Thematic Issues

"Aid financing of International Public Goods"

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Aid financing of International Public Goods
Recent developments

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Executive summary

This paper discusses recent developments in aid financing of international public goods (IPGs). It provides a background to the strategic issues in development assistance arguing that it is difficult to discuss aid for IPGs without reference to all the other debates on aid such as those on scaling up of aid *versus* absorptive capacity, aid effectiveness; and debates on approaches to address harmonisation, alignment and ownership of donor–recipient aid relationships. Too often the debates on aid and on IPGs follow different tracks so that well intentioned ideas to finance IPGs do not get far in the aid community concerned with appropriate instruments.

We then discuss issues centring around the rationale for providing aid to IPGs. There is recent work arguing that the provision of IPGs will help to achieve the MDGs, and discussing what type of initiatives score best on a cost-benefit analysis. We then discuss estimates of how much aid is already going to the provision of IPGs, with a lot of details on individual sectors. There is an upward trend in the share of aid going to IPGs, with a significant upturn recently. This shows that the debate on IPGs will only become more relevant.

There are some interesting implications for international organisations such as UNIDO. The debates on financing IPGs are relevant but a series of questions will need to be addressed:

- What is the rationale for providing the IPG (i.e. what is the market failure, what is the cost-benefit ratio of intervening, and what are the best initiatives)? For UNIDO, it seems clear that knowledge (on industrialisation strategies), governance (of international economic relationships affecting industrial development) and environment (supporting the development and diffusion of new energy and carbon dioxide-saving technologies as part of industrial development) are key. An interesting opportunity seems to lie in the recent Aid for Trade initiatives.
- Who should provide an IPG? If it is aid, would it be bilateral or multilateral donor agencies, and what type of international organisations would be needed. This relates to the debate on aid architecture.
- How does provision of an IPG sit with the Paris declaration on harmonisation, alignment and ownership? Thus, to take the Aid for Trade example, financing the provision of a rules-based trade system will need to depend on how this fits in with strategies of the receiving countries, as well as being coordinated with other players, as that will relate to the debate on aid effectiveness.

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Acronyms

AIDS	acquired immunodeficiency syndrome
FY	financial year
GATT	General Agreement on Tariffs and Trade
GNI	gross national income
GPG	Global public good
HIV	Human Immunodeficiency Virus
IBRD	International Bank of Reconstruction and Development
IF	Integrated Framework of Trade-related Technical Assistance
IFF	International Financing Facility
ILO	International Labour Organisation
IMF	International Monetary Fund
IPG	international public good
IPR	intellectual property right
ITC	International Trade Centre
LDC	Least Developed Countries
MDG	Millennium Development Goals
NGO	non-governmental organisation
NPG	national public good
ODA	Official Development Assistance
R&D	research and development
SSA	sub-Saharan Africa
TIM	Trade Integration Mechanism
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
WCO	World Customs Organization
WTO	World Trade Organization

1 Introduction

There are many examples of international public goods (knowledge, development of vaccines against communicable diseases, good quality environment) that are good for development and poverty reduction. But because of their transboundary nature, international public goods tend to be undersupplied. Few individual countries would have the means to develop a vaccine against HIV/AIDS, particularly in countries where HIV/AIDS is most present. However, certain international public goods will need to be supplied and questions include which public goods should be provided, how are they provided, and how are they financed.

One argument in the literature on international public goods (IPGs) is that more aid financing is required to ensure the provision of international public goods. This paper analyses this argument and argues that more aid and other finance is already going to the provisions of IPGs, and that further aid financing for IPGs could be justifiable, but that this needs to be shown in development terms backed up by an adequate cost-benefit analysis, and that it needs to take into account the current debates in aid circles, including alignment, harmonisation and ownership.

The structure of this paper is as follows: Section 2 provides a background on the strategic issues in development assistance. It is difficult to discuss aid for IPGs without reference to all the other debates on aid: on scaling up of aid *versus* absorptive capacity, aid effectiveness, and on approaches to address harmonisation, alignment and ownership of donor–recipient aid relationships. Section 3 discusses issues on aid and financing IPGs, centring around the rationale for providing aid to IPGs. Section 4 discusses recent estimates of how much aid is already going to the provision of IPGs. Section 5 provides more details on recent developments on aid initiatives for providing IPGs in the governance, knowledge, environment and health sectors. Section 6 will comment briefly on how the provision of IPGs links into the debate on aid architecture. Section 7 concludes with implications for institutions such as UNIDO.

