International Cooperation
in the National Interest

Meeting Global Challenges

International Task Force on **Global Public Goods**

Preserving the Health of the Environment: Tackling climate change

Chapter 4

A growing body of evidence demonstrates that global warming is occurring and that the pace of change is increasing. The evidence comes from direct measurements of rising surface air temperatures and subsurface ocean temperatures and from rising sea levels, retreating glaciers and changing physical and biological systems. As reported by the US National Academy of Sciences in June of 2006, the recent warmth is unprecedented for at least the last 400 years and potentially the last several millennia.[47]

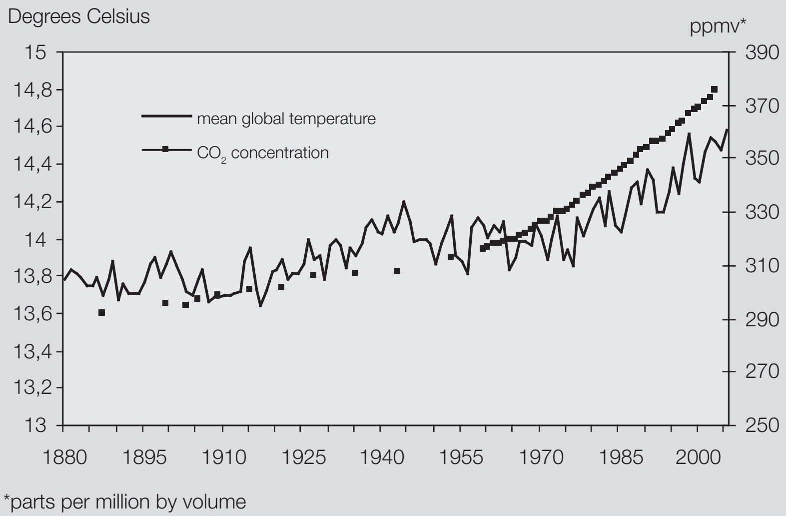
Nearly all climate scientists today believe that climate change has human-induced causes, mainly the accumulation of greenhouse gases in the atmosphere.[48] Industrialization has increased the concentration of these gases in the atmosphere; indeed, since the industrial revolution, concentrations have increased by about 30% (see figure 4.1). Concentrations will increase even more in the future, though by how much depends on several factors.[49]

The long-term consequence of climate change will likely be severe. Although the impact of climate change on different countries is varied and the priorities of governments to address such phenomena must differ from one another, the unpredictability of the change and the gravity of the consequences call for an agreed global framework. Mitigating climate change and adapting to its impacts are global public goods whose provision is greatly undersupplied.

International response

Current strategies for combating climate change are embedded mainly in the UN Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol. The UNFCCC was adopted at the 1992 Earth Summit, where parties agreed to stabilize the "greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system".[50] The 1997

Figure 4.1 **Global Climate Trends 1880–2005**



Source: Earthtrends (2005).

Kyoto Protocol established an initial target and timetable for reducing greenhouse gas emissions under the UNFCCC: roughly a 5% reduction in the emissions of the industrial countries during the period 2008–12 (working from a 1990 baseline). In the most recent meeting of Ministers on Climate Action (June 2006, South Africa), consensus on how to build a post-2012 climate regime included merging existing strategies, such as packages for national sustainable development, implementation of the Convention and mechanisms for burden-sharing.

Kyoto only limits the emissions of certain countries for a short period of time. It was intended to be a first step of a long process. Kyoto entered into force in February 2005. The United States and Australia have declined to participate in the Protocol, lessening its potential impact on the reduction of emissions. The latest climate change negotiations in Montreal in November 2005 failed to make major breakthroughs. There was one positive development, however: the United States and China agreed to be part of informal discussions on a post-2012 regime.

This development creates an opening for addressing one of three crucial aspects of global climate change, which have thus far been inadequately addressed. No effective action on climate change can be achieved without the engagement in a serious catalytic role by the United States—the largest emitter of greenhouse gases. Nor can it be achieved without the participation of major emerging economies, such as Brazil, China, India, Mexico and South Africa, whose emissions are rapidly increasing.

Two further aspects of the impact of global climate change have been inadequately addressed so far.[51] One is the possibility of abrupt climate change. It is not known whether climate change will be abrupt, or how abrupt climate change, should it occur, would materialize (weakening in the thermohaline circulation and disintegration of the West Antarctic Ice Sheet are two possibilities).

The second is that current strategies do too little to respond to the needs of communities most vulnerable to climate change—most of them in developing countries. Evidence suggests that agriculture in the tropical zones of Africa will be particularly hard hit. Countries there are already among the poorest in the world, and small changes in climate could impose substantial changes in human well-being, undermining efforts to promote development.

The most efficient way to address climate change would be to broaden the use of carbon taxes. Effective use of such a tax would generate a double dividend.[52] First, the tax would help reduce emissions of carbon dioxide, the most important greenhouse gas. Several countries have adopted national carbon taxes,[53] while others have resisted—notwithstanding rising oil and fuel prices. Second, if the rate were set at a level that would lead to what some call "an optimal reduction in carbon emissions",[54] it could provide substantial tax revenue to national governments—money that could be used to finance, among other things, important global public goods, including climate change mitigation, and also could support poor countries' adaptation to the phenomenon.

The carbon tax has been promoted by several, including the High-Level Panel on Financing for Development. The Panel concluded that to impose a minimum level of taxation on consumption of fossil fuels was better than other policy options to combat global warming.

A multi-track approach

There currently is a reluctance to consider the international adoption of carbon taxes, despite the economic and environmental benefits. Hopefully this reluctance will be overcome in the future, and for that purpose it will be important to develop the concept and further examine the pros and cons. In the meantime the international community should not settle for less than the following four priority strategies: emissions caps and trade, clean energy technologies, adaptation and capacity building.[55]

Emissions caps and trade. Governments could agree on technology-forcing targets and timetables as well as a cap-and-trade scheme to control emissions. Developed countries would commit to reducing their emissions by adopting a specific target. Developing countries would adopt differentiated targets; they can first increase emissions to meet their immediate economic development needs, but then agree to stabilize emissions and eventually begin to reduce emissions by a set date. They would also commit to increase their energy efficiency as they pursue economic development.

This scheme would build on the mechanisms of the Kyoto Protocol, such as allowing countries to trade their obligations to limit emissions. Carbon trading mobilizes financial resources, contributes to systematic emissions reduction and provides a long-term incentive to invest in climate friendly technologies. The most ambitious pilot project thus far is the European Union Emissions Trading Scheme, which could help European countries reduce their compliance costs by half compared with meeting their Kyoto commitments through domestic means only.[56] Though the scheme has not yet been an unqualified success, it is still in its infancy and holds the prospect to achieve more as states more fully comply with its provisions.

Clean energy technologies. Substantial emissions reductions will require a technological revolution through a combination of private sector innovation and multilateral research and development. It needs to be directed not only at reducing atmospheric concentrations, but also at technologies that will eventually find markets. Technologies that capture and store CO_2, for example, may be especially important, as they would allow fossil fuels to be burned without adding to atmospheric concentrations. Such innovations would reduce domestic opposition to emission reductions and enhance the incentives for both participation and compliance.[57] Coordinated responses could include:

- Establish an International Consultative Group on Clean Energy Research, which includes both developed and developing countries, to collaborate and exchange information on research and development of more efficient and cleaner energy technologies.

- Encourage diffusion of new greenhouse-gas-efficient technologies. Donors should increase and sustain support to existing institutions facilitating technology transfer, such as the Global Environment Facility (GEF).[58] New financing mechanisms such as the Clean Energy Financing Facility proposed by the World Bank should also be pursued.[59] The capacity of developing countries should be built to assess their technology needs and manage new technologies.
- Adopt incentives to assist developed countries to increase the efficiency and reduce the cost of clean energy technologies through research and development and adoption of specific targets. Countries that meet such targets ahead of time could receive credit towards their emission reduction. Moreover, developed countries' provision of financial incentives and technical assistance will encourage developing countries to adopt affordable, clean energy technologies to stabilize and then reduce their emissions.
- Recognize contributions from the private sector, and create incentives (moral and financial) to encourage further action by private companies, who will be critical to any prospects for large-scale technological innovation.

Adaptation. For all countries, adaptation must be addressed in concert with mitigation in order to combat climate change. Developing countries will need assistance in adapting to climate change to reduce their vulnerability and enhance their preparedness to respond. Options for assistance could include:

- Increase and sustain financing to strengthen adaptation capacities of developing countries most vulnerable to climate change (using existing channels such as the GEF, United Nations Development Programme and the World Bank).
- Support the Consultative Group on International Agricultural Research (CGIAR) in its work to develop tropical agricultural R&D programmes, focusing primarily on Sub-Saharan Africa's needs, and ultimately delivering new seeds and breeds tolerant to climate variations.

Capacity building. A comprehensive approach to capacity building in developing countries is key for creating and disseminating clean energy technologies, establishing carbon markets and implementing international protocols.[60]

Promoting Global Prosperity: Financial stability and international trade

5 Chapter

Greater prosperity will aid, and be aided by, efforts to combat infectious disease and climate change. It will contribute to international peace and security, on which it also depends. Global public goods are particularly relevant for financial stability, a condition for development and economic growth, and international trade, a major driver of that growth.

Financial stability

To identify the policies and actions that promote financial stability or, perhaps more important, engender instability is clearly in the international public interest since financial turbulence tends to spill across borders.[61] It is in the world's common interest that countries pursue policies that do not provoke financial instability.

This requires international cooperation by governments and multilateral organizations to organize and coordinate efforts to prevent and resolve financial crises. The risk of free riding by individual countries is evident; some measures are costly or involve giving up sovereignty to a multilateral body, and thus run the risk of under-provision. Indeed, many would argue that the emerging market financial crises of the 1990s resulted from such under-provision and from capital-account liberalization policy stipulated by major shareholders of the International Monetary Fund (IMF).

The costs of financial crises in Mexico (1994), in Indonesia, Korea, Malaysia and Thailand during the East Asia crisis (1996–98), in Russia (1998) and in Argentina (2000–01) are staggering.[62] Looking farther into the past, the shutdown of the global financial markets in the 1930s led to the Great Depression, with enormous ramifications in money and lives.

While the risk of crisis may have declined since the 1990s, it is hard to imagine that the current exceptionally calm financial markets and considerable liquidity will last. We should use this time to strengthen the international financial system so that it can better withstand the next crisis.

There is broad agreement among policy-makers on the causes of financial instability: unsustainable macroeconomic policies, fragile financial systems, institutional weaknesses and structural flaws in international financial markets.[63] And much has been done to address these causes. There have been significant improvements in conceptualizing and implementing macroeconomic policies. Financial markets and institutions are better regulated. And the multilateral framework is better prepared, starting with the IMF, to facilitate cooperation in regulating financial markets and conducting macroeconomic policies.[64] The problem is that few of the institutions created for these purposes have the political independence or power to sanction a country that breaches agreed policies. For example, the IMF conducts surveillance, including for global financial issues, and twice yearly it publishes simulations and makes policy recommendations on such matters.[65] The problem, however, is that IMF management cannot issue blunt warnings of global risks, either publicly or privately,[66] due to the fear of being punished by its shareholders, especially major ones.

In an optimal world, organizations such as the IMF should be given the independence, perhaps by changing their governance structures, to speak out clearly and bluntly on issues that threaten financial stability.[67] And the policy recommendations should be equally strong whether they concern policy adjustments for small countries or large. The governor of the Bank of England recently suggested that "serious consideration should be given to a non-resident board", arguing that such a structure would avoid unnecessary political interference on issues of surveillance.[68]

The IMF Managing Director has recently suggested strengthening the Fund's role in global surveillance. If the large shareholders of the IMF were to recognize that it is in their own interests to strengthen the multilateralization of surveillance, and as a consequence award IMF management greater independence to speak out, such an instrument would be particularly effective.

Incremental improvements to the system

We currently see limited scope for delegating more authority to international regulatory and supervisory bodies. In the meantime the international community should focus on incremental steps. With a greater sense of urgency than has been demonstrated over the last few years, the international community should focus on four priority actions: crisis prevention, crisis management, combating money laundering and restoring IMF legitimacy through governance reform along the lines suggested in chapter 9.

Crisis prevention. The primary responsibility for preventing financial crises rests with the countries themselves. Stronger macroeconomic, financial and exchange rate policies are critical for both developing and developed countries. For example, the sustainability of the US current account and fiscal imbalances—and the capital inflows that finance them—pose major risks of a disorderly adjustment that would reverberate throughout global financial markets. It is essential that the IMF ensures even-handed treatment on exchange-rate monitoring and other surveillance issues of all member countries, including very large ones.[69]

For developed countries the priority is to promote strong and stable growth through sound, sustainable and appropriately coordinated monetary, fiscal and exchange rate policies. For emerging-market economies the priorities are to adhere to sustainable debt and fiscal management and exchange rate policies to reduce the risk of crisis, avoid the buildup of excessive net foreign liabilities (especially short term, whether in official or private accounts), ensure transparency and adhere to agreed standards and codes. These economies must also pursue adequate social policies to make growth more inclusive. Long-run stability requires social and political sustainability.

The IMF Managing Director's proposal to introduce a new procedure for multilateral surveillance at the IMF and to promote debate on issues of systemic importance should be supported. He argues that there is not enough substantive debate to resolve global macroeconomic problems.[70] The Fund's special procedure for bringing pressing problems to the fore outside the regular Article IV consultations with member countries is rarely used, partly for the stigma of being singled out. The new procedure would allow the Fund to take up issues with important members and even with entities, such as regional groupings, that are not members. An enhanced focus on regional surveillance within the Fund would complement this initiative.

Crisis management. Three mechanisms have dominated the crisis management debate in recent years; progress is needed on each front.

First is sovereign debt rescheduling and restructuring among bondholders. The challenge here is to secure an agreement among independent creditors who may benefit collectively from an agreement but suffer individually.[71] One approach that has gained ground in recent years is to include collective action clauses in new bond issues.[72] The IMF should reaffirm the importance of such clauses for promoting orderly sovereign debt restructurings.

Second, sovereign debtors and their private creditors have agreed on a set of principles for stable capital flows and fair debt restructuring in emerging markets.[73] This effort should be pursued further by sovereign debtors and their private creditors. These principles could facilitate dialogue between creditors and debtors (critical to the debt restructuring process), promote corrective policy action to reduce the frequency and severity of crises and improve the prospects for an orderly and expeditious resolution of crises.

A third mechanism is some insurance-type instrument that would allow countries with strong policies beset by a financial crisis to draw from the IMF and line up significant international financial support very quickly, along the lines of the IMF's Contingent Credit Line, which expired in 2004. It has been proposed that the Fund or the World Bank establish a new medium-term stability and growth facility for supporting emerging-market economies that would be sufficiently large, front-loaded and long-lived to facilitate the reduction of large debt burdens while encouraging social policies designed to reach the Millennium Development Goals (MDGs).[74] The Fund is currently considering a new instrument that provides a high-access line of credit to emerging markets that have strong macroeconomic policies but which remain vulnerable to shocks.

The IMF should consider to a greater extent the impacts of policy options on the most vulnerable sections of society, both in its surveillance work (as suggested by the IMF Independent Evaluation Office)[75] and in designing capital account crisis programmes.

Combating money laundering. Markedly less visible than financial crises is the often inadvertent assistance provided to criminal elements for the cross-border financing of illegal and terrorist activities. For the global anti–money laundering regime to be effective, a reasonable degree of participation is required by all countries, because the regime is only as strong as its weakest link.[76] A global strategy to intensify combat against this global public bad would see the Financial Action Task Force on Money Laundering launch an international effort to establish global standards on asset freezes and forfeitures so that such actions are both internationally coordinated and comprehensive. It would also ensure that all OECD countries that have not done so include tax evasion, whether at home or abroad, among the offences subject to prosecution for money laundering. The IMF should produce a periodic global report on money laundering, rating nations around the world for the extent and nature of their money-laundering problems and corrective actions.

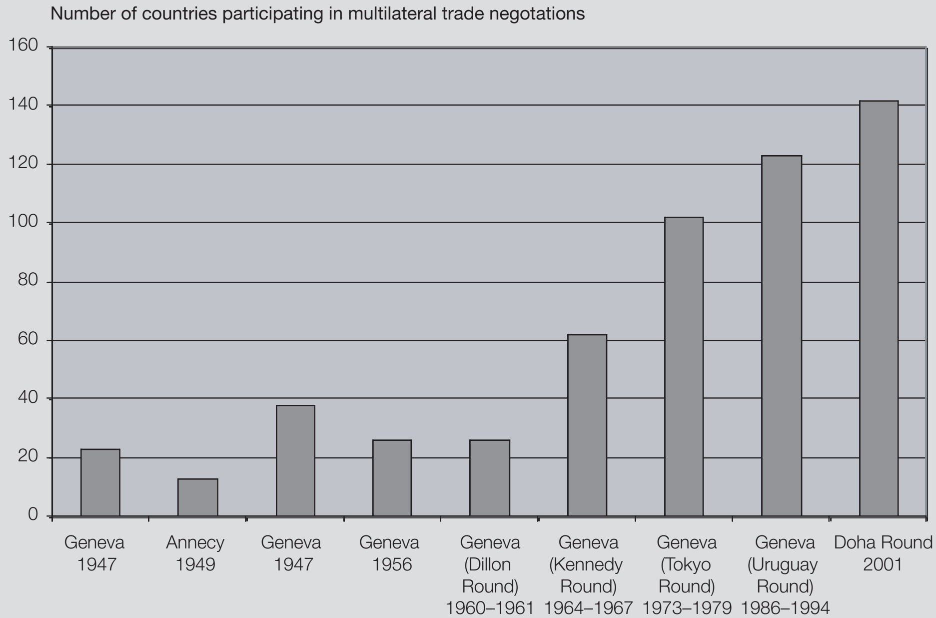
Strengthening the IMF. Any strategy for financial stability must ensure a strong and effective IMF, able to perform its core functions.[77] The current high liquidity of the international capital markets and the absence of capital account crises over recent years have led some to argue that there is no longer a need for the IMF's crisis response. We disagree. There are risks other than emerging market uncertainty in the international financial system—not least, the current account imbalances that loom over the international economy, the risks associated with undersupervision of derivatives and the intervention of large-scale hedge funds into international capital market. We see the current moment of calm as a time for preparedness not complacency—an important opportunity to take the necessary policy and financial steps to ensure that the IMF is well prepared to take on future crises, with all the necessary safeguards against moral hazard.

Strengthening the international trading system

Since the inception of the General Agreement on Tariffs and Trade (GATT) in 1947, a process to build a rule-based multilateral trading system has been taking place (see figure 5.1). This system, which sometimes has proceeded by big strides and at others with only little steps, on balance has been an impressive achievement. The overwhelming trade barriers that existed in the industrialized countries at the end of the Second World War—and those that were later erected in many developing countries as a result of their import substitution policies—have now been greatly diminished, if not totally eliminated. Thanks to its progressive liberalization, a task undoubtedly facilitated by the multilateral system, trade has been a chief engine of global economic growth for well over half a century.

Mainly by virtue of the principles of most-favoured-nation treatment and national treatment—enshrined respectively in Articles I and III of the GATT—the multilateral trading system tends to be a global public good.[78] Formally, the system's availability to any one member is not at the expense of that of any other member. The most significant end result of the system—preventing or reducing protectionism—benefits, potentially, all of its members. These very same features bring with them

Figure 5.1 **The Increase in the Number of Countries Participating in Multilateral Trade Negotiations**



Source: www.wto.org

the free-rider problem inherent in the provision of any public good. In fact, being endowed with an enforcement instrument—the dispute settlement mechanism of the World Trade Organization (WTO)—the multilateral trading system may be closer to being a global public good than other international regimes.

Elements of an effective multilateral trading system

Despite its remarkable evolution, the multilateral trading system is not quite as global, as public or as good as potentially it can be. Notwithstanding the ideal of universality and the principles of reciprocity and non-discrimination that have been present since its origins, as the system has grown, over time it has accommodated rules that, in contradiction to those principles, allow for discriminatory treatment of products and trading partners. The specific countries actively participating in each round of trade negotiations, their respective power to influence the outcome and the sectoral interests that their governments decided to privilege in each round are some of the key factors that have determined the system's features; and these, over time, have conflicted with its fundamental principles.

