

**gpgNet**

the global network on global public goods

GpgNet Discussion Forum #5

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## Achieving the Millennium Development Goals: A Global-Public Goods Perspective

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*Reflections on the Debate*\*

New York  
December 2003

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## Introduction

The Discussion Forum # 5 on gpgNet<sup>1</sup> had as its topic “Achieving the Millennium Development Goals; A Global-Public-Good Perspective”. The Forum was open from 3 to 24 November 2003. Some 800 persons—from more than 45 countries—registered for the Forum, submitting over 90 written messages.<sup>2</sup>

To facilitate deliberations on the issue of “Millennium Development Goals (MDGs) and Global Public Goods (GPGs)” two background papers had been made available.<sup>3</sup> In addition, three questions were posted, pertaining to:

- 1—how to envision the link or links between the MDGs and the GPGs;
- 2—policy recommendations on priority GPGs for the MDGs and on how to enhance the provision of these GPGs; and
- 3—political economy considerations, i.e. how to make a persuasive case for the suggested policy recommendations.

There was broad consensus among the participants in the debate that MDGs and GPGs are linked—and should be linked more closely and systematically. The design of such GPGs as the global system of knowledge management, the multilateral trade regime or the international financial architecture should be redesigned and adjusted “as if development and achieving the MDGs mattered”. And a large number of concrete proposals were submitted that could generate progress in this direction. Some discussants also pointed out that an improved provision of GPGs had to be matched by improvements in governance nationally, lest the poor continue to be bypassed by development

Yet, the *novel dimension* of the debate did not so much lie in any one of the concrete recommendations that participants submitted. Rather, it lay in the fact that the discussion brought to light an issue that was usually only addressed implicitly, viz.: How should one view the enhancements in the provision of GPGs that various participants proposed? Should such enhancements be intended—and offered—as “development assistance by other means”—i.e. by means other than official development assistance (ODA)? Or, ought they be provided as a matter of international fairness, i.e. fair rule-making among sovereign nation states?

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<sup>1</sup> The gpgNet Discussion Forum ([www.gpgNet.net](http://www.gpgNet.net)) provides a platform for public debates on key aspects of public goods - local, national, regional, and global. The views expressed in the Forum are those of the Forum participants and do not necessarily reflect the positions of the organization with which the participants may be affiliated, unless stated otherwise.

<sup>2</sup> Read the messages at: <http://groups.undp.org/read/?forum=gpgnet-mdgs>.

<sup>3</sup> The background papers were: “Global Public Goods: A Key to Achieving the Millennium Development Goals”, a discussion draft prepared by ODS (<http://www.gpgnet.net/pdfs/AchievingMGDs.pdf>); and “Public Good and Economic Development”, by Besley and Ghatak, prepared for *Policies for Poverty Alleviation* (ed.) Abhijit Banerjee, Roland Benabou, and Dilip Mookherjee. (<http://econ.lse.ac.uk/staff/tbesley/papers/Publicgoods-ja20b.pdf>)

This note tries to examine this question explicitly and to suggest a possible answer. It will proceed in three steps. First, it will look at the MDGs themselves from a (global) public-good perspective. Second, it will try to identify in more general terms the nature of the contributions that respectively, ODA or “aid” and an enhanced provision of select GPGs could bring to achieving the MDGs. It will conclude that achieving the MDGs in a sustainable way as well as in good time calls for three things:

- ODA additionality;
- Enhanced fairness among negotiating state parties in the provision of GPGs; and
- Some concessions—or differentiated responsibility—for developing countries in the design of select GPGs.

Obviously, these changes will not materialize easily. Therefore, the note will, thirdly, discuss some next steps and related political economy issues.

## **I The Millennium Development Goals (MDGs): Private Goods to Be Made Globally Public by Policy Choice**

People’s well-being depends among other things, on the consumption of both private goods and public goods. The former, the private goods, are those that are shaped so that they are made excludable and possessed by individual owners; and they are also often those for which individuals are expected to be privately finance, i.e. to find personal income that they can use to purchase these goods, if they wish to do so. Examples are bread, clothing, a bicycle, or housing.

Public goods, by contrast, are those items (tangible things, services, or conditions) that we encounter in the public domain: there for all to consume or affecting all. To be provided, these goods often require collective action, i.e. contributions from all, or at least, many individual actors, in kind (e.g. “washing hands so as not to pass on diseases” or “pollution reduction”) or in cash (e.g. a tax payment or other financial donation). In order to avoid “free-riding” (i.e. non-contributing) the state often steps in and compels individuals to contribute—through regulation (e.g. a ban on the use of certain pollutants), taxation (obligatory payments) or (dis-)incentives (e.g. special taxes on public “bads” or subsidies to encourage individual production of public “goods” or desired externalities).

