



LES ENJEUX GLOBAUX, D'UNE GOUVERNANCE MONDIALE À UNE APPROCHE POLYCENTRIQUE

GENERAL CHALLENGES: FROM GLOBAL GOVERNANCE TO A POLYCENTRIC APPROACH



PROVIDING GLOBAL PUBLIC GOODS: AN INTEGRATED APPROACH TO POLYCENTRIC GOVERNANCE

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INTRODUCTION: THE MAIN POINTS TO BE DEVELOPED



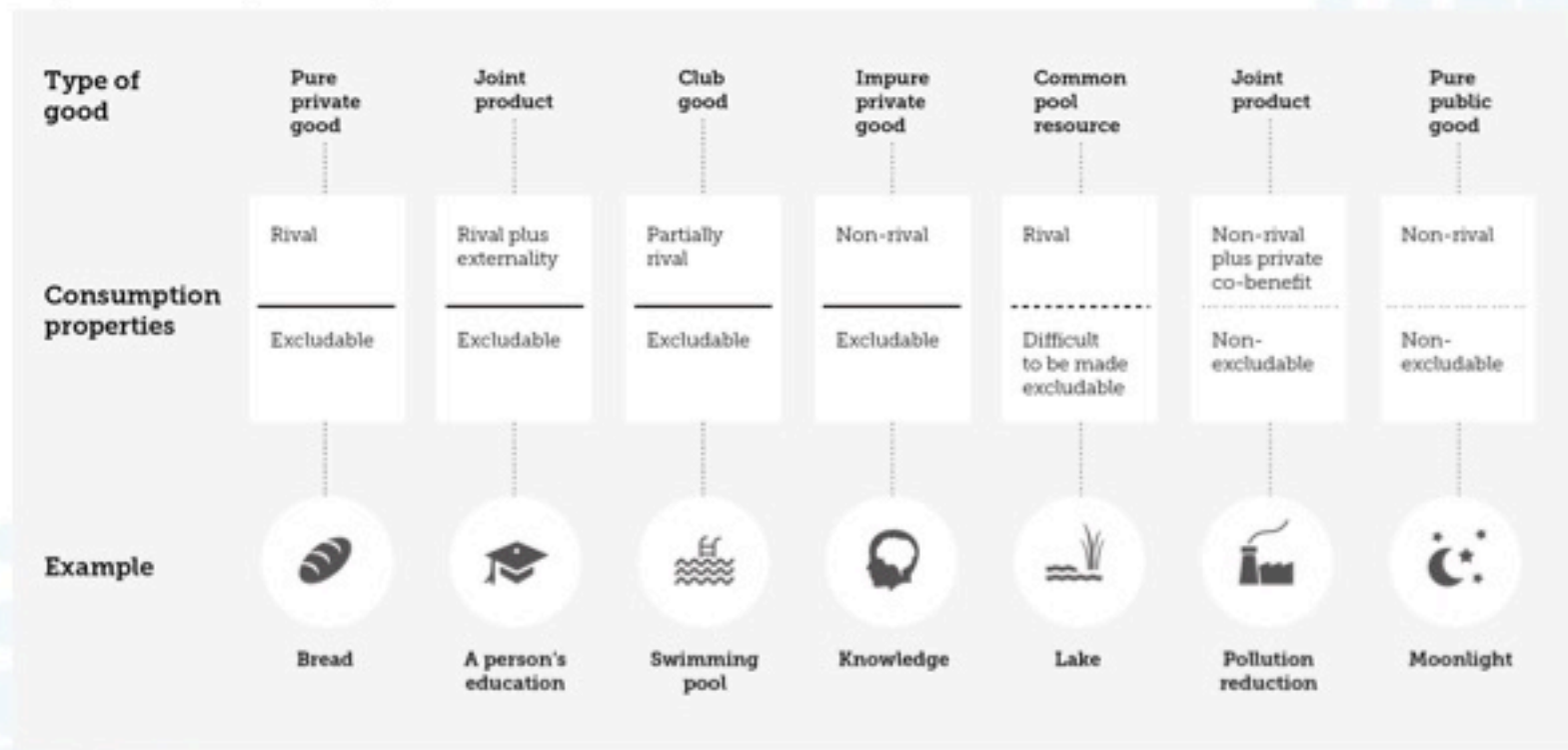
- I The *commons* are a special case of public goods (PGs) and the provision challenges they pose are best understood within the context of a modern, up-to-date theory of PGs.
- II Important elements of *the generic theory of PGs* (which has been developed primarily with national, including local PGs in mind) need *to be modified, when applied in a global context* such as the provision of global public goods (GPGs).
- III There are no empirical nor theoretical reasons to argue (as the concept paper prepared for the Conference does) that the climate talks “have exposed the illusion of effective public international governance”. Rather, what the talks show is that *lacking process and outcome fairness is an important inhibitor of international cooperation*.
- IV Yet, incremental change toward *more systematic global issue management – toward an integrated approach to polycentric, genuinely global governance of GPG provision is discernible*, as, among other things, recent reform steps taken by the World Bank Group indicate.