2 Strategic issues in development assistance

There are several debates related to the future of development assistance. Strategic issues have developed without an explicit discussion of international public goods, but are nonetheless important on the debate on aid financing for IPGs.

Scaling up aid versus absorptive capacity

A key debate on development assistance is about the desirability of increasing aid significantly, including aid to finance the provision of IPGs. There are basically two camps. On the one hand, Sachs (2005) and the Commission for Africa (2005) favour a large scale, on the other hand, sceptics are quick to point out that aid is not working well, and that poor African countries with weak governance structures do not have the 'absorptive capacity' to receive more aid and use this effectively.

The basic assumption for scaling up aid is that aid finance investment is required to break out of the poverty traps in poor countries. Advancing at all levels in a coordinated way is the only way through which countries can achieve a path of self-sustaining growth. The Zedillo report (2001) recommended that an additional US$50 bn is required to meet the millennium development goals. The Millennium Project or Sachs report argues that donors should double aid to GNI ratios to 0.54% with aid rising to US$135 bn in 2006 and US$195 bn in 2015. The Commission for Africa argues for an additional US$25 bn by 2010 and a further US$25 bn by 2015.

The sceptics point out that aid has diminishing returns to scale so that a scaling up is associated with fewer marginal benefits for development. Some countries are already highly dependent on aid: countries such as Sierra Leone, Rwanda, Ethiopia and Malawi receive aid worth more than 20% of their GNI. The argument here is that aid may have reached saturation point and that such countries are assumed not to be able to absorb more aid. Hence, the importance of the aid effectiveness debate.

Aid effectiveness

Although the literature on aid effectiveness does not address the issue of public goods, international or national, it offers some pointers insofar as aid finances the provision of public goods (see below on aid allocation). While some aid is channelled to financing IPGs, most aid is given to the governments of developing countries and a significant proportion is allocated, through government s[ending, to financing the provision of national public goods (NPGs)[1]. In addition to financing spending on health and education, if NPGs are defined broadly to include spending on infrastructure (public investment), institutions and the functioning of government (governance), and capacity-building and support for policy implementation, much aid is directed at NPGs. In this sense, the effectiveness of aid depends on how it affects the allocation of government spending to NPGs and the efficacy of such spending in delivering public goods, thereby contributing to growth and human development.

The literature on how aid influences spending, tax and borrowing behaviour of governments (reviewed in McGillivray and Morrissey, 2004) has implications for the use of aid to finance the provision of NPGs. A particular concern is the fungibility of aid: aid is not necessarily allocated to the spending headings intended by donors. Thus, for example, government spending on health or education may not increase by the full amount of aid allocated to those sectors. More complete studies considering the effects of aid on tax effort and borrowing in addition to effects on the allocation of expenditures tend to find that aid ultimately leads to increased spending, and total spending often increases by more than the value of aid (McGillivray and Morrissey, 2004). Osei *et al.* (2005) show that although aid in Ghana was often used to reduce domestic borrowing rather than increase immediate spending, over time the aid allowed the government to expand spending, including on investment and social sectors. There is evidence that aid has had a beneficial impact on investment and recurrent spending in sub-Saharan African countries (Commission for Africa, 2005: 314). Thus, although short-term fungibility is a concern, evidence does show that aid leads to increased spending on NPGs, often with a leverage effect (over time, total spending increases by more than the amount of the aid as domestic revenue is

[1] See Morrissey *et al.* (2002) for a discussion on national and international public goods.

mobilised and allocated to NPGs). The fact that spending on NPGs increases does not, however, ensure that the aid and spending is effective.

