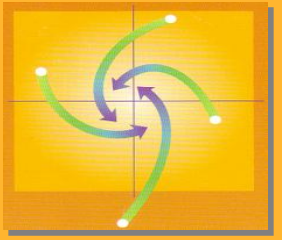


Global Governance for Sustainable Development:

Why an Efficient and Fair Provision of Global Public Goods Matters and How it Can be Promoted

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Mexico City, 27 May 2016

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The structure of the presentation

✓ Introduction

I The key features of GPGs

A clear definition of GPGs is important for understanding why many GPG-type challenges are not being met, why this is increasingly happening now, and what could be done to correct this situation.

II Meeting the governance requirements of GPGs: Reforms that might fit the goods and the current policymaking realities

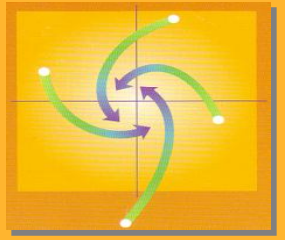
Under the present circumstances, an adequate provision of GPGs appears to call for a number of institutional reforms, including measures aimed at: (i) incorporating global-issue management into the present governance systems; (ii) fostering intra-generational fairness; (iii) differentiating between the various strands of international cooperation; (iv) promoting stewardship of the global public domain; (v) integrating the global with national sovereignty; and (vi) fostering more participatory – more global-public – decision-making in multilateral bodies.

III Suggestions on follow-up action

The measures considered here focus on initiatives that LAC countries might consider to undertake nationally, within the region, and at inter-regional levels, notably within the United Nations (UN).

Conclusion: How to have globalization, national policymaking sovereignty, and sustainable growth and development

I Defining global public goods



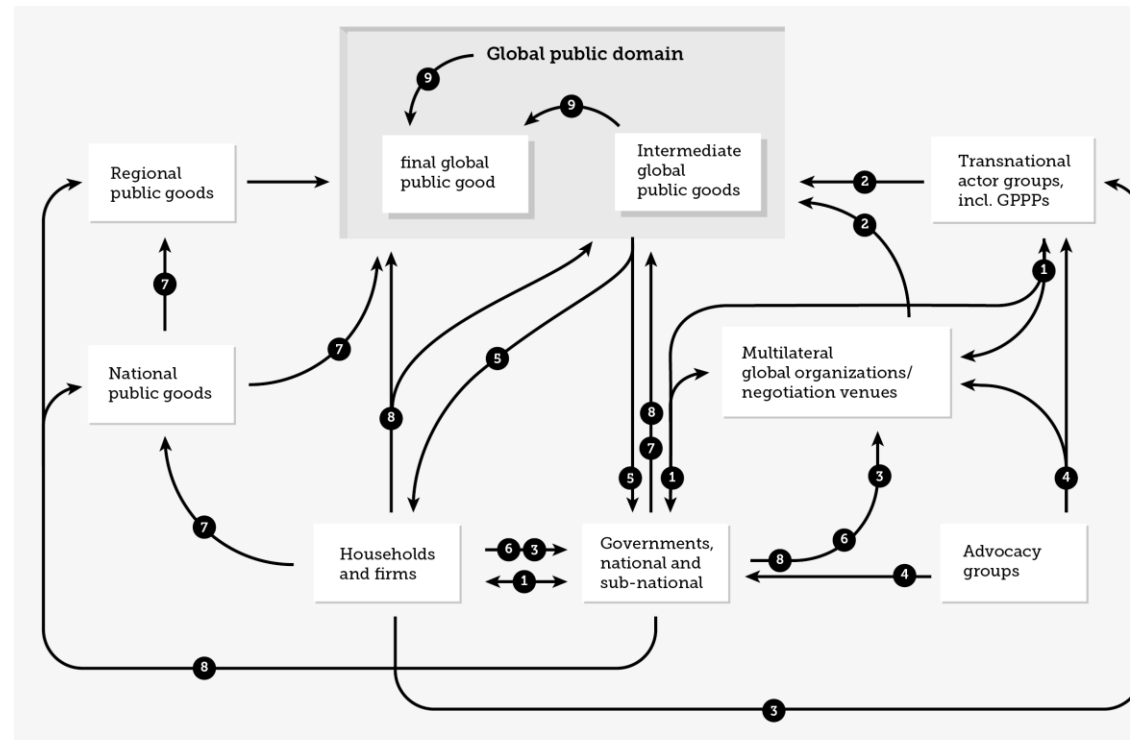
- GPGs are marked by *publicness in consumption* that meets one or more of the following criteria:
 - It spans several geographic regions or the global as a whole;
 - It stretches across several generations and has long-lasting, possibly even irreversible impact;
 - It penetrates into countries, areas beyond national jurisdiction, or both.
- GPGs may also be marked by publicness in production that entails policy interdependence among states: In these cases nations cannot unilaterally change the goods' provision status (form or level) but need to seek the cooperation of others, if they wish to do so.* (see also next slide)

*Note: Policy interdependence may in fact be given in most GPG cases, viz. all those that abide by summation and weak-link aggregation technologies and, even, in the case of some best-shot goods, which often involve summation-type financing arrangements.

