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Renewal of the  
UN development  
system

## From an MDG World to an SDG/GPG World: Why the United Nations should embrace the concept of Global Public Goods

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Introducing and implementing the 2030 Agenda for Sustainable Development and its 17 Sustainable Development Goals (SDGs) brings an opportunity to discuss the world's response to global challenges and to rethink positions on global public goods (GPGs). One of the transformational impacts that the acceleration of globalisation has had is that it has brought to the fore a class of development challenges characterised by the fact that they require collective action to have any chance of success. It is this characteristic, the need for a united response, that means that the concept of GPGs has a key contribution to make to current debates about the future positioning of the UN system.

The UN has to organise itself to ensure it is an effective instrument in facilitating solutions to these challenges. Over the last decade, increased attention has been given to thematic partnerships. Examples from the health sector demonstrate how goal-based public-private partnerships have achieved impressive results. Other UN led initiatives of such new types of public-private partnership that have emerged over the last five years include energy, women and children, and nutrition. The challenge will be to expand and institutionalise these alliances. The new global sustainable development agenda should provide a golden opportunity for this to happen.

The global public goods (GPGs) agenda is having a hard time in UN corridors. Low-income countries think it will divert resources from them. Middle-income countries also think it will divert resources, in their case depriving them of official development assistance (ODA) and giving rise to new responsibilities. How should these and other concerns be tackled to ensure that the UN constructively could revitalise a discussion on GPGs?

Global public goods are commonly defined as goods and services that are ‘non-rival’ and ‘non-excludable’. In other words, no one can be excluded from their benefits, and their consumption by one person does not diminish consumption by another. There are a number of possible scenarios that will provide for global public goods. The first is when a country takes it upon itself to provide for the GPG on its own (single effort scenario). A second scenario recognises the GPG as a weak link requiring attention. For example, Ebola in a single country is a threat to all and therefore its eradication in a specific country constitutes a GPG (the weakest-case scenario). A third scenario is when a specific objective, for example keeping temperature increases to no more than two degrees over pre-industrial levels, requires a critical mass of countries to commit, because if only one country takes action it will not yield the desired objective (the aggregate effort scenario).

In the first case, the country in question may or may not find a partnership with a multilateral organisation useful in getting the desired result. In the second and third cases, the provision of the GPG in question requires some form of collective response. In the second case, as a practical matter it is highly likely that successful action will require collective action. In theory one major donor could have provided the finance and capacity required to tackle Ebola in West Africa; as a practical matter, a group of countries, together with international organisations and civil society, assumed a collective responsibility which required some allocation of responsibility between them. In the third case, the requirement of collective action is not just a practical matter but defines the solution to the problem.

One of the transformational impacts that the acceleration of globalisation has had is that it has brought to the fore a class of development challenges characterised by the fact that they require collective action to have any chance of success. It is this characteristic, the need for a collective response, that means that the concept of GPGs has a key contribution to make to current debates about the future positioning of the UN development system. This has been widely recognised outside the UN system.

The economist Martin Wolf, in an article in the *Financial Times*, entitled ‘The World’s Hunger for Public Goods’, argues that, ‘[t]he history of civilisation is a history of public goods... The institutions that have historically provided public goods are states.’ He goes on to argue that increasingly these goods are becoming global in nature and cannot be supplied by states on their own. ‘Unless there is a global economic collapse, an increasing number of the public goods demanded by our civilization will be global or have global aspects.’ He ends by arguing that it will require extraordinary creativity to manage these challenges.

It is interesting to note that the OECD/DAC in its reflection exercise (2009), which focused on the future of development cooperation, came to the conclusion that one of its areas of focus for its future programme of work should be the Global Public Goods agenda. In this exhaustive process, which included the participation of many senior development officials from many OECD/DAC countries, sharply different views were expressed on the future of ODA, but it is noteworthy that the concept of Global Public Goods found easy support. The World Bank for its part is engaged in an ongoing extensive discussion of the best way for it to incorporate a Global Public Goods agenda in its programme of work. An editorial in the *Financial Times* in late 2014 argued that Mr. Jim Yong Kim ‘has yet to come up with a compelling 21st-century purpose for the World Bank. One obvious role would be to move it... to a model based on promoting global public goods.’

