



Welcome

IAEA—September 2007
The Added Challenge of
Operational International Cooperation:
Global Public Goods Provision

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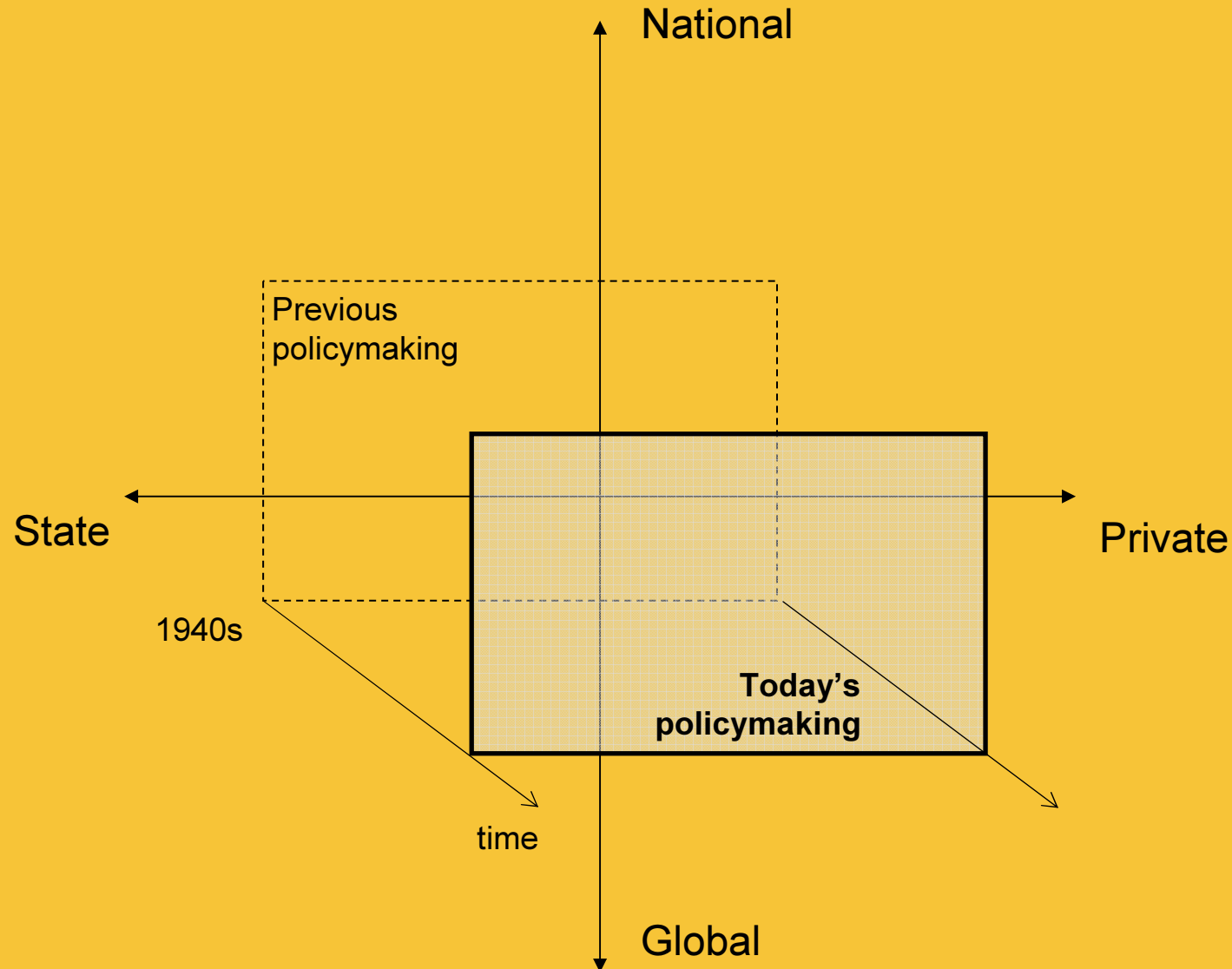
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Struture of the presentation