For one thing, the GATT itself (Article XXIV) allows for preferential trade agreements, which in recent years have mushroomed to almost 200, and in many instances can impede global trade rather than promote it. The system also lacks the proper means to discipline instruments such as standards, anti-dumping and safeguards that are frequently used for outright, arbitrary and discriminatory protectionism.[79] Furthermore important sectors remain outside the general principles and disciplines of the system. For more than 50 years under various derogations from GATT rules—most recently under the Multifibre Agreement (MFA) phased out only on 1 January 2005—trade in textiles and clothing was subject to quotas. To this day in many countries, trade in these products continues to be restricted by high tariffs and even quantitative restrictions allowed by some transitory WTO provisions.

Even more anomalous than the textiles and clothing case has been the treatment of agriculture. This sector was brought into the legal framework of the multilateral trading system only in 1994 as a result of the Uruguay Round. This long-overdue step happened, however, without any meaningful liberalization of farm trade, which has continued to be affected by massive subsidies for farm production in rich countries and enormous market access barriers (tariffs and others) applied by both developed and developing countries.

Interestingly in the Uruguay Round, in order to get the agreement to phase out the MFA and to bring agriculture into the WTO system, developing countries had to accept bringing intellectual property protection—clearly a non-trade issue—into the WTO's jurisdiction.

The system has thus permitted greater protectionism in products of significant export interest for developing countries. The provisions allowing for special and differential treatment for these countries, and the trade preferences granted by developed countries, do not compensate in any meaningful way for the trading opportunities missed as a consequence of the remaining protectionism. Objectively, the system is unbalanced against the interests of developing countries.

The breakdown of the Doha Round

Balancing the system to make it more supportive of developing countries' development was a core objective of the Doha Round—dubbed for this reason the development agenda—launched in November of

2001. But this sense of purpose was short-lived. Since its launch, the round's story has been one of key deadlines missed, one WTO Ministerial Conference (Cancún, September 2003) collapsed, another one (Hong Kong, December 2005) with meaningless results and, finally, a total suspension of the negotiations for lack of agreement on any of the important issues (July 2006). It is unlikely that the talks can be restored with any chance of success in the near future.

The main reason for the Doha breakdown is to be found in the agriculture negotiations. The majority of developed countries has resisted effective liberalization in farm trade all along. Years of negotiations could not make these countries agree on formulas that would effectively open their farm markets to imports and significantly reduce their most distorting farm subsidies. In fact what was brought to the table even up to the very collapse of the talks would have accomplished little to open up agricultural markets and to temper the huge distortions caused in those markets by the high subsidies granted by OECD countries to their farmers.[80] Of course more than real farm reform in rich countries was needed to have concluded the Doha Round successfully. Developing countries would have had to undertake at least a modicum of agricultural liberalization as well as be more forthcoming about dismantling remaining barriers in industrial goods. More ambition to open up trade in services, including some modest steps in the temporary movement of workers, was also indispensable. The question of how to compensate the poorest countries for their loss of preferences, which a good agreement would have brought about, also needed to be seriously considered along with the issue of how to support the same group of countries to improve their infrastructure and develop their export capacity. An "aid for trade fund" commensurate with these endeavours is indispensable for making a large number of developing countries equal members of the multilateral trading system. As argued above, the system is also in great need of stronger provisions to prevent backdoor protectionism through regional trade agreements and through the artifices of standards, anti-dumping and safeguards.

All parties have contributed to the disappointment produced by the Doha Round. There has been a lack of ambitious trade reformers, among both the developed and the developing countries, capable of producing liberalizing initiatives to break the numerous impasses endured throughout the negotiations. Considering their relative wealth and the benefits that they have already received from the multilateral trading system, it is clear that the richer and bigger players (the European Union, Japan and the United States) should have a special responsibility towards enhancing and strengthening the system, a responsibility which they have not fulfilled during the present round.

Needless to say, the Doha Round fiasco does not stem from a failure of the trade negotiators to do their job. These negotiators' capacities can never exceed the mandate received from the governments they represent. It will be up to the highest levels of political leadership in those governments to do what it takes to complete adequately the Doha agenda. It makes little sense to go back to the negotiating table if the actors with the biggest responsibility do not first address seriously their respective domestic political economy issues which have precluded them from playing coherently their role at the multilateral talks.

The cost of failure in the Doha Round is not only the income opportunities forgone for both developed and developing countries that its successful conclusion would provide, but more importantly the losses that all will incur if the system is allowed to deteriorate and eventually proves incapable of preventing countries from back-pedaling into protectionism—as has happened before in history. Despite its achievements, the multilateral trading system is not yet a consolidated global public good. It remains vulnerable to serious erosion by episodes of protectionism. It also has limited capacity to support the integration into the world economy of many countries that have been left on the sidelines of globalization despite formally belonging to the WTO.

A strategy to resume the Doha Round

This Task Force endorses the full resumption of the Doha Round as soon as possible. But we believe that simply going back to the status quo that existed before the suspension of the talks would be a futile and frustrating exercise. A more reasonable chance of success entails a two-part strategy for catalysing its resumption:

Commitment to agricultural reform. A transparent agreement among the biggest beneficiaries of the multilateral trading system (Canada, the European Union, Japan and the United States—the so-called Quad) to commit at last to real agricultural reform—ambitious reduction in trade barriers and abatement of trade distorting subsidies, without the loopholes that they have systematically pursued—we suggest would be a pre-requisite to restart the talks with a reasonable chance of success.

Aid for trade. The Quad members, given their pre-eminence as providers of official development assistance, could also take the first clear steps to constitute the "aid for trade fund" discussed above. This group would not need to grant unilaterally an offer of agricultural reform and aid for trade; the Quad could make it conditional upon satisfactory completion of the other key issues included in the Doha Development Agenda. Capacity building for trade, and trade-related technical assistance, should also be expanded. It should include training, seminars and studies, as well as support for the design and implementation of trade policy.[81]

An agreement of this kind among the Quad members most likely would have a powerful catalytic effect on the rest of the WTO membership. Other developed countries resistant until now to remove agricultural barriers would have to reconsider their positions. Large developing countries, that have had in rich countries' farm protectionism a "good reason" (or the perfect excuse) for not moving in the negotiations, would also find compromise towards a good agreement to be inescapable. Finally, a solvent aid for trade fund would help in bringing other developing countries on board.

Achieving Peace and Security: International terrorism, nuclear weapons and the use of force

Chapter 6

Underlying all of the strategies and goals outlined above is the urgent need to preserve international peace and security. In the absence of an effective collective security system, not only will the levels of war, terrorism and other forms of strife increase, but international prosperity will be at risk or even reversed. War, conflict and terrorism will erode international confidence, weakening financial markets. And isolationism and distrust between peoples will infect trade regimes, bringing protectionism and economic reversal. International public health and efforts to combat climate change will suffer in an atmosphere of eroding security.

There are many urgent and important policy challenges ahead in this area, but for present illustrative purposes we emphasize just three relevant global public goods objectives: the need for a multidimensional strategy to combat international terrorism, for a serious new effort on nuclear non-proliferation and disarmament and for a serious attempt to reach agreement on when the use of military force is legitimate. All of these rely significantly, in turn, on reforms to ensure that the UN Security Council has the legitimacy to act and the means to succeed.

Collective security

For most of the period since 1945 security has been conceived of as essentially a national issue—each country's primary security responsibility was to its own citizens, with international security being the realm of interaction between states acting on that basis. But progressively since the end of the cold war, scholars, governments and international security institutions including the UN have placed much more emphasis—most comprehensively in the report of the UN High-Level Panel on Threats, Challenges and Change—on the new security realities of common threats, shared vulnerability and the need for a much more cooperative global approach, recognizing that state security and broader human security are inextricably interlinked.[82] In its report, the Panel argued for a new security consensus and concerted national and international action to tackle six clusters of interconnected security threats: war between states; internal conflict; terrorism; organized crime; the use and spread of nuclear, biological and chemical weapons; and poverty, infectious disease and severe environmental degradation.

The Panel's call for a new security consensus was widely embraced by governments and civil society organizations, but unfortunately only minimally adopted by the UN World Summit in 2005. In acting on the Panel's recommendations, governments made some progress on some clusters of threats, but failed altogether on other issues.

Most progress was made on strengthening the UN's role for preventing and responding to internal conflict, genocide and large-scale human rights abuses. Against many expectations, the Summit strongly endorsed the concept of the responsibility to protect, recognizing that the international community has the responsibility to take collective action where national authorities are manifestly failing to protect their populations from genocide, war crimes, ethnic cleansing and crimes against humanity. It also created a new Peacebuilding Commission to coordinate and sustain post-conflict reconstruction and endorsed the concept of a new Human Rights Council, which was brought into being by the General Assembly in April 2006. Less noticed but still significant were agreements at the Summit to strengthen the UN's approach to tackling organized crime and related transnational threats.

But there were three areas of major disappointment in the World Summit outcomes on peace and security (quite apart from failing to even agree to a starting point for action on reform of the UN Security Council, an issue we address in Part III). First, the Summit failed to offer even a single sentence on the critical issues of nuclear, biological and chemical weapons. Second, although the Summit did unequivocally condemn terrorism—without any reservations, for the first time in the UN's history—it neither endorsed a widely acclaimed counter-terrorism strategy proposed by the Secretary-General, nor agreed to a definition of terrorism. Third, while the Summit reaffirmed the centrality of the UN Charter on issues relating to the use of force in the international community, it did not accept the Panel's recommendations for more detailed criteria for the use of force, which had been designed to maximize the chances of reaching consensus when potentially highly divisive cases arose in the future as they have in recent years, nowhere more than in the case of Iraq. Each of these issue areas requires concerted action.

Deterring international terrorism

Terrorism is truly a global phenomenon. Countries and peoples in every region have been the subject of terrorist attacks just in the years since 11 September 2001. Moreover terrorism directly attacks the separation between civilian and combatant, a concept at the core of international law and norms of war and conflict.

Although data about terrorism is notoriously poor, evidence suggests that there is a steady increase in "significant" terrorist attacks, from 17 in 1987 to more than 170 in 2003.[83]

Even relatively small-scale terrorist attacks have significant direct and indirect social and economic costs, not only in the country of attack. Among them is the rising economic cost associated with enhanced security of trade and transport systems. Trade security systems are rising in cost and complexity—for example, in ever-more elaborate mechanisms for container security. Were a terrorist organization to smuggle a nuclear or biological device into a major port using a container, it is likely that the biggest trading nations would feel compelled to adopt even more stringent container security measures, affecting trade globally. And were a terrorist organization to detonate such a device in a major city, the direct and indirect economic, social and political costs would be both enormous and global.

The international regime to combat terrorism has, as it has evolved so far, a number of major elements:

- Binding requirements on all states, articulated through UN Security Council Resolutions 1373 and 1540, to combat terrorism and proliferation on their own soil.
- An encompassing set of 12 treaties covering specific terrorist action, such as hijacking aeroplanes.
- A framework for tackling international terrorist financing, initiated by the G-8 and institutionalized at the OECD (Financial Action Task Force on Money Laundering).
- Some international police, intelligence and operational coordination, through Interpol and the European Union and through issue-specific collaboration among Interpol, the UN Office on Drugs and Crime and the International Atomic Energy Agency.
- Some technical assistance to states to develop counter-terrorism legislation, organized through a voluntary fund at the UN Office for Drugs and Crime.

- Growing bilateral technical cooperation around counter-terrorism, both in terms of capacity building and intelligence sharing.

Nevertheless, there lacks any clear consensus on all the necessary elements of a strategy to combat international terrorism and their relative weighting. There has been an over-supply of rhetoric and an under-supply of thoughtful analysis, with a lot more attention paid to responding to surface manifestations than to understanding and addressing underlying causes and currents. The UN Secretary-General made an important attempt to redress that balance in Madrid in March 2005, arguing that five distinct goals had to be pursued simultaneously: dissuade disaffected groups from choosing terrorism as a tactic; deny terrorists the means to carry out attacks; deter states from supporting terrorists; develop state capacity to prevent terrorism; and defend human rights in the struggle against terrorism.[84] Operationally, these may be seen as translating into a five-part strategy:

- *A protection strategy* focused on preventive national security in all its forms, the guarding of trade and transport routes and ensuring in particular that potential terrorists have no access to fissile nuclear material. And while chemical and biological weapons have been outlawed, access especially to dual use biological materials remains a grave risk to international security. The Secretary-General's recent proposal to establish a forum for elaboration of safeguards against the misuse of biological materials is welcome and warrants urgent consideration.
- *A policing strategy* encompassing police, intelligence services (enhancing whose capability and operational effectiveness remains a high priority around the world) and, in very extreme cases, military forces.
- *A political strategy* to tackle grievances—the occupation of Palestine and Iraq preeminent among them—which increase support for terrorist actions among domestic constituencies and manifestly encourage recruitment to organized groups or, increasingly worryingly, self-initiated action by small groups of disaffected individuals.
- *A polity-building strategy* to help states develop their own ability to combat terrorism, recognizing the role of failed, failing and fragile states in harbouring and nurturing terrorist groups capable of causing real damage elsewhere. At present, many donor governments are engaged in debates between

ministries about the prospect of using development assistance funds to build counter-terrorism capacity in situations that do not qualify as official development assistance—a debate that illustrates the problem of tackling global challenges without adequate financial tools for global public goods.

- *A psychological strategy* including, at a global level, the development of a normative prohibition against terrorism through the adoption of the definition of terrorism proposed by the High-Level Panel, and endorsed by the UN Secretary-General. This should be done by a vote at the General Assembly designed to make clear once and for all that attacks on civilians, whatever the context in terms of resistance to foreign occupation or anything else, are absolutely indefensible and comprehensively prohibited. In this content, as in others, the consensus rules of the General Assembly have served not to enhance international agreement, but to bury accountability.

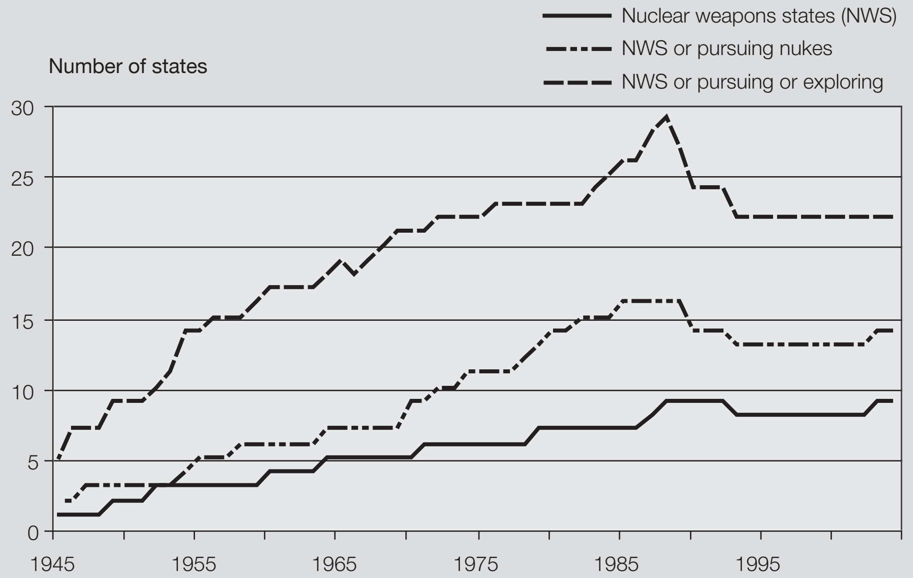
Implementation of this strategy would be aided by independent, evidence-based research into the types, sources and causes of terrorism. Continued debates about the causes of terrorism, particularly in terms of its relationship to poverty and occupation, impede international agreement on how to tackle the phenomenon.

Preventing the spread and use of nuclear weapons

If the international regime for disarmament and non-proliferation of nuclear weapons stands as one of the most important accomplishments of the multilateral system in the post-Second World War era, its ongoing erosion is the most worrying and most dangerous of contemporary developments (see figure 6.1). The establishment of the Nuclear Non-Proliferation Treaty (NPT) and its related agencies, protocols and control mechanisms helped to deter the spread and thus the risk of use of nuclear weapons for more than 40 years. Alone among weapons, they have the potential to destroy humanity in its entirety. While some of the nuclear weapons states have reduced their stockpiles, others are building them, and remaining stockpiles are more than adequate for the repeated destruction of mankind. No state or person is immune from the risk of use of nuclear weapons or from the potential effects of use.

So long as nuclear stockpiles are retained—both nuclear warheads at the ready and stockpiles of nuclear material (much of it badly

Figure 6.1 **Number of states possessing, actively pursuing and less actively exploring nuclear weapons technology**



Source: Data generously supplied by Christopher Way; see Singh and Way (2004).

guarded and vulnerable to theft)—all states and peoples will be more vulnerable. As the Weapons of Mass Destruction Commission (otherwise known as the Blix Commission) has starkly put it, "So long as any state has … nuclear arms, others will want them. So long as any such weapons remain in any state's arsenal, there is a high risk that they will one day be used, by design or accident. Any such use would be catastrophic."[85]

Yet, appallingly, several events have eroded the viability of the NPT, and successive opportunities to reverse that trend have been lost. The withdrawal of North Korea from the NPT signalled an important blow. The collapse of the May 2005 NPT Review Conference was a further reversal. The failure of the UN World Summit to agree a single sentence on the issue signalled the scale of the problem. And the building crisis in the Middle East outlines the dangers. The ongoing unwillingness of several of the nuclear weapons states to even acknowledge previous commitments to a 12-step disarmament process is as disheartening as it is irresponsible. And most recently, the US-India deal (still unratified), while usefully bringing India's nuclear programme into some degree of international oversight, did so at the cost of further erosion of international support for the NPT.

Ad hoc measures that supplement the NPT are of course still in effect, notably the Nuclear Supplies Group (NSG), which limits exports of nuclear-relevant technology and materials. The revelations of the A.Q. Khan smuggling network highlighted the limitations of the NSG's approach, though the circumstances under which A.Q. Khan operated were highly specific and difficult to replicate. Nevertheless the threat of smuggling of materials and weapons is a real one. It has been met in small part first by the Nunn-Lugar Initiative (the creation of a private foundation to buy back nuclear materials) and more recently by the promulgation first by the United States and then the G-8 of the Proliferation Security Initiative.

In short, political attention to the disarmament agenda has receded, but the threat these weapons pose is growing—a recipe for mounting risk, possibly disaster.

Elements of a strategy

As our report was being finalized, the Blix Commission issued its final report. We endorse the four sets of recommendations on nuclear weapons that it proposes, briefly recapped here:

- *Agree on the general principles of action,* that is to say that disarmament and non-proliferation are best pursued through a cooperative, rule-based international order with the UN Security Council as the ultimate global authority, that there is an urgent need to revive negotiations on key outstanding issues and that to this end preparations should commence for a new World Summit.
- *Reduce the dangers of present arsenals* by securing nuclear material, taking nuclear weapons off of high-alert status, prohibiting the production of fissile materials and adopting no-first-use pledges and other security assurances to diminish the role of nuclear weapons in security policy.
- *Prevent proliferation* by bringing the Comprehensive Nuclear-Test Ban Treaty into force, reviving the fundamental commitments of the NPT, continuing negotiations with Iran and North Korea towards their effective and verified rejection of the nuclear option and exploring international arrangements for an assurance of supply of enriched uranium fuel.
- *Work towards outlawing nuclear weapons* as has already been done for biological and chemical weapons, including by implement-

ing regional nuclear-free weapons zones and by prohibiting any stationing or use of nuclear weapons in outer space.

Criteria for the use of force

No issue has been more controversial in recent years than the use of military force, with and without Security Council approval, in the Balkans, Iraq and elsewhere. As the UN High-Level Panel on Threats, Challenges and Change argued, as these issues arise, case by case, the chances of the international community reaching consensus as to whether such force is or is not appropriate would be enhanced if agreement could be reached by the Security Council (and endorsed by the General Assembly) on the adoption of a set of criteria to guide its deliberations over the use of force. Clear criteria cannot guarantee agreement, but their consistent application—in conformity with the charter of the United Nations—would go a long way to help the Security Council avoid critical mistakes—of action or inaction—and enhance its perceived legitimacy as the ultimate decision-making authority on international peace and security.