I SITUATING THE COMMONS



Figure 1: The public-private continuum



Source: Kaul et al. (2016)



I SITUATING THE COMMONS



- The natural commons – i.e. things like a lake or a meadow – can be left in the public domain, there for all to use, if they wish to do so, or be made exclusive, with access to them being managed, e.g. to avoid over-utilization and degradation of the resource or, if feasible, to use the resource for private purposes.
- Things like, for example, knowledge elements, which are sometimes being referred to as the new commons, differ from the natural commons in that they are non-rival in consumption but, often, relatively easy to be made excludable, e.g. by intellectual property rights.
- As these examples show, publicness and privateness are often not an innate property of a good but a social or political choice: They are a social construct.
- Hence, the two-tier definition of PGs set forth in the following slide.



I SITUATING THE COMMONS



A TWO-TIER DEFINITION OF PGS:

- **Definition I:** Goods have a special potential for being public if they have non-excludable, non-rival properties or both.
- **Definition II:** Goods are de facto public, available for all to consume (whether they like it or not), if they are non-exclusive.

Source: Kaul and Mendoza, in: Providing Global Public Goods (2003)



TO ILLUSTRATE THE IMPORTANCE OF A TWO-TIER DEFINITION OF PGS:



- Examples of non-rival goods left in the public domain, although it would be feasible and (in many cases perhaps also efficiency and sustainability enhancing) to make them exclusive:
noise, pollution, communicable diseases, crime, violence
- Examples of non-rival goods taken out of the public domain and turned into exclusive (restricted-access) goods (at least temporarily and, in some cases, with detrimental impact on the efficient and effective attainment of inclusive and sustainable development):
certain types of knowledge and technology, notably those with commercial potential
- This raises the question of why overlapping circles of decision-makers vote, on the one hand, for strict IPRs on green technology and, on the other hand, for speedy progress towards limiting global warming to below 2 degrees? Would there not be a 'better' way of balancing dynamic and static efficiency? But who might 'lose' and who might 'gain'?





DEFINING GLOBAL PUBLIC GOODS (GPGS) AND THEIR DISTINGUISHING FEATURES



II.1 DEFINING GPGS

- **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 provision, meaning that their availability depends on choices and actions by many people, in many, perhaps even all countries.** In these cases nations cannot unilaterally change the provision status (form or level) of a GPG but need to seek the cooperation of others, if they wish to do so. Global publicness in provision thus entails policy interdependence among countries.