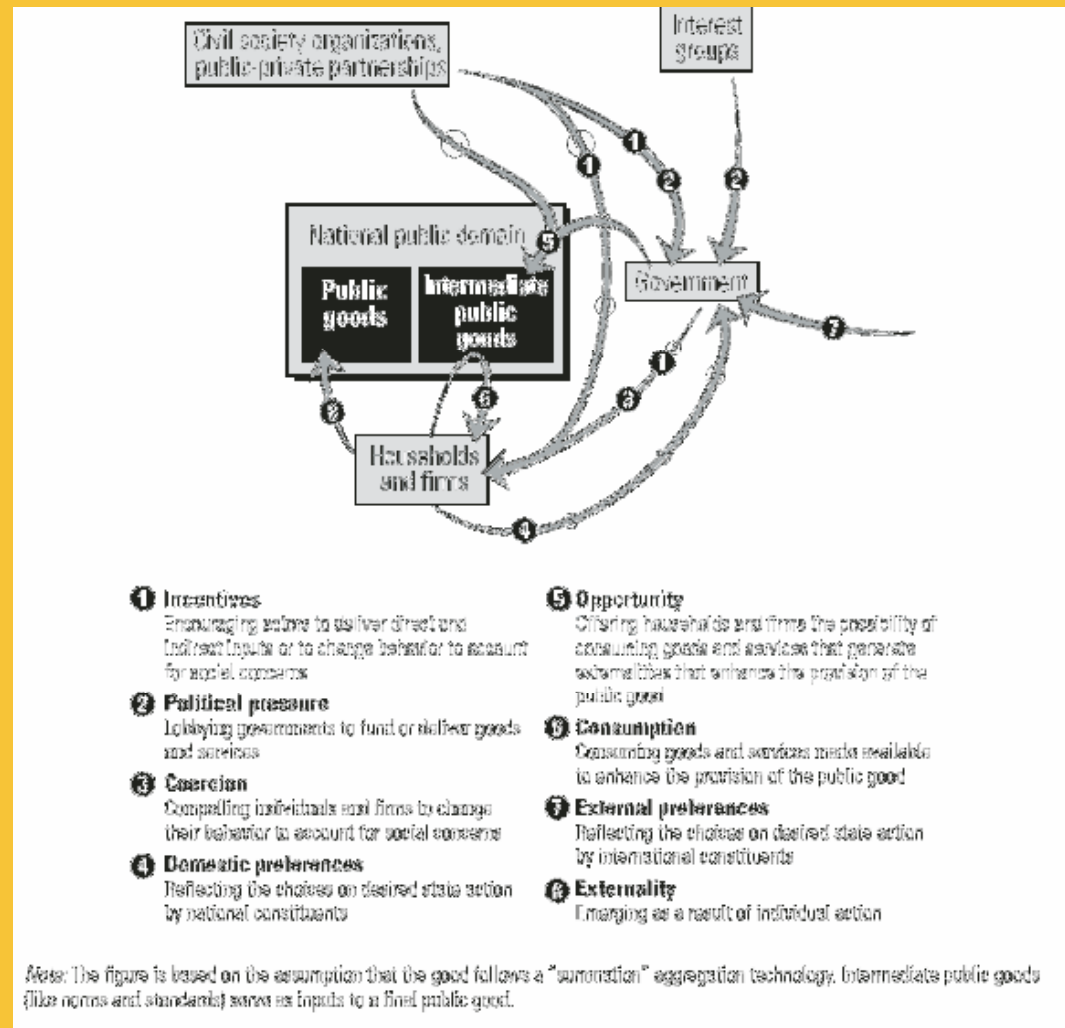


- I The concept of public goods and global public goods (GPGs)**
 - II How operational IC in support of GPG differs from foreign aid**
 - III Policy options for addressing GPG challenges more systematically**
 - IV Fostering synergy between GPG provision and foreign aid/development**
- Conclusions and next steps**