The five key "principles of legitimacy" recommended by the High-Level Panel are:

- *Seriousness of threat.* Is the threatened harm to state or human security of a kind, and sufficiently clear and serious, to justify prima facie the use of military force? In the case of internal threats, does it involve genocide and other large-scale killing, ethnic cleansing or serious violations of international humanitarian law, actual or imminently apprehended?
- *Proper purpose.* Is it clear that the primary purpose of the proposed military action is to halt or avert the threat in question, whatever other purposes or motives may be involved?
- *Last resort.* Has every non-military option for meeting the threat in question been explored, with there being reasonable grounds for believing that other measures will not succeed?
- *Proportional means.* Are the scale, duration and intensity of the proposed military action the minimum necessary to meet the threat in question?
- *Balance of consequences.* Is there a reasonable chance of the military action being successful in meeting the threat in question,

with the consequences of action not likely to be worse than the consequences of inaction?

Debate in the UN in the follow-up to the Secretary-General's submission of these principles to the General Assembly and the Security Council revealed significant support for their acceptance, but a division among the permanent members about the desirability of their adoption as formal guidelines. In this, as in other matters, enhancing the legitimacy of the Security Council can only contribute to the process of aligning national and global interests. The alternatives are a Security Council unable to act, or one able to act only against the broad sense of members' values and interests—equally unpalatable outcomes.

But enhancing the legitimacy of the Security Council will require more than just articulating criteria for the use of force. Rather, the mechanism that has repeatedly blocked action in critical cases—the veto—requires attention, if only to try to reach consensus about the limited circumstances in which it should be used. So too does the membership of the body, now as outdated and unrepresentative as to structurally weaken its legitimacy and perceived authority. Reforms to the veto and composition of the Security Council would significantly enhance its authority to act and the capacity to succeed. We address the details in chapter 9.

A Cross-Cutting Issue: Knowledge

7 Chapter

Knowledge is perhaps the clearest example of a public good. Once knowledge is generated it can be shared, in principle, by many people at the same time, and it is hard for creators of knowledge to maintain exclusive property of it. Hence if left to market forces alone, there would always be a tendency to under-invest in the generation of knowledge. This explains why governments intervene, on the one hand, by supporting the creation of knowledge through direct subsidies and, on the other, by according and enforcing intellectual property rights. The latter process certainly provides incentives for the creation of new knowledge, but it also impairs the diffusion of existing knowledge. Determining the extent of government intervention to support the creation and diffusion of knowledge with either kind of instrument—direct funding or intellectual property rights—is a crucial political choice. It is now well established that the capacity to assimilate, diffuse and generate knowledge is a key factor of economic growth and development at the national level.

Knowledge is not only a national public good, but a global public good as well, because its diffusion is not stopped by borders.[86] People in any nation could in principle benefit from scientific or technological knowledge produced in other nations. The spontaneous globalization of knowledge does not occur, however, largely because many countries, due to deficiencies in their educational systems, have limited capacity to assimilate existing and new knowledge. Another barrier to spontaneous globalization is that knowledge has been made to some degree excludable by the adoption of intellectual property rights. Even though knowledge is by itself critical for development, at the same time it serves as an input to the provision of other global public goods. Therefore it is treated as a cross-cutting issue in this Report.

Examples of why knowledge is crucial for the provision of other global public goods abound in areas such as controlling communicable diseases, managing global commons, achieving an open trade regime and pursuing financial stability.[87] An important past example is found in the "green revolution"—a process that combined knowledge generation and sharing to produce grain that responded more favourably to fertilizer and is credited with fostering major reductions in levels of poverty and hunger in the developing world.[88]

The past 20 years have witnessed four major trends in knowledge. First, there has been an enormous increase in the creation of knowledge. Second, there is huge growth in the role of the private sector in generating knowledge, which has become more important economically. Third, the greater openness of borders to products and people and the development of transportation and communications (particularly digital information technologies) have created new global opportunities for accessing and disseminating knowledge. Fourth, the use of intellectual property rights to protect knowledge has restricted access to information and technologies. Knowledge is increasingly privatized and commercialized—even knowledge developed with public funding.[89]

International cooperation for knowledge

Two issues have especially significant cross-border implications: intellectual property and common knowledge.

Intellectual property. At the international level, the long-standing focus has been on cross-border reciprocity in honouring patents, copyrights and trademarks protected under national laws through treaties administered by the World Intellectual Property Organization, and most significantly by the WTO's Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) that came into effect as a result of the Uruguay Round.[90]

Common knowledge. The common knowledge system includes the vast stock of knowledge in the public domain reflecting centuries of human endeavour. It includes knowledge that is "graduating" from intellectual property protection with the expiration of patents and copyrights. It includes new scientific findings from basic research for which intellectual property protection is not sought (such as the Human Genome Project). And it includes open source software (such as Linux), research tools and databases for which protection is also voluntarily not sought.

The issue of intellectual property versus common knowledge is particularly important given the critical role of the private sector in knowledge generation. For the most part private companies invest in knowledge generation on the basis of expected returns from intellectual property rights. The very mechanism of intellectual property rights, however, also limits the availability of knowledge, turning it from a public into a private good.

At the international level significant investments have been made in the free exchange of scientific research findings and results, in some cases supported by public funding, including such international research partnerships as the Consultative Group on International Agricultural Research (CGIAR) and the International AIDS Vaccine Initiative. Another example is the European Organization for Nuclear Research (known as CERN).[91]

All these initiatives produce scientific breakthroughs and new knowledge available to all. Similarly, we emphasize the importance of further efforts to ensure that statistics delivered by governments and compiled or collected by international institutions are openly available.

Both systems—intellectual property and common knowledge—are needed, but there is no neat formula indicating how much of one relative to the other is desirable. During the past 20 years, the balance between the two kinds of systems has been tilting towards private intellectual property. The European Union has adopted a highly restrictive directive on the protection of databases. The United States has expanded the scope of patentable research findings, including what otherwise would be considered discoveries of nature rather than inventions. And other developed nations have moved to protect business software, plant and animal varieties, genetic sequences and biotechnological research tools.[92] By far, and somewhat ironically, the most important step to protect intellectual property rights has taken place on the multilateral front with the adoption of the TRIPS agreement.

These and other changes in the intellectual property system have resulted in a relative contraction of the common knowledge platform. The knowledge gap between the rich countries and the majority of poor countries is widening and with it the possibilities are reduced of closing the development gap between them. Furthermore the role of knowledge as an input for the production of other global public goods is also being limited by the protection of intellectual property as clearly exemplified by the cases of R&D for disease control and climate change.[93]

The Task Force strongly endorses two types of initiatives. First, those aimed to enhance the common knowledge platform through international partnerships. Specifically donor countries should expand their financial commitments to enhance the global research and information capabilities necessary to overcome crucial problems in the areas of rural development, environment and health in the poorest developing countries. It is essential to ensure additional funding for the institutions already conducting research in these areas, particularly the CGIAR and the various partnerships in the medical sectors. On health, serious consideration should be given to the creation of new partnerships, preferably a network of research facilities specializing in tropical diseases, guided and financed through an International Consultative Group, as suggested in chapter 3.

Second, the Task Force endorses initiatives aimed to balance the effects of TRIPS on developing countries. As mentioned above, accepting TRIPS was the cost paid by developing countries to have the Multifibre Agreement phased out and agriculture brought into the WTO framework. It has been estimated that developing countries eventually will be paying close to $60 billion per year in royalties because of the enforcement of TRIPS.[94] Some of this cost was supposed to be compensated by the expected benefits stemming from the protection of intellectual property rights, benefits such as increased trade, additional technology transfers and bigger foreign investment flows including the flows directed to address specific needs of developing countries—like combating tropical diseases. The problem is that TRIPS is a bound obligation, whereas the supposed compensating benefits are not. Thus, as is found in other parts of the multilateral trading system, TRIPS is unbalanced against the interests of developing countries.

One measure to balance the consequences of TRIPS, albeit only partially, would be the establishment of a multilateral agreement on open access to basic science and technology (ABST).[95]

The ABST could have at least five globally beneficial impacts. First, it would help resolve the free-rider problems that reduce investments in science and technology relative to a global optimum. Second, it could restrain the tendency of governments to restrict access and to encourage privatization of basic knowledge. This rebalancing of technology development norms in favour of expanding the public domain could help vitalize scientific research in many countries while promoting applied innovation. Third, the agreement could provide an important plank for the construction of modern technological capabilities in poor countries while sustaining access to information for educational purposes. Fourth, it should not unduly restrict the rights of firms to exploit intellectual property in applied technologies and products. Finally, it could help restore confidence on the part of developing countries that TRIPS and the WTO are institutions that facilitate, rather than hinder, technology transfer.

The idea of establishing an agreement for ABST is endorsed by this Task Force. The goal of ABST would be to facilitate the transfer of scientific knowledge and technological information to developing countries. Through ABST developed countries would be committed to support poor countries in enhancing their capacity to assimilate, diffuse and generate knowledge. With the necessary safeguards ABST would adopt regimes to allow researchers from all countries to compete for local research grants and for increasing global access to research outcomes. These regimes should be built on the most-favoured-nation and national treatment principles.

Part III

Improving the Provision of Global Public Goods

Improving the Provision of Global Public Goods

Although in Part II we have divided the analyses of key global public goods into separate areas for clarity's sake, we believe policy-makers must give more attention to their interdependence. It may now be commonplace (as the UN High-Level Panel on Threats, Challenges and Change argued) to say that "development is the indispensable foundation for a collective security system", and that there is growing recognition (in the words of the European Security Strategy) that "security is a precondition of development". However, in practice, international negotiations all too often focus on specific problems rather than the links and the priorities among them.

Even where economic, security and environmental issues are addressed, they still tend to be treated as separate. There is often a sense that some issues have been included in international agreements to placate different audiences. Clauses on terrorism matter to the West, for example; those on development to the South. They are brought together not because they are interrelated, but as a trade-off between irreconcilable parties, highlighting rather than reducing diverging international interests.

This can be counter-productive, for today's challenges cannot be neatly categorized. Economic and environmental concerns foster a rising demand for civilian nuclear power, but given the state of international controls this brings with it a growing risk of nuclear proliferation. Freer trade increases global prosperity, but the twentieth century demonstrated that the alternative of protectionism and unregulated competition for resources can undermine security structures. Combating infectious disease is warranted in its own right, but will also have positive side-effects for security and trade.

The idea of global public goods reflects such interdependence as a necessary factor in effectively addressing global challenges. In the domestic sphere, a competent government inevitably responds to differing interests; farmers and city-dwellers inevitably have separate needs. But some public goods are common to all, such as basic health care, the money supply and police. And a government must balance them; an administration that concentrated on policing but ignored public finances and health would create not only a powerful gendarmerie, but also an anarchic failed state.

At the global level, it is also important to balance policy priorities. To focus solely on economic growth without considering its environmental impact will create resource shortages and raise the risk of resource wars. States that combine high security with economic protectionism increase the threats they aim to defend against. If we do not see the generation of global public goods as a process of balancing interrelated demands and needs, we may progress in some areas, but the international system will remain fragile, and the risks of crisis escalate.

In short, the potential gains from a positive interplay between improved peace and security, an expanding sphere of prosperity and the protection of the health of peoples and the environment are substantial indeed. And the consequences of a potential negative spiral of protectionism, isolationism, deepening international divisions and an erosion of both security and stability are severe. Urgent action is needed to forestall the former and realize the promise of the latter.

The provision of these priorities will require energetic action to reform both the political decision-making and financing mechanisms for national and international action.

In Part I we showed that historically catalytic efforts—often by the most powerful—were required to provide global public goods. Events of recent years have shown that the prospects for realizing such leadership do not lie primarily in formal international institutions. They are vital tools, and their health must be assured. But they are also cumbersome, unable to respond quickly to emerging challenges, unable to act nimbly across different issue areas and unable to generate critical breakthroughs on policy and institutional reforms to seize the opportunities available to meet common goals or to avoid shared risks.

We conclude, as others have before us, that the best hope for generating the kind of catalytic leadership necessary for the provision of global public goods lies with the establishment of a new, informal forum. We propose, accordingly, a Global 25 forum that brings together the heads of state and government from the developed and developing countries that are the most responsible, capable and representative, as well as relevant representatives of other groups and regions. With appropriate links to the formal institutions, such a forum could do much to spur action towards shared goals. And without such a forum—that marries inclusion and agility—it will be extremely hard to achieve the reforms to international policies, institutions and financing necessary to achieve common goals.

But we cannot stress enough that such a catalytic forum must be matched to—indeed it must strengthen and make more effective—formal institutions and the wider process of negotiation and decision-making they allow. This process is necessary to ensure that all states have a chance to express their preferences and participate in the authorization, or rejection, of action, even if the direction is initially set by the Global 25. That the legitimacy of the decision-making mechanisms of the major international institutions is in doubt poses a major obstacle to this process, one requiring structural reform. We thus add our voices to those who have called for reforming the mechanisms and representation of the UN Security Council and the governing bodies of the International Monetary Fund (IMF) and the World Bank, as well as the broader UN system—reflecting its dual roles in promoting development and managing global issues.

The effectiveness of international mechanisms needs also to be enhanced through improved accountability, starting with greater transparency. Such reforms will also aid national mobilization and resource commitments.

So will the use of both best practice and new, innovative tools for generating the necessary financing for global public goods. We stress that national governments retain the primary responsibility, as it is in their interest, for ensuring that global public goods are paid for. But there is also a need for reform to improve the use of existing resources and to tap the energy and initiative of the private sector.

Catalytic Leadership and Action: The case for a Global 25 forum

8 Chapter

The past few years have seen critical opportunities missed, institutional reforms founder, international divisions deepen and risks mount. The kind of catalytic, responsible leadership required to overcome these obstacles to cooperation has been frequently lacking.

At the international level, of course, there is no equivalent to a national government to perform the functions of political mobilization, making hard political decisions or ensuring coherence across different sectors. Indeed the international sphere is defined precisely by the absence of an authority or a mandate that transcends sovereignty.

But there is a connection to national governments, and specifically to heads of state and government, for only they can articulate the vision and make the advanced commitments to catalyse the supply of global public goods.

The question is thus how to mobilize and capture the energy of national leadership at the international level—how best to ensure that heads of state and government are appropriately and responsibly engaged in global policy.

Political engagement of national authorities in global fora

Heads of state and government have primarily been engaged in international affairs through two approaches: summitry at international institutions, which bring together national leaders from the full membership of those institutions, and political summits of small groupings. Both have strengths and weaknesses.

Institutional summits. These have from time to time set important goals, such as the Millennium Development Goals. They are rarely tools for generating mechanisms to deliver commitments. Institutional summits are limited instruments, and they have significant weaknesses.

They tend to be, for a start, highly cumbersome, often taking years in the preparation and requiring very broad participation. Partly because of this, and partly as a function of the mandates of the existing international instruments, institutional summits tend to work within existing agendas and existing frameworks. They are tools for consolidation more than for setting new agendas, and, as a result, often do not enable catalytic action. International summits also tend to reinforce rather than transcend the regional and political groupings for business-as-usual in international institutions. And they operate within the sector-by-sector architecture of the existing system, ignoring or underplaying the intersections and interconnections between issues.

Institutional summits will undoubtedly remain a part of the international landscape and will under some circumstances be able to reach agreements on well developed topics. But for catalytic action to jump-start the more effective, more reliable supply of global public goods, more nimble and more political mechanisms are needed.

Political summits: the G-8 and others. When formal institutions have been unable to act, international political fora that bring together clusters of national leaders outside formal frameworks have at times filled gaps on an interim basis or catalysed action by taking steps critical to attract the willingness of others to engage and cooperate or to commit resources.

There are a myriad of regional and subregional summit fora, as well as summits of political or religious groupings. The best known, and probably the most significant example, is the G-8. Over its history, the G-8 has shown at least an episodic capacity to move issues forward that have been otherwise immobilized within formal institutions. Recent examples include the political agreement on Kosovo (1999),[96] which had been blocked in the UN and in the Organization for Security and Co-operation in Europe (OSCE), and debt relief for Africa (2005), which had been stuck in the international financial institutions.

The G-8 has also launched initiatives that would have been complicated to negotiate in a wider institutional framework, required more than a bilateral political framework, and yet benefited far more countries than participated in the launch of the initiative—such as the G-8's Global Partnership Against the Spread of Weapons and Materials of Mass Destruction in 2002. Through this mechanism the G-8 countries used their considerable financial capacity to pay for the clean-up of the former Soviet Union's nuclear stockpiles—a global good, surely. Another example is the Global Fund to Fight AIDS, Tuberculosis and Malaria that was initiated by the G-8 in 2001.

Regional groupings most often affect regional action; while the regional level is important, it does not suffice for global action. And the problem with the primary political summit forum, the G-8, is precisely the opposite of the problem of international summits. While the latter are so large as to be unwieldy, the G-8 is too small for its decisions to generate the kind of broad-based support required for acceptance and implementation through formal institutions. Moreover even when the G-8 takes a forward-leaning step on a rapidly evolving issue, as with the Proliferation Security Initiative (PSI) in the face of evidence of sea-based movement of nuclear and biological materials and related weapons systems, it does not engage in a wider process of negotiations, causing the PSI to be as much resented as embraced.

And even within the G-8's original field of focus, international finance, its limited membership is increasingly seen as anachronistic in the face of the changing distribution of wealth and financial influence in the global market. Even measured in traditional gross domestic product (GDP) terms, China now has a larger GDP than two current members of the G-8 (Italy and Canada), and six countries not included in the G-8 have larger GDPs than Russia (Spain, whose GDP is also larger than Canada's; India; the Republic of Korea; Mexico; Australia; and Brazil).[97] Moreover, looked at in terms of the World Bank's preferred tool for measuring wealth and well-being, purchasing power parity, the GDP of China and India combined almost equals the GDP of Japan, the UK, France, Italy, Canada and Germany combined.[98] When looked at in terms of international financial activity, China's exclusion from the G-8 is fundamentally at odds with its major role in international finance and trade.

The non-participation of the major developing economies in G-8 deliberations and the absence of a broader consultative process (addressed only in a very partial and often resented way by the recent invitation of some outside states to sit in on part of the summit process) sharply limit the potential for the G-8 to perform the catalytic function needed to enhance the supply of global public goods.

Indeed the G-8 created a wider forum, the G-20 finance ministers gathering (see box 8.1), when it saw that its efforts were being largely ignored by the major emerging economies, states whose participation in solutions was essential for their success and whose compliance could no longer be taken for granted.[99]

Transforming the G-20: A Global 25 forum

With institutional summits generally unwieldy and the G-8 too exclusionary, we believe that the establishment of a summit forum gathering

Box 8.1 The Finance G-20

The Finance G-20 was founded as a forum to promote international financial stability and address issues beyond the responsibilities of any one organization.

Mandate. Created in 1999 the G-20 is an informal forum that seeks to promote an open and constructive dialogue among industrial nations and emerging market countries on key issues relating to the international monetary and financial system—and in the process to strengthen the international financial architecture.

Chairmanship. The G-20 meets once a year. It has no permanent staff. The chair country sets up a temporary secretariat for the one year duration of its chairmanship. It was chaired by China in 2005, is chaired by Australia in 2006 and will be chaired by South Africa in 2007.

Membership. The members of the G-20 are the finance ministers and central bank governors of 19 countries: the G-7, plus Argentina, Australia, Brazil, China, India, Indonesia, Korea, Mexico, Russia, Saudi Arabia, South Africa and Turkey. The European Union is also a member. To ensure that the global economic fora and institutions work together, the Managing Director of the IMF and the President of the World Bank—plus the chairpersons of the International Monetary and Financial Committee and Development Committee of the IMF and World Bank—participate in the meetings.

Source: www.g20.org

a wider grouping of heads of states and government, based on an augmented Finance G-20, could play a catalytic role in generating a greater and more reliable supply of global public goods. We refer to such a forum as a Global 25.

We are not the first to reach a similar conclusion. The High-Level Panel on Financing for Development and the UN High-Level Panel on Threats, Challenges and Change did so before us. That the political actors who must reach the decision to take this step have not yet done so, despite repeated calls, is a cause not for rejecting the idea but for mobilizing towards it.

A broader group of states, involving the main developed and developing world economies and drawing on all regions and major groupings, would have the capabilities to take catalytic action and the wide representation for such actions to generate support and broader participation.

A Global 25 forum could play several critical roles. It could:

- Initiate action on upcoming agendas and rapidly address emerging issues.
- Forge political agreements and compromises on the toughest issues.
- Recognize the trade-offs required across different sectors.
- Generate advance commitments, thereby kick-starting supply of global public goods.