In recent years many papers in the ‘cross-country growth’ tradition have addressed the issue of aid effectiveness by testing if aid has a positive effect on growth. Two views have emerged. On the one hand, Burnside and Dollar (2000) and related World Bank papers argue that aid contributes to growth only in those countries with ‘good’ policy; if policy is not good, aid is diverted to government consumption spending rather than using it to finance growth-promoting investment. On the other hand, researchers such as Hansen and Tarp (2001) and Dalgaard *et al.* (2004) argue that aid does contribute to growth, and this is independent of policy, although certain policies are themselves conducive to growth. Roodman (2004) re-estimates many studies and shows that results are not robust; there is evidence that aid is effective, but dispute as to whether this is contingent on policy. Thus, one issue that emerges is that appropriate economic policies can at least increase the effectiveness of aid, and such policies could include issues relating to the provision of public goods, such as infrastructure and institutions to support investment and private sector development, or education and health to enhance human capital. In essence, NPGs must be provided effectively if they are to support growth (this corresponds to the argument of Morrissey *et al.*, 2002 that effective provision of NPGs is essential for countries to benefit from IPGs).

These studies of aid effectiveness tend not to specify and test the mechanisms through which aid affects growth. Burnside and Dollar (2000) argue that aid adds to investment and imply that the impact of aid is through investment, but do not model this channel. Gomanee *et al.* (2005a) attempt to identify the channels through which aid affects growth; aid does not directly affect growth, but may have an impact on growth through effects on mediating variables – investment, imports and government consumption spending are considered. They find that investment is the most important transmission mechanism, and show that aid has had a positive effect on growth for a sample of 25 sub-Saharan Africa (SSA) countries over the period 1970–97, largely through aid-financed investment. The results, in demonstrating benefits of aid, investment and education and recognising the effects of governance and macroeconomic policy, support the arguments of the Commission for Africa (2005). The broad finding that aid has a positive and significant impact on growth is supported by results for SSA in Lensink and Morrissey (2000) and Clemens *et al.* (2004).

Although there is a tendency for aid to contribute to growth through investment, this does not imply that aid ensures growth. Indeed, most SSA countries have had a very poor growth performance; this is partly due to bad policy, but factors such as low productivity of investment are also likely to be important. Insofar as spending on public goods can improve institutions (governance) and the productivity of investment (e.g. infrastructure), aid-financed NPGs can enhance growth.

The provision of public goods may have a more significant impact on welfare and human development than on growth, at least in the short to medium term. Research shows that aid increases spending on social sectors (health, education and sanitation) and contributes to improving aggregate welfare, although in the poorest recipients the effectiveness of social spending in delivering welfare improvements is low (Gomanee *et al.*, 2005b). Again, this is evidence supporting beneficial impacts of aid-financed

NPGs, although in the poorest countries the evidence suggests that it is NPGs provided directly by aid (rather than indirectly via government spending) that have the impact on welfare, and more needs to be done to increase the effectiveness of public spending. Spending on IPGs, especially knowledge, may contribute to the extent that IPGs (such as research and security) contribute to enhancing the effectiveness with which government spending delivers NPGs.

Thus, there is evidence from the aid effectiveness literature that:

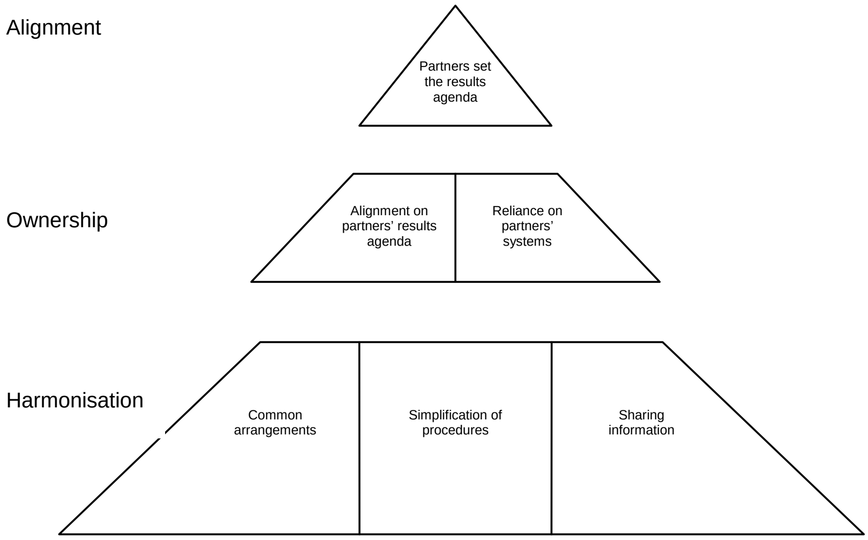
i) Aid allocated to financing NPGs does increase government spending on these goods, especially in poorer countries.
ii) Aid is associated with human development and improvements in welfare, in part through the provision of NPGs (education, health and sanitation) but more often directly through aid projects, at least in the poorest countries.
iii) Aid contributes to growth through financing public investment, thus the NPG of infrastructure is an important factor in growth.
iv) However, more needs to be done to increase the effectiveness of government spending on public investment and social sectors. The productivity of public investment in poor countries is very low, and some IPGs could help to increase productivity (research, environment and security). The effectiveness of social sector spending in delivering welfare improvements is also low in poor countries, implying a need to increase the efficiency of provision of such NPGs.