DEFINING GLOBAL PUBLIC GOODS (GPGS) AND THEIR DISTINGUISHING FEATURES



II.2 SELECT DISTINGUISHING FEATURES

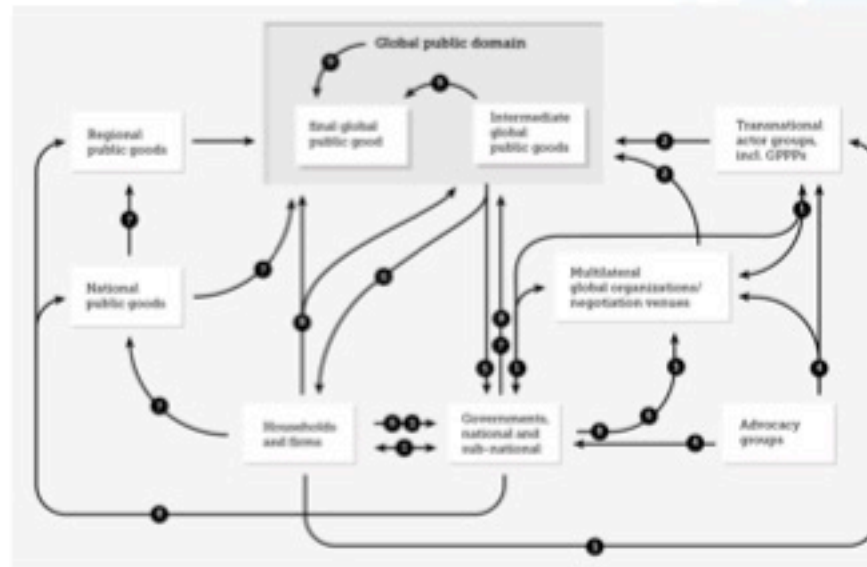
II.2.1 Added importance of provision path analysis and recognition of global-issue management as a new policy space and governance function

- Considering also the scientific and technical literature available in most GPG areas, we see that most goods are multi-level, multi-actor group, multi-sector products, emerging from a highly complex production path, marked by various types of horizontal and vertical decentralization and, often, relying on still relatively new types of policy approaches (like public-private partnering) and a host of still relatively new policy instruments (e.g. CAT bonds, green bonds, advance market commitments)
- So, would it not be desirable to add to the existing governance systems, nationally and internationally, a new, additional function of 'global issue policy analysis and management'? And could it not also be useful to appoint for each major GPG to be addressed an international-level provision facilitator to create a network among all the concerned contributors and stakeholders?
- Based on (at least rough) provision path analyses, network members could jointly assess where shortfalls occur, where additional incentives may be needed, and, where an issue is urgent, corrective action is forthcoming on time.
- The provision path of many GPGs might thus – de facto -- look like the 'spaghetti bowl' arrangement shown in Figure 2, in the next slide – requiring inputs from above and below, as well as sideways: like a recurrent global – polycentric, multi-level/actor/sector – policy loop.



II (CONT)

Figure 2: 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 GPGs

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





DEFINING GLOBAL PUBLIC GOODS (GPGS) AND THEIR DISTINGUISHING FEATURES



II.2 SELECT DISTINGUISHING FEATURES

II.2.1 Added importance of provision path analysis and recognition of global-issue management as a new policy space and governance function

- Considering that we are living in a world of wide disparities and differences, within and between countries, as well as population groups, *preferences and priorities for GPGs vary widely*. Hence, we must expect that many actors and stakeholders want to have a say on matters of GPG provision and that GPGs may well be difficult and contested issues. This especially now that we are in an era of increasing multi-polarity, greater political openness and connectivity.
- Considering further that we live in a world order composed of *sovereign nation states*, we must expect that states are likely to *behave (more or less) like any other individual actors* in the presence of public goods: they, too, may be tempted to free-ride and choose 'no contribution', *especially* if they have the impression that the deal on offer is unfair, benefitting some more than others or, worse, entailing costs for them while others reap benefits.
- So, would it not be appropriate to conceptualize *international negotiations* on GPGs in today's world as a *political market*: as an as yet rather inefficient market, suffering from most of the types of failures that can be found in poorly regulated economic markets?
- The market lens suggests that international cooperation may often fail due to a lack of fair, mutually beneficial bargains, a fact that in turn may be due to lack of openness of decision-making, 'dominance' by a few powerful players and, hence, a lack of incentives to cooperate on the part of weaker 'players', as well as lack of support for those, who may be too poor, weak and fragile to contribute. In short: The price of cooperating may not be 'right'...