Recently, GPGs have been conspicuous by their absence in UN intergovernmental dialogue and analysis. This has not always been the case. The Secretary General at the beginning of his first term used global public goods as a reference point for many of the challenges the UN was facing. Senior officials talked about GPGs and multi-stakeholder partnerships, as the foundation for a new business model for the way the UN would work. Quite rapidly the term met resistance and it has largely disappeared from the official discourse. The fate GPGs met as a concept in the UN was particular. What explains this?

In order to tackle this question, we will seek to shed light on the core differences between the framework offered by the Millennium Development Goals (MDGs) and GPGs. We then relate this analysis to the current focus on sustainable development goals (SDGs). In the continuum from MDGs to GPGs where do the SDGs stand? Finally we offer an analysis of some of the debates swirling around the concept of GPGs and suggest why it is in all member states’ interests to put the issue of collective responsibility back where it belongs on the UN’s development agenda.

## The MDGs and GPGs

The table below provides a broad analytical framework for understanding the conceptual relationship between the MDGs and the GPGs.

### From a MDG world to a GPG world

MDGs	GPGs
MDGs provide international framework to support national goals.	GPGs recognise that collective action is required to find solutions to a number of emerging global challenges.
International action represents a form of international solidarity.	The crafting of a collective response represents recognition that the national interest requires international engagement.
Responsibility is typically located in Foreign or Finance Ministries.	Responsibility is dispersed through the whole of government.
Concept of aid does not lend itself to concept of mutual accountability. Support to MDGs is a voluntary act between countries which largely falls within the domain of external relations.	GPGs require a level of mutual accountability. These will often take on character of legal obligations. This is because performance impacts on everyone.
An MDG world is: A North-South world; a State-centric world (focus on ODA commitments)	A GPG world is: A South-South, North-South and South-North world; a multi-stakeholder world in which states are a very important element.
The focus is on aid, which flows from one group of states to another group of states.	Resources impacting development are increasingly allocated through a multiplicity of channels.
It is assumed in an MDG world that there is a group of rich countries that transfers resources to poor countries and that MDGs serve to benchmark the use of those resources.	A GPG world presents the challenge of allocating responsibility within the framework of collective action on an issue-specific basis. Each GPG requires a different political calculus.
MDGs represent in many respects a set of shared values about the commitment of the international community to reduce poverty	GPGs are generally under-provided for. They require either enlightened leadership or shared values and a common awareness to share responsibility for their production.
Monitoring is important but unlikely to have legal implications.	Surveillance has to be robust because the actual fulfillment of obligations is the necessary condition for all parties to continue to engage.
In an MDG world the UN has had an important role as a service provider. This operational focus makes the UN one among many service contractors.	A GPG world puts a premium on fostering shared awareness and generating agreed norms. The UN has unique characteristics to position itself to perform these functions.
In an MDG world, the relevance of the UN development system to middle-income countries becomes increasingly marginal.	Middle-income countries accept they will no longer be significant beneficiaries of ODA allocations by the UN. However, by engaging with GPG agendas they can make cost/benefit calculations that will ultimately give them access to much larger financial flows.

Two points need to be highlighted from the analysis provided in the matrix above. The first is that financing the provision of a GPG has a distinctive rationale. The rationale is that there is an objective you are pursuing for reasons of national interest and you can only achieve it through collective effort. If you do not finance support for climate **adaptation** in a particular country, you are not supporting that country's national development needs. This decision may indirectly impact on you, but it is difficult to make a compelling argument in the political arena that it would have been in your direct national interest to do so. Such expenditure belongs in the aid budget, not in national sector budgets. When you finance mitigation efforts in another country, you are directly impacting on the global climate of which you are an integral part. Financing **mitigation** represents a contribution to meeting a challenge for which you have assumed a direct portion of responsibility. The full amount contributed through collective agreement on burden-sharing should be reflected as the contribution leveraged by any one country paying its agreed share.

