are excellent, highly trained. I said this to you because customers tell us the reason they come back

29.- Do you consider that having a business have contributed to your stay in Ecuador? Yes, definitely.

30.- Do you consider that El Cucayo fund have encouraged entrepreneurship in returnee migrants?

Yes, In my case it helped me a lot.

31.- How did having your own business and living in Ecuador contributes to family integration and stability?

Having a business in Ecuador has given me economic stability, so I have stability to live here, this has made the relation with my family 100% better. A long-distance relation can't be compared with being all the members of the family present. I decided to return because my children were here

32.-Do you believe that El Cucayo Contestable Fund must be continued in the future?

Yes, If the beneficiaries use it properly.

THANK YOU VERY MUCH FOR YOUR HELP

Interview with the owner of “Fabiano’s Pizzería”

General Data	
Names: Jackeline Susan	Surnames: Gonzales Pazmiño
Marital status: Married	Level of study: Incomplete college
Province: Azuay	City: Cuenca
Country of destination: United States	Name of the business: “FABIANOS PIZZERIA”
Time of operation: 3 years	Type of business: Restaurant

DATA ABOUT MIGRATION

1.- When did you emigrate and how long did you spend abroad?

I emigrated in 1995 and I spent 14 years abroad.

2.- At the moment of migration. Did you travel alone, with friends or family members?

My husband travelled first, then my daughter and I.

3.- What was your job before your migration?

Student

4.- What was the main reason why you decided to emigrate?

Economy

5.- What was the way you made your trip?

I travelled legally with a visa.

6.- What resources did you use to finance your trip?

My mother financed my trip.

7.- When you arrive at the destination country. How long did it take to get a job?

It wasn't easy. It took three months to find a job.

8.- Did you have job stability in the country of destination?

No, generally I had jobs of three months because these were temporary jobs. Later, I worked for a year. Next, I was learning English and I started to find permanent jobs.

9.- What was your job in the country of destination?

I had different jobs, I worked in a bakery making cakes and later I worked as a nursing assistant. That was my last job.

10.- Did your income allow you to send money to Ecuador?

Yes.

11.- If you sent money to Ecuador. Did you send it to a family member?

Yes, I sent the money to my mother.

12.- How often did you send money to Ecuador?

I sent the money monthly.

13.- What was the approximate amount you sent to Ecuador?

She didn't answer the question.

14.- What kind of expenses were covered with the money you sent to Ecuador?

The money sent to my mother was not to help her but to save for the construction of my house, to buy the house where the business operates. My mother had her own source of income

15.- Did you start any business or company in the country you lived?

No.

16.- If you started a business. What resources did you use as capital and what type of activity developed your business?

17.- If you started a business. How many jobs did you create? Were the employees Ecuadorian?

18.- If you started a business. How long did your business operate?

DATA ABOUT THE RETURN OF THE MIGRANT

19. - What was the reason you decided to come back to Ecuador?

My daughter wanted to study medicine in Ecuador. All my family, which is my husband and my daughter lived with me in the United States.

20.- When did you return to Ecuador?

5 years ago.

21.- Before knowing about “El Cucayo” fund. Did you plan to start a business or company?

Yes, I did.

22. - What was the reason you decided to start a business?

My husband is a chef; he is good in the kitchen so this encouraged us to have our own business to show the world his skills.

23. - Did you have knowledge or experience in the activity field of your business before starting it?

I didn't have experience in this field, but my husband studied and learned everything about gastronomy from Italians in Connecticut United States in a little Italian community.

24.- Where did the capital that allows to start your business come from?

Own capital and El Cucayo fund.

25.- How many jobs did your business create?

Currently, I have 10 employees.

26.- What are the products or services offered by your business?

My business offers pizza, pasta, and salads. I offer the service of home delivery and I have dishes of the week, too.

27.- How long has your business been operating?

Almost, three years.

28.- Do you consider that the knowledge and experience acquired abroad contributed to the success of your company?

My husband had the experience in the kitchen. Anyway, when I studied to become a nursing assistant I was responsible for managing the business of one of my bosses. Then, I acquired experience for managing a business and knowledge in English. The knowledge of English has helped us have an advantage in the market because most of our customers are foreigners

29.- Do you consider that having a business have contributed to your stay in Ecuador? Yes, it has contributed in several ways.

30.- Do you consider that El Cucayo fund have encouraged entrepreneurship in returnee migrants?

Yes, because if we had not had the support of El Cucayo fund we had not started in the time we started; but it would had taken much longer. El Cucayo fund was like we won the lottery.

31.- How did having your own business and living in Ecuador contributes to family integration and stability?

Living in Ecuador and having a business influenced the economic stability, it gives us the possibility to work and grow economically. These things influence family stability. But the fact that we returned to Ecuador didn't influence family stability because we have always gotten along and we have always been close in spite of the distance. When we first got married, my husband and me were separated because he emigrated first, but we have always been united. Then, this has also given stability to my business

32.- Do you believe that El Cucayo Contestable Fund must be continued in the future?

Yes, but it is necessary to make a better selection. According to what I have looked and heard about the El Cucayo fund, it is necessary to make a better study about the

potential beneficiaries. It must be continued because it gives many opportunities to many people, it gave it to me and I have answered as El Cucayo fund requested.

THANK YOU VERY MUCH FOR YOUR HELP