
REMMITTANCES AND MICROFINANCE: REFLECTIONS ON GLOBAL PUBLIC GOODS*

RHINA CABEZAS & MARTA CARBALLO DE LA RIVA**

KEY WORDS

Global Public Goods; International migration; Development; Microfinance.

ABSTRACT

The interaction between microfinance, migration and global public goods reveals the existence of new edges of study within microfinance by linking it to other fields with potential national, regional and international impacts. The article presents examples of this triangulation and identifies new lines of thought that allow the study of microfinance from a broader perspective.

“I see paradigms as universally recognized scientific achievements which, for a certain amount of time, provide model problems and solutions to a scientific community”. T. Kuhn

Introduction

This article will try to visualize the interconnections between microfinance, migration and Global Public Goods (GPG) as An innovative analytical framework, enabling a new prism of analysis for the three components in a context of global interactions. This context has influenced the expansion of

* Translation: Mónica Fuertes Brítez.

** Rhina Cabezas is an official at the Inter-American Development Bank (IDB). The opinions expressed herein are those of the author and do not reflect the official position of the IDB.

Marta Carballo de la Riva is a researcher of the Institute of Development for Cooperation of the Complutense University of Madrid (UCM-IUDC).

the concept of GPG in order to provide comprehensive global responses to the new global dynamics¹.

There will be a brief introduction to the theoretical evolution of the concept of GPG in order to approach, based on its own levels, GPG interactions, migration and microfinance. At the end of the article we will identify a number of areas where these interconnections occur. Considering that the GPG s are known to improve the quality of life of human beings, by being free to access, crossing national boundaries, and having a non-exclusive character (its use does not restrict its access to other individuals), we can identify a series of interactions boosted by migration.

Also, the interaction between microfinance, migration and GPGs also reminds us to seek different unexplored approaches, such as matters of private or public good, the ones with a mixed character (impure goods), the incidence of migration in the democratization of certain goods that are considered as global, both the natural type (ecosystems, ozone layer, etc.) and those generated by the states (health, education, political stability, etc.), or the complementarity in the financing of regional and national public goods with potential of appraisal/relief. Moreover, this triangulation reveals the presence of new actors in the field of GPG, who both from collective processes and individually, are promoting the generation of public goods.

It is ironic that in the XXI century, most migrations are associated with shortage of resources in people's lives (economic, political, social, environmental, etc.). Migration, therefore, is an alternative to these shortcomings. The GPGs ultimate goal is to improve the quality of life of people. With this, we can reflect on the fact that, among other factors, in the absence of GPG certain people are encouraged into migration processes where they will provide, through remittances and microfinance, local and regional public goods to their families and home towns.

Notions on GPGs

Background

Despite the fact that the processes of globalization reached its peak in the early 1990s after the end of the Cold War, which facilitated the liberalization of markets, promoted changes in communication systems and technological

1. Actions are linked to global peacekeeping, environmental sustainability, and so on.

innovations in production processes, in addition of other changes of great magnitude (Ferroni, 2000), globalization has moved on, broadening its outlook towards social, political and cultural areas. In this framework, the GPGs gain importance as a new way of analyzing problems that evenly affect a number of countries and sectors.

The first academic references on GPGs, Samuelson (1954) Olson, (1971), Sullivan and Russet (1971), focus on economic issues which link these goods to variables such as public spending, consumption and International trade. While most of the literature related to the GPG is closely related with economic issues, we must also remember the political substance behind these goods, which requires multilateral actions by various public and private actors. Thus, the roots of political interpretations of the GPG can be found in the tenets of global society's paradigm, also called the paradigm of complex interdependence, which also comprises the multilateral theory. According to the tenets of this theory, international relations are based on the continuous interplay of alliances and linkages between different international actors interested in giving answers to global problems. This raises the need for mechanisms to maximize the capabilities and resources of participating entities in order to facilitate the achievement of global goals, for example GPG. As one can appreciate, multilateralism has evolved in parallel with economic changes, and in present time it constitutes a tool for managing foreign policy strategies of global impact, hence its direct link with GPGs.

Definition, characteristics and typology of the GPG

One of the first contributions to the concept of GPG defines them as “those who enjoy goods in common, in the sense that individual consumption of the good does not generate a reduction in the consumption of such a good”².