- Help to secure appropriate and adequate financing for the supply of global public goods.
- Challenge existing international institutions to take on issues and to perform reliably and effectively.
- Monitor follow-up.

By playing these roles, the group's initiatives will have reasonable credibility. Catalytic action of this type could then be brought to the formal institutions for broader consultation, wider negotiations and ultimately rejection or endorsement by the broader community of states. This wider process is absolutely necessary. But the composition of a Global 25 would substantially increase the likelihood that its proposals would generate support and acceptance, and thus implementation.

With these core functions there could be additional benefits to such a grouping. It could examine, in ways beyond the capacity of the existing institutions, the inter-connections between issues normally treated separately and create a forum for the heads of the major international institutions to regularly meet and generate more effective collaboration. It could also demand and generate evidence-based research, monitoring and evaluation. And it could encourage innovation in public and private sector financing of global public goods.

At this divided international moment, the mere composition of such a forum could send a powerful signal about the need for cooperation, about the importance of bridging regional and political divides and about common global responsibilities to tackle common global ills.

Conditions for an effective Global 25 forum

A Global 25 forum at the level of heads of state and government could achieve these benefits under three conditions:

Membership as a reflection of contributions. Membership in such a forum should not be based solely on financial size, population size or military power. These will be criteria, of course, but the grouping should have the flexibility to build in participation by those who contribute most to the supply of global public goods.

Representation. A Global 25 forum, reflecting commitments as well as size, should be carefully tailored to include participation by regional organizations and political groupings that are not represented in the deliberations of the current Finance G-20. The outcomes would be more representative and more likely to be aligned to national interests of the large number of smaller states—and on both fronts more likely to be implemented.

Limited mandate. Such a forum can positively influence decisions and produce proposals for wider endorsement. The mandate of such a grouping should be limited to political debate and agreement and not extended to formal decision-making. Any political agreements reached by the Global 25 that relate to the mandate of a formal multilateral institution should be taken back to it for formal debate within its governing mechanisms and for acceptance or rejection by the wider membership.

Options for composition

Since the idea of a heads of state and government meeting of the G-20, or a variant,[100] was first floated, there has been a debate over composition. Is the Finance G-20 suited to take on a broader role? Might not alternative models be better? Is it more feasible to start with a narrower grouping, through expanding the G-8 to the G-10 or G-12? Is it more effective to elect a different 20 based on different criteria or to modify the existing 20 based on broader criteria?

We see most merit in an approach based on augmenting the existing G-20—a cross-regional grouping of states that has significant representation from emerging powers and all continents and regions and that collectively represent around 90% of global gross national product, 80% of world trade and two-thirds of the world's population.[101]

Even then, two sets of actors would be underrepresented, or not represented at all. First are African states, represented in the G-20 only by South Africa. Second are the poorest countries, which have no representation at all in the Finance G-20. Finally while in the Finance G-20 some important economic institutions are represented (the IMF, the World Bank and the European Central Bank), the UN is not represented.

Ideally the composition of a Global 25 would reflect the greatest contributions to global public goods. Given that measurement of such contributions is insufficiently developed, proxy measures for contribution have to be used.

Modifications to correct the imbalances in the existing G-20 would improve the representativeness, and thus the likelihood of support for its political agreements. Options for addressing these imbalances include:

- Add representatives from regional groupings, beginning with the African Union (the European Union is already a member). The other regions should be also be considered, if and when they strengthen their regional mechanisms; and/or

- Add the one or two most populous or wealthiest countries in each of the most under-represented regions (especially Africa and the Middle East).

In total, augmentation of the membership should bring it to a maximum of 25 actors, hence, a Global 25.

To ensure a proper link to the UN, the UN Secretary-General could participate.

Political obstacles and further options

In debate and deliberation over the past few years, proponents of similar fora have encountered two contradictory realities. First, there is a broad "summit fatigue" in the international system, which adds to resistance to proposals for a new one. Second, countries are typically reluctant to give up any existing summit forum in which they participate. Adding another summit forum would be unpopular for both reasons.

A further political obstacle to a Global 25 forum lies in potential resistance from those who will not participate. While those who do not participate stand to gain from agreements and commitments made by a Global 25, the mere fact of non-inclusion tends to rankle national pride and create suspicion.

But states that would resist the notion must answer the question, What is the alternative? Formal international institutions have repeatedly proven themselves too cumbersome, too narrowly bound to specific sectors, to solve global problems. And while the G-8 has performed important functions, its narrow membership sharply limits its potential.

Without a grouping that marries inclusion with agility, it will be extremely hard to achieve the necessary reforms to international policies, institutions and financing to achieve common goals.

The best response to these concerns is to stress that the Global 25 would start as an informal forum. Only once it had proved its value should the questions be addressed of solidifying its forum (including such questions as whether it should have a Secretariat and the like) and resolving its relationship to the G-8 and G-20.

A Global 25 forum, if established according to the criteria set here, could have a catalytic effect in the provision of global public goods.

But a Global 25 forum can only be catalytic; it cannot be decisive. The broader community of states must have the ability to participate in negotiations about global public goods and to react to ideas and proposals from the Global 25—accepting or rejecting them after serious consideration.

This takes us, then, to the question of institutions—their governance structures through which such negotiations occur and their ability to effectively implement agreements to provide global public goods.

Effective Institutions: Governance and accountability

9 Chapter

In most cases producing a global public good will require action by international institutions—building on, reinforcing and often coordinating national action; channelling funds to national programs; monitoring and reporting on progress; and, in a growing number of issue areas, directly implementing decisions taken at a global level. Thus the quality and the management of international institutional capacity are vital for the provision of global public goods.[102]

Though issue-specific reforms are required, and some of these have been addressed in Part II, the greater concern is with the question of whether or not, systemically, international institutions have been suitably adapted to play an appropriate role in the provision of global public goods. The systemic issues are two: the legitimacy of their governing mechanisms, the primary place where states contest their interests in global issues and solutions; and the accountability of institutions as delivery systems for global public goods.

Governance reforms

Governance reforms are important for the provision of global public goods for two reasons. First, decisions within institutions at the governance level will normally be required for those institutions to take on new mandates or programmes, or even to adapt existing ones. Second, it is through the governance mechanisms of international institutions that debates about states' preferences are engaged at the global level, and either acted on or ignored. Here political contest (discussed in Part I as a major obstacle to the supply of global public goods) and legitimacy play out decisively. If a majority of countries do not feel that they have a voice in global decision-making, the "good" in global public goods will be hard to define, strategies will be hard to agree on, legitimacy will suffer, and implementation will lag.

Regional participation in global decision-making

A critical reality of global public goods is that they are contested; states have different interests, values and preferences, even where they share long-term goals. Aligning preferences and setting priorities in a world of 200 states is an acute challenge.

In some contexts regional mechanisms are effectively used to agree on common preferences and priorities for inputs to international decision-making—for example, in some of the regional and sub-regional groupings that share board seats at the International Monetary Fund (IMF) and the World Bank. In other contexts regional groupings in international mechanisms are out of alignment with regional organizations—as, for example, with the African regional grouping at the UN, which has different presidencies (and often substantially different priorities) from the African Union (AU).

The value of a regional approach differs from area to area. Asian regionalism is fragmented—hardly surprising given the size of the region and the vast differences in the types of states that it comprises. The result is that most Asian regional bodies are issue-specific and in all likelihood will remain so in the foreseeable future. Greater Asian representation and voice in international institutions is not likely to occur through a regional approach, but through the inclusion of major Asian powers in the governance mechanisms of those institutions. Latin American countries have long pursued regional integration, but their efforts have only begun to tackle the most difficult challenges that confront the region, including social inequality, organized crime and the regional fallout from internal conflict.[103]

That said, even within the weaker regional frameworks, there are important examples worth building on. The Association of South East Asian Nations (ASEAN) has played directly and through its hosting of the ASEAN Regional Forum useful roles in mediating regional conflict (for example in Cambodia) and in calming regional tensions (in the South China Seas).

A stronger role for regional institutions is particularly salient in Africa. Although countries on the African continent vary as widely in cultural and political terms as do the members of Asian groupings, there is a narrower band of difference in state capacity. The New Economic Partnership for African Development (NEPAD) and reform of the AU have already strengthened African voices in international fora. Further development of the link between the AU and the African regional groupings in international fora could be an important move towards more effective developing world participation in global decision-making.[104] Financial donors to the AU (including OECD countries, Arab states and others) should deepen their support to developing the representational and negotiating capacity of the AU in international fora, alongside agreed efforts to strengthen AU peacekeeping capacity (agreed at the 2005 World Summit).

We also highlight the value of tightening the link between the governance mechanisms of regional bodies and their representation in international fora. When, as is sometimes the case, the country or countries that sit in the leadership/chairmanship of regional bodies do not represent that region in international fora, political dynamics open gaps between the regional mechanism and its projection internationally. The EU has begun to bridge this gap through the presidency, but others such as the AU have not yet done so.

Regionalism is not, however, an alternative to an overarching framework for political and economic cooperation at the international level.

Governance reform

There is no real doubt that restoring public and political confidence in the major international institutions will require reform of their governance mechanisms. But there is great debate over the specifics of those reforms and the principles that should guide them.

In the past few years those debates have been clouded by loose terminology and confused terms. Frequent recourse is made to the concept of "democratizing" governance but without a shared concept of democracy or its application to international institutions. The term "efficiency" is also used, but in widely differing ways by states seeking to further their national claims. So is the concept of "changed distribution of power", used to argue both for broadening the participation of rising powers and for narrowing it to the hyper-powerful. And all of these terms have been used at times to promote reforms that do little more than reward stature, rather than encourage commitment.

Still there is no getting around the great deal of disquiet within a wide range of constituencies about current governance arrangements—disquiet that impedes reform agendas and the core work of the major international institutions, whether it is widespread skepticism of Security Council decision-making surrounding questions of terrorism and nuclear proliferation or developing country unease about certain conditionalities attached to IMF and World Bank lending. There is a generalized sense in political discourse that only the post-war powers meaningfully participate in governance decisions. Yet Asia has growing financial, political and military clout. Africa is creating new opportunities for itself. And several states, including in East Asia and Latin America, have grown so much in size and regional reach that weaknesses in their formal decision-making roles impedes the implementation of international programmes and mandates.

We believe that an approach based on the requirements of producing global public goods can be useful in providing pathways to reform. What our report shows is that the very nature of global public goods requires a combination of responsible leadership by those states that have extensive financial and political capacity to contribute, as well as a wider process of legitimization, reflecting state preferences and coordinating interests.

Unless those with financial and political power are willing to shoulder their responsibilities, no international institution is able to perform its basic mandate. From the outset of our current system, the notion that powerful states should have extra responsibilities has been embedded in institutional governance. But the current architecture lacks mechanisms to modify the nature of representation in governance mechanisms as power and capability shift.

Across the board we believe that international institutions would be strengthened with integrated mechanisms to modify their governance arrangements as state capabilities shifted, including, for example, weighted voting (linked to contributions and population) or linking membership to specific contributions. With respect to the core mandate of the institution in question, different measurements could be adopted, encompassing percentage of world GDP, scale of financial transactions, share of peacekeeping contributions and so on.

Obviously if such measures are adopted, great debate will be expended over precisely which measures of capacity to contribute to use. We believe that approaches that involve flexible participation based on specific capacity are preferable, because they create incentives for action and rewards for contributions, encouraging national commitments rather than simply rewarding status. Weighted voting is one such mechanism. Another, adopted by the World Bank's International Development Association and the UN in creating the Peacebuilding Commission, is having seats at the table that reflect sustained contributions as well as the more traditional standard of regional representation.

Debating state preference is more difficult but equally important. Global public goods must be perceived to be so, in values or interest terms, by a large majority of states involved in their production. Otherwise implementation will be near impossible. However, in a world of 200 states, we can not base our approach on the idea that all states will always meaningfully be able to share their preferences about the value of a given global public good. Even in the UN General Assembly, which comes closest to a forum for all states to express their interests and preferences across a range of global issues, the reality is that regional groupings (slightly odd ones) and political groupings (out of date ones) actually take up most of the negotiating oxygen in the General Assembly's chambers.

Highly selective groupings—such as the G-8 and the UN Security Council—are able to reach agreement on priorities, but are less and less able to persuade non-members of the legitimacy of their decisions. This has been starkly shown in the Security Council, not only around specific crises such as Iraq, but also in efforts to set mandatory international standards for non-proliferation and counter-terrorism. It is also seen in international political reactions to G-8 proposals, though the group has done somewhat more to begin to adapt, including more consultation with non-members.

Moving forward, we believe that the international capacity to meet the growing demand and the urgent need for global public goods requires institutional reforms that increase the participation of a wider band of states willing to demonstrate responsibility and to sustain commitments. They must also reflect the political reality that unless our institutions are able to persuade and to legitimize, they will not be effective. Governance reforms must also bring into the decision-making system states, especially among emerging powers, with a capacity to help legitimize decisions.

The perceived legitimacy and production of priority global public goods would be enhanced if the IMF and the World Bank adopted governance reforms giving greater weight to under-represented nations and if the UN made reforms to the Security Council, ideally both to its membership and to its veto mechanism, and to the broader UN system as a whole.

IMF and World Bank governance reform

The provision of global public goods would be improved by changes to the IMF's voting structure and the distribution of chairs on its executive board. While the executive board seeks to operate on a consensus basis, the fact that many countries, particularly rapidly growing emerging-market nations, are significantly underrepresented in quota shares undermines the sense of equity and balance on which true consensus must rest.[105] Biasing the policy debate and the resulting decisions, these distortions contribute to the perception that the institution unfairly favours developed country interests—although there are also distortions within developed country shares. The quota reformulation is exceedingly complex and has thus far not produced a consensus.

At this stage, in line with the Managing Director's strategy, more weight should be given to the most underrepresented countries.[106] In the longer run, the distribution of board chairs should also be revised to better reflect the changing structure of the world economy. The IMF's executive board should also encourage a change in the Fund's operating culture towards greater collaboration with relevant partners.[107] At the World Bank, the countries most affected by its policies—that is, the developing countries—should be more fully represented on its board. The almost identical composition of the IMF and World Bank boards is outdated and should be replaced by boards whose composition better represents the interests of the key stakeholders in, and the mandates of, the respective organizations.

UN Security Council reform

The Security Council was designed by the UN Charter to balance extra responsibility for the powerful, ensuring engagement and regional representation, ensuring commitment. The veto was introduced to ensure that the most powerful states felt able to bring issues of direct importance to them to the Council chamber; this privilege was balanced by the concept that the most powerful should also accept extra responsibility.

What the UN Charter did not do, however, was include a mechanism for changes in power distribution and regional composition to be reflected in a changing composition of the Security Council. Despite significant changes in function of the UN, in the kinds of power and capabilities needed to support it, and in the quadrupling of its membership, the Security Council has been reformed only once. Its current composition, the continued availability of the veto to the postwar powers and the disparity in influence between the Permanent 5 and the variable membership of the Elected 10 are widely viewed as anachronistic and illegitimate in the sense that Security Council decisions, while legally binding, do not always enjoy widespread international political acceptance and support.

The Security Council's ability to maintain international peace and security would be strengthened by reforms to its membership and to the veto. The ability of any one of the Permanent 5 to veto UN action has from the outset been a source of contention, has undermined political support for the organization and has in any case largely failed to forestall the use of force outside the framework of the Charter.[108] For the veto two alternatives can be considered. One is replacing the veto by a system of weighted voting, which would still provide reassurance to the most powerful but would broaden real participation by elected members in the Security Council's decision-making. Somewhat more realistically (since it does not involve having a permanent member agree to give up their veto per se), a second option is instituting a system of double vetoes—a system that would require at least two veto-holding members to vote negatively to block a Security Council decision—for instances when the Security Council faces issues most damaging to international peace and security, especially crimes against humanity. It is worth noting that had such a mechanism been in place, the Security Council would likely have voted in a timely way to take action in Kosovo and Darfur.

If such reform to the veto is not possible, which regrettably seems to be the case at this time, membership reform should not add to the problem by bringing in new veto-wielding members; this would only further limit the Security Council's ability to act. An interim option is to add elected, but renewable, seats to the Security Council, open primarily to the states within regional groupings that make the largest financial, military and political commitments to the UN—the "Option B" proposed by the High-Level Panel on Threats, Challenges and Change. Efforts to promote "Option A"—new permanent seats—ran aground at the UN in 2005 and generated significant political divisions within the membership.

Option B has two advantages. First, it links representation within institutional governance structures to the engagement and commitment of states—a point that can assist in making the case to domestic constituencies for sustaining engagement at the global level. It can further aid the legitimacy of the Security Council by making it evident that the body reflects action by states that have taken responsibility and made commitments, rather than simply states that had military power at an earlier age. Second, whereas Option A excludes from Security Council decision-making more states than it includes, including several that make major commitments, Option B retains the prospect for such states to participate.

UN system reform

Since our Task Force was established, the UN Secretary-General has established a new High-Level Panel on UN System-wide Coherence "to explore how the United Nations system can work more coherently and effectively across the world in the areas of development, humanitarian assistance and the environment. The study intends to lay the groundwork for a fundamental restructuring of the United Nations operational work, complementing other major reform initiatives currently under way at the United Nations."[109]

We believe it warranted to stress the importance of a set of reforms to strengthen the UN system's role in the management of global issues and the provision of global public goods. Specifically, we believe that the UN system—in particular, its specialized agencies—has a critical role to play in the provision of issue-specific knowledge and coordination of action to negotiate and to implement agreements for the provision of global public goods. And independent evaluation of the performance of UN agencies, funds and programmes would help enhance their credibility.

Greater use of evidence-based research and more consistent monitoring of state compliance with international obligations would allow UN system entities to report on global developments and serve as centres of specialized knowledge, as hubs of professional networks, of interest to all countries. In short, it would allow them to play a more pro-active role on global issues and in shaping the provision of global public goods.

Such reforms are necessary to enhance the accountability of international institutions both within the UN system and beyond. We now turn to these reforms in greater detail.

Accountability

Here we elaborate a set of reforms that would generate improved transparency—a critical component of accountability. In the long term such reforms would be only one part of an effective strategy for ensuring accountability. There will have to be an additional emphasis on sanctions for non-performance if there are going to be effective mechanisms, with sustained support, for the supply of global public goods.

Initial efforts to enhance transparency should focus on using evidence-based research, monitoring state compliance and evaluating institutional performance.

Evidence-based action: research on global public goods

Action based on credible evidence is an important part of accountability. Too much of the international sphere is taken up with interventions that have at best a tenuous basis for the connection between the intervention and the nature of the problem. And far too little is done to develop and apply cost-benefit analysis to interventions. Evidence of a connection between the problem and the designed solution and cost-benefit analysis are both useful in convincing sceptical publics, parliaments and paymasters to provide the necessary investments in global public goods.

The lack of adequate research into causal relationships bedevils policy development on terrorism prevention, on post-conflict economic aid and other major spheres of international cooperation. The research that emanates from international institutions in their own issue areas is often methodologically weak or politically shaped; much could be done to improve the independence and rigour of research within institutions. The governing boards of international institutions should promote independent peer review and related tools to enhance the quality of and reliability of in-house research. And foundation and government sponsors of independent research should encourage deeper work on these questions.

One problem is the lack of research and data; the other is sourcing. In the context of national and international debates about whether to support new investments in global public goods, vested interests that stand to lose from the enhanced provision of a particular global public good (such as reduced tariff protection) may exaggerate the costs and minimize the benefits to the country. To counterbalance such sources of misinformation, it is essential that credible independent information and analysis be available to inform public debate.

One important source of information can come from the research departments of selected global and regional institutions, including the Organisation for Economic Co-operation and Development (OECD). The value and influence of such work would be stronger were such departments to develop a joint or well coordinated research programme focused on the costs and benefits, and distributional impacts, of global public goods recommendations. Even here, however, we should be aware of bias. International institutions tend to engage in research that takes as an assumption the relevance of that institutions' policy tools and instruments.

As a result institutional research should be supplemented by independent scholarly research and assessment.[110] More generally the establishment of a research network across a range of issues to promote independent research into global public goods would add value. Governments and private companies should sponsor independent research capacity and networking on global public goods.