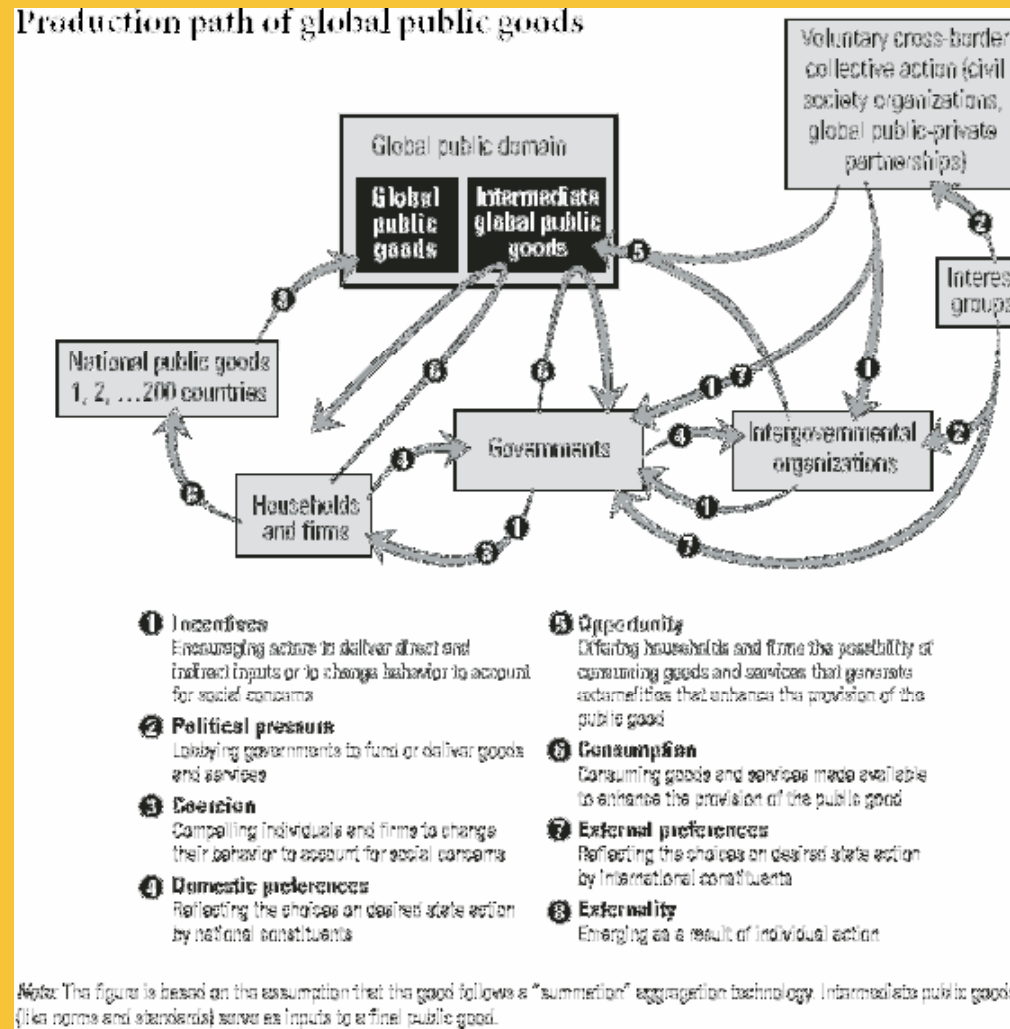
Public policymaking has been subject to two major changes: more public-private partnering and greater openness of national borders



Today the provision path of national public goods is clearly a multi-actor/multi-sector process



And GPG provision under current conditions of policymaking is a multi-actor/multi-sector/multi-level process