More recent definitions state that “an international public good is an asset that generates income, which in principle is available to all people in the world”³. For the purposes of this article we will use the definition of GPG made by the United Nations Program Development Programme (UNDP) in 1999 where GPGs were once again exposed in the academic and institutional debate: “global public goods are those whose use goes beyond borders and regions, population groups and generations. In this broad definition we accommodate

2. Samuelson, Paul. “The Pure Theory of Public Expenditure”, in *The Review of Economics and Statistics*, Vol 36, No. 4. , MIT Press, USA, 1954, pp. 387.

3. MORRESEY, Oliver, *et al.* “International Public Goods DEFINITIONS: conceptual elements”, in Ferroni, Marco; MODY, Ashoka, *International Public Goods*, Editorial Alfaomega, Mexico, 2004, pp. 32.

classic public goods such as peace and security, an integrated environment, health, cultural heritage, and issues such as financial stability, knowledge and information, and even fair play and justice”⁴.

In most definitions of GPG it is possible to identify two main criteria: the *universal* nature of such goods, that is, applicable to all mankind; and the *public* nature of such goods, which denotes the absence of rivalry and/or exclusivity in its consumption. Both are intrinsic variables in order to be considered to have the category of being a GPG.

Its non non-rivalry nature and its universal nature refer to the pure nature of GPGs, although at present such aspects as the possibility of exclusion, utility, or even the mixed nature of the good itself, makes it inevitable to also have impure GPGs.

With regards to the characteristics of the GPGs, these have been studied by a number of authors and institutions who are interested in defining the profile and scope of these goods⁵. Although it is not the subject of this work to deepen the universe of such studies, it is essential to highlight at least three of the main characteristics.

Thus, the GPG should (*sic*)⁶:

1. Cover more than one group of countries.
2. Not only benefit a wide range of countries, but also a broad spectrum of the population.
3. Meet the needs of present generations without compromising those of future generations (temporal dimension, sustainability).

Moreover, public goods can be classified by sector and media impact. The main sectors involved in the GPG are: *environment, health, knowledge, security and governance*. Each one of these sectors occupies a prominent place within the international development agenda, given their involvement and direct and indirect effects at a global scale. The same trend also happens with phenomena such as international migration and the transnationalism derived from them, which will be studied in greater detail in this article.

4. KAUL, Inge, Grunberg, Isabelle; STERN, Marc “Global Public Goods. International Cooperation in the 21st Century” UNDP, 1999.

5. Vid: Kanbur, *et al.* 1999; KAUL, Inge, *et al.* 2004; ANAND, P.B., 2004, Tuesday, J; HAIN, R., 2008.

6. ANAND, P.B. “Financing the Provision of Global Public Goods”, *The World Economy*, Blackwell Publishing Ltd, vol. 27 (2), USA, 2004, pp. 216.

The media impact of public goods contribute to understanding the magnitude and area of intervention of these goods. Roughly speaking, the three main ways are: Global, Regional and National Goods. National public Goods are those with strict competence from States, over which governments have direct responsibility. Increasing this level, the Regional Public Goods (RPG) “would correct problems that have not found the answer in individual actions in each country, or do not provide incentives for just one of them to assume the cost of implementing them. Such is the case of transnational issues that affect development, such as contagious diseases, financial crises or issues that go beyond borders, and that while emerging at a national level, are shared by several countries⁷”. As we will see later, some phenomena arising from international migration (*eg.* transnationalism, remittances, social capital) are located in the aforementioned media impact, emphasizing thus another potential link between public goods and diasporas.

According to Alonso⁸, there are three generations of public goods:

- First Generation: those generated by public investment by the States. Its impact has a national scope, *eg.*: Infrastructure, Education, Civil Protection.
- Second Generation: in addition to first-generation Goods, natural and cultural resources, *eg.* biodiversity, oceans, mineral resources, atmosphere and historical monuments, are included.
- Third generation: they include both Goods of earlier generations, and global policies that seek to address the challenges facing the world. Therefore, its scope is global, *eg.*: air corridors, international economic stability, technology of information and communication and biogenetics information.