FACILITATING EFFECTIVE INTERNATIONAL COOPERATION UNDER CURRENT GLOBAL POLICYMAKING REALITIES: THE IMPORTANCE OF MATCHING THE 4PS OF GLOBAL PUBLICNESS

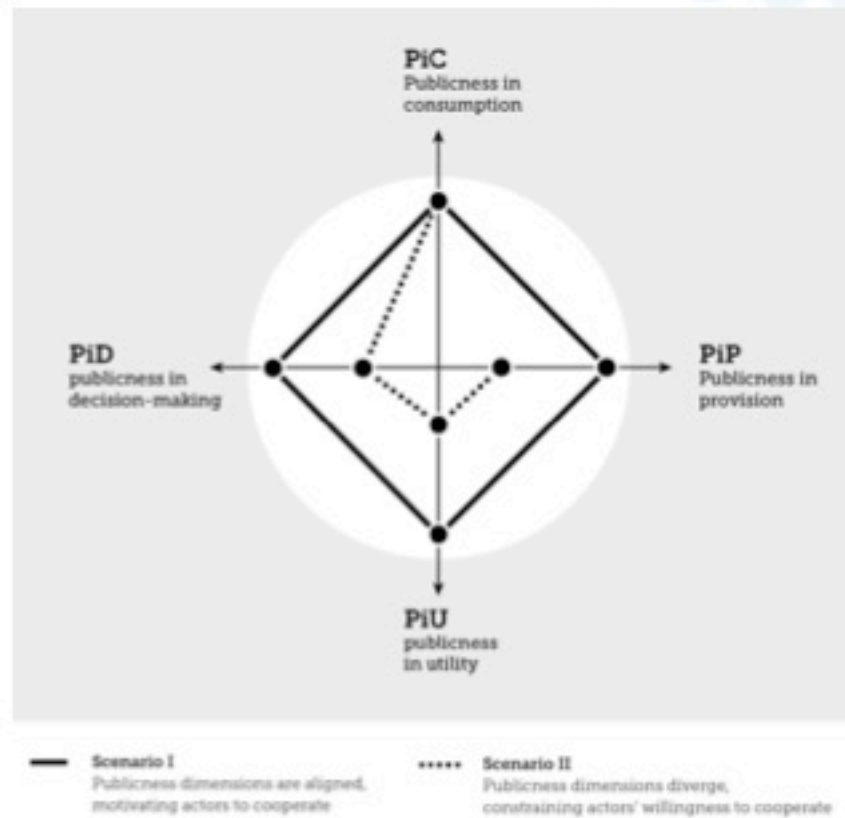


- When comparing cases of relatively successful, effective and efficient GPG provision with GPG provision that suffers from lack of willingness to contribute, it seems that a major stumbling block is due to a mismatch between the four dimensions of publicness:
 - Publicness in consumption (PiC)
 - Publicness in provision (PiP)
 - Publicness in decision-making (PiD)
 - Publicness in utility (PiU), i.e. a distribution of benefits and costs that the concerned parties perceive as fair and as warranting participation in a proposed endeavor of international cooperation.
- It seems that, where PiC is high and where, in addition, the adequate good provision depends on a high level of PiP, yet PiD is restricted or ineffective and, hence, important parties cannot put forward their preferences and demands in an effective manner, thus expecting limited PiU, willingness to cooperate – and, thus, PiP – will be weak and the GPG in question is likely to continue lingering in a state of underprovision – as shown in the next slide.