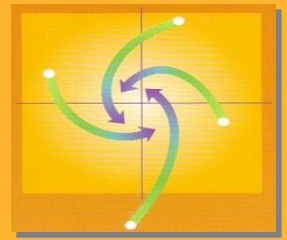
Source: Kaul, Blondin and Nahtigal (2016, forthcoming)

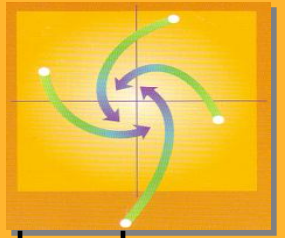
I The key features of GPGs (cont.)

The provision path of a summation-type GPG



- 1 Incentives**
Encouraging actors to deliver direct and indirect inputs or change behavior to take account of social concerns
- 2 Opportunities**
Generating goods and services that either feed directly into a global public good (GPG) or facilitate its provision by individual states, households and firms
- 3 Demands for international cooperation**
Reflecting national preferences for international cooperation
- 4 Political pressures**
Coming from advocacy and lobbying groups calling on governments, intergovernmental organizations and other potential providers to help fund or deliver GDGs
- 5 Consumption**
Consuming the benefits or costs of intermediate GPGs intended to motivate individual actors to contribute to the final GPG
- 6 Coercion and nudging**
Public policy measures designed to 'push' individual actors towards enhanced externality management or making a direct contribution
- 7 Externality**
Resulting from activities by state or nonstate actor, as well as GPG-related national and regional public goods
- 8 Direct provision**
Financial and non-financial inputs directly provided by individual actors to GPG-related national and regional public goods
- 9 Linkages**
Feed-in effects into the final GPG from intermediate GPGs and other final GPGs already in the global public domain

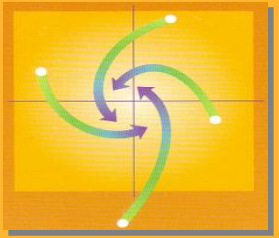




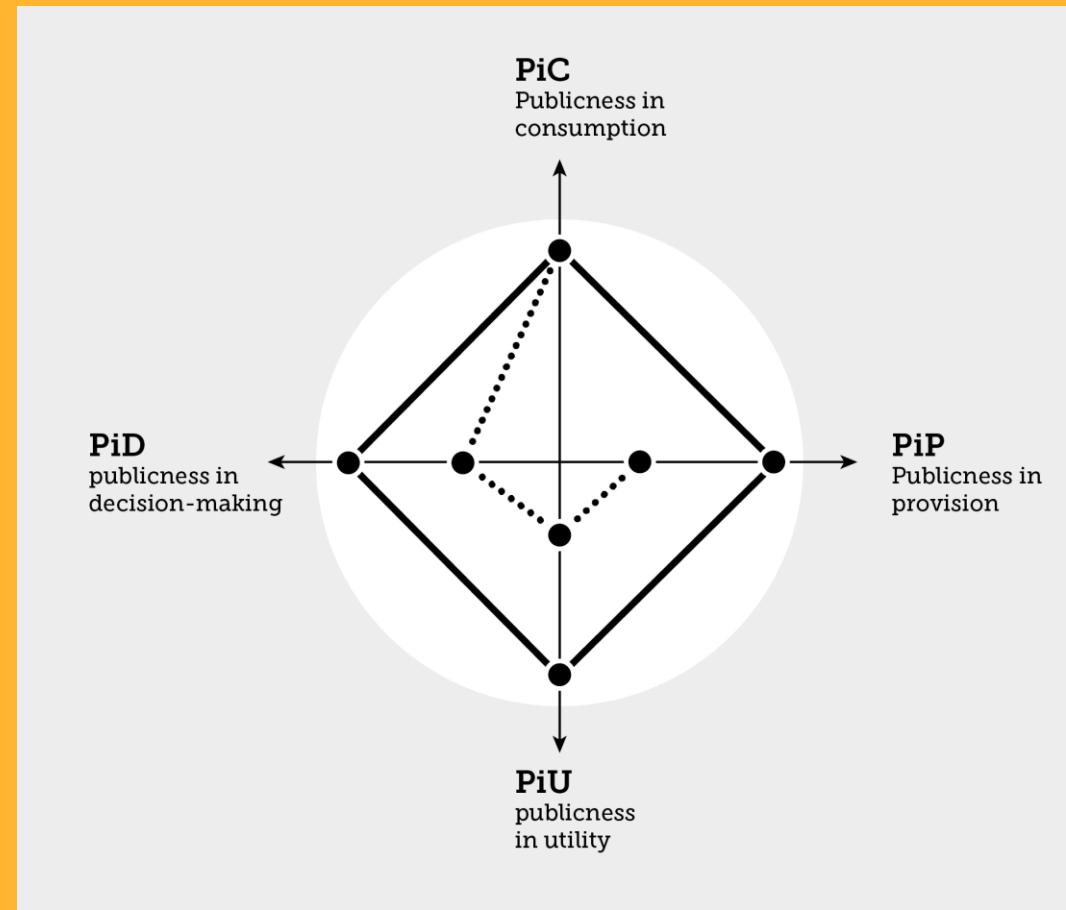
II Exploring possible institutional reforms