Throughout this section we have made a brief overview of the theoretical components, types, sectors and scope of public goods, emphasizing the existence of global, regional and national Goods. These references will help us have a better understanding on the connection points between these Goods, and phenomena such as international migration and microfinance, with a triangulation that has not been extensively studied from an academic perspective, fact that gives it an innovative nature.

7. OLSON, Mancur. “The Logic of Collective Action: Public Goods and the Theory of Groups”, Revised edition. Cambridge, Harvard University Press, 1971. Quoted in: BOCALANDRO, Laura; VILLA, Rafael. “Regional Public Goods: Promoting Innovative Solutions in Latin America and the Caribbean”, IDB, Washington, 2009, pp. 4.

8. ALONSO, José Antonio. “Global public goods and cooperation for development”, in *Intermón-Oxfam: The Reality of the Aid 2002-2003*, Reports Series No. 23, Oxfam, Barcelona, 2002.

Microfinance and international migration

Unlike microfinance, which is a contemporary phenomenon, international migration has been a constant in the history of humanity, helping to sculpt the social, economic, political and cultural compositions between nations. In recent decades, issues such as globalization have intensified international migration patterns.

Much of the existing body of theory on international migration has focused on economic variables related to migration⁹, for example labour market, production systems, specialization of labour, wages, remittances, etc. Among the above, remittances have recently been one of the most related ones to international migration, because they constitute a capital flow that represent an economic activity from abroad that returns to the home countries of migrants as a direct contribution to the household economy, and indirectly, to the national economy. Thus, the World Bank (WB) argues that “remittances are a vital source of financial support, and they directly increase the income of migrant families”¹⁰.

Most remittances respond to a North-South influx. That is, migrants travel from one developing country to one with better living conditions where they can reach a surplus in revenue that will later serve as capital to send their families home.

According to the International Monetary Fund (IMF), “remittances to developing countries amounted to U.S. \$ 325,000 million in 2010. These transfers, mainly sent from migrants workers to their countries of origin, represent, in many cases up to 35% of the Gross Domestic Product (GDP) of the receiving country”¹¹.

The most outstanding countries of origin of remittances in 2009 were “America, Saudi Arabia, Switzerland, Russia and Germany, and, at a global level, the largest recipients in 2010 are India, China, Mexico, Philippines and France. As a proportion of the GDP, however, remittances are more significant for smaller countries, some of which the level exceeds 25 percent”¹². Among these countries where remittances exceed 20% GDP are small scale economies such as El Salvador, Jamaica, Honduras and

9. Vid: neoclassical theory, theory of the new economics of migration, dual market theory work, world system theory.

10. WORLD BANK. “Migration and Remittances Factbook 2011”, available at: www.worldbank.org website accessed on July 8, 2011.

11. IMF. “Bringing down the cost of sending money home”, Finance and Development, June 2011, vol. 48, nº 2, pp. 35.

12. Idem.

Guatemala, where remittances remain a significant part of macro-and microeconomics.

Table 1. Prospects for remittance flows to developing countries, 2011-2012

	2007	2008	2009	2010e	2011p	2012p
Bilions of US\$						
Developing countries	278	325	307	325	346	374
East Asia and Pacific	71	85	86	91	98	106
Europe and Central Asia	39	46	35	37	39	43
Latin America and the Caribbean	63	65	57	58	62	69
Middle East and North Africa	32	36	34	35	37	40
South Asia	54	72	75	83	87	92
Sub-Saharan Africa	19	21	21	21	22	24
Low-income	17	22	22	24	26	29
Middle-income	262	303	285	301	319	345
Worldwide	385	443	416	440	464	499

e= estimate; p=forecast.

Source: World Bank, op cit, 10.

Although it is not the subject of this work to deepen on the performance of remittances to developing countries, it is important to take into account the amount in the table above because they offer an overview of net capital flows resulting from International migration. Remittances can be used for a range of activities, most notably, the coverage of these basic household needs (for example, food, health, education, housing), savings and investments¹³. In parallel, these same areas coincide with the activities funded through microfinance, establishing a first link between the two.