III THE 4P HYPOTHESIS

Figure 3: The four dimensions of publicness



Source: Kaul et al. (2016)





FACILITATING EFFECTIVE INTERNATIONAL COOPERATION UNDER CURRENT GLOBAL POLICYMAKING REALITIES: THE IMPORTANCE OF MATCHING THE 4PS OF GLOBAL PUBLICNESS



- Looking at COP22 one could be tempted to say that the condition of a high-level of PiD is being met. But is it really being met? Is effective decision-making happening at these large-scale – free-for-all – meetings? Or, are allocative choices, which may impact the level of PiU, actually being made elsewhere?

For example:

- Who decides on the allocation of financial resources to, on the one hand, the GCF and, on the other hand, the many other arrangements channeling funds from the North to climate-related initiatives in the South?
 - Do we know whether these funds represent ,new and additional money'?
 - Do we know whether they adequately reimburse developing countries for any incremental costs they may incur?
 - Do we know how much the holders of ,green' IPRs benefit (profit) from the new ,business' of climate change mitigation and adaptation? Are there lessons to be learned from the banking sector?
- Also, do we need to rethink our language and our concepts of co-benefits? Who has a co-benefit, when a developing country reduces CO2 emissions or supports forest maintenance and development? Isn't it the international community, notably also the North? So, why use ODA for such purposes? Why not new and additional money? Who has ever calculated the co-benefit to the global community from forest development and other types of pollution reduction in the South? Why not recognize the critical importance and value of these co-benefits and pay a proper price for them – a scarcity or urgency premium?





FACILITATING EFFECTIVE INTERNATIONAL COOPERATION UNDER CURRENT GLOBAL POLICYMAKING REALITIES: THE IMPORTANCE OF MATCHING THE 4PS OF GLOBAL PUBLICNESS



- Importantly, why are we only all too often concerned about giving us, us people, individually and collectively (as nations or certain interest groups) a voice? Our interests do not necessarily overlap with the systemic integrity requirements of various GPGs – e.g. the atmosphere, the ocean, the fish stocks, financial stability, or global equity. In many cases, the systemic integrity requirements of these goods exceed what we humans are willing to do for them.
- Therefore, would it not be useful to create a body – say, a *Global Stewardship Council* (perhaps under the umbrella of the UN) – to give an effective voice to the ‘voiceless’ elements of the natural and human-made environment and nudge us people, our policymakers, and us as states into also taking into account the systemic integrity requirements of GPGs?
- How such a council could perhaps be organized is outlined in the next slide.





FACILITATING EFFECTIVE INTERNATIONAL COOPERATION UNDER CURRENT GLOBAL POLICYMAKING REALITIES: THE IMPORTANCE OF MATCHING THE 4PS OF GLOBAL PUBLICNESS



Creating a global stewardship council

- Past experience has shown that intergovernmental bodies tend to be primarily concerned about their national interests rather than about the systemic integrity requirements of GPGs. As regards the global natural commons, notably the challenge of climate change, some progress has been made in terms of keeping these systemic requirements into account. Mention can also be made in this context of the concept of planetary boundaries. However, in many instances, including in the climate field states' willingness to take corrective action is still for the most part reflecting their national concerns not those of the GPGs that linger in a state of underprovision. This happens even where the costs of inaction are well-documented and the technical and financial means for taking corrective action are available.
- Therefore, it could perhaps be useful to consider the creation of an independent Global Stewardship Council. The members of such a council could be eminent personalities nominated in their personal capacity as representatives of both: (1) certain GPGs such as the atmosphere, the ocean, financial stability, global equity, the global knowledge stock, and global agreed-upon norms such as the basic human rights; and (2) certain groups of states. However, council members would in both cases be guided not by special, particular interest but by concerns about global social, economic and environmental sustainability. Council members would aim at identifying opportunities for mutually beneficial bargains that might persuade states and nonstate actors to take faster and more decisive action on unresolved challenges.
- The Global Stewardship Council would, perhaps, best be located within the United Nations. Initially, it could also be organized outside of the United Nations, as an independent platform.