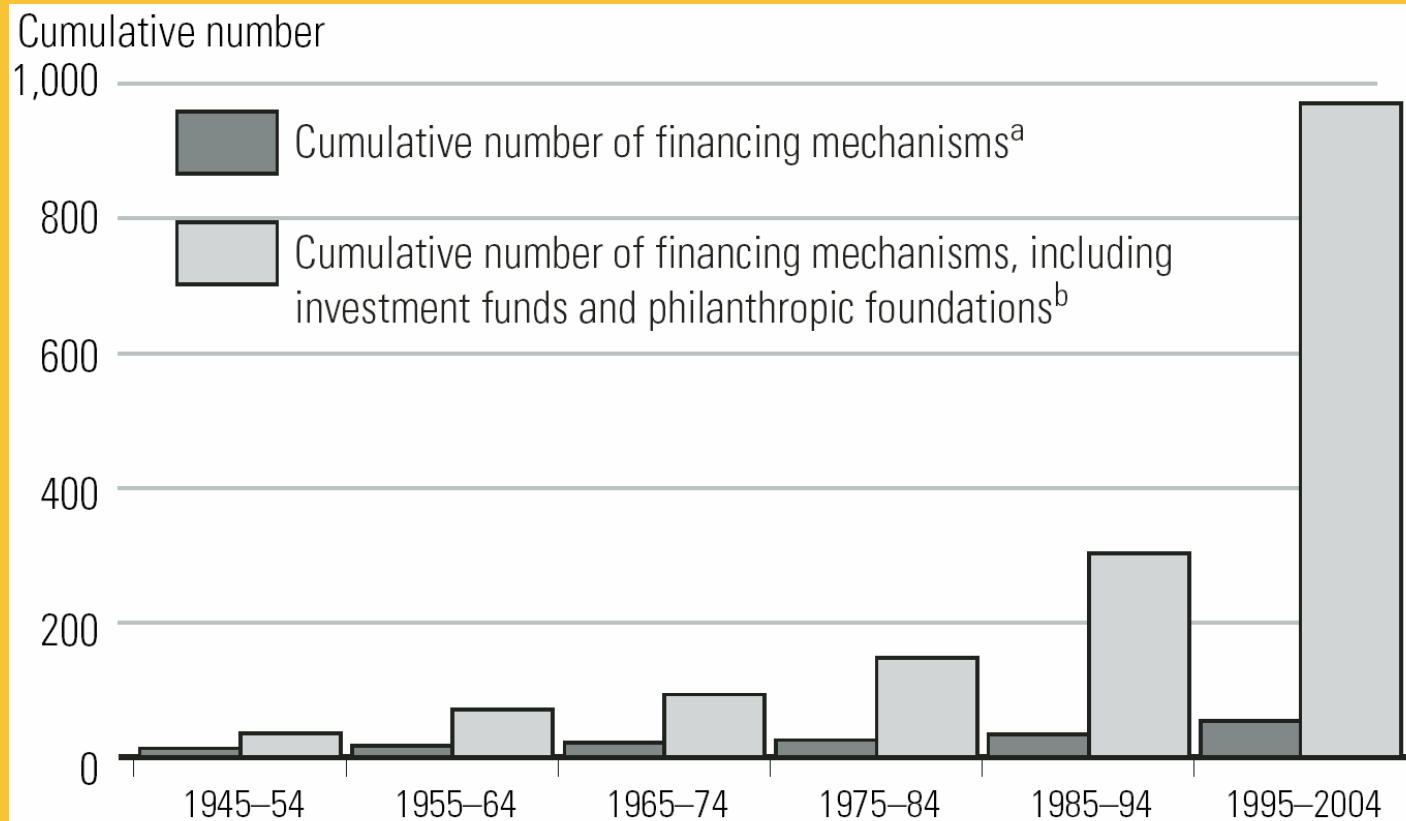


Differences between GPG and aid provision



	Aid	Global Public Goods
Rationale	Equity	Efficiency
Branch of public finance	Distribution	Allocation
Policy tool	Transfer of resources	Panoply of instruments
Policy focus	Country	Issue (public good)
Main net beneficiary	Developing countries	Potentially all countries and all generations