According to the Multilateral Investment Fund (MIF) “In 2009, approximately 20 million adult migrants from Latin America and the Caribbean sent about U.S. \$ 60,000 million through international remittances, constituting about 250 million individual financial transactions. In addition, conditional cash transfers are currently benefiting some 21 million families, or 93 million people in the region. All these transfers amount to an increasing proportion of low-income population in the region¹⁴”. Due to increase in recent years of households receiving remittances, these capital flows have

13. Vid: Economic Commission for Latin America and the Caribbean (ECLAC), 2000 (a), (b), (c); Waller Meyers, Deborah (2000), Papademetriou, Demetrios G. (1998), OECD (2010).

14. MIF. “Financial services for low-income populations”, Web Site Available www5.iadb.org/mif consulted on July 26, 2011.

been collaterally used as to access the microfinance market. For these families remittances account a constant and regular income, one way to guarantee the repayment of fees relating to credit.

Microfinance

The United Nations (UN) defines microfinance as “the provision of financial services such as loans, savings, insurance and other basic financial products that serve with very small amounts (micro), to poor and low-income individuals who would generally not have access to traditional banking and financial services. Microfinance began with microcredit, which is the lending of small amounts to very poor people, often without requiring deposit”¹⁵.

We must remember that the clients of Microfinance Institutions (MFIs) have a high credit risk profile, making it even more difficult for them to access traditional banking. This page is related to the performance of informal business activities, lack of regular income, lack of assets which could serve as collateral deposit for their loans, lack of financial background, limited financial expertise on the management of loans and investments, the usual volatility of the informal micro-enterprises who benefit from Microcredit and low levels of formal education, among others.

Women are the largest group that responds to this description, which coincides with the so-called “feminization of poverty” and as a result, a high percentage of micro-credits are awarded to them¹⁶. However, despite having a high level of risk, MFIs such as Grameen Bank and FINCA International, argue that their customers do not have major problems with the repayment of their claims¹⁷.

Microfinance services respond to the customer needs and the capabilities of handling credits. The following are some of the main ones: micro-credit, micro savings, micro leasing, insurance, money transfers-remittances, and technical advice (micro business). According to the MIF “in Latin America and the Caribbean there is a potential market of 250 million people, of which only about 10 million have access to micro insurance”¹⁸.

Due to approach of this work, at this point we will not give further details on the above services, and the study will be focused on money transfers, which

15. UN. “Role of microcredit and microfinance in the eradication of poverty”, General Assembly, Report of the Secretary General A/63/159 No., July 2008.

16. Vid: BAYES, Abdul (2011); UN op cit, 115; UN-INSTRAW (2005).

17. Vid: GRAMEEN BANK (www.grameen-info.org), FINCA International (www.finca.org/site).

18. MIF. “Financial services for low-income populations”, Web Site Available www5.iadb.org/mif consulted on July 26, 2011.

are closely related to the receipt of remittances from abroad. Thus, many MFIs in Latin America have innovated their services portfolio by allowing the use of remittances as a collateral circumstance for access to micro credit, which provides funding for projects and investments. In addition, customers can also allocate a percentage of remittances to micro savings.

When it comes to remittance services, according to the IMF, shipping operators (for example, commercial agencies or IMFs) are still the cheapest option for sending remittances. “Commercial banks, which charge 13 percent, remain the most expensive option, except if they offer specialized services, so specialized operators would be the cheapest option (7 percent)”¹⁹.

As shown, it is possible to establish a relationship between international migration—or more specifically, through the receipt of remittances—, and microfinance, as an alliance to facilitate the empowerment of families receiving remittances and improving their conditions of life after the diversification of funding opportunities and services to support their investment projects and to manage their household budgets. The next section will add another variable to the link between migration and microfinance, in order to analyze, from the point of view of public Goods, its various impacts on development.

Remittances and microfinance: new issues on GPG

As mentioned above, the triangulation between GPG, remittances and microfinance has not been studied in depth, partly because of the recent genesis of these phenomena, and also because of its changing nature. However, the analysis of this relationship constitutes an innovative and interesting exercise to understand, from a wider spectrum, the impact of Public Goods in development, including not only global scenarios, but also those of regional and national scale.