Source: Kaul (2013), Kaul and Blondin (2015)





FACILITATING EFFECTIVE INTERNATIONAL COOPERATION UNDER CURRENT GLOBAL POLICYMAKING REALITIES: THE IMPORTANCE OF MATCHING THE 4PS OF GLOBAL PUBLICNESS



However, in order for the aforementioned reform steps to find the acceptance of governments (which will ultimately be required) it would, perhaps, be important to promote, as a step would establish a normative foundation for many of the other initiatives to be built on):

Forging consensus on a norm of responsible exercise of national policymaking sovereignty

- International cooperation is often seen as undermining states' policymaking sovereignty. No doubt, it often does; and therefore, governments frequently shy away from a global, concerted policy response, even in issue areas that involve transnational challenges which no single nation can effectively and efficiently address alone. In the absence of a cooperative approach, global challenges will linger unresolved, potentially making all parties worse off.
- Thus, when confronting challenges that entail policy interdependence, it is often in the enlightened self-interest of all concerned states to offer fair and mutually beneficial cooperation. This requires mutual confidence and trust. Accordingly, there must be a shared commitment among states to act responsibly, both toward their own territories and constituencies – protecting against negative spill-ins from abroad – and toward other states, because non-cooperation could undermine welfare and well-being for all.
- In other words, exercising responsible sovereignty means pursuing national interests in a way that is fully respectful of both, the sovereignty of other nations and the systemic integrity requirements of GPGs, and, to that end, oriented toward the maintenance of global balances and planetary environmental boundaries.
- Just as states' commitment to the norm of collective security strengthens the inviolability of national territorial borders, a commitment to exercising their policymaking sovereignty in a mutually respectful and responsible manner could, in areas of policy interdependence, be the best way to secure their national policymaking capacity. However, a precondition is that international-level decision-making on global challenges is marked by fairness and justice and fostering mutually beneficial policy outcomes.

Source: Kaul (2013), Kaul and Blondin (2015)



IV

GLOBAL POLICYMAKING REALITIES ARE TRYING TO MOVE INTO THE DIRECTIONS SUGGESTED ABOVE BUT ARE STILL OFTEN HELD BACK BY 'INCUMBENT' FORCES



Select examples of relevant change:

- Greater emphasis on networking, information exchange and coordination among actual and potential contributors to a GPG, e.g. among the regional MDBs and the WBG and various other providers
- Resource allocations/expenditure programming by MDBs and other international cooperation agencies to GPGs –not just countries
- Recognition (e.g. on the part of the WBG) of the importance of combining issue- and context-specificity with attention global, cross-regional/country dimensions of policy approaches and tools
- Appointment of special 'global issue envoys' as in the case of the fight against Ebola
- Gap reports such as those prepared by UNEP, recognizing that human/state interests must be reconciled with the systemic integrity requirements of GPGs

Select examples of inhibiting factors:

- The operational side of international cooperation still being viewed and organized as development assistance, a fact that leads to a continuation, in many cases, of resource allocations to countries – not to issues and, thus, most probably, to an inefficient allocation of resources and, perhaps, policy distortions in developing countries as aid for 'pure' national development concerns may get crowded out
- 'Aid-tiredness', perceived resource constraints and, perhaps, concern about encouraging global growth on the part of the conventional donor countries, leading to a strong reliance on private finance and PPPs, often without clear criteria for determining what are the conditions to be met to ensure that private investments contribute to achieving stated (global) public policy goals.
- Neglect of agreed-upon principles such as that of common but differentiated responsibility