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Sometimes taking action has a dual purpose. Strengthening the capacity of Liberia to implement the World Health Regulations is a contribution to Liberia's development but is also a precondition for global health security. This type of expenditure could be assigned to foreign aid or to a donor's national health budget, which has a direct interest in minimizing the danger of the transmission of disease from abroad.

Much of the discussion around development financing continues to assume that foreign assistance is a single pot of resources that gets allocated to the portion of a country's budget dedicated to foreign affairs. The concept of Global Public Goods suggests a very different approach. What is needed is horizontal internalisation of financing the international dimensions of producing public goods. In a globalised world national line ministries have to cope with both national and international dimensions in their areas of responsibility as a matter of effective national policy-making. In that sense every line ministry needs to have an internally as well as an externally oriented part of their budget. The challenge is no longer funding external relations or providing aid in the traditional sense but the international dimension of dealing effectively with a national issue.

The second point relates to the locus of the challenge presented by the undersupply of a particular GPG, which lies in the process of apportioning responsibility for the collective response required. It is important to recognise that in reality the MDGs are really national goals. MDG 8, on developing a global partnership for development, is the obvious exception; but it is in effect the exception that proves the rule, because the aim of MDG 8 was to have a commitment to provide international support and solidarity for what were understood precisely to constitute national goals.

For goal-setting to be effective, data needs to be a powerful instrument. For this to be the case, data needs to be aligned with accountability and authority. Providing an international framework for the setting of national goals through the MDGs was effective because national authorities would be held accountable for reaching the goals. An accountability framework existed to empower data as a policy instrument.

Data is much less powerful when it is divorced from accountability for the story it tells. Global goals, such as a global emissions target, are drawn in a political vacuum. There is no agreement on the allocation of responsibility for achieving the goal. What is then missing is a compelling political narrative. Providing such narrative is an essential missing piece in our emerging GPG world. Periodically convening a global conference is not enough.

### **Free riders (and a future with free drivers)**

Free riders are the biggest obstacle to a credible political narrative around the reality of new emerging challenges that require collective responsibility. Free riders pose a challenge to the basic design of collective response mechanisms. For the UN, they raise questions as to the best ways to create the political space that will bring key parties together. A core vocation of multilateralism is to provide the mechanisms for an effective collective response. A key measure of the relevance of multilateralism as an instrument is its capacity to provide this function. This should not necessarily be equated with principles of universality.

The narrative may require that challenges are issue-based and an effective collective response needs to be solution-oriented. The mechanism may sometimes need to have the characteristics of club membership rather than being wide open. Clubs have membership fees.

In the just published work *Climate Shock* (2015) by Wagner and Weitzman, the converse challenge of free drivers is also raised. In this case, rather than a country being able to get away with letting others pay the costs, the costs of finding a solution are so manageable that countries will unilaterally impose solutions that work for them but have

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negative externalities for others, without any broad framework of agreement regarding estimated costs and benefits.

### **The SDGs, the MDGs and GPGs**

How do the SDGs articulated in the 2030 Agenda for Sustainable Development approved by the General Assembly in September 2015 relate both to the MDGs and the GPGs? The concept of SDGs relates to a range of goals that cover a spectrum that runs from MDG-like goals to GPG-type interventions. For example, the first five SDGs, related to poverty, hunger, health, education and gender, all clearly build on the MDG legacy. On the other hand, the goals on sustainable energy, sustainable consumption and production patterns, climate change, biodiversity loss and preservation of the oceans relate clearly to challenges that require the provision of GPGs.