In order to explain the above triangulation better, this study will use, as it did with the early studies on GPG, the tenets of the paradigm of Kuhn²⁰ as a tool to analyze the relationship between GPG, migration and microfinance. According to this author, “[...] the science progresses cyclically, starting with a paradigm which is accepted by the scientific community and then

19. IMF, 2011, *op cit*, 11, pp. 34.

20. For the purposes of this article, paradigm will mean the ‘those universally recognized scientific achievements that, for a certain amount of time, provide model problems and solutions to a scientific community. Kuhn, Thomas. “The Structure of Scientific Revolutions”, Fondo de Cultura Económica, Mexico, 1971, pp. 13.

researched over a period of normal science. Normal science attempts to adapt the theory to practice, but there may be some discrepancies. If these discrepancies are not resolved, they will become abnormalities, and if these accumulate, they will originate a crisis that will involve the collapse of the original paradigm, and the birth of a scientific revolution where the original paradigm is replaced with a new paradigm which is incompatible with the other one. Therefore, for this author, science does not develop through the accumulation of individual discoveries or inventions, but is formed as a process of breaking with the previous”²¹.

With the identification of trends of thought that lead to the emergence of a new paradigm, we achieve, according Katozian, three important aspects: “it offers a solution to the scientific crisis; it provides a new world view, and it offers an alternative research agenda on which scientists work”²².

Applying these precepts to the present work, the paradigm of Khun helps explain why we consider the existence of a potential link between migration, Public Goods and microfinance; constituting an innovative way of linking variables and settings from a global, regional and national perspective.

For example, from a global perspective, it is possible to identify a close link between internal migration and GPG through the joint effects generated as a result of diasporas in countries of both origin and destination. The mobility of the workforce, transfer of financial resources, the productive value chains, international trade relations and the transfer of knowledge are just some of the effects found. Returning to the three generations of GPG described earlier in this article, we appreciate how these results are placed in the third generation (for example, international economic stability).

“According to OIT estimates, the economically active population (EAP) (up to 65 years) in the world will increase from 3 billion in 2008 to just over 3.5 billion in 2020. Given the stagnation of the EAP in developed countries, all this growth is attributable to the contribution of developing countries (446 million). Again, if developed countries want to increase their labour force, it would need to be through international migration.

These demographic projections are translated by the United Nations in terms of migration needs related to the dynamics of replacing the

21. GOMEZ L., Roberto. “Scientific and methodological evolution of the economy”, available at: www.eumed.net/cursecon/libreria/ Website accessed on July 8, 2011.

22. KATOZIAN, H. “Ideology and Method in Economics”, Editorial Blume, Madrid, 1982, pp. 126.

working age population. In one scenario, we set the objective to achieve the goal of preserving a Potential Support Ratio (PSR) of 3 in relation to the population of 65 years and older. In this case, the needs of net immigration into the EU would be almost 2.8 million per year (0.75 percent of the existing population in 2000). In the entire Europe, the accumulated stock of immigration between 1995 and 2050 would be 235 million, or 4 times the increase in immigration since the preceding fifty years. In other areas like North America, the replacement needs are somewhat smaller (44 million), but still involve an increase of 17 percent of incoming flows in the five previous decades. Taking all this into account, the difference in rates of population growth not matched by differences in the pace of employment expansion, is an important factor in explaining migration flows (Sic)”²³.

Moreover, to explain the regional impact of trinomial migration, GPG and Microfinance, we can use examples of the existing migration corridors in current cross-border migration, and also in circular temporary employment migration, in which labour, economic resources, and commodities, are moved around. As a model, we can consider of the temporary labour migration between Morocco and Spain, focused mostly in agricultural activities. A similar situation occurs in the migration corridor between Nicaragua and Costa Rica, with seasonal employment arising from agricultural activities²⁴. The existence of these migratory corridors leads to the diversification of microfinance activities, either through the establishment of micro enterprises in the areas of greatest influx of immigrants, or by sending remittances to their communities of origin, which can be used collaterally for the acquisition of microcredit, micro savings or to promote consumption in communities of origin, characterized by micro enterprises.