Very few goods have innate—i.e. given and immutable—public or private properties. In most instances, “publicness” and “privateness” is a policy-choice: a mantle that society has chosen to cast over a particular good.

Yet there are some goods that have a special potential of being public. As economics theory tells us, these are especially those goods that have either or both of the following characteristics:

- *Nonexcludability of benefits/costs*—meaning that it would be infeasible for technical or economic reasons to make them excludable. (For example, just think

of what it would cost in economic and political terms to prevent people from enjoying sunlight!)

- *Nonrivalry in consumption*—meaning that the consumption of a good by one person does not distract anything from its availability for others. (For example, if one person knows that “4+4=8”, he/she can pass this knowledge on to others without losing his/hers.

Accordingly, goods are often classified as private or public in the way shown in annex figure 1.

A brief look at this table will, no doubt, make readers think of a number of “counter examples”, e.g.: land not being private but public (e.g. in the form of communal land or public (city or state) parks. Or, television signals that are not public but available as the private good “cable TV”. And indeed, most goods exist in various forms, public or private, or sometimes even, partly public and partly private—depending on what policy choices were made. This fact is reflected in annex figure 2.

Quadrant 4.b of figure 2 contains some of the items, e.g. basic education and health care for all, which are part of the MDGs. We could also list in this quadrant such other goals as “sanitation for all” or “safe drinking water for all”. The goods referred to here are essentially private goods. However, many individual nations and now also the international community as a whole have decided to make these goods universally available, or put differently, to make them nonrival by design. Moreover, some of these goods have increasingly been made nonexcludable, or put differently, compulsory to consume. For example, in most parts of the world today it is a “must”, law, to send children to school. The reasons can be several. They can be rooted in moral or ethical concerns of providing all with a basic, decent standard of living. Or, they can relate to controlling undesirable externalities, e.g. the health risks that often go hand in hand with lack of education, or the political risks of civil strife and unrest that severe poverty and inequality can entail.

Hence, the MDGs in large measure constitute GPGs themselves: private goods to be made public by design—or, universalized—in two steps: nationally and globally.

This fact, at the same time, tells us that the MDGs will not be easy to achieve: 1) they have essentially private, viz.excludable, character—and therefore, they can easily be withheld; 2) since they also have private properties in the sense of “rivalry in consumption”, they must be made available in a plentiful, universal manner. This means their achievement will be costly; and 3) since the world’s population is continuously being regenerated, the MDGs have to be met not only once, e.g. in 2015—but continuously, every year from 2015 onward.

How to meet this daunting challenge?

## II Strategies for Achieving the MDGs

Just as rich and poor nations enter into a “social compact” nationally when deciding on the universalization of certain private goods, such as basic education, the Millennium Development Declaration (see <http://www.un.org/millennium/declaration/ares552e.pdf>), on which the MDGs are based, represent a compact between the richer and poorer segments of the world’s population. As participants in the Discussion Forum underlined, development, including achieving the MDGs, is first and foremost, a responsibility of each sovereign nation. Yet to do so within the indicated timeframe, i.e. mostly from 2015 onward, and to do so under current conditions, i.e. despite various still mal-provided GPGs such as the multilateral trade regime or the international financial architecture, “implicates” the industrial countries and calls for their support. It could be argued that the recognition of this fact has led to Goal 8 of the MDGs.<sup>4</sup>

The support from the industrial countries could take three main forms.

### 1. Additional official development assistance (ODA)

Achieving some of the MDGs in a span of some 15 years – or in eleven years, counting from now – is for many countries an enormous task and requires massive scaling-up efforts in numerous areas—a challenge that in particular countries with weaker national capacity will find difficult to meet. ODA is perhaps *the* financing source that is most readily available and somewhat expandable—*if* donor countries were convinced that their money transfers achieve desired results.

However, even considerably increased aid resources may not suffice. The reasons might concern either or both of the following factors: 1) the expansion may be insufficient or too slow in its forthcoming to meet the developing countries requirements for (external) resource additionality; and 2) the goals may be met—once; but maintaining achievement levels on a sustained basis may not be affordable for developing countries.<sup>5</sup>

### 2. Enhancing the provision of GPGs—as a matter of global fairness

As also participants in the Discussion Forum noted, an enhanced provision of GPGs would be important. It could generate resource flows to developing countries that would constitute an urgently needed complement of any ODA additionality that might be forthcoming. But how to view such an enhanced provision: as an aid gesture or as a matter of global fairness?