CONCLUSION



- We are clearly in a state of transition, experimentation and transformation.
- While beginnings of transformational change are to be discerned, it seems there exists a certain reluctance to acknowledge that basic change will be required and precisely what will be new and different in future.
- As a result, new challenges are often being approached in conventional ways, limiting the effectiveness and efficiency of the tried policy responses.
- Therefore, the time appears to be ripe to be realistic and to acknowledge:
 - The growing importance of GPGs and the policy interdependence that they entail
 - Recognizing the governance requirements of GPGs, notably also their systemic integrity requirements
 - Realizing the complexity of the policy responses that GPGs require and that do not allow an approach of 'either/or': a simplistic 'just-bottom-up approach' or 'just-top-down approach'
 - Accepting that we now live in a multi-polar world, a fact that calls for process and outcome fairness in international cooperation – in nations' enlightened self-interest.
 - Taking a more differentiated look at international cooperation in the 'post power-politics era' to see that international cooperation is often an exchange/trade of policy reform/outcome commitments, resembling a political market – a fact that should make us ask how efficiently this market is functioning, which norms, rules and regulations exist to avoid its failure (e.g. due to power politics and undue political coercion, information asymmetries or free-riding attempts).
- Thus, it seems desirable to encourage academics and other experts to undertake theoretical and empirical research aimed at developing a systematic theory of global public policy/economics/finance that could guide the practical-political decision-making on international cooperation in future.



THIS PRESENTATION DRAWS ON:



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- IPCC (Intergovernmental Panel on Climate Change). 2014
- Kaul, I. 2013. "Meeting Global Challenges; Assessing Governance Readiness." In: Hertie School of Governance. *The Governance Report 2013*. Oxford, UK: Oxford University Press.
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- Kaul, I., D. Blondin and N. Nahtigal (2016). Introduction: Understanding Global Public Goods; Where We Are and Where to Next. In: Kaul, I., ed. *Global Public Goods*. Cheltenham, UK: Edward Elgar. (forthcoming August 2016)
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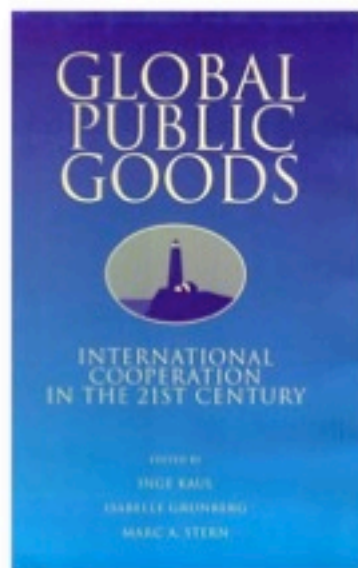
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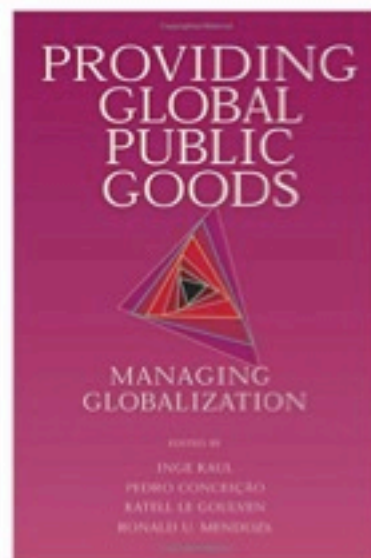
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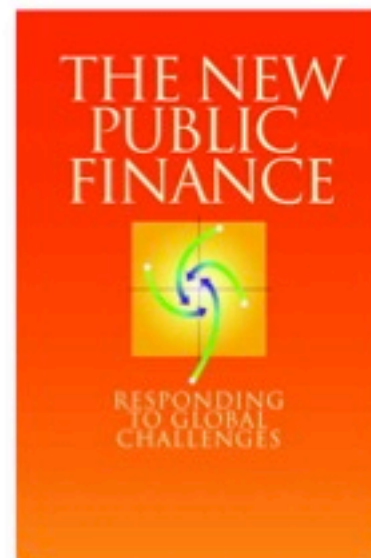
FOR MORE INFORMATION, SEE:



Edited by Inge Kaul et al. and published by Oxford University Press, 1999 and 2003, respectively.



Edited by Inge Kaul and Pedro Conceição, published by Oxford University Press, New York, 2006





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.

*Please, send comments and observations to inge-kaul@t-online.de or via www.ingekaul.net