Harmonisation, alignment and ownership

Rogerson (2005) summarises the main elements in the aid effectiveness debate that donors are currently discussing as part of the agenda set out in Rome 2003 and the Marrakech 2004 Declarations. The main elements in the aid effectiveness pyramid in Chart 1 include:

- *Ownership*, to respect the right – and responsibility – of the partner country itself to establish its development agenda, setting out its own strategies for poverty reduction and growth.
- *Alignment*, align development assistance with the development priorities and results-oriented strategies set out by the partner country and to progressively depend on partner countries own systems.
- *Harmonisation*, to streamline and harmonise donor policies.

Chart 1 Aid effectiveness pyramid



Source: OECD (2004)

Each of these points has led to the adoption of a set of objectives and suggested measurable targets and indicator (see appendix table 1). It has also led to lot of discussions by the major financing and donor agencies. Such discussions do not sit easily with the early debates on aid financing of international public goods. In fact the two debates appear separate and often ignore each other.

Indeed, Rogerson (2005) finds that there are systemic flaws in the aid architecture that cannot be remedied by the country-based coordination envisaged in Paris. These include:

- Lack of agreement on whether and how countries should balance aid allocations across countries.
- Lack of a road-map from a top-level commitment to increase aid to more specific commitments, and how this gets allocated to different countries, purposes and agencies.
- The conundrum between on the one hand achieving long-term predictable aid partnerships and on the other having multiple lock-in devices to rescind contracts.

It was then suggested to reserve a portion of all aid in the firm of large-scale, long-term recurrent-cost support, linked only to specific sectoral outcomes such as primary education provision.

This has relevance for the debate on aid financing of international public goods. On the one hand, current country-based programmes are unlikely to balance aid for international public goods across countries, but on the other hand the debate on financing IPGs cannot ignore all the developments in the areas of alignment, ownership and harmonisation. At one extreme, international public goods do not allow country ownership, so questions related to use might be raised. At the other extreme, there will be inappropriate aid to address international public goods if all is country-based.

3 Issues in the debates on aid and financing IPGs

There are several issues emerging in the debate on aid for providing IPGs. The most fundamental question is whether aid should be used to finance IPGs, and why? The current consensus is that aid should go to the financing of the Millennium Development Goals (MDGs), so any aid to IPGs would need to be justified by addressing MDGs. However, there are other resources to finance IPGs (taxes, private resources, non-aid public resources, and combinations of these) so an argument needs to be made for the role of aid, not only that the provision of public goods helps to achieve the MDG.

Providing public goods to achieve the Millennium Development Goals

The categories or sectors identified in the public goods literature relate quite well to the types of MDG, at least in name. Typically, five public goods sectors are considered - the environment, health, knowledge, security and governance (Kanbur *et al.*, 1999; Morrissey *et al.*, 2002). Three of these sectors, namely, environment, health, and security, are largely associated with benefits derived from reducing risks. The other two, knowledge and governance, are primarily associated with enhancing capacity. The public goods associated with industrial development and growth, and relevant for agencies such as UNIDO, relate primarily to three of these sectors – environment, knowledge and governance. This is not to imply that the other sectors are irrelevant. Insofar as the provision of health public goods improves the health of the workforce, there is relevance to industry. However, it is the quality of life, rather than of the workforce, that underlies the motives for health public goods. Similarly, security may benefit the economy and industry, but this specific benefit is not the motive for providing security public goods.