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<sup>4</sup> This Goal stipulates that a global partnership for development should be developed.

<sup>5</sup> For efforts to cost the attainment of the MDGs, see for example, the Millennium Project’s studies available at <http://www.unmillenniumproject.org/html/about.shtml>, and the World Bank Policy Research Working Paper, “Development Goals: History, Prospects and Costs,” by Shantayanan Devarajan, Margaret J. Miller, and Eric V. Swanson (2002).

To answer this question, let us first think about the provision of public goods within the national context, since this context is a more familiar one.

Nationally or locally, most societies by now accept that some public goods are there for all—all inhabitants of a country, state, village or town. This applies for example, the judiciary system, traffic rules and sidewalks, or police protection. All can enjoy some public goods; and all must consume others, such as “no smoking” or “child vaccination” rules, whether they like them or not. This is considered to be a matter of fairness.

When it comes to GPGs, however, many of them are in the public domain, there for all to consume, but not equitably benefiting all or, in the case of rules, applying with equal strictness to all. As also the contributions to the Discussion Forum have shown, shaping some GPGs so that all would derive a fair amount of positive utility could open up important new sources of resource flows to developing countries (e.g. as a result of enhanced market access) or reduce resource drain out of these countries (e.g. through more efficient knowledge management in such critical areas as health).

But, to re-emphasize, such corrective steps would just be a matter of fairness. They would mean recognition that not only market-based exchanges but also policy bargains should be fair deals.

### **3. Enhanced provision of GPGs—as a matter of special allowances for, or differentiated responsibilities of, poorer countries**

Of course, the design of certain GPGs, such as that of the multilateral trade regime, could also be tilted—or biased—in favor of developing countries. This could be done by moving *beyond fairness*—and granting developing countries special privileges, on a time-bound basis. Or, if developing countries are to comply as all others do, they could perhaps receive additional adjustment assistance, e.g. for meeting financial codes and standards and meeting the requirements of TRIPs<sup>6</sup>.

## **III Possible Next Steps: Making Goal 8 Operational**

As one of the contributors put it, <sup>7</sup> achieving the MDGs requires a “concerted attack on all the policy constraints”, in poor *and* rich countries. While more ODA is needed, it alone won’t do “the trick”. ODA additionality must be complemented by a provision of GPGs that does not block but fosters the achievement of the MDGs. So far, discussions on Goal 8 of the MDGs have tended to focus very much on ODA increases. Yet in light of the Forum debate and the discussion above, it would be desirable to expand the focus and to include into the discussions on

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<sup>6</sup> The special concessions referred to here should clearly go beyond what fairness would call for. Measures such as a select elimination of agricultural subsidies in such field as cotton production—while maintaining other agricultural subsidies—would not fall into this category.

<sup>7</sup> See Robert Piciotto’s contributions, posted on 12 November 2003.

Goal 8 also the GPG dimensions mentioned above, in points II.2 and II.3. So what could be done?

One step could perhaps be to review the various individual proposals that participants in the Forum have submitted or that have emerged elsewhere as a possible improvement in the provision of GPGs. The key question to clarify would be: Does the suggested improvement fall into category II.2 above, i.e. “global fairness”, or category II.3, i.e. “special concession”? Clearly, if the MDGs 1-7 are to be achieved on a sustainable basis, measures falling into category II.2 are of utmost importance. This, because aid and other special privileges can be volatile: being granted today and withdrawn tomorrow. More lasting are changes in the basic rules of the key global regimes. But therefore, they may also be more difficult to achieve.

In addition, the academic or broader epistemic community could undertake focused studies on the links between certain priority GPGs and the MDGs.<sup>8</sup>

Moreover, one could pursue the practical proposal that emerged in the debate<sup>9</sup> and could be described as follows:

- Developing countries are (already) expected to formulate “poverty reduction strategy papers” (PRSPs) and/or provide other evidence of progress towards meeting Goals 1-7 of the MDGs. These documents primarily concern national developments, and thus, could henceforth be called N-PRSPs.
- Industrial (e.g. OECD) countries commit themselves as of the earliest date possible also to present PRSPs. Yet in their case, the papers would primarily reflect their international-cooperation or global policies. They would set forth both the country’s strategies concerning ODA as well as those concerning select GPGs. Hence, the industrial-country paper could be referred to as G-PRSPs.<sup>10</sup>