Finally, National Public Goods are directly linked with the effects of remittances and microfinance, since, as discussed above, most of the capital from remittances is intended to cover basic services like education and health, contributing to the consolidation of a national Public Good which would even have regional impacts. Thus, to the extent that the population has the medical care needed to prevent diseases and epidemics, it will generate greater stability in health matters. While Public Goods should be provided by national

23. ALONSO, José Antonio. International migration and development: a review in the light of the crisis. United Nations - CDP Background Paper No. 11. New York, 2011. Available at: www.un.org/en/development/desa/policy/cdp/cdp_background_papers/bp2011_11.pdf. Web site accessed July 11, 2011.

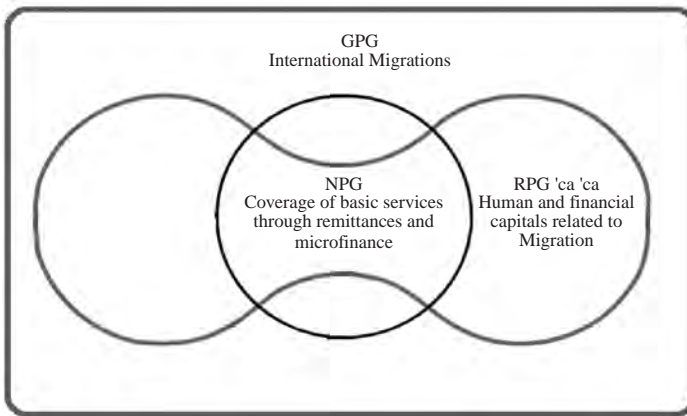
24. Vid: BAUMEISTER, Eduardo, 2006, FAO, (2008)

governments, developing countries and regions do not have coverage of these public services, which would mean that these end up in the hands of external factors (for example, remittances).

Beyond the identification of similarities in the three generations of GPG and remittances, it is also possible to find similarities in the field of microfinance. Moving on, according to the UN, “the scope of microfinance varies between regions. Asia and Latin America have the largest number of borrowers [...] In Latin America, microfinance clients are mainly in cities (which have the highest number of poor population)”²⁵.

Here lies one of the first thematic connections, because as it happens with microfinance, the main reception areas of remittances are located in urban areas, at least in the case of Latin America. Therefore, the set of public goods arising at national level is influenced by the receipt of remittances, which facilitates the improvement of living conditions of the recipient families by providing education services, health, housing, nutrition, etc...

Figure 1. Levels of Public Goods and their links with international migration and microfinance



GPG: Global Public Good, RPG: Regional Public Good; NPG: National Public Good.
Source: own elaboration.

Figure 1 shows a version of the Venn diagram to visualize a better interconnection between the different levels of Public Goods, International migration and microfinance. As shown, the levels are not isolated but interact gradually, as the public goods do. In addition, both migration and

25. UN, op cit, 15.

microfinance have an impact on each other at different levels in the three levels, leading to a scenario of continuous interaction.

Before addressing specific examples of the three objects under study, it would be relevant to emphasize the role of civil society in this triangulation. Thus, in the framework of the GPG, civil society has been defined as “the area through which people —individually or collectively, in groups or alliances, influence or pressure resisting the state [...] Among the actors of civil society we find families, individuals and households, provided that they act en masse and in public on matters of shared interest”²⁶. For the present case, both families and individuals are responsible for receiving and applying the proceeds remittances and microfinance, respectively. The actions implemented by these actors have a direct impact on different levels of Public Goods, especially those involving national and regional levels. In order to better understand this idea, below are a number of examples which are applicable to different thematic areas and regions where we can see more easily the conjugation between Public Goods, remittances and microfinance:

Health

Health is considered a Public Good in both the international and national level, although most of the profits go directly to the national level. NPG would be related to preventive care, whose actions are associated with the development of a system of care. In this sense there are clear examples that involve micro-enterprise, remittances and migration. Remittances increase the use of health services, have a potential role in improving them, and relieve liquidity constraints that may limit the use of health topics. For authors Lopez Cordova and Olmedo (2006) remittances have a direct impact on health in Mexico —“Improvements in health may come from different channels that are difficult to define. The most obvious is the direct effect of increase in health expenditure and better nutrition. Other channels identified are related to improving the health infrastructure”—.