To promote more effective GPG provision, the following reforms could perhaps be considered and explored:

1. Incorporating global-issue management into the present governance systems;
2. Fostering intra-generational fairness;
3. Differentiating between the various strands of international cooperation;
4. Promoting stewardship of the global public domain; and
5. Integrating the global with national policymaking sovereignty
6. Balancing publicness in consumption with publicness in decision-making and publicness in utility (mutually beneficial deals) so that actors will ,crowd-in‘ and publicness in production be realized.



II.6 Decision-making on GPGs: Balancing the four dimensions of publicness



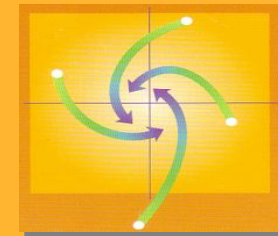
Source: Kaul, Blondin, Nahtigal (2016)



Scenario I
Publicness dimensions are aligned,
motivating actors to cooperate



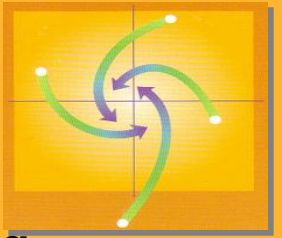
Scenario II
Publicness dimensions diverge,
constraining actors' willingness to cooperate



III Suggestions on follow-up action

A Initiatives that could be undertaken within the region, among LAC countries

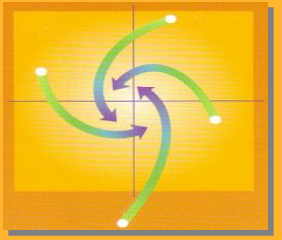
- 1-Conducting a *survey of how states within the region handle GPGs* at the national and sub-national levels, complemented by a review of how regional bodies, notably *ECLAC* address this type of issues and, perhaps, by a review of relevant policy experiences gained outside of the region. The purpose of such a survey could be to prepare the ground for future capacity-building initiatives.
- 2-*Establishing a list of GPGs that matter now or could matter in future*, indicating: the priority assigned to these issues; whether one feels they are already being adequately addressed or would deserve added attention. Such a list would perhaps include, besides international trade, TRIPS, financial stability, also Antarctica, outer space, the oceans, water, communicable diseases, illicit trade, peace and security, cyber-security.
- 3-*Preparation of national and regional externality profiles*, indicating: spill-ins; spill-overs to be reduced; and spill-overs from which the world or certain regions/countries could benefit and which could be offered to the international community as 'global public-policy services' (free of charge or against payment).
- 4-Pilot studies on GPG provision path analysis. An aim could be to explore in different issue areas the scope for subsidiarity, including strengthened regionalism and national policy space.
- 5-Regional and national *cost/benefit analyses* of addressing select GPGs, considering various alternative production paths, policy approaches and tools, including financing arrangements.



III Suggestions on follow-up action (cont.)

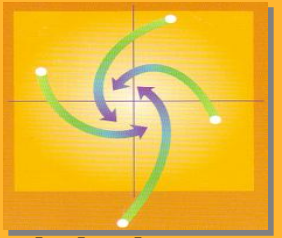
B Examples of global/inter-regional initiatives LAC countries could perhaps consider sponsoring

- 1-Exploring the feasibility and desirability of a clearer *differentiation between the various international cooperation strands and their finance arrangements*, notably a clear distinction between ODA and GPG finance.
This could include revisiting the concept of incremental costs to facilitate its application and incentive-compatibility.
- 2-Exploring whether and how appointing *global-issue managers/agencies* could promote more efficient and effective GPG production/creation and how to link their role to the work of existing UN system agencies (like WHO or FAO), notably to the political or decision-making side of GPG provision. Also, how to foster linkages between the global issue managers/agencies and their regional and national counterparts?
- 3-Assessment of the *costs/benefits of the current fractured landscape of GPG provision* and the political and economic desirability, as well as effectiveness of the various 'club initiatives' currently under consideration.
How could diversity and plurality of contributors be organized to foster efficient and effective (and to this end, also fair) GPG provision? Could the role of the proposed global-issue managers/agencies reduce any negative effects that may currently exist?
- 4-Exploring the desirability of a *global stewardship council* and, if found desirable, how to organize such a council, where to locate it, and how to define its mandate.