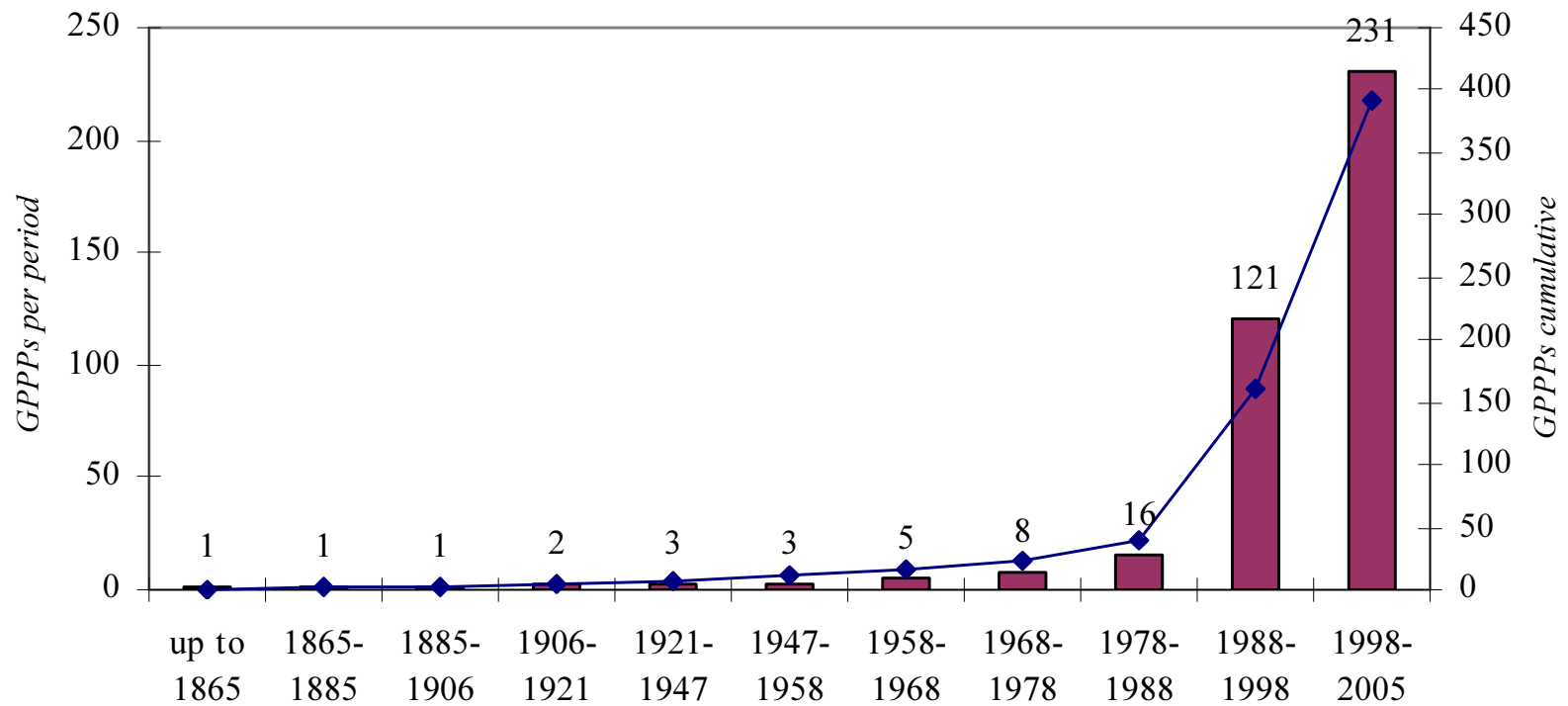
Multiplication and diversification of international financing mechanisms



a. Financing mechanisms supporting cross-border initiatives pertaining to foreign aid and global public goods provision.

b. Investment funds and philanthropic foundations contributing to meeting global challenges.