There are at least three related ways to think about aid financing for IPGs needed to achieve the MDGs:

- The provision of public goods addresses market and co-ordination failures which preventing industrial development, growth and the achievement of the MDGs.
- Assessing the aid financing needs to meet the MDGs, many of which correspond to some degree with the provision of IPGs.
- Assessing a cost-benefit analysis of overcoming major challenges in development, some of which might be overcome though the provision of IPGs.

<u>Market failures, public goods and the MDGs</u>
Te Velde and Morrissey (2005) discuss different types of market failures that constrain industrial development (Table 1). Some government responses to market failures would relate to the provision of public goods, such as governance institutions for coordination or support for technology development, but others, such as subsidies, need not. The most extensive market failures, in terms of how they combine to undermine industrial development and growth, relate to coordination. These are likely to be particularly severe in poor countries. In particular, a national strategy, or an industrial policy, is required to identify complementarities and support the creation

of linkages. Institutions, and especially non-market institutions, are required to implement the strategy and ensure coordination. Intervention is also required to ensure that positive and negative externalities are addressed. Owing to the existence of these failures, the market will not be in a position to facilitate coherent and coordinated industrial development.

Some market failures are quite specific and suggest concrete responses. For example, credit market imperfections can be addressed by extending support to micro-credit institutions, or even providing subsidized credit under certain situations, such as for adopting technology. Similarly, public interventions can promote the optimal level of training and skills acquisition for society, either through subsidies or providing public goods. Other market failures influence strategy rather than demand concrete responses. For example, addressing coordination (a public good) problems not only necessitates a government and institutions, but a policy must be in place and the means to implement it must be available.

Table 1. Industrial development, market failures and responses

Type (sources of failure)	**Examples of market failures**	**Responses: policies and activities**	**Relevant public goods**
Coordination	Externalities ignored Linkages not exploited No policy coherence Complementarities	Capacity building for industrial policy to identify linkages and externalities National strategy (industrial policy)	Governance Knowledge
Technology Developing, adapting and adopting	Incomplete and imperfect information Network externalities	Promoting technology transfer and adoption Support for standardization and quality control	Knowledge
Skills formation	Externalities (in training workers) Imperfect information	Coordinate and/or subsidies for training	Knowledge
Capital markets Access to finance	Rationing and/or high interest rates	Micro-credit schemes or formal sector subsidy	Knowledge
Environment Protection, conservation, cleaner technologies	Negative externalities not accounted for	Product and process standards and regulations	Environment

Source: adapted from te Velde and Morrissey (2005).

Certain relationships exist between market failures and the provision of public goods. For instance, the provision of knowledge, can, in principle, address more than one type of market failure, including negative environmental externalities, credit rationing, externalities in technology adoption and coordination failures. Governance public goods would be particularly helpful for addressing coordination failures. Market failures related to the adoption of new technology can be addressed by the provision of knowledge public goods as well as by (joint) private intervention.

Some public goods are best provided at an international level, or at least with an international element. Knowledge on economic policy strategies could best be built up internationally; some economic activities need international coordination, including designing multilateral trade rules. Governance of economic policies is an important international public good. Economic policy, as it requires elements of knowledge, governance and coordination, has features of a public good. At an abstract level, the presence of a coherent policy (related to governance) confers widespread benefits to all; effective economic policy can reduce instability and volatility in the economy, and this confers a benefit both nationally and globally. Financing and organising the provision of national public goods such as health and education can be considered part of economic policy. The possibility of excluding some people from the benefit of an economic policy means that such goods are not purely public. The important point is to recognise that economic policy is associated with and contributes to the provision of public goods, internationally and nationally, and this provides the argument for concerted global action on co-ordinating and supporting economic policy. An important practical example of is the co-ordination of trade policies under the WTO, which is based upon a rules-based system towards trade. Coordinating, developing and implementing a rules-based trade system contributes to the provision of governance international public goods.