Migration can improve health outcomes in the case of families who stay at home. In other words, once the immigration process and the receipt of remittances have been established, issues such as infant mortality have been shown to decline (Lopez Cordova, 2004) —“The recipient households have shown improvement over the rates of infant mortality, illiteracy and certain

26. KAUL, Inge, et al. “Why do Global Public Goods matter today?” In *Providing Global Public Goods: Managing Organization*. Inge Kaul, Pedro Conceicao, Katell Le Goulven, Ronald U. Mendoza (Eds). Oxford University Press, 2003. Quoted in E. SUSPERREGI Irati. “Global Public Goods. An approach from a feminist, “Paper presented at the Third Congress of Feminist Economics, Universidad Pablo Olavide, Sevilla, 2009.

measures that reduce poverty”. “Also, Martin *et al.* (2002) have highlighted the contributions of Malian and Congolese migrants to the construction of clinics and hospitals in their areas of origin, “... remittances have improved the lives of residents, helping in schools and clinics”.

An example in Latin America is Mexico, where some authors argue that “health care costs increase in response to the receipt of remittances. Spending on hospital care shows a greater sensitivity to income from remittances to the home, which may result in a higher cost of these medical services. However, we should also consider that expenditures in primary health are considerably higher among households earning more income from remittances, who spend between 5% and 9% of this in primary care”²⁷.

While direct effects have been reported between remittances and health, we must also remember that they can generate improvements in health indirectly. These would be related to infrastructure improvements related to housing, sanitation, food, water, etc. This would contribute to the acquisition of healthy lifestyles that directly affect the health of the population.

Education

“Another example is education, which benefits the person receiving it. In order to calculate benefits, we consider the income that the person will gain throughout his life thanks to his/her level of education, and we then subtract the income that he/she would have if he/she had not had an education”²⁸.

The supply of education is a basic NPG, whereas technical assistance in the production of advanced technology equipment programs are considered a core activity and are classified as a BPI (Ferroni and Mody, 2004). Education, along with health, is another priority issue in the delivery of financial transfers, and is directly related to these and microfinance —financial services, such as credit, savings, insurance, etc. offered to poor and low-income individuals who have no access to traditional banking and financial services. Likewise, education can be a key aspect of the decision to migrate. The lack of opportunities, and deficiencies in a given system are variables that respond to the why and wherefore of migration. Micro savings from the receipt of remittances would be a concrete link between education and

27. AMUEDO-DOR BEFORE, Catalina, et al. “Remittances and spending patterns on health services in communities of origin: Evidence from Mexico”, in *Integration and Trade*, No. 27, July-December 2007, Institute for the Integration of Latin America and the Caribbean, Inter-American Development Bank, Buenos Aires, 2007, pp. 179.

28. KAUL, Inge, et al, op cit, 26.

microfinance, as these are used to fund various educational projects for its members. Thus, both the schooling of children, university and technical programs may be partially financed from remittances. In the case of Ecuador, according to the Centre for Research and Support for Ecuadorian Migrants, in 2007, “21 percent of income from remittances is spent on education”²⁹ and this is an example of the interest shown by migrants and their families in the educational training process.

Empowerment of women

The empowerment of women through the receipt of remittances and access to microfinance services have been widely discussed topics in recent years by various authors and organizations specializing in this area. However, using the approach of the GPG, it is possible to identify a new framework for contribution of the actions implemented by this group for the development of their countries and regions, expanding the benefits of this empowerment process to higher levels.

Along the same lines, and as an example, the UN argues that “the increased income from microenterprises run by women is often used in health care and education, which has led to various providers of microfinance, as ProMujer in several Latin American countries, to include health awareness programs among the services they provide. As a result, there has been a higher rate of child immunization and use of family planning among those women who use microfinance services, compared with those who don’t. Some studies also suggest that the children of those women who do use these services are more likely to go to school, remain there for longer, and have lower dropout rate”³⁰.

It is not our aim to discuss the empowerment / disempowerment of women and the impact of microcredit as a tool, it is our aim to acknowledge that access to control and management of financial resources provides a capability of positioning, recognition and negotiation which is important for women, as well as the fact that using these tools will contribute to activities that are directly linked with their own welfare. The focusing of these resources towards education and health has a direct impact on what can be considered NPG.