Rise in the number of global public private partnerships



■ GPPPs per period ◆ GPPPs cumulative

Using the right tool for the right purpose can generate important gains

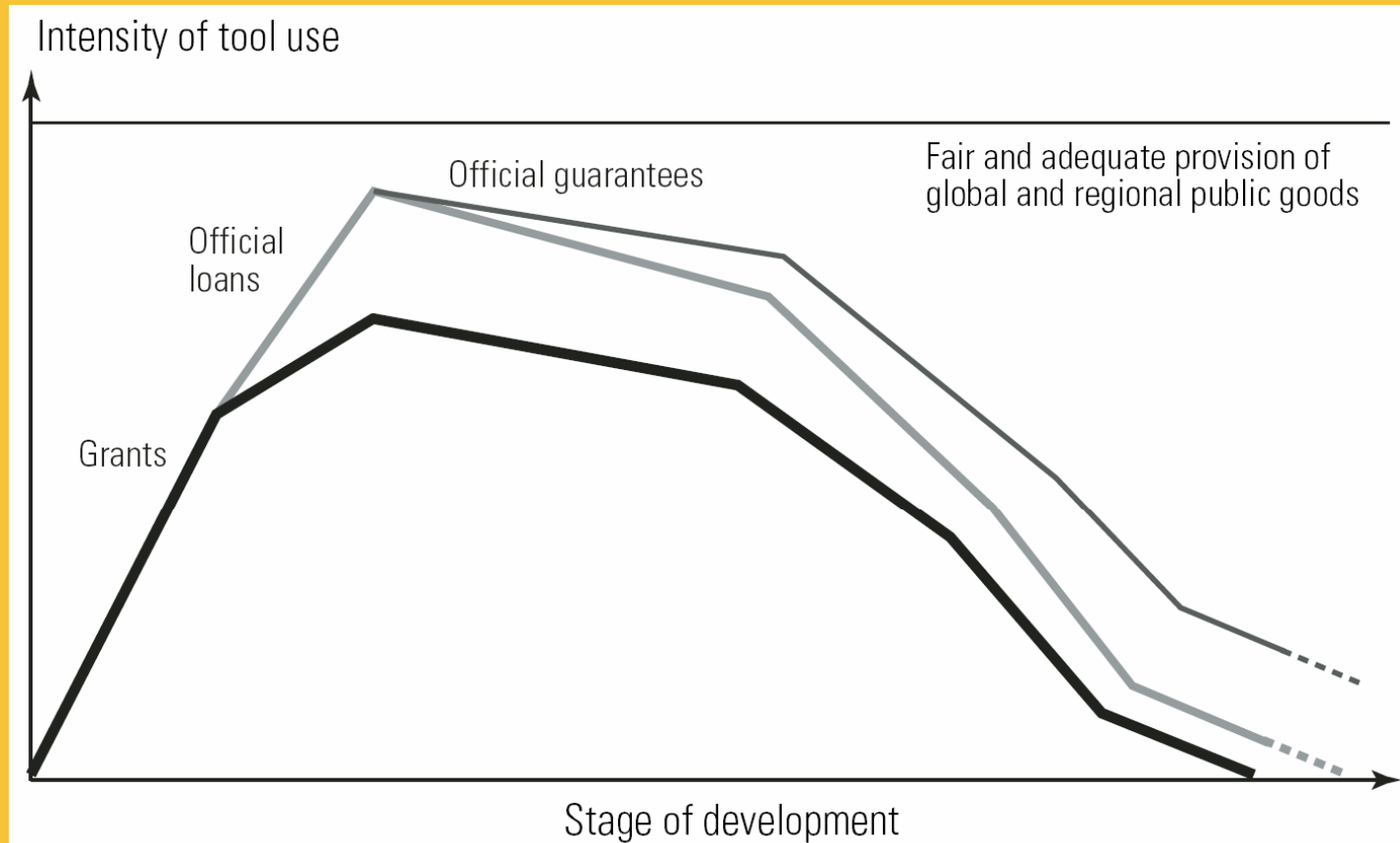


Tool	Challenge addressed	Primary beneficiary	Annual gain	Net present value of gain ^a
Guarantees issued by aid agencies	Infrastructure investment	Developing countries	1.1	22
Securitization of future flow receivables	External borrowing	Developing countries	1.5	31
Advanced purchase commitments ^b	Malaria control	Malaria-endemic regions, especially Sub-Saharan Africa	1.4	47
GDP-indexed bonds	Public expenditure/debt repayment smoothing	Developing countries	30.0	600
Macro markets ^b	Risk management	Group of Seven industrialized countries	145.1	2,902
International pollution permit trading	Reduction in greenhouse gas emissions	Industrialized countries	182.0	3,640
Total ^c			~360	~7,000