Monitoring compliance

A second critical component of getting better accountability, and through it better production of global public goods, is monitoring compliance with international agreements. Governments often agree to international solutions that contain no provision for monitoring their compliance with obligations. Without monitoring it is impossible to design incentives for performance or sanctions. Here again we stress that if governments are not willing to relinquish some sovereign controls and provide institutions with the relevant authority to monitor their own compliance, they will seldom succeed in solving critical global challenges. When international agreements contain provisions for monitoring compliance, the odds of success rise significantly.

Any systems of monitoring compliance have to be both independent and equitable. Any that are selective are doomed to political failure. All states have responsibility for the production of global public goods and an interest in their achievements. Thus all states' performance should be monitored on an equal basis.

Transparent monitoring and reporting are critical for mobilizing public opinion and for accountability—both before agreements are reached and during implementation. They are particularly useful in identifying free riders. At present, monitoring of country performance is decidedly limited and uneven. Among international organizations, only the IMF systematically monitors country performance through its Article IV Consultations, reflecting its findings in the *World Economic Outlook* and other publications. The OECD monitors its members' economic performance and policies in a wide range of areas, such as development spending, employment, health, technology and innovation, environment and education systems. The WTO monitors country performance through its periodic Trade Policy Reviews, but does little with the findings, in part because of resource constraints. The International Atomic Energy Agency's (IAEA) annual report is another good example, closely monitoring country implementation of agreed protocols in all countries where it is deployed. But the lack of credible, independent monitoring of all countries' compliance with broader features of the non-proliferation regime diminishes the overall political value of IAEA reporting. Moreover, the fact that three countries in the past five years have been able to misreport and evade IAEA inspections[111] highlights the need for more stringent monitoring and verification procedures and mechanisms.

Other institutions do less. Partly to fill the void, other actors—both in the official sector and in the policy research community—have launched monitoring initiatives, such as the Security Council Report, which tracks the decisions and actions of members of the UN Security Council, and the Canadian Centre for Treaty Compliance.[112] While many of these efforts are excellent, they do not add up to a coherent information base for policy-makers and private citizens to gauge progress, assess comparative country performance and determine priorities for action. Nor is there an agreed basis for evaluating international organizations' performance and results or a baseline for tracking progress over time.

Most regional and international organizations, as part of their reform programmes, need to upgrade their monitoring and surveillance functions. To this end a concerted investment programme by international agencies is needed to develop and analyse data sources on country compliance with their obligations, which will also contribute to strengthening their surveillance functions.

The best approach is to build stringent reporting requirements into regional and international agreements. A strong example is the Montreal Protocol, which built effective monitoring and reporting requirements into the basic agreement, with carrots and sticks attached to the outcome of that reporting.

There is also value in additional, voluntary reporting standards. For natural resource revenue management in fragile states, the Extractive Industries Transparency Initiative (EITI) was launched at the Johannesburg Summit of September 2002 and endorsed by the G-8 Meeting of 2004, building on a non-governmental organization (NGO) campaign, "Publish What You Pay". Its purpose is to encourage, on a voluntary basis, greater transparency in the revenues that companies in the extractive industries pay to governments. It addresses two concerns. One is that companies have not been subject to adequate scrutiny and so have evaded payments to which governments were entitled. The other is that public officials have diverted payments that should have gone into the budget into improper uses. For both, transparency in reporting payments makes scrutiny more feasible. The EITI is a modest start, but could usefully be strengthened and extended to other natural resource sectors, such as forestry and fisheries.[113]

Another mechanism warranting deeper use is peer review. Pioneered (at the international level) by the OECD and recently adopted by the New Partnership for African Development (NEPAD) and the new UN Human Rights Council, peer-review processes have the advantages of being equitable, by definition, and of reinforcing a sense of partnership and cooperation. A disadvantage is that peer-review mechanisms can create mutual interest among parties in each having the other down-play reports of violations, non-compliance and so on.

Another alternative is independent national mechanisms reporting on their own states' performance. The US General Accounting Office has access to both open-source and confidential government documentation, as well as powers to subpoena information. Its reports are highly credible and provide a solid, independent base of information to judge government performance. The advantage of national mechanisms is political: national constituencies are more likely to mobilize around independent national reporting than international reporting. National reports can be cumulated at the regional or international level to provide an overview of state performance.

All four mechanisms can usefully be complemented by academic and NGO-based monitoring. Human rights organizations have set a high benchmark here, providing across-the-board monitoring of states' human rights performance on an independent basis. Increasing use of similar reporting in the peace and security area—for example, by the International Crisis Group—is already proving beneficial in stimulating national accountability for states' performance.

In international negotiations, governments should adopt formal monitoring mechanisms to accompany international agreements.

Evaluating performance

Using evidence-based research for policy-making and monitoring state compliance will provide important benchmarks for conducting proper evaluation of actual performance, usually implemented through regional or international agencies. Performance evaluations, if consistent, independent and repeated over time, can significantly enhance the ability of leaders to target investments in global public goods and to mobilize domestic support. Note, for example, that opinion polling finds that the two most important reasons why Americans are sceptical about money spent on international cooperation are that the money does not end up with the needy and there is no monitoring of how money is spent.[114]

Most organizations have established some kind of an evaluation system, such as the World Intellectual Property Organization's Internal Audit and Oversight Division, UN's Office of the Under-Secretary for Internal Oversight Services, UN Environment Programme's (UNEP's) internal Evaluation and Oversight Unit and the WHO's evaluation office.[115] There have been recent attempts to strengthen these evaluation systems, but so far only the IMF and the World Bank have evaluation systems that are independent of management and report directly to their boards. IMF's Independent Evaluation Office is perhaps the most independent. Among UN funds, programmes and agencies, and among bilateral agencies, independent evaluation is episodic at best.

In the realm of peace and security there is very little evaluation of either policies or initiatives, independent or otherwise. The UN Department of Peacekeeping Operations has a best-practices section, which now routinely conducts after-action reviews and makes these available publicly. But it is under the managerial responsibility of the department and cannot be seen as independent of the operations it evaluates. Occasional use of outside evaluators helps but is inconsistent. And in other areas—preventive diplomacy, mediation, counter-terrorism, counter-proliferation and disarmament—there is no culture of evaluation, little empirical research bases and less political will to open up to scrutiny.[116]

The standard for evaluation is set by the public health sector. Almost all developed country public health systems have strong cultures of policy and intervention evaluation, rigorous independent methodologies for conducting evaluations and a policy culture that looks to the outcome of evaluation when deciding about policy interventions. Cost-benefit analysis is a well established feature of the political and policy process. Even for tough ethical questions, cost-benefit analysis is part of the equation. This clearly strengthens the sector's performance and its ability to attract sustained political support and public investment.

As part of their reform programmes, international institutions need to set up or upgrade their monitoring and evaluation capacities, including those for independent evaluation of their own performance on a sustained basis. A concerted investment program is needed to develop, make available and analyse data sources on country performance, which will also contribute to strengthening their surveillance functions.

With evidence-based research into global public goods issues, more consistent monitoring of state compliance and credible, consistent evaluation of institutional performance, governments and publics would have a substantial basis for weighing the merits of investments and ensuring accountability for them. A consolidated set of such reports could be provided to the Global 25 forum, providing it with a solid evidentiary basis for debate and action.

Other aspects of accountability

Evidence, monitoring and evaluation are essential parts of a strategy to enhance transparency. So too are reforms to ensure greater transparency in the selection of the heads of international institutions. We commend the UN Secretary-General for his recent efforts to make the selection of senior officials more transparent and urge other institutions to adopt similar reforms.

If greater transparency is to have its desired effect, two changes will be needed. First, regional and international institutions must be adapted to provide penalties for non-compliance; transparency mechanisms will have most effect if linked to mechanisms to enforce international agreements. Second, national governments must be held more effectively to account for their fulfilment of international commitments.

At the international level, our report in Part II proposed a number of specific measures to strengthen the role of international mechanism in ensuring state compliance.

As for the necessary work at the national level, it is beyond the role of this Task Force to propose necessary reforms to domestic system to engender greater accountability for governments' fulfilment of their international commitments. Such reforms must of necessity arise from domestic action. Here civil society has a critical role to play. In a compelling recent example the Ford Foundation has helped to establish TrustAfrica, an initiative designed to generate from within African countries the demand for action against violence, corruption and similar ills. Among international NGOs, organizations like Oxfam, Transparency International and Amnesty International have been leaders in promoting domestic accountability for international action. There is no substitute for domestic, civic action to generate real accountability of this kind.

Adequate and Appropriate Financing: Why? Who? How?

Chapter 10

Stronger national engagement and leadership on global issues are critical for determining the appropriate policy and institutional frameworks and setting priorities for the provision of global public goods, thereby also determining financing needs. Similarly, national governments bear the primary responsibility for ensuring that financing needs for global public goods are met through direct public funding and appropriate incentives and regulatory frameworks that stimulate private funding and the use of market mechanisms.

Nations will gain major benefits by increasing their expenditure on global public goods. Initial cost-benefit analyses of various global public goods confirm that money spent on providing them can produce significant savings compared to the cost of dealing with the ills that arise when such goods are not provided, including financial shocks, spread of new diseases, nuclear proliferation crises and so on. Indeed past experience demonstrates very high benefit-cost ratios for global public goods. This suggests that significant additional expenditures on global public goods are well justified. And with greater provision of global public goods, investments in development will also reap greater returns.

Governments can also do more to tap the energy and initiative of the private sector, including civil society, and to take advantage of the specialized knowledge they can bring to bear. Examples include recent developments in emission permit trading and advance market commitments for new vaccines. We can foresee market-based approaches being expanded to address other global issues, in particular in the areas of health, environmental services and knowledge. Such extensions do, however, require the involvement of governments to provide the necessary regulatory framework.

Even then, however, for governments to convince sceptical publics of the value of investing in global public goods they will have to institute reforms to make better use of resources.

In short, we recommend in this chapter a five-part strategy for the financing of global public goods: making better use of existing resources, improving resource mobilization, improving national systems for global public goods spending, working with private sector and markets and adopting innovative arrangements for financing. Finally, we repeat our argument that broader use of carbon taxes would in addition to reducing carbon emissions generate significant new resources that could help finance global public goods.

Why? Major returns from financing of global public goods

Despite recent positive developments in international financial flows, the amount of available resources is not keeping up with the emerging global challenges. The High-Level Panel on Financing for Development estimated in 2001 that some $20 billion a year was required to begin to address the need for global public goods—four times the spending level at the time.[117] Though that estimate was rough and certainly on the low side, there is little doubt that further expenditure on global public goods will be needed.

As governments begin to devote more resources to global public goods, some are concerned that this will draw spending away from traditional development assistance.

Official development assistance and the financing of global public goods are not the same, but they interact in several ways.[118] First, the purposes of the funding often coincide. Second, each can either supplement or crowd out the other. Third, providing global public goods can enhance or reduce the effectiveness of aid, and vice versa.

The fight against avian flu and other infectious diseases illustrates this particularly well. Surveillance of the disease, research for a vaccine and more effective treatments are global public goods. But the effectiveness of surveillance and the distribution of vaccines and treatments ultimately depend on the capacity of the health sector of developing countries, including trained personnel and basic infrastructure. Building such capacity is an important component of development programmes. Therefore, capacity building—what is traditionally considered an element of development assistance—is also a vital ingredient of supplying a global public good.

Consequently the financing of certain aspects of global public goods often comes from donor countries' development budgets—for example, in the areas of capacity building to control communicable diseases and incremental costs to support the mitigation of climate change. But the relationship sometimes also goes in the other direction; for instance, the financing of international peace building and enforcement, which is not considered development assistance, contributes to the reduction of poverty.

There are, however, major gaps in financing arrangements. Most donor countries, for example, have few funding sources to pay for global public goods activities in less developed countries except for where they can be considered to fall within official development assistance (ODA). Moreover, since many donor countries are focusing on poverty reduction in the poorest countries and therefore significantly narrowing the list of countries to which ODA is allocated, there are even fewer tools for paying for global public goods activities in the far wider set of countries that will need to be involved.

Two examples illustrate this, drawing from our priorities: paying for counter-terrorism capacity building in countries that are not among the least developed, and funding for capital account crisis programmes, such as those in East Asia in the late 1990s. Neither is typically counted as ODA, reasonably; but because of this, both tend to go underfinanced.

Going forward the international community will have to ensure that funding the provisions of global public goods is made on their own merits, that the development purposes of ODA are not eroded and that additional funds are mobilized.

Benefits to financing

Financing global public goods can generate important returns, nationally and globally, economic and social.

Whereas at the national level, finance ministries and legislators have become accustomed to assessing public expenditure in terms of cost-benefit analysis, such thinking is still largely in its infancy in the sphere of international cooperation. This has the disadvantage of largely confining international expenditure to the realm of the "voluntary" or "aid" sectors, for which there are limited constituencies in some national contexts. (With important exceptions—witness the extraordinary response, both official and unofficial, to humanitarian needs in the aftermath of the Indian Ocean Tsunami.) This is misguided thinking when it comes to global public goods; putting money towards these particular challenges can yield major returns.

Four examples illustrate how addressing global challenges can have highly positive benefit-cost ratios. While both the benefit and the cost estimates vary greatly from one study to the next, and many are subject to considerable uncertainties, it is nevertheless clear in these cases that the potential returns are very substantial.[119]

Dismantling nuclear stockpiles. The G-8 Global Partnership Against the Spread of Weapons and Materials of Mass Destruction was established in 2002 to prevent terrorists from acquiring weapons of mass destruction, by funding projects that would secure or dispose of weapons of mass destruction, dismantle decommissioned nuclear submarines, dispose of fissile materials and employ former weapons scientists.[120] Full financing for the programme (estimated at $20 billion) would reduce the risk of a nuclear attack—estimated as costing at least between $300 billion and $1.4 trillion,[121] to say nothing of its human and environmental cost.

Strengthening global disease surveillance. Pandemics such as SARS and the avian influenza are often not discovered early enough largely because of inadequate surveillance and reporting. The cost of pandemics in terms of lives and financial expenditure is huge; the SARS outbreak in 2003 is estimated to have cost the world up to $54 billion,[122] and a new flu pandemic might cost high income countries as much as $550 billion,[123] again, to say nothing of lives lost or of the benefits in terms of combating biological terrorism. Despite these costs there is no such thing as a fully functioning global surveillance network to detect outbreaks of new diseases.[124] The cost of establishing a global surveillance network to detect avian flu is estimated at $882 million.[125]

Mitigating climate change. Research and development in new technologies for mitigating global warming is insufficient for the size of the challenge, as acknowledged by the G-8 (Gleneagles 2005). Analysis suggests that a multi-track mitigation policy—which would combine emission targets and new technology—would yield significant net benefits and high benefit-cost ratios (in the order of 3:1).[126] For any solution to mitigate climate change, public funding of R&D expenditures on "climate friendly" technologies needs to increase substantially.

Malaria vaccine. There is a funding gap for basic medical research. For malaria—which killed a million people in Africa in 2000[127]—pursuing the remaining phases of clinical trials, regulatory approval and production of a single candidate vaccine would exceed the total public and philanthropic funds presently available for the purpose of developing a malaria vaccine. But the payoff to developing a vaccine would be very significant: by one estimate, GDP per capita in countries with intensive malaria could increase by up to 1.3% a year if the disease were eliminated.[128]

The case for financing global public goods does not rest primarily on such cost-benefit estimates. The main case rests on the critical needs that are met, and the global ills avoided and global peace and prosperity promoted, by the supply of global public goods. But cost-benefit analysis of this type—especially if refined by evidence-based research, as argued in chapter 9—can certainly be helpful in establishing priorities and in mobilizing domestic support for financing, both in terms of shoring up support for existing commitments and for necessary additional commitments.

Who? The responsibility of states and the role of markets

National governments and public policy-makers retain the principal responsibility for ensuring that financing is forthcoming for global public goods. It is in states' interest to do so, as it is their citizens and their private sectors that benefit. This case needs to be made more consistently and more effectively to national parliaments and political constituencies.

The financially strong states have particular responsibilities here, though not exclusive ones. If the supply of global public goods is to be addressed, these states will have to accept their responsibilities and make additional and increasing financial commitments.

But states can also do much more to mobilize the market and harness its power, as they increasingly do in the sphere of traditional national public policy. With the correct incentives and disincentives in place, the market can be a powerful tool through which to provide global public goods.

National action

The national level is critical in the supply of global public goods. International decision-making has national roots and international agreements are implemented nationally. The principle of subsidiarity—the idea that problems should be solved closest to where they occur—is important in providing global public goods.[129]

Domestic mobilization. The first and essential responsibility of national governments is making the case to domestic constituencies to participate in the production of global public goods and to make short-term sacrifices where required to do so. The challenges to doing so vary from context to context. In some countries the case will best be made by an appeal to the global interest and to motives stemming from a sense of shared humanity. In others it will best be made by an appeal to national interest. What mix of appeal to national and global interest will serve to mobilize is best left to specific national political actors.

Civil society actors can be particularly useful here, creating a lobby and pressure for action at the global level and highlighting the urgency of action (see box 10.1). We believe our approach to global public goods is helpful here, highlighting as it does the benefit that accrues to national constituencies from action at the global level, and the fact that the national and the global interest can be mutually reinforcing.

Coherence and financing at the national level. A second dimension of national action is for heads of state to ensure that their national administrative and finance systems are properly geared to engagement on global policy issues. This can be described primarily as a coherence challenge.

Coherence and broad ownership of national policies for domestic issues are normally assured through cabinets and parliaments, but this

Box 10.1 **Civil society: an emerging force in global governance**

Until a few decades ago, global issues were mostly addressed by nation states alone. This has changed. In recent years non-state actors, such as civil society organizations and business, have had a growing influence in global debates and decision-making.[a]

A striking example is the influence of civil society on the development of the Mine Ban Treaty, adopted in 1997. Political pressure on governments, which led to the treaty, was spearheaded by the International Campaign to Ban Landmines, a civil society organization affiliated with more than a thousand non-governmental organizations in about 60 countries. The campaign influenced the negotiations and ratification of the treaty, and the campaign and its coordinator, Jody Williams, were awarded the Nobel Peace Price in 1997. The Nobel committee recognized that the treaty emerged from a joint effort involving both civil society groups and governments—a unique achievement in international affairs.[b]

Another example is the Mediterranean-wide ban on the use of towed dredges and trawl nets at depths greater than 1000 meters, which recently came into force. This was the result of intense lobbying by the World Conservation Union and WWF, in cooperation with other civil society organizations. Through coordinated action these organizations lobbied individual countries and released a comprehensive study on the status of deep sea fishing in the Mediterranean. These efforts led to 24 countries of the Food and Agriculture Organization's General Fisheries Commission adopting the ban in September 2005. These countries are now enforcing the agreement at the national level.[c]

a. See Rischard (2002).
b. www.nobel.no/eng_lect_97a.html
c. www.iucn.org/places/medoffice/noticias/ban_fisheries_en.html

is often not so for national policy on global issues, which does not get the same attention. Traditionally international matters were the preserve of foreign ministries. As the global dimensions of national policy have been amplified in sector after sector, the ability of foreign ministries to serve as central coordinating mechanisms for foreign and global policy has lagged in all sectors of government. Individual ministers and government departments thus can and often do pursue national policies that have foreign or global effects that are contrary to foreign or global policies in other sectors of the same government—a suboptimal system at best.

Some national governments are exploring ways to achieve coherence and broad ownership of their international policies. Examples include the policy coherence unit in the Netherlands, Sweden's global development policy as decided by parliament and a whole of government approach in Australia—processes for integrating all policy areas in the work to achieve common goals in international engagements. As the regional and global dimensions of national policy grow in importance, further innovations to manage the national-regional-global relationship will be required. In Europe some have called for EU affairs ministries to coordinate the EU dimensions of national policy.[130]

Another question is how national finance systems account for spending on foreign and global policy questions. In Canada, the Prime Minister's Office initiated a two-track budgeting system designed to ensure that national ministries pay out of their own resource allocation for the international mechanisms they benefit from. More common is for national ministries to look to ODA budgets to pay for policies that relate less to development and more to national sector policy initiatives. In the absence of separate systems for financing global policy and global public goods, using development funds is the only option for national ministries that do not have significant budgets for foreign expenditure—again, a suboptimal system at best.

Building national capacity. Because the provision of global public goods requires action by many states, not just developed ones, an additional requirement is improving measures to build capacity.