III Suggestions on follow-up action (cont.)

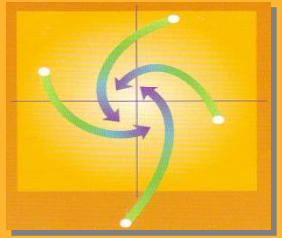
- 5- Regional, inter-regional and joint, multilateral consultations on the *notion of a responsible exercise of national policy-making sovereignty* and its operationalization, including the preparation of background studies on:
- How governments (and other actor groups) could recognize when such an exercise of sovereignty would be the best way towards meeting national goals and safeguarding national policymaking sovereignty by proactively preventing crises and taking corrective action in time; and
 - How to make this notion operational, in which policy fields to test it, and how eventually to reach consensus on it.



III Suggestions on follow-up action (cont.)

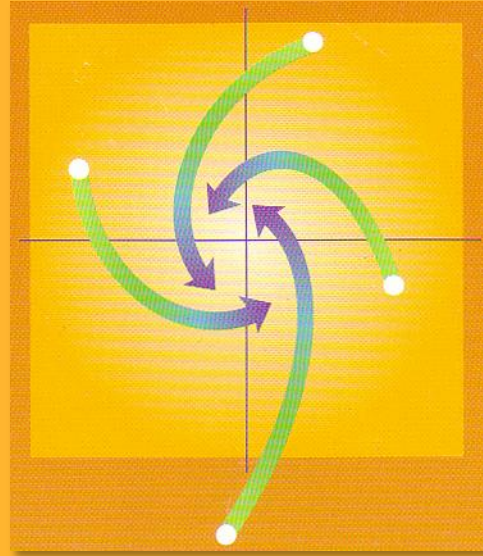
C Policy research and innovation initiatives to be undertaken in collaboration with regional and global think tanks

- 1-Inviting study proposals on how the concepts of an *entrepreneurial state* and a *responsible exercise of national policymaking sovereignty* relate to and complement each other.
- 2-Undertaking empirical studies on the publicness rhombus shown in Figure 2 of this presentation as a basis for a *review of the main international decision-making bodies* to assess to what extent their decision-making bodies meet (still to be more clearly defined) criteria of process fairness and justice.
- 3-Encouraging UN CDP (Committee for Development Policy), UNU, UNRISD, the World Bank Research Group and other global think tanks and concerned/interested university entities and individual scholars to initiate research on what a new discipline – which might be called '*global public economics*' or '*global public policy*' – would look like: What would be its core subject? On which existing theories could it rely? Which elements of these theories would need to be revisited and empirically re-tested? Which new and innovative elements might need to be developed, theoretically and empirically?
- 4-Clearly, the subject matter of such a new discipline (or, perhaps, even new disciplines) would be broader than GPG provision. Therefore, interested scholars could already begin to revisit the conventional theory of public goods, take stock of the research to date on global public goods and determine where we stand in terms of understanding GPGs and which issues appear to require research and study.
- 5-Organizing conferences, as well as national and international policy dialogues on the above themes to contribute to the emergence of a forward-looking and positive narrative of making global sustainable growth and development possible.



Conclusion: How to have globalization, national policymaking sovereignty, and sustainable growth and development

- I hope that the foregoing discussion has shown that it could be possible to better govern the provision of GPGs – without losing national policy-making sovereignty but, rather, so as to regain or maintain it.
- It would take just a few institutional reforms and a lot of rethinking.
- We need to develop new terms, concepts and theories that help us grasp today's realities. In this presentation, I mentioned just some examples:
 - A proper, comprehensive concept of global so that we can better understand GPGs and more clearly see the new policy spaces (the GPG provision paths and the global public domain) that have emerged, recognize policy fields of interdependence and know when it is appropriate, for example, to compete, trade, or engage in joint collective action.
 - A new understanding of the role of the state as a policy entrepreneur engaging pro-actively in shaping the direction of growth and development, nationally and internationally.
 - And, first and foremost, a firm(er) (re) commitment to sustainable growth and development so that all feel more assured that even in a low-carbon economy, even if the industrial revolution 4.0 is gathering speed, and even if more development is occurring and multipolarity is increasing they will not only 'still have a relatively good life' but, most probably, a better life.



About the logo:

The defining feature of many policy approaches and tools today is their engagement at the intersection of the public and private and the domestic and foreign policy axes.

Thank you.

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