**"Within the SDG framework, it is possible to identify a number of challenges that require a collective response and others that do not. They may all require international support, but they may not require, strictly speaking, a collective response."**

One of the hallmarks of the SDG framework compared to the MDG framework is its universal character. The concept of universality in this context does not diminish the need for the UN to exercise differentiation with respect to its own role. The UN continues to have a big role to play in MDG-type interventions in the least developed countries (LDCs). That is, the UN continues to be a significant source of finance and expertise to support national priorities in LDCs. Also, the UN has an increasingly important role to play in GPG-type interventions globally, including in middle-income countries (MICs). Building norms and generating common standards, broadly contributing to a rules-based international system, is a function that provides a vital global public good. It is widely thought that UN has a very important role to play in performing this function. This has a universal compass whose locus lies primarily in the process of apportioning responsibility for the collective response required. No group of countries has a greater interest in the effective discharge of this function than the MICs trying to ensure full access and enjoyment of the benefits of a rules-based global order.

### **The politics of GPGs**

The concept of GPGs has drawn heavy political fire in the corridors of the UN in New York. Given its broad acceptance elsewhere, it is important to consider why this is the case. For many middle-income countries GPGs are seen as a lose-lose proposition. The MICs are being asked to give up their rights to most grant aid and at the same time to take on new responsibilities relating to GPG allocations.

There is an irony in this stalemate. Historically, there has always been a tension between UN action at the level of the obligations of states to the international system and the responsibilities of member states to their people. Invariably, the declarations of global conferences over the last three decades have reflected this tension by delineating very clearly between the international and national commitments being entered into. Historically, the South has tended to favour a focus on the responsibilities of the international system and has resisted a focus on national responsibilities on the grounds that this interferes in their internal affairs and undermines sovereignty. Today, arguably, elements in the Global South (given that it is a less homogeneous bloc) are more comfortable with a focus on national priorities because it secures funding for countries, while they tend to be suspicious of emphasising international obligations because they see resources going to global issues (GPGs) and they have yet to make a cost/benefit calculation of the implications.

The contention of this paper, which needs to be demonstrated empirically, is that the historic position of the South, which was to believe that fairness in the international system was the issue that commanded their highest priority, was well founded, and a strong case can be made that it should continue to be so. Middle-income countries will be winners in an allocation system that is based on principles of mutual accountability for the provision of GPGs requiring a collective response.

### **Organising for a SDG/GPG agenda**

Over the last decade, increased attention has been given to thematic partnerships. Many believe that the health experience, in particular the Global Fund to Fight Aids, Tuberculosis and Malaria (GFTAM) and the Vaccine Alliance (GAVI), demonstrates how goal-based public-private partnerships can achieve impressive results. The articulation of the SDGs and the logic of focusing on key GPGs lead to new forms of multi-stakeholder partnerships. This is because there is recognition that supplying critical GPGs requires a much more inclusive approach than exclusively inter-governmental structures allow for. It calls for new forms of hybrid finance because public resources alone cannot finance, for example, the mitigation effort that will be needed. It will require new forms of measure-

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ment and much more rigorous accountability because of the logic of negotiating a collective response and guarding against free riders.

In short, organising for a SDG/GPG agenda will require the UN development system to rethink the way it is organised to do business. The Secretary General has pointed in the direction the UN needs to go with his strong push for the UN to engage in new types of public-private partnership. Over the last five years he has led initiatives relating to energy, women and children, nutrition and others. The challenge will be to see how these become institutionalised and whether they become agents of change within the system.

## Conclusion

A new political narrative is required. We have argued that a class of development challenges has emerged over the last decades, which is characterised by the fact that it requires a collective response to have any chance of being successfully addressed. The UN has to organise itself to ensure it is an effective instrument in facilitating solutions to these challenges.

GPGs provide a conceptual framework within which to analyse paths to collective response. This should be seen as both complimentary to and supportive of the 2030 Agenda for Sustainable Development. What is critical is that the UN continues to explore and widen the paths to effective collective response and that this is seen as an integral part of the new Agenda for Sustainable Development.

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