The earlier mentioned studies by the concerned academic or broader epistemic community on links between GPGs and MDGs could, in effect, provide a useful backdrop or frame of reference for the review of G-PRSPs. Clearly, G-PRSPs would go a long way towards translating into a concrete policy step what another participant called the “3 Cs”: policy coherence, coordination, and complementarity.<sup>11</sup>

However, for G-PRSPs to become an accepted practice, the demand for them has to be strengthened. Agreement to establish such a practice has itself a GPG character; and therefore, it will be subject to attempts at free-riding and avoidance of contributions. Some “political nudging” will be required. Therefore, the participants, who emphasized the role of nonstate actors, notably that of civil society, in bringing about an enhanced provision of GPGs, made an

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<sup>8</sup> For an elaboration of this proposal, see Mahesh Sugathan, 24 November 2003.

<sup>9</sup> See *ibid.*

<sup>10</sup> For further details, see also <http://www.globalpolicyproject.org>, and <http://www.cgdev.org/>

<sup>11</sup> See, Poul Nielson’s contribution, posted 19 November 2003. See in this context also the contribution by Peggy Antrobus (posted 5 November 2003), who draws attention to the inconsistency between various elements of advice countries are often receiving, viz. that between “achieving a small state” and “meeting the MDGs”, which in certain respects, is equivalent to suggesting that the state do “much more” with “less”.

important point. In fact, the issue of “voice”—nationally and internationally, figured quite prominently in several contributions.<sup>12</sup> Business, too, is often interested in seeing better development, since commerce can be conducted more easily and swiftly where conditions are stable and predictable.<sup>13</sup> No doubt, a better matching of the circles of stakeholders and decision-makers would bring out many new policy ideas and demands.<sup>14</sup>

Yet, when devising strategies to enhance the voice of all stakeholders, it is important to remember a point made by some participants: Whether we think of “MDGs”, “GPGs”, “PRSPs” or any other international-cooperation or aid-community term, these words often do not mean anything for national politicians and policymakers or to local communities.<sup>15</sup> As several participants underlined, enhanced public information on the MDGs and GPGs and on the links between them would be critical and so would be enhanced, broadened communication strategies.

And perhaps, generating broader demand among the global public for something like a G-PRSP might be a difficult task to accomplish. Yet, if it were accomplished, the resultant change could be significant in terms of an enhanced provision of GPGs as well as in terms of meeting the MDGs.

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<sup>12</sup> See, among others: Roberto Bissio, posted 6 November 2003; Arup Rahee, posted 3 November 2003; and Etiosa Uyigüe, posted 24 November 2003. In some instances, the issue of voice was linked to concern about “government failure” and “inter-governmental organization failure”. See, for example, Nforngang Jude Thaddues posted 11 November 2003.

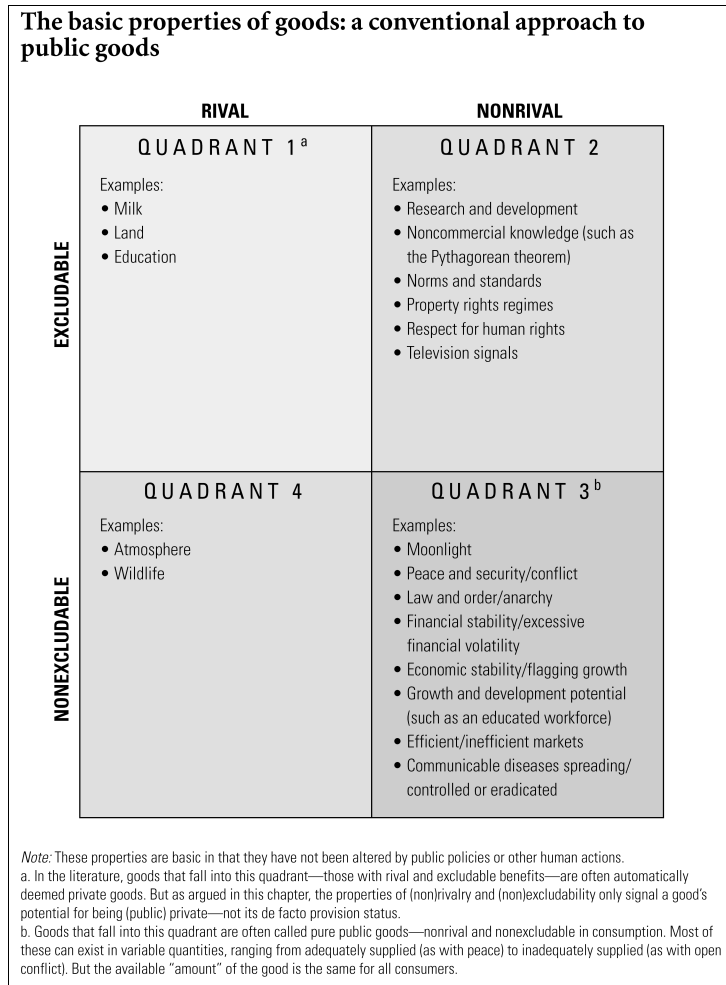
<sup>13</sup> See, for example, Leonard N. Ezem, posted 12 November 2003.