Across the spectrum of global challenges, participation in generating or implementing global agreements requires effective state institutions. Many states have severe capacity constrains preventing them from playing a full role in supplying global public goods.[131] The past 20 years have witnessed commitments to reform and strengthen development strategies, but while it is estimated that investment in capacity development activities represents about a quarter of official development assistance,[132] it remains the "weakest element of donor assistance".[133]

Building state capacity to manage transnational threats and contribute to global public goods will require new ways of thinking about development. For example, multilateral cooperation may undermine the capacity of national systems. Vertical or issue-specific programmes can have positive impacts on developing country capacities, but they can also impose a heavy toll on human resource and institutional development. Global issue-specific programmes in health have often undercut existing capacities by failing to build sustainable health systems, fragmenting health services and distorting the allocation of scarce human and financial resources.

Because global issue-specific programmes usually cannot be sustained without the support of local systems, most developing countries need help in building their general administrative systems and programmes. In truth the international aid community knows much less than it needs to about how external aid works to build national capacity. However recent studies have demonstrated that the World Bank, with its experience and resources for running capacity-building programmes, has the potential to do more to develop local capacities and facilitate the absorption of global vertical programmes.[134] The UN's role in developing state capacity is under study by the High-Level Panel on UN System-wide Coherence. Bilateral support is also relevant and would profit from the participation of a wider group of countries, including emerging donors who have more recent experience than OECD countries in building national administrative systems in a development context.

There is little doubt that donors should increase and sustain resources to strengthen the capacities of developing countries in the global interest. Increasing the harmonisation and coherence of donor programmes is the first logical action. The Paris Declaration on Aid Effectiveness[135] is putting emphasis on country ownership and leadership and on harmonizing development programmes. The declaration asserts that capacity development is the responsibility of partner countries and that donors should play a supportive role. It highlights that support for capacity development should not only be based on technical aspects, but also should consider the broader social, political and economic environment as well as the need to strengthen human resources. The agenda is set for doing better, but more remains to be done to translate declarations into actions.

In practice this requires knowing who does what and where and how in capacity development. But clear, structured data are usually not available.

One exception is the Doha Development Agenda Capacity-building Database, jointly created by the WTO and the OECD/DAC (Development Assistance Committee) in 2002. A response to coordinating the many capacity-building initiatives in the area of trade, it aims to share information, monitor the implementation of agreed commitments and identify critical gaps. A similar capacity database or clearing house should be encouraged in each global public good area.

The energy of the market and civil society

Governments can also do more to tap into the energy of the market and civil society.

Civil society and the private sector are playing an ever more important role in providing international finance. While the traditional multilateral organizations are still the major channels for cross-border cooperation, the number of international financing mechanisms has increased dramatically. By one estimate the number of international financing mechanisms that contribute to meeting global challenges, including investment funds and philanthropic contributions, amount to some 900–1,000.[136] Perhaps most prominent among these is the Bill & Melinda Gates Foundation in the area of communicable diseases, with grant payments in 2005 totalling $1.4 billion,[137] roughly equivalent to the WHO's annual budget[138]—now likely to increase substantially given the major donation to the foundation from Warren Buffet.

And just as individual governments are entering public-private partnerships at the national level, non-state actors are joining up with international organizations. By one estimate the number of public-private partnerships contributing to global public goods provision and foreign aid has increased from 35 in 1990 to at least 400 in 2005.[139]

Markets are central to generating the scale of resources required to meet the global challenges identified in this report. And they offer the double dividend of enhanced efficiency and freeing up government resources. Public policy has a key role to play in ensuring that markets are created and that they are used to their full potential. Governments establish regulatory frameworks—by setting standards and assigning property rights—and create incentives. Existing market instruments offer governments tools to redress market failures in the provision of global public goods.

One example of the emerging use of market mechanisms is in the area of climate change. Emission permit trading has reduced harmful substances in the air, particularly at the regional level as exemplified by the introduction of sulphur dioxide trading in the United States in the early 1990s. More recently with the entry into force of the Kyoto Protocol and the creation of the EU Emissions Trading Scheme, a market for carbon dioxide emissions permits has emerged and several trading exchanges across Europe have been created. The Kyoto Protocol furthermore allows for mechanisms that permit richer countries to offset their carbon dioxide emissions against the emissions prevented when technology that reduces greenhouse gas emissions is deployed in poor countries.

Another example is the use of advance market commitments, which have been under discussion in the G-8 since Gleneagles in 2005—namely the use of official and charitable funds to guarantee a minimum price and volume for the purchase of a vaccine. This mechanism creates incentives for the private sector to invest in medical research. By limiting the risks associated with an uncertain market, this helps to motivate significant R&D investments necessary in producing certain vaccines, especially those required to tackle infectious diseases in the developing world.

The growing depth and breadth of financial markets have led to market actors offering instruments that governments can use to manage their risks. Such instruments include growth-indexed sovereignty bonds, which provide issuing countries with an insurance policy to reduce debt service obligations to bond holders if economic performance stalls. Another example is futures and options, which help mitigate the challenges of commodity price volatility.

Market-based approaches could be expanded to address global issues, in particular in the areas of health, environmental services and knowledge. This requires the involvement of public sector actors to provide the necessary regulatory framework.

How? Reform and innovation

We recommend a five-part strategy for raising additional financing for global public goods:

- Make better use of existing resources.
- Improve resource mobilization.
- Improve national financing systems for global public goods.
- Work with the private sector and markets.

- Adopt innovative arrangements for financing.

Make better use of existing resources

For governments to convince sceptical publics of the value of investing in global public goods, they will have to demonstrate better use of resources. Increased accountability of international institutions is critical as discussed in the previous chapter—so are increased international efforts to combat corruption and money laundering. Such improvements would enhance the credibility of multilateral cooperation and, hence, improve the prospects for additional funding for global public goods.

Improve resource mobilization

International organizations that provide global public goods are most effective with predictable and sustained financing. To be successful, funding cycles should allow sufficient time to demonstrate results and for the organization to be held accountable. This is challenging with annual funding cycles. Furthermore annual funding does not provide institutions with the predictability of financing that is required for effective programme management. A three-year cycle for major funding—through so-called replenishment processes—has proven a successful model.[140]

The governing boards of those organizations—mostly UN funds and programmes—which currently have annual, or ad hoc, funding cycles should explore new funding models that would allow them to demonstrate results and to be held accountable for their actions, drawing on established best-practice formulas.

For replenishments to be successful, there should be broad participation, and the financial burden should be fairly shared. How can this be achieved? First, by benchmarking contributions to benefits and ability/capacity to pay. Negotiated burden-sharing arrangements should be made as explicit as possible. Explicit shares provide a benchmark against which performance can be judged. A country's failure to contribute a previously pledged amount provides an effective lever for the international community to encourage its fulfilment.

Second, we can make use of benefit estimates to guide negotiations on burden sharing. To justify a country's contribution, a government must be able to demonstrate that it is paying the country's fair share. One aspect of a fair cost-sharing arrangement is for every country to contribute in proportion to the benefit received. Such estimates—although often difficult to establish—are helpful for policy-makers when examining the total package of contributions for global public goods made by countries. The International Maritime Organization represents this principle the best; membership costs are in proportion to the relative size of a country's merchant fleet.

Third, it is important that all countries with sufficient capacity participate and contribute financially in replenishments. This is increasingly the case today with emerging economies participating and contributing in all major replenishments.

Improve national systems for global financing

If funding for global public goods is to be additional to ODA, as it should be, states will have to adapt their national spending systems in four ways:

- Revise national budget mechanisms to allow for greater flexibility in spending abroad, including by the creation of new mechanisms for more flexible use of domestic, sectoral budgets to pay for international activities and capacity building within those sectors.
- Adopt dual-track national budgeting systems to ensure that global sectoral spending is properly allocated in national budgets and not incorrectly allocated against development budgets.
- Track expenditure on global public goods by introducing a line item for them in the OECD statistics (see below).
- Fulfil pledges for increased allocations for development assistance, ensuring that sufficient resources are provided for development activities that are also critical for the provision of global public goods (such as health sector capacity building).

One way to capture additional spending would be to introduce a line item for global public goods in the OECD statistics.[141] Such an item would only include contributions for the purposes of global public goods that are not considered official development assistance. By highlighting these contributions more clearly in the official statistics—for which countries often get only limited recognition—one might address the inevitable tension between efforts by donors to achieve the target of 0.7% of gross national income as ODA and the financing of global public goods.[142] In the financing of some UN specialized agencies, ODA and global spending are differentiated. For example, a fixed percentage of governments' contributions to the WHO are counted as ODA, while the rest is considered spending on global issues. New tracking methods can build on these examples. Once such a line item is established in the OECD statistics, a "league table" (a ranking report) of spending on global public goods could be compiled. This would be helpful in generating domestic support for global public goods spending.

Global public goods spending should also be among the metrics used to shape participation in a Global 25 forum.

Given the nature of global public goods, it is important in this context that the OECD elaborates its mechanisms for cooperation within the context of their growing cooperation with the major developing economies, who are increasingly important contributors to global public goods.

Work with the private sector and markets

Governments should also do more to tap the energy and initiative of the private sector (including civil society) and markets and to take advantage of the specialized knowledge they can bring to bear, as discussed earlier in this chapter. Examples include recent developments in emission permit trading and advance market commitments. We envisage market-based approaches being expanded to address other global issues, in particular in the areas of health, environment and knowledge. Governments should provide the necessary regulatory frameworks and incentives.

Adopt innovative arrangements for financing

While national governments remain primarily responsible for financing global public goods, this does not imply being restricted to conventional tools for public finance. In recent years there have been ever increasing calls for new and innovative sources of financing, sources that go beyond traditional assistance from donor governments' aid budgets. International taxes, charges for the use of global commons, frontloading of aid commitments and issuance of special drawing rights have all been grouped under this broad rubric. The purpose of these new sources would primarily be social development and poverty eradication, but many are also being advanced against the background of a growing need for continuous and predictable financial flows for global public goods purposes.

Some of the emerging ideas are politically controversial. Many are concerned that these tools would put resources at the disposal of unelected international bureaucrats working in an international system for which there is limited trust and confidence—concerns that would be addressed by the accountability reforms proposed above. Others are concerned that so-called "global taxes" are a first step towards "world government". Despite such critiques, the international instruments through which any global charge is levied remains under the supervision of sovereign states.

The international community has examined a whole range of ideas. Among them are a tax on foreign currency transactions (or Tobin Tax), collected on a national or market basis, covering a range of transactions to be defined (such as futures, swaps and other derivatives); the creation of additional special drawing rights by the IMF for development purposes, with donor countries making their Special Drawing Right allocation available to developing countries; creation of a global lottery, operated through national state-operated and state-licensed lotteries with proceeds shared between national participants and an independent foundation established in conjunction with the UN; and global development bonds, a new asset class of debt security that mobilizes capital in a systematic manner on capital markets for the purpose of financing environmentally sustainable projects in developing countries.

While many of these approaches offer interesting economic and political benefits, we have chosen to focus on three alternative approaches, two of which have already reached some early stage of implementation. The airline ticket solidarity contribution and the International Finance Facility for Immunization (IFFim) are the furthest developed of the new and innovative sources, while carbon taxes would probably deliver the highest return as it would have both a carbon-emission-reducing effect and raise new international finance.

The airline ticket solidarity contribution. Among the most advanced in this range of new ideas is the airline ticket solidarity contribution. France recently proposed such a mechanism "… to combat hunger and poverty and finance global sustainable development, inter alia, health programmes including the fight against HIV/AIDS and other pandemics".[143]

Indeed France, together with five other countries, has been working for more than a year on concrete proposals for innovative financing mechanisms which would help finance the Millennium Development Goals. At the 60th Anniversary of the United Nations in New York in 2005, France proposed to create a financing scheme which would be based on a solidarity contribution levied on airline tickets. Chile was the first country to implement this scheme. France started applying the air-ticket contribution on 1 July 2006. Other countries that have agreed to participate are Brazil, Congo, Côte d'Ivoire, Cyprus, Gabon, Jordan, Luxembourg, Madagascar, Mauritius, Nicaragua, Norway and the United Kingdom. According to early estimates, the contribution from this mechanism in France alone will generate up to 200 million Euros annually. All other countries of the initiative will raise approximately the same amount as a group. The United Kingdom, which already raises $1.8 billion a year from the taxation of commercial flights, has committed to allocate a percentage of this revenue to the initiative.

The introduction of airline ticket contributions is expected to provide stable and predictable resources to, inter alia, help cover the recurrent costs of health programmes in developing countries. Some of the revenue will be used to fund purchases of medical products, mainly antiretroviral treatment of HIV/AIDS.

The levy would be collected by airlines, established nationally through voluntary coordination between nations and monitored and enforced nationally—a rare example of an internationally coordinated, long-term fund-raising mechanism.

The International Finance Facility for Immunization. The other innovative financing mechanism currently being introduced is the IFFim. It is a pilot version of the International Finance Facility (IFF) which was proposed by the British government. Essentially participants in the IFF would be required to make a legally binding long-term commitment. With this commitment the IFF can raise money immediately on the international capital markets by issuing bonds, which the participants are obliged to pay as they mature some 8–15 years into the future. Basically the IFF would "frontload" the flow of aid and thereby make more resources available today for development, including measures needed to achieve the Millennium Development Goals.[144] To pilot this scheme the UK and France launched the IFFim in November 2004.[145] By applying the IFF principles on a small scale for a specific effort—improving access to immunization—the sponsors want to demonstrate how the facility could be a suitable instrument to help finance critical health programmes. The IFFim will borrow nearly $4 billion on the international capital markets for immediate disbursement, using the donors' commitment of future payment as a way to generate more money upfront. The money will be used to support new and underused vaccines and to strengthen immunization services to combat diseases that cause a significant proportion of child mortality (starting with DTP-Hepatitis B).

The airline ticket solidarity contribution and the IFFim are promising innovations. We believe that it is warranted to invest political and intellectual energy in exploring other new and innovative sources of financing.

Carbon taxes. The potentially most significant tool, however, is carbon taxing.

A carbon tax is a tax on the consumption of fossil fuels at rates that reflect the contribution of these fuels to CO_2 emissions. A carbon tax produces a double dividend: reduced carbon emissions and increased revenues.

Five countries have implemented a national carbon tax: Finland, Italy, Norway, the Netherlands and Sweden. New Zealand will soon also introduce a national carbon tax.

Substantial benefits could be realized by the use of carbon taxes in all states at agreed levels based on the principle of common but differentiated responsibility, and we urge governments to consider their adoption. They could contribute towards the financing of critically important global public goods. And they could do much to mitigate global warming by reducing emissions and redirecting resources towards the development of alternative energy sources.

Summing up

If the sphere of inter-state cooperation is currently rather gloomy, it is inspiring to see the level of energy and innovation emanating from the growing engagement of private and civil society actors—actors, moreover, who do not cleave to regional and political divisions that erode the prospects for cooperation among states. Innovative partnerships between such actors and governments are likely to be an ever more important part of the process by which global public goods are financed. Indeed, this innovation and energy is an uplifting note on which to wrap up our analysis.

Of course highlighting this innovation does not mean that the fundamental responsibility of states is to be neglected. States remain responsible to their citizens and to one another for the global effects of national policy and for mutual cooperation to solve global problems.

One way for states to act on that responsibility is to embrace innovative and ambitious efforts to generate new sources of financing for global public goods, carbon taxes in particular.

Taken together the reforms outlined above would help ensure adequate and appropriate financing of critically important global public goods. And again, the Global 25 would help initiate and monitor these reforms.

Only when states match vision with resources will there truly be the necessary ingredients—alongside legitimate and accountable institutions—to adequately supply the global public goods so urgently needed.

Conclusion

If the priority global public goods issues we set out in Part II are to be addressed, the goal must be to mobilize responsible leadership and use the catalytic action it can generate to build a more reliable, more accountable and properly resourced system for the supply of global public goods.

The first step is to enhance the prospects for catalytic action and responsible leadership by creating a forum in which those states with the greatest capabilities can make the necessary commitments and generate the necessary political momentum towards both the implementation of specific strategies and the adoption of systemic reforms. Specifically we call for the establishment of an informal forum, the Global 25, bringing together those states and relevant representatives of other groups and regions in a group small enough to allow substantive discussion and focused initiative, yet sufficiently inclusive to be legitimate and effective.

The second step involves reform of both regional and international institutions to ensure that their governing mechanisms are widely viewed as legitimate. We call for reforms to the governing mechanisms of the IMF and the World Bank, and to the UN Security Council, as well as for broader UN system reform. In the absence of such reforms, the "good" in global public goods will be contested, and implementation will suffer.

Both sets of reforms would be enhanced by states and institutions adopting a broad strategy of accountability, starting with measures to enhance transparency through evidence-based research, monitoring of state compliance and evaluation of institutional performance. Over time these measures should be complemented by reforms that add heft to assessments of results.

These reforms taken together require adequate and appropriate financing and ultimately will help ensure the provision of global public goods.

Transcending current international political divisions—recovering from failed reforms and missed opportunities and overcoming mounting dissatisfaction with the governance of the major international institutions—will not be an easy task, or one that can be accomplished quickly. Rather, it will take patient, sustained efforts over time.

Moving forward in this direction requires action from all sectors: government and private, including civil society, and national, regional and international.

The net result would be an international system more able to supply global public goods—an international system, in other words, less divided and more concerted in its action, more capable of joint, global action and less vulnerable to global ills. A good, surely, to be desired by all.

Notes and References

Notes

Notes

1. See Bergsten (2005).
2. See Angell (1910).
3. See Barry (2005).
4. See www.unmillenniumproject.org/documents/EUExternalRelations24May.pdf.
5. See UN Millennium Project (2005a).
6. See Human Security Centre (2005).
7. See Jones (forthcoming).
8. See Kaul and Conceição (2006b).
9. Telecommunications standards are set by the International Telecommunications Union. The WTO and the IMF, as well as the Basle group, set international trade rules and financial standards. Civil aviation standards are set by the International Civil Aviation Organization (ICAO).
10. See Collier (2006a).
11. See Wolf (2004a).
12. See Samuelson (1954).
13. See Kaul and others (1999).
14. See Sandler (2006).
15. See, among others, Kaul and others (2003, 1999) and Barrett (2007). An accessible definition and discussion is also found in Naim (2006).
16. See Kaul and others (1999).
17. Because this is so, it is also important that new efforts to provide global public goods are sensitive to their developmental impact. For example, efforts to improve the international financial stability regime must incorporate an understanding of the potential negative economic and social impact of financial stabilization and crisis response measures. Further trade liberalization must be accompanied both by efforts to build less-developed states' capacity to participate in trade negotiations and compensation mechanisms for those states adversely affected by broader agreements on tariff reduction and the like. See Kaul and others

(1999), Ferroni and Mody (2002), Kaul and Le Goulven (2003), Sagasti and others (2005) and Kaul and Conceição (2006b).

18. See Andersson (2006).

19. Martin Wolf (2004b) makes a similar point in his book when he says that "it is in the national interest of both states and their citizens to participate in international treaty-based regimes and institutions that deliver global public goods, including open markets, environmental protection, health and international security."

20. See Mandelbaum (2005).

21. Japan made a significant financial contribution to Interfet, as the Australian-led operation was known, and it is important to acknowledge also that the United States flexed its diplomatic and financial muscle to generate Indonesian acquiescence to the Australian and later the UN presence.

22. Smaller states have also played such roles—as did, for example, Costa Rica in respect of biodiversity, setting aside nearly a third of its land mass as national parks and conservation areas and initiating public-private partnerships with bioprospecting industries to finance conservation, efforts which stood as examples and helped to shape the eventual conclusion of the 1992 Convention on Biological Diversity. See Arce (2004).

23. See www.who.int/mediacentre/factsheets/smallpox/en/.

24. Some of the growing literature about global public goods refers to the "production path" for generating the supply of global public goods (see Kaul and others 2003). However, because the interaction between levels and actors involved in the supply of global public goods can occur in multiple different sequences, it is clarifying simply to set out the necessary factors whose presence is critical rather than attempting to over specify the kinds of relationships between them that can generate supply.

25. For example, some estimates show that when Thailand's troubles with the bird flu became known, the resulting collapse in poultry exports cost was well over $1 billion. *The Economist*, 12 August 2006.

26. See World Bank (2005).

27. Summary report. Meeting on avian influenza and human pandemic influenza, 7–9 November 2005, Geneva, Switzerland. Available at www.who.int/mediacentre/events/2005/avian_influenza/summary_report_Nov_2005_meeting.pdf. See also Brown (2005, p. A26).