Billions of US Dollars



The phasing of aid instruments and the link between aid and GPGs

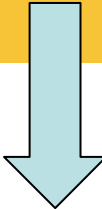
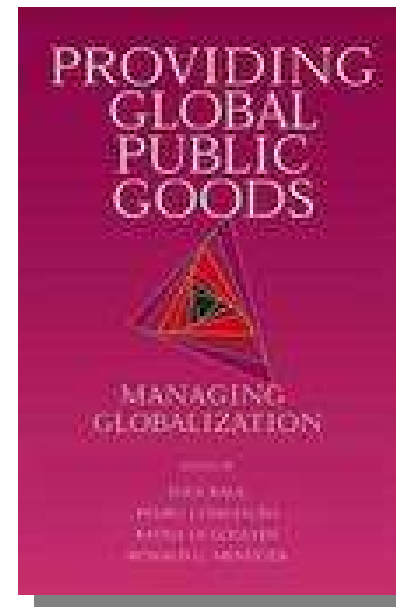
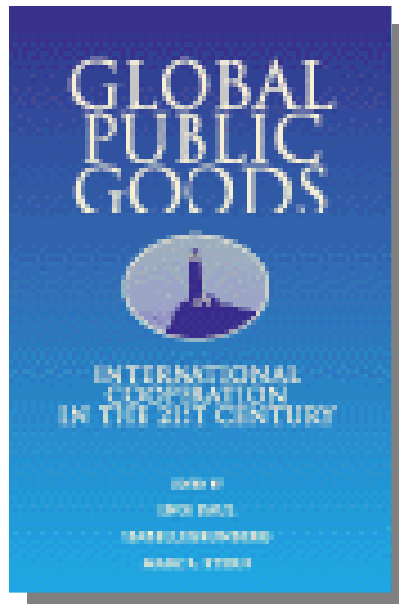


Note: Combination of governance and level of income per capita. The assumption is that the higher the stage of development the higher the level of income per capita and the better the quality of governance.

For more Information see:

Kaul, I. et al. 1999.
OUP, New York.

Kaul, I. et al. 2003.
OUP, New York.

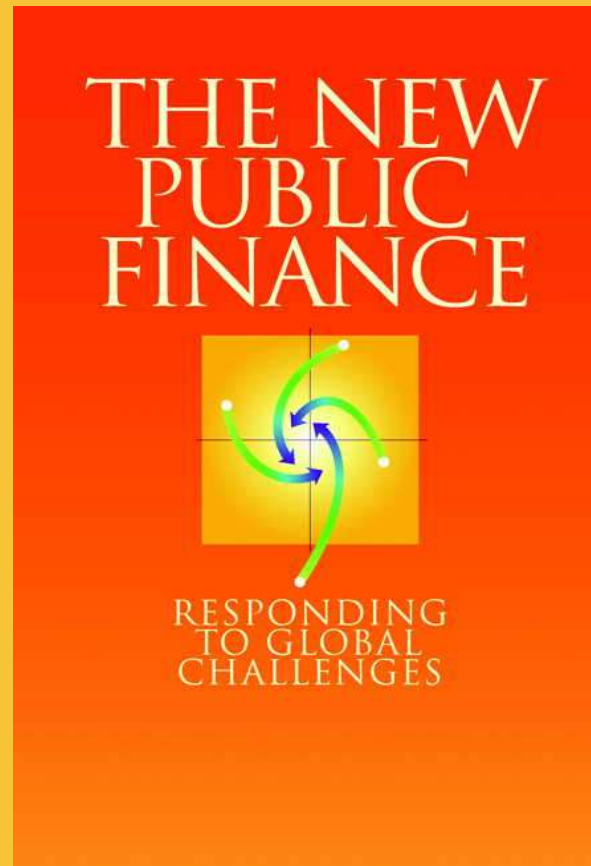


www.gpgnet.net

www.globalpublicgoods.org

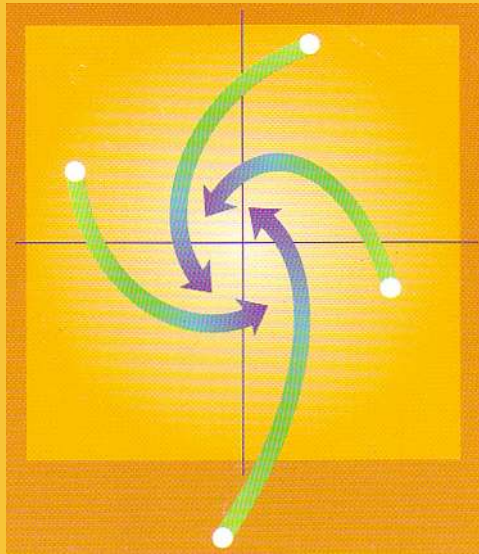
www.undp.org/ods

For more information:



Cover design of
“The New Public Finance: Responding to Global Challenges”
edited by Inge Kaul and Pedro Conceição
(Oxford University Press 2006)

www.thenewpublicfinance.org



Thank you.