<sup>14</sup> Of course, the contributions to the Discussion Forum themselves bear testimony to this fact. They generated new policy ideas, e.g. on financing (see, for example, Henry Jackelen, 25 November 2003, Jurgen Kaiser, 13 November 2003, and Garrett Wyse, 6 November 2003); and they highlighted so far neglected issues, such as that of gender (see, among others, Peggy Antrobus, 5 November 2003).

<sup>15</sup> See, for example, John Nagella, 25 November 2003.

## Annexes

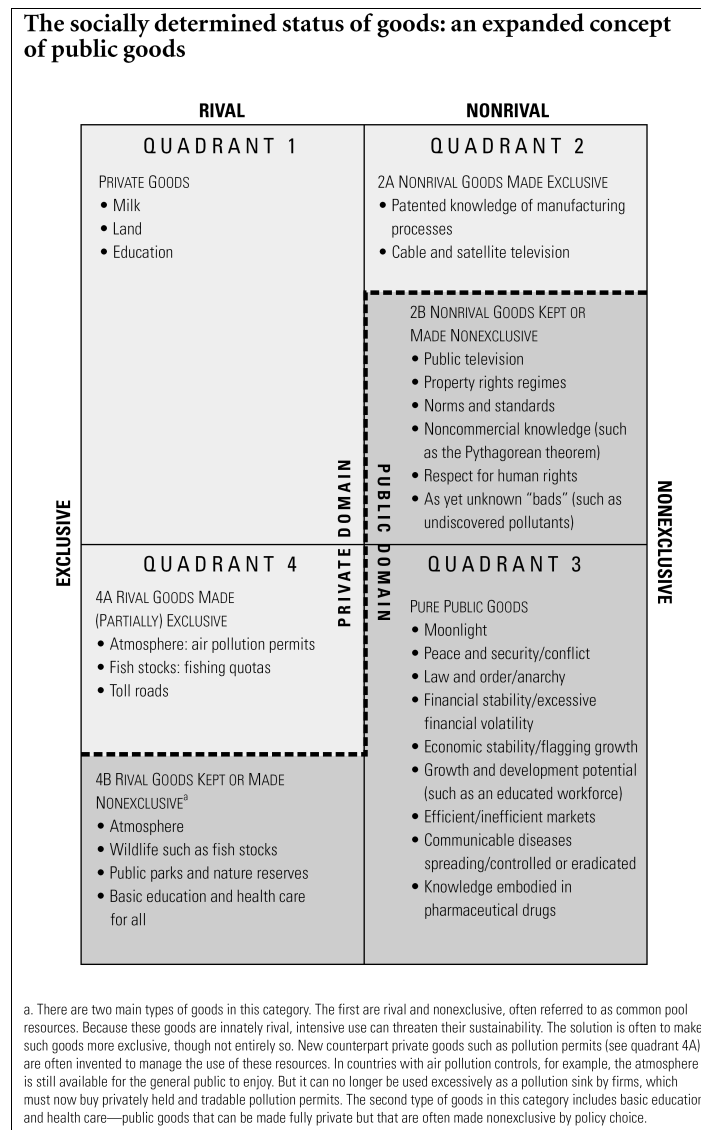
Figure 1



Source: Kaul and Mendoza (2003).<sup>16</sup>

<sup>16</sup> Kaul, Inge, and Ronald U. Mendoza. 2003. “Advancing the Concept of Global Public Goods.” In Inge Kaul, Pedro Conceição, Katell Le Goulven, and Ronald U. Mendoza, eds., *Providing Global Public Goods: Managing Globalization*. New York: Oxford University Press.

Figure 2



Source: Kaul and Mendoza (2003)