28. More than 39 million people live with HIV, and 2.9 million people died of AIDS in 2005, bringing the cumulative total deaths to an estimated

28 million. See UNAIDS (2006). Malaria is estimated to cause 1.1–2.7 million deaths worldwide every year. See UN Millennium Project (2005).
29. See Sadik (2004).
30. See Barrett (2006a).
31. See www.who.int/csr/disease/avian_influenza/avian_faqs/en/.
32. See Murray (2006).
33. See UNAIDS (2005).
34. Ibid. Specifically when treatment is scaled up without strengthening prevention, the number of people in Sub-Saharan Africa needing treatment is projected to reach 9.2 million by 2020. However, if prevention is scaled up together with treatment, "only" 4.2 million people would require treatment.
35. See Henderson (1993).
36. This point is made by Garcia-Calleja and others (2004).
37. See Zacher (1999).
38. See Fidler (2004).
39. See Kremer (2006).
40. World Health Organization, *World Health Report 2006*.
41. See www.who.int/mediacentre/factsheets/fs302/en/index.html.
42. See Joint Learning Initiative (2004).
43. See Lele and others (2006).
44. See Barrett (2007).
45. See www.globalforumhealth.org.
46. See Kremer and Glennerster (2004). The G-7 finance minister communiqué from 21 April 2006 said: "Having endorsed the concept of a pilot Advance Purchase Commitment for vaccines, we call for the additional work necessary to make its launch possible in 2006."
47. See National Academy of Sciences (2006).
48. See Intergovernmental Panel on Climate Change (2001). Statement of the academies from the G-8 countries, plus Brazil, India and China to the G-8. And see also Cicerone (2005).
49. These factors include emissions, which depend in turn on economic growth, technologies and policy; take-up by the oceans and other carbon sinks; and the effect of CO_2 fertilization on terrestrial absorption.
50. Article 2, UN Framework Convention on Climate Change, 9 May 1992.
51. See Barrett (2007).
52. See, among others, Cline (2004) and Cooper (2002).

53. Five countries have implemented a national carbon tax: Finland, Italy, Norway, Sweden and the Netherlands. New Zealand will introduce such a tax in 2007.

54. See Barrett (2007).

55. Based on El-Ashry (2005).

56. See http://europa.eu.int/comm/environment/climat/emission. Important are also the World Bank's Prototype Carbon Fund, launched in 1999, and its more recent series of carbon funds, which aim to enhance confidence in the carbon market, reduce entry risks and address market failures.

57. See Barrett (2007).

58. See Clémençon (2006).

59. See World Bank (2006).

60. For further elaboration, see, among others, Clémençon (2006).

61. See Eichengreen (2006).

62. While difficult to quantify, attempts at costing financial crises point to the magnitudes; a study by Steffany Griffith-Jones and Ricardo Gottschalk, Institute of Development Studies (2004), estimates that the emerging market countries suffered an output loss during the 1995–2002 period of $1,250 billion, mainly as a direct result of major currency crises. That is equal to an annual average of around $150 billion. Another study—see Dobson and Hufbauer (2001)—estimates that the average annual output loss from currency and banking crises amounted to 2.2% in Latin America in the 1980s and 1.4% in Asia in the 1990s.

63. See Eichengreen (2006).

64. See Eichengreen (2007).

65. In its *World Economic Outlook* publication.

66. See Eichengreen (2007).

67. As suggested by Mervin King, governor of the Bank of England; see King (2006).

68. Ibid.

69. See Goldstein (2006).

70. See IMF (2006).

71. During the financial crises of the 1980s, lead banks brought creditor banks to the table to hammer out agreements, aided by moral suasion exercised by governments and central banks to participate in the deal. But by the late 1990s, as the structure of sovereign finance had shifted from syndicated bank loans to short-term deposits and bonds, such approaches clearly were no longer possible.

72. See Manuel (2002). By September 2004 41% of the value of the outstanding stock of sovereign bonds from emerging market countries contained CACs (progress report on Crisis Resolution to the International Monetary and Financial Committee, International Monetary Fund, Washington, D.C.).
73. See www.iif.com/data/public/principles-final_0305.pdf.
74. See Dervis (2005).
75. Report on the IMF and Recent Capital Account Crises: Indonesia, Korea, Brazil. See IMF (2003).
76. See Truman (2006b). In this respect, special attention needs to be paid to the surveillance of off-shore financial centres.
77. See Peretz (2006).
78. See Collier (2006b).
79. See Staiger (2006).
80. As argued by Anderson and Martin (2006), "If members succumb to the political temptation to put limits on tariff cuts for the most sensitive farm products, most of the prospective gains from Doha could evaporate."
81. See Bilal and Szepesi (2006).
82. See UN High-Level Panel on Threats, Challenges and Change (2004).
83. See Human Security Centre (2005).
84. UN Secretary-General speech, Madrid, 11 March 2005.
85. See Weapons of Mass Destruction Commission (2006). See also the Canberra Commission on the Elimination of Nuclear Weapons (1996).
86. See Stiglitz (1999).
87. See Barton (2006).
88. For a recent, very detailed review of the CGIAR, see www.worldbank.org/oed/gppp/case_studies/agriculture_environment/cgiar.
89. See Barton (2006).
90. Ibid.
91. Established under a 1953 treaty, CERN was a way to achieve high-energy physics on a scale that no country could achieve individually. The CERN has been constructing and operating particle accelerators since 1954 and is currently building a large hadron collider (LHC). The particle collider must be built to a precise specification, and its construction requires a particular level of expenditure. If a little less is spent on the project, the specification will not be met, and the desired experiments cannot be carried out. It was thus critical to secure financial partnership from beginning to completion of the project. In a 1997 agreement

between CERN on the one hand and the Department of Energy and National Science Foundation on the other, the United States agreed to cooperate in the LHC after giving up its own superconducting super collider project in Texas.

92. See Maskus (2006).

93. However, against a general backdrop of disappointment, one small but important step forward for developing countries was the 2001 WTO Declaration on TRIPS and Public Health, which emphasized that the TRIPS Agreement should be applied in a manner supportive of the right of states to protect the public health and promote access to medicines for all of their people; reaffirmed the rights of states to issue compulsory licenses; and extended to 2016 the requirement that least developed countries comply with the TRIPS Agreement (e.g., provide patent protection) in the pharmaceutical sector. A small but important further step forward followed in 2003 and 2005 with the WTO agreement to expand the possibilities for pharmaceutical producing countries to permit exports of medicines under a compulsory license to address public health problems in countries without adequate domestic pharmaceutical manufacturing capacity.

Many countries are, however, adopting domestic patent legislation or entering into bilateral and regional trade agreements that contain more extensive protections than required under the global WTO TRIPS Agreement. These more extensive protections can have the effect of undermining the TRIPS provisions that allow states to protect public health and may inhibit the capacity of countries to ensure access to affordable medicines. There is a need to ensure that bilateral and regional trade agreements do not restrict access to affordable medicines in low and middle income countries, and that countries do not give away their rights to protect public health in exchange for perceived opportunities in agricultural, apparel or other commercial markets. See Barton (2006) and Barrett (2007).

94. See Finger (2002).

95. This has been proposed by Barton and Maskus, consultants to the Task Force Secretariat. See Barton and Maskus (2006). Whether the proposed agreement should be part of the WTO as Barton and Maskus suggest is a matter that should be further analysed.

96. The G-8 political agreement on Kosovo set out the basic elements of what became UN Security Council Resolution 1244, which set out the terms of a political settlement and authorized the UN Interim Mission in Kosovo.

97. Source: World Bank Quick Reference Tables, http://web.worldbank.org/wbsite/external/datastatistics.
98. Ibid.
99. See Martin (2006).
100. See UN High-Level Panel on Threats, Challenges and Change (2004), Linn and Bradford (2006), Dervis (2005) and Kaul and Conceição (2006a).
101. See www.g20.org/Public/AboutG20/index.jsp.
102. See Shakow (2006a).
103. Statement by Enrique Iglesias at the United Nations Conference on Trade and Development (UNCTADX), Bangkok, Thailand, 14 February 2000.
104. See Amoako (2002).
105. Shakow (2006a) notes that 24 industrial countries control 60% of the votes in the IMF, while the other 160 members have only 40%.
106. See Truman (2006a).
107. See Peretz (2006).
108. In 1946 the threat of veto blocked the UN from responding to the outbreak of the first Arab-Israeli war, dampening the enthusiasm and optimism with which the organization was born. Again in 1967 the threat of veto blocked Security Council action in the Suez, further eroding support for the organization. More recently, nothing has damaged the UN so much as its unwillingness to respond to genocide in Rwanda (where the United States and other Permanent 5 members withheld support for a robust response), its non-action in Kosovo (where a veto was threatened by Russia) and the glacial pace of its response to Darfur (where the veto was implicitly threatened by China). These are all cases where a veto or a threat of a veto has made more forceful and timely action impossible. To make matters worse, where the veto has been threatened or wielded, other actors—regional institutions or coalitions of the willing—have acted anyway, notably in Kosovo and Iraq. International opinion largely supported NATO action in Kosovo and has largely opposed US action in Iraq. But both events demonstrate that the veto serves to block collective action but not to forestall the non-authorized use of force, raising questions about its value and credibility as a feature of the Security Council.
109. The terms of reference of the High-Level Panel on UN System-wide Coherence can be found at www.un.org/events/panel/html/page2.html.

110. At the independent research level, there is a different problem—geographical concentration. This differs from sector to sector. In the public health area, scientific expertise is geographically diffuse. This helps when it comes to developing national policy and support for recommendations; it may be a parochial reality, but it is a reality that national constituencies are likely to be more swayed by research that has a national or at least a regional component to its production. In development and finance, scientific and research expertise is more concentrated, though important Asian, Latin American and increasing numbers of African centres are changing this. When it comes to peace and security, research expertise is overwhelmingly concentrated among northern countries, and particularly in US universities.

111. Specifically the Arab Republic of Libya, the Democratic Republic of Korea and the Islamic Republic of Iran have all been found by the IAEA Board of Governors to be in non-compliance with IAEA reporting requirements.

112. See www.securitycouncilreport.org and www.carleton.ca/cctc/.

113. The Commission for Africa endorsed such extension. See www.commissionforafrica.org/english/home/newsstories.html.

114. See, for example, the Studies of World Opinion of the Program on International Policy Attitudes at www.pipa.org.

115. See Shakow (2006a).

116. Good examples include a Center on International Cooperation evaluation of the prevention activities of the UN's Department of Political Affairs, reproduced in Barnett Rubin "Prevention", *Global Governance;* and its independent *Annual Review of Global Peace Operations*—undertaken with the support of the UN Department of Peacekeeping Operations. Available at www.cic.nyu.edu.

117. See UN High-Level Panel on Financing for Development (2001).

118. See Jacquet and Marniesse (2006).

119. While the examples below are pure illustrations of the orders of magnitude, we argue in the chapter on accountability that more research efforts should go towards improving the methodology and firming up such estimates.

120. Statement by G-8 leaders at their meeting in Kananaskis, Alberta, Canada, 27 June 2002.

121. See Abt Associates, Inc. (2003).

122. See Lee and McKibbin (2004).

123. See World Bank (2005).

124. See Commission on Macroeconomics and Health (2002).

125. "Avian Influenza Control and Eradication," FAO proposal for a global program, 17 March 2006.

126. See Barrett (2006b). Pioneering research by William Nordhaus suggests that an "optimal" mitigation policy initiated in 2005 would yield a benefit equal to $283 billion in present value terms at a present value cost of $92 billion. The net benefit would thus be $192 billion in present value, and the benefit-cost ratio 3:1. Nordhaus' supporting calculations indicate that the marginal benefit of mitigation is just over $9 per ton carbon, which would be the optimal carbon tax, and that the corresponding optimal reduction in carbon emissions would be roughly 5%.

127. See Arrow and others (2004).

128. See Gallup and others (2001).

129. See Andersson (2006).

130. See de Silguy (2006).

131. See Baser (2006).

132. Ibid. See also World Bank's *Global Development Finance 2001* and their estimates for "complementary activities", defined as activities that have predominantly national reach, yet are critical for the delivery of global public goods or for the absorption of their benefits (p. 110).

133. See OECD-DAC (2005).

134. See Lele and others (2006) and Shakow (2006b).

135. In March 2005 the Second High-Level Forum on Aid Effectiveness took place in Paris. Over 100 donor and developing countries as well as several development institutions signed up to the "Paris Declaration on Aid Effectiveness", committing their institutions and countries to stepping up efforts to maker aid more effective.

136. See Kaul and Conceição (2006b).

137. See www.gatesfoundation.org/MediaCenter/FactSheet.

138. The WHO's total biennium budget for fiscal years 2004–2005 was $2.8 billion. Available at www.who.int/gb/ebwha/pdf_files/PB2006/P1-en.pdf.

139. See Kaul and Conceição (2006b).

140. The World Bank's International Development Association, the Global Environment Facility, the International Fund for Agricultural Development, the African Development Fund and the Asian Development Fund all have regular replenishment mechanisms. In October 2003 the Global Fund to Fight AIDS, Tuberculosis and Malaria also decided to establish a similar funding model.

141. Non-ODA line items already exist for other official flows, private flows at market terms and net grants by NGOs. It can be noted that

only a percentage of members' contributions to certain international organizations are considered development assistance, such as for the WHO, UNESCO and GEF. This illustrates well the dual roles of many of the international organizations, as both providers of global public goods and as development agencies.

142. See Atkinson (2005) and www.hm-treasury.gov.uk.

143. Berlin Declaration, June 2005, and www.unitaid.eu.

144. It should be noted that some have criticized the IFF notion as one that "borrows against youth".

145. Since then, Brazil, Italy, Norway, South Africa, Spain, Sweden and the Bill & Melinda Gates Foundation have also joined the Facility. See also www.iff-immunisation.org.

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Annexes

Terms of Reference

In an interdependent world, national development goals can often not be met by national policies alone. Thus complementary, international as well as regional cooperation is required in order to produce locally desired development outcomes. Recognizing these interdependencies, Sweden and France have taken the initiative to establish an international task force with a mandate to foster an enhanced provision of international public goods, global and regional, which are of critical importance for eliminating poverty and achieving the Millennium Development Goals (MDGs). In an interdependent world, extreme poverty and its manifold consequences are of concern to all; and it is thus in the enlightened self-interest of all to ensure a life in dignity for all. It is in our common interest to secure sustainable development in all its dimensions—environmental, social and economic.

Background

While the notion of international public goods is gaining widespread recognition in the international development debates, the concept is met with circumspection and reservation, calling for further clarification and discussions. The notion refers to issues of global concern—common concerns of all—and voices have been raised suggesting the initiation of a participatory process in order to gain a better understanding of the analytical as well as practical-political relevance of the concept and how it can be translated into concrete policy actions. It is in this light that a temporary International Task Force (ITF), which would work in a highly consultative manner, has been established.

Objective

The ITF shall conduct its analyses and make its recommendations, acting with complete independence.

The ITF should systematically assess and clarify the notion of global and regional public goods and which public goods to accord policy and expenditure priority. It should identify key international public goods from a perspective of poverty reduction and of common interest for sustainable development and make recommendations to policy-makers and other stakeholders on how to provide and finance them. It should also propose responsibility for follow-up and monitoring effectiveness and results.

Tasks

Task I—Defining international public goods

With the current debate on international or global public goods as a point of departure the International Task Force should recommend pragmatic definition(s) of international public goods. This task should be approached with rigour and pragmatism with the objective of bridging the gap between the international academic discussion and policy-making and action.

Task II—Priorities in the provision of international public goods for development

Selection of key international public goods

The ITF should identify a short list of key international public goods prioritized from the perspective of how they would help countries to eliminate poverty and reach the MDGs. The selection will be made through analytical work and a participatory process with concerned stakeholders, including representatives of governments, civil society and the private sector. The interplay between the global and regional levels and national development efforts should be given special attention.

Learning lessons from past experience: management

The ITF should analyse the existing institutional framework for setting priorities and providing identified international public goods. The analysis should also cover the division of labour between relevant stakeholders at national, regional and global levels. It will also consider possible changes of the international system to enhance the provision of the identified international public goods.

Learning lessons from past experience: financing

The ITF should explore the wide spectrum of financing options, including market creation, regulations, private and public sources, partnerships and innovative financing mechanisms. Special attention should also be given to lessons to be learned from international public goods which are currently well financed through private and public sources, including and excluding aid. These tasks should be undertaken with a view of providing recommendations for appropriate financing and related arrangements for the identified and prioritized international public goods.

Task III—Recommendations for future actions

Based on its findings the ITF will present a final report with recommendations and guidelines to policy-makers for accelerating poverty reduction and sustainable development through an enhanced provision of international public goods. The ITF will help ensure that the recommendations are well disseminated and fully considered by policy-makers.

Biographies of the Task Force Members

Annex 2

K.Y. Amoako

K.Y. Amoako was Executive Secretary of the Economic Commission for Africa (ECA) from 1995 to 2005. He is Chair of the Commission for HIV/AIDS and Governance in Africa and recently served as a member of the Commission for Africa. Prior to ECA, he worked at the World Bank for two decades, where his last position was Director of the Education and Social Policy Department.

Gun-Britt Andersson

Gun-Britt Andersson has been Ambassador and Permanent Representative of Sweden to the OECD and to UNESCO since June 2003. She is the former State Secretary for Development Cooperation, Migration and Asylum Policy as well as for Social Security. During the years 1992–94 she was director of the UN Relief and Works Agency Operations at the West Bank. Before that, starting in 1969, she held a number of positions in the Swedish Development Cooperation Administration, including Deputy-Director of the Swedish Agency for Research Cooperation with Developing Countries.

C. Fred Bergsten

C. Fred Bergsten has been Director of the Institute for International Economics since its creation in 1981. He was Assistant Secretary of the US Treasury from 1977 to 1981 and Assistant for International Economic Affairs to the National Security Council from 1969 to 1971. He was also Chairman of the Competitiveness Policy Council, which was created by Congress, throughout its existence from 1991 to 1995 and Chairman of the APEC Eminent Persons Group throughout its existence from 1993 to 1995. He is the author, co-author or editor of 37 books on a wide variety of international economic affairs, most recently of *China: The Balance Sheet—What the World Needs to Know Now About the Emerging Superpower,* and *The United States and the World Economy: Foreign Economic Policy for the Next Decade.*

Kemal Dervis

Kemal Dervis was appointed Administrator of the United Nations Development Programme in 2005. In 2001–2002 he was Turkey's Minister for Economic Affairs, and in 2002–2005 he was a member of the Turkish Parliament, which included participation in the European Constitutional Convention. Prior to this, he was a Vice President at the World Bank, where he had worked since 1978 after teaching at Princeton University and the Middle East Technical University.

Mohamed T. El-Ashry

Mohamed T. El-Ashry is Senior Fellow with the UN Foundation. He served as Chairman and CEO of the Global Environment Facility from 1994 to 2003. Prior to that, he was the Chief Environmental Advisor to the President and Director of the Environment Department at the World Bank. He has also served as Senior Vice President of the World Resources Institute and as Director of Environmental Quality with the Tennessee Valley Authority.

Gareth Evans

Gareth Evans has been, since 2000, President and Chief Executive of the Brussels-based International Crisis Group, an independent multinational NGO working to prevent and resolve deadly conflict worldwide. He was previously a member of the Australian Parliament for 21 years, 13 as a Cabinet Minister, including Foreign Minister from 1988 to 1996. He co-chaired the International Commission on Intervention and State Sovereignty, which reported in 2001, and was a member of the UN Secretary-General's High-Level Panel on Threats, Challenges and Change in 2004 and the Blix Commission on WMD in 2006.

Enrique Iglesias

Enrique Iglesias is the General Secretary of the Ibero-American General Secretariat. He was President of the Inter-American Development Bank for 20 years. He served as Minister of Foreign Relations of Uruguay from 1985 to 1988. He was the Executive Secretary of the UN Economic Commission for Latin America and the Caribbean from 1972 to 1985.

Inge Kaul

Inge Kaul is Special Adviser, Office of Development Studies, United Nations Development Programme (UNDP), New York. She was the Director of the Office of Development Studies from 1995 to 2005 and Director of UNDP's Human Development Report Office from 1989 to 1994. Before that, she held other senior policy positions in UNDP.