29. ORDONEZ, Jessica. “Analysis of the remittances / spending on education in Ecuador, 1996-2008. The greater the level of the education, the increase in remittances?” In *Economic Dimension*, Institute of Economic Research, Vol 1, no. 2, enero-abril/2010, pp. 8 Available at: www.revistas.unam.mx/ Website accessed on July 22, 2011.

30. UN, op cit, 15.

Reflections

The connections between Global Public Goods, both regional and national, has allowed us to try to establish an analysis that would situate migration in the global sphere, the financial and human capital resulting from the migration processes at the regional sphere, and the coverage of basic services associated with the use of remittances and microfinance at the national sphere.

The degree of purity of the Goods to which we have referred (either pure or impure) depends on the rivalry assigned to each Good. Impure Goods, as stated, are those whose consumption is only partially rival. Its very existence reflects the very nature of “public.” These Goods contemplate the possibility of exclusion and non-exclusion as a technical issue rather than as characteristic of themselves. Goods that are excludable may become non-excludable (individual-collective action of migrants through collective remittances, light, electricity, water, sewage, etc.).

The activities of the migrants generate effects that transcend political and geographical boundaries, affecting agents and economies in other parts of the world.

The importance of cross-collateralizing GPG analysis with phenomena such as international migration and microfinance lies in its ability to become a new window of knowledge, as well as a potential tool for the design of strategies in the field. While this might be regarded as a pioneering exercise, it is important to broaden the outlook study of GPG into areas such as microfinance that have generated significant impacts in developing regions.

Furthermore, it is only fair to visualize something that literature has not reported so far. This would be, as we have tried to outline in this article, the generation of NPG and RPG as part of the migration phenomenon from remittances and microfinance. That situation that has been a crucial element in the decision to migrate will be the one who will benefit from individual action and/or collective / migrants. In other words, migration is affected because there are no guarantees of minimum efficient level of provision of the Public Good. Even the very financing of the Good itself (financing of BPs have not been discussed in this first article) has fallen on the cost/benefit of the individual and his migration process. The implicit externality of the GPG has internalized through private routes.

It has also been found that the interrelationships between BP, microfinance and remittances take us back to the third generation Goods —International

financial stability— (mobility of the workforce, transfer of financial resources, the productive value chains, International trade relations, knowledge transfer, etc.).

Depending on their origin, they will concentrate in Goods produced and derived from political action, and depending on the nature of its benefits, we can conclude that they provide a direct utility, they reduce risks and they allow an increase on the capacities³¹.

The sections relating to health, education and empowerment of women are interrelated with microfinance, remittances —use and management—, and the ability to generate Public Goods. Both in the case of microcredit and in remittances, differential patterns can be identified in relation to gender, concluding that both the use of microcredit and remittances by women, are more suited to the needs of home, have a greater sustainability over time (despite disruptions in household: separation, divorce, widowhood, etc.), and ultimately benefit more people. There are relevant connecting issues with education and health, in the same way as NPG with microfinance and remittances.

Another identified characteristic relating the Goods arising from the previous triangulation is the problem of the provision. This is done on an unbundled basis (national/regional), without integrating an International or an intergenerational dimension, which presents a problem of potential inefficiency in the provision of the Good. To mitigate such consequences we should address the three dimensions of the Goods³², —interpersonal, intra-generational and International—, and generate mechanisms which would ensure an efficient delivery.

Finally, as Kuhn points out, “the new theory seems like a direct response to the crisis”³³, as a matter of fact, this crisis lies in the identification of new edges on which to focus the analysis of the GPG, international migration and microfinance. Is not the purpose of this study to suggest the emergence of a new theory about it, but we aim to open opportunities for reflection that would lead to greater diversity in the study of these phenomena and their impact on development.

31. Human made Global Commons - human rights, scientific knowledge, the Internet-with non rival benefits and partially excludable, BPG derived from the Political Action of Direct Utility (Global Policy Outcomes), -peace, health, justice and global equity.

32. GARCIA ARIAS, J. “A new framework analysis for Public Goods: the Theory of Global Public Goods”, Applied Economic Studies (ASEPELT). Madrid, Spain, pp 187-212.

33. KUHN, T., *op cit*, 20.

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