Lydia Makhubu

Until recently, Lydia Makhubu was President of the Third World Organization for Women in Science and Vice Chancellor of the University of Swaziland. She is currently a Professor Emeritus and a member of the Senate in the Parliament of Swaziland.

Trevor Manuel

Trevor Manuel has been Minister of Finance of South Africa since 1996 and a member of the National Executive Committee since 1991. He served as Minister of Trade and Industry during the years 1994–1996. He was on the Advisory Committee of the UN Initiative for Trade Efficiency in 1994.

Hisashi Owada

Hisashi Owada is a judge of the International Court of Justice. He has served in various posts in the Government of Japan, including Private Secretary to the Prime Minister of Japan, Deputy Minister for Foreign Affairs of Japan and Permanent Representative of Japan to the United Nations. He has also been a professor at Tokyo, Waseda, Harvard, New York and Leiden Universities.

Nafis Sadik

Nafis Sadik is Special Adviser to the UN Secretary-General and his Special Envoy for HIV/AIDS in Asia and the Pacific. In 1971, she joined the United Nations Population Fund (UNFPA) serving in various capacities until her appointment as its Executive Director in 1987. Dr. Sadik retired from UNFPA in December 2000.

Brigita Schmögnerová

Brigita Schmögnerová is Vice President of Human Resources and Administration at the European Bank for Reconstruction and Development. She was Executive Secretary of the United Nations Economic Commission for Europe from 2002 to 2005. Before that, she served as Economic Adviser to the President of the Slovak Republic in 1993, the Deputy Prime Minister in 1994 and the Finance Minister during 1998–2002. From 1995 to 1998, she was a member of Parliament.

Yves-Thibault de Silguy

Yves-Thibault de Silguy became the Chairman of Vinci in June 2006. Before that, he was Senior Executive Vice President of Suez. He is a former member of the EU Commission, where he was in charge of Economic, Monetary and Financial Affairs. In 1993, he was the Secretary-General of the Interdepartmental Committee for Questions of Economic Cooperation in Europe. He has also been an adviser on European affairs to two Prime Ministers of France.

M.S. Swaminathan

M.S. Swaminathan currently holds the UNESCO Chair in Ecotechnology at the M.S. Swaminathan Research Foundation and is Chairman of India's National Commission on Farmers. Dr. Swaminathan has served as Chairman of the UN Science Advisory Committee, Chairman of the UN Food and Agricultural Organization Council, President of the International Union for the Conservation of Nature and Director-General of the International Rice Research Institute. He is the current President of the Pugwash Conferences on Science and World Affairs. He received the Ramon Magsaysay Award for Community Leadership in 1971, the Albert Einstein World Science Award in 1986 and the first World Food Prize in 1987.

Tidjane Thiam

Tidjane Thiam is the Chief Executive Officer of Aviva Europe. He joined Aviva in 2002. Aviva is the largest British insurance company and the fifth largest insurance company in the world. From 1994 to 1999, he served in the Government of Cote d'Ivoire in various roles, first from 1994 to 1998 as CEO of the National Bureau for Technical Studies and Development and from 1998 to 1999 as Minister of Planning and Development. Prior to this, he was a partner in McKinsey & Company.

Ernesto Zedillo

Ernesto Zedillo is the Director of the Yale Center for the Study of Globalization. He is also a professor in the field of International Economics and Politics and an adjunct professor of Forestry and Environmental Studies at Yale University. He was the President of Mexico from 1994 to 2000. He served as the Chairman of the UN High-Level Panel on Financing for Development in 2001, Co-Coordinator of the UN Millennium Project's Task Force on Trade from 2002 to 2005 and Co-Chairman of the UN Commission on the Private Sector and Development in 2004. He is also a member of the High-Level Commission on Legal Empowerment of the Poor.

Principal Meetings and Seminars

Annex 3

Meetings of the Task Force

First meeting of the Task Force
New Haven, Conn., 25 September 2003
Second meeting of the Task Force
Istanbul, 5 March 2004
Third meeting of the Task Force
Washington, D.C., 7–8 October 2004
Fourth meeting of the Task Force
New York, N.Y., 10–11 January 2006
Fifth meeting of the Task Force
Paris, 11–12 May 2006
Sixth meeting of the Task Force
Stockholm, 27–28 June 2006

Meetings of the Group of Friends of the Task Force

First meeting of the Group of Friends
Paris, 3 July 2003. Hosted by the Ministry of Foreign Affairs, France.
Second meeting of the Group of Friends
Stockholm, 18 May 2004. Hosted by the Swedish Ministry for Foreign Affairs.
Third meeting of the Group of Friends
Berlin, 21 January 2005. Hosted by the Federal Ministry for Economic Cooperation and Development, Germany.
Fourth meeting of the Group of Friends
London, 22 June 2006. Hosted by the Department for International Development, United Kingdom.

Other consultations and seminars

Brainstorming meeting
Stockholm, Sweden, 7 February 2003
International Policy Workshop on Global Public Goods
Berlin, 4 November 2003. Hosted by Inwent, Germany.
Expert meeting
Sigtuna, Sweden, 2 September 2004
OECD Round Table on Sustainable Development
Paris, 9 September 2004
Africa regional consultation
Addis Ababa, 28 January 2005. Hosted by the United Nations Economic Commission for Africa and the African Development Bank.
Europe regional consultation
Brussels, 8 February 2005. Hosted by the European Commission.
Asia regional consultation
Manila, 18 February 2005. Hosted by the Asian Development Bank.
Latin America regional consultation
Santiago de Chile, 1 March 2005. Hosted by the Economic Commission for Latin America and the Caribbean and the Inter-American Development Bank.
Consultation with civil society organizations
Paris, 19 April 2005. Hosted by the Ministry of Foreign Affairs, France.
Financing Global Public Goods, L-20–The G-20 at the Leader's Level
Princeton, N.J., 1 February 2006

Participants in Meetings of the Group of Friends of the Task Force and Regional Consultations

Annex 4

Participants in the Group of Friends of the Task Force, Chaired by Gun-Britt Andersson

Ministry for Foreign Affairs, Austria
Ministry for Development Cooperation, Belgium
Ministry of Finance, Brazil
Canadian International Development Agency, Canada
Ministry of Foreign Affairs, Chile
Ministry of Foreign Affairs, China
Ministry of Foreign Affairs, Denmark
Ministry for Foreign Affairs, Finland
Agence Française de Développement, France
Ministry of Finance, France
Ministry of Foreign Affairs, France
Federal Ministry for Economic Cooperation and Development, Germany
Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, Berlin, Germany
Federal Ministry of Finance, Germany
Federal Ministry of Consumer Protection, Food and Agriculture, Germany
Ministry of External Affairs, India
GTZ, Germany
Department of Foreign Affairs, Ireland
Ministry of Foreign Affairs, Italy
Ministry of Foreign Affairs, Japan
Ministry of Foreign Affairs and Development Cooperation, Mali
Ministry of Foreign Affairs, Mexico
Ministry of Health, Mexico
High Commission of Mozambique, Mozambique
Ministry of Foreign Affairs, The Netherlands
Ministry of Foreign Affairs, Norway
Ministry of Foreign Affairs, Spain

Ministry of the Environment, Sweden
Ministry for Foreign Affairs, Sweden
Ministry of Finance, Sweden
Swedish Development Co-operation Agency, Sweden
Swiss Agency for Development and Cooperation, Switzerland
Ministry of Foreign Affairs, Thailand
Ministry of Foreign Affairs, Uganda
Department for Environment, Food & Rural Affairs, United Kingdom
Environment Agency, United Kingdom
HM Treasury, United Kingdom
Department for International Development, United Kingdom
United States Agency for International Development, USA
Ministry of Foreign Affairs, Vietnam

European Commission
African Development Bank
Asian Development Bank
Development Assistance Committee—OECD
European Bank for Reconstruction and Development
Inter-American Development Bank
International Monetary Fund
Inter-Parliamentary Union
Organisation for Economic Co-operation and Development
United Nations
United Nations Development Program
United Nations Economic Commission for Europe
United Nations Educational, Scientific and Cultural Organization
United Nations Environment Program
United Nations Industrial Development Organization
World Bank
World Health Organization
World Intellectual Property Organization
World Trade Organization

Association of German Scientists, Berlin, Germany
Expert Group on Development Issues, Stockholm, Sweden
German Advisory Council on Global Change, Berlin, Germany
German Development Institute, Bonn, Germany
Global Policy Forum Europe, Bonn, Germany
InWEnt—Capacity Building International, Berlin, Germany

Overseas Development Institute, London, United Kingdom
Swedish Institute for Infectious Diseases Control, Solna, Sweden
Swedish Institute of International Affairs, Stockholm, Sweden
Stockholm Environment Institute, Stockholm, Sweden
Stockholm International Peace Research Institute, Stockholm, Sweden
The Global Exchange for Social Investment, Berlin, Germany
Third Generation Environmentalism, London, United Kingdom
Transparency International, Berlin, Germany
University of Oldenburg, Oldenburg, Germany
University of Hohenheim, Stuttgart, Sweden

Participants in regional consultations

Ministry for Foreign Affairs, Angola
Ministry for Foreign Affairs, Argentina
Ministry of Health and the Environment, Argentina
Ministry of Finance, Bangladesh
Ministry for Foreign Affairs, Bahamas
Ministry for Foreign Affairs, Belgium
Ministry for Foreign Affairs, Brazil
Ministry for Foreign Affairs, British Virgin Islands
Ministry for Foreign Affairs, Chile
Ministry for Foreign Affairs, Colombia
Ministry for Foreign Affairs, Czech Republic
Ministry for Foreign Affairs, Ecuador
Ministry for Foreign Affairs, Estonia
Ministry for Foreign Affairs, Egypt
Prime Minister Offices, Ethiopia
Ministry for Foreign Affairs, Finland
Ministry for Foreign Affairs, France
Ministry of Finance, Gabon
Ministry for Foreign Affairs, Greece
Ministry for Foreign Affairs, Ghana
Ministry for Foreign Affairs, Honduras
Ministry for Foreign Affairs, Hungary
Ministry of External Affairs, India
Ministry for Foreign Affairs, Indonesia
Ministry of Foreign Affairs, Iran
Ministry for Foreign Affairs, Ireland

Ministry for Foreign Affairs, Ethiopia
Ministry for Foreign Affairs, Guatemala
Ministry for Foreign Affairs, Japan
Ministry for Foreign Affairs, Kazakhstan
Ministry of Finance, Kazakhstan
Ministry for Foreign Affairs, Kenya
Ministry for Foreign Affairs, Korea
Ministry of Foreign Affairs, Latvia
Ministry of Foreign Affairs and Immigration, Luxembourg
Ministry of Finance, Mali
Ministry of Health, Mexico
Ministry for Foreign Affairs, Morocco
Ministry for Foreign Affairs, Netherlands
Ministry for Foreign Affairs, Nicaragua
Federal Ministry of Finance, Nigeria
Ministry of Foreign Affairs, Norway
Ministry for Foreign Affairs, Paraguay
Ministry for Foreign Affairs, Peru
Ministry of External Affairs, International Trade and Civil Aviation, Santa Lucia
Ministry of Foreign Affairs, Slovenia
Ministry for Foreign Affairs, South Africa
Ministry of Foreign Affairs, Sweden
Swiss Agency for Development and Cooperation, Switzerland
Ministry for Foreign Affairs, Tanzania
Ministry of Planning and Finance, Timor-Leste
Ministry for Foreign Affairs, Tuvalu
Ministry of Finance Economic planning and Industries, Tuvalu
Ministry of Foreign Affairs, Uganda
Ministry of Finance, Uganda
Ministry for Foreign Affairs, United States Virgin Islands
Ministry for Foreign Affairs, Uruguay
Ministry of Foreign Affairs, Vietnam

African Development Bank
Asian Development Bank
Central Bank of Nigeria
Central Bank of Uganda
Central Bank of West African States
Commission for Latin America and the Caribbean

Common Market for Eastern and Southern Africa
European Bank for Reconstruction and Development
European Commission
European Investment Bank
European Union Council
Inter-American Development Bank
International Organization for Migration
International Fund for Agricultural Development (IFAD)
Pan American Health Organization
United Nations Development Programme
United Nations Industrial Development Organization
United Nations Development Fund for Women
United Nations Economic Commission for Africa
United Nations Environment Programme
United Nations Children's Fund
United Nations Population Fund
West African Economic and Monetary Union
World Bank
World Health Organization
World Intellectual Property Organization

African Business Roundtable, Johannesburg, South Africa
African Capacity Building Foundation, Harare, Zimbabwe
African Economic Research Consortium, Nairobi, Kenya
Agrisud International, Paris, France
Asian Institute of Management, Manila, Philippines
Asociación Latinoamericana de Organizaciones de Promoción, San José, Costa Rica
Bangladesh Institute of International and Strategic Studies, Dhaka, Bangladesh
B'nai B'rith Internacional, Rio de Janeiro, Brazil
Centre for Conflict Resolution, Cape Town, South Africa
Centre for Strategic and International Studies, Jakarta, Indonesia
Chevron Texaco Corporation, Washington D.C., USA
Chung-Ang University, Seoul, South Korea
Conservation International, Washington D.C., USA
Coordinadora Regional de Investigaciones Económicas y Sociales, Buenos Aires, Argentina
Copenhagen Consensus Centre, Copenhagen, Denmark

Forests and the European Union Resource Network, Brussels, Belgium

Forum Empresas, Santiago, Chile

Fundazucar, Guatemala City, Guatemala

Institute of Development Studies, University of Sussex, United Kingdom

Instituto Internacional de Medio Ambiente y Desarrollo, Buenos Aires, Argentina

Instituto Latinoamericano de Servicios Legales Alternativos, Bogotá D.C., Colombia

Institute of Southeast Asian Studies, Singapore, Malaysia

Japan Institute of International Affairs, Tokyo, Japan

Jawaharlal Nehru University, New Delhi, India

Nanyang Technological University, Singapore, Malaysia

Network for Environment and Sustainable Development in Africa, Abidjan, Cote d'Ivoire

OXFAM, London, United Kingdom

Philippine Institute for Development Studies, Manila, Philippines

Policy Network, London, United Kingdom

Red de Salud de las Mujeres Latino Americana y del Caribe, Santiago, Chile

Red Interamericana para la Democracia, Buenos Aires, Argentina

Shanghai Institute for International Studies, Shanghai, China

Sistema Económico Latinoamericano y del Caribe, Caracas, Venezuela

Swiss Business Federation, Zurich, Switzerland

M.S. Swaminathan Research Foundation, Chennai, India

The Foundation for Development Cooperation, Brisbane, Australia

United Nations University, Bruges, Belgium

West Africa Network for Peacebuilding, Accra, Ghana

The organizations and individuals listed here are in no way accountable for any mistake, errors or other inadequacies in the report. The Task Force accepts full responsibility for the contents and recommendations of the report.

Papers Commissioned and Published by the Secretariat of the International Task Force on Global Public Goods

These papers are available in the following seven volumes.

Volume 1: Infectious Disease

Transnational Public Goods for Health, by Scott Barrett, School of Advanced International Studies, Johns Hopkins University

Global Public Goods in Communicable Disease Control, by Michael Kremer, Harvard University

Ensuring Markets for New Drugs and Vaccines for Poor Countries: Institutional Requirements and Possibilities, by Ronald G. Ridker, independent consultant

Microbicides as an Option for HIV Prevention, by Pasi Penttinen, Finnish Medical Network

The Role of the World Health Organization in the Control of Communicable Diseases, by Christopher J.L. Murray, Harvard University

Health System Capacities in Developing Countries and Global Health Initiatives on Communicable Diseases, by Uma Lele, Ronald Ridker and Jagadish Upadhyay (all formerly with the World Bank's Independent Evaluation Office)

Volume 2: Global Commons

Managing the Global Commons, by Scott Barrett, School of Advanced International Studies, Johns Hopkins University

The Costs and Benefits of Protecting Global Environmental Public Goods, by Raymond Clémençon, University of California, San Diego

Resource Needs and Availability for Protecting Global Environmental Public Goods, by Raymond Clémençon, University of California, San Diego

Sustainable Management of the Global Natural Commons, by Daniel Esty, Yale University

Assessing the United Nations Environment Programme (UNEP), by Maria Ivanova, The College of William & Mary and Yale University

Capacity Building for Global Environmental Protection, by Raymond Clémençon, University of California, San Diego

Volume 3: Financial Stability

Financial Stability, by Barry Eichengreen, University of California, Berkeley

The International Financial Architecture and the Emerging Economies, by Morris Goldstein, Institute for International Economics, Washington, D.C.

Financial Stability: A Global Public Good, by Jim Turnbull, Triarii Advisors, Ltd.

The IMF as the Principal Institution for Promoting the Global Public Good of Financial Stability, by David Peretz, independent consultant

Anti–money Laundering as a Global Public Good, by Edwin M. Truman, Institute for International Economics, Washington, D.C.

Volume 4: International Trade

Contribution on the International Trade Regime, by Robert Staiger, the University of Wisconsin and NBER

The International Public Goods Needed to Promote International Trade, by Paul Collier, Oxford University

The World Trade Organization: An Assessment, by Constantine Michalopoulos, independent consultant

Capacity Building for Trade as a Global Public Good, by Sanoussi Bilal and Stefan Szepesi, European Centre for Development Policy Management

Volume 5: Peace and Security

Peace and Security, by Paul Collier, Oxford University
Reforming International Institutions to Promote International Peace and Security, by James D. Fearon, Stanford University
Peace and Security, by John Stremlau, The Carter Center
Capacity Building for Peace and Security: A Look at Africa, by Volker Hauck and Jan Gaspers, European Centre for Development Policy Management
The Costs of Armed Conflict, by Elisabeth Sköns, Stockholm International Peace Research Institute

Volume 6: Knowledge

Knowledge, by John H. Barton, Stanford University
Scientific and Technical Information for Developing Nations, by John H. Barton, Stanford University
Information as a Global Public Good, by Keith E. Maskus, University of Colorado at Boulder
Capacities for Global Management of Intellectual Property: Mapping Out Global Initiatives and Opportunities for Improvement, by Paul Engel and Sophie Houée, European Centre for Development Policy Management

Volume 7: Cross-Cutting Issues

Critical Factors for Providing Transnational Public Goods, by Scott Barrett, School of Advanced International Studies, Johns Hopkins University
Financing Global Public Goods: Issues and Prospects, by Pierre Jacquet and Sarah Marniesse, Agence française de développement (AFD)
Review of Lead Institutions for Global Public Goods, by Alexander Shakow, independent consultant
Regional Public Goods and Regional Cooperation, by Todd Sandler, University of Southern California
Regional Cooperation: A Tool for Addressing Regional and Global Challenges, by Björn Hettne and Fredrik Söderbaum, Department of Peace and Development Research, Göteborg University

Strengthening the Capacity of Developing Countries to Participate in the Provision of Global Public Goods, by Heather Baser, European Centre for Development Policy Management

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About this book

This report explains the concept of global public goods using historical evidence and illustrates their importance by highlighting six priority global issues where their provision is critical. It suggests broad strategies in those areas for more effectively providing the good in question, and it makes more specific recommendations for the kind of structural changes needed at national and international levels.

The world's promise can be realized and its perils restrained only through extensive and ambitious cooperation across borders. Ours is a world of shared risks and common opportunities, grounded in the realities of mutual dependence and growing interconnection. All peoples' health, security and prosperity depend in part on the quality of their international cooperation, as does the health of the environment.

Because this is so, international cooperation has evolved from being a sphere of interstate negotiations on foreign policy matters to a central part of how governments and people manage their day-to-day lives. And it has been a powerful and tangible force for progress. Past successes provide solid evidence for what can be achieved in the future. With shared vision and collective action, major accomplishments can be realized. The spread of infectious diseases can be halted, their effects cured. Climate change can be slowed, its effects mitigated. International terrorism can be deterred, and the use of weapons of mass destruction prevented. These goals are difficult, but achievable. So too is the goal of expanding the prosperity that arises from a combination of peace and security, financial stability and international trade.

These global issues pose special challenges. In broad terms the goals are widely shared, and all states have national interests in achieving them; but in most instances no state and no private actor, however rich and powerful, can achieve them alone. Only by acting together, by cooperating across borders, can problems like these be effectively and efficiently addressed. International cooperation is in the national interest of all states.

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International Task Force on **Global Public Goods**