Assessing the aid financing needs for meeting the MDG

There have been several high profile initiatives in recent years to quantify how much it would cost to achieve the MDGs, which included suggestions of financing IPGs. We provide a general overview here and discuss recent progress by sector later. The main reports are summarised according to sector in appendix table 2.

The Zedillo report in 2002 was published to coincide with the UN conference on financing for development. It argues that one of the ‘vital roles’ is ‘providing or preserving the supply of global public goods’, recommending an extra US$50 bn per year of ODA to meet international development goals. It then discussed the importance of several individual public goods. It argues that governance (including trade rules) is key to achieving the MDGs. It suggests ways to finance GPGs in order to meet targets in areas such as environment, health and security.

The Sachs 2005 report recommends that each developing country with extreme poverty write a development strategy with the goals included (three to five year MDG-based poverty reduction strategies); the country’s development partners should then provide the financial assistance enough to meet those goals given financial constraints; ODA should be set by MDG financing gaps as outlined in strategy reports, and for well governed countries, a much larger share of ODA should take the form of budget support. It argues that ‘foreign aid can play a hugely positive part in growth and poverty reduction when properly targeted and administered toward vital infrastructure and human rights’ and that aid should be geared towards countries in a poverty trap to help eliminate the remaining ‘poverty pockets’. The estimates show that donors should be prepared to double their ODA/GNP ratios during 2006–2015 (from US$135 bn in 2006 to US$195 bn by 2015). The IFF (the International Finance Facility proposed by the UK) would be a time-limited financing mechanism designed to double development assistance between now and 2015 (by leveraging money from capital markets by issuing bonds).

Kaul (2005) advocates that increasing the provision of global public goods, that are currently severely underprovided, will be a step towards meeting the MDG. A mixture of both public and private goods is necessary to human development. According to Kaul, there is a trend in the breakdown of institutional arrangements encouraging collective work on public goods when developing countries start to become integrated with other markets. Developed countries have a better-endowed public sector because they have realised that high incomes do not always correlate with high quality of life. Providing public goods can be seen as a complement to an increase in the consumption of private goods. Examples of public goods include: education, water supply and sanitation, property rights, legal system strength, connectivity, sound banking system, and public support of research and development (R&D).

Cost-benefit analysis of overcoming major challenges in development

The Copenhagen Consensus initiative examined ten major challenges in development: subsidies and trade barriers; malnutrition and hunger; climate change; conflicts; financial instability; sanitation and water; population: migration; communicable diseases; education; government and corruption. The aim was to prioritise the numerous problems facing the world at a meeting where some of the biggest challenges in the world would be assessed (see http://www.imv.dk/Default.asp?ID=158). Table 2 provides the results of the deliberations.

It argues that the provision of some international public goods make good economic sense, in addition to being expected to contribute to the MDG directly. For instance, Health IPGs score high (Control of HIV/AIDS, and malaria). The provisions of economic governance public goods (trade liberalisation, improving investment climate) also get a good scoring. The Environment public goods score poorly. There is still a positive cost-benefit analysis, depending on the assumptions, but the overall net gains would be low on this view. The point is not that we should take this rating as the only rating or one that is convincing, but that the provision of some public goods is more likely to enhance development than others.

Table 2 Rating development projects

Project rating		Challenge	Opportunity
Very Good	1	Diseases	Control of HIV/AIDS
	2	Malnutrition	Providing micro nutrients
	3	Subsidies and Trade	Trade liberalisation
	4	Diseases	Control of malaria
Good	5	Malnutrition	Development of new agricultural technologies
	6	Sanitation & Water	Small-scale water technology for livelihoods
	7	Sanitation & Water	Community-managed water supply and sanitation
	8	Sanitation & Water	Research on water productivity in food production
	9	Government	Lowering the cost of starting a new business
Fair	10	Migration	Lowering barriers to migration for skilled workers
	11	Malnutrition	Improving infant and child nutrition
	12	Malnutrition	Reducing the prevalence of low birth weight
	13	Diseases	Scaled-up basic health services
Bad	14	Migration	Guest worker programmes for the unskilled
	15	Climate	Optimal carbon tax
	16	Climate	The Kyoto Protocol
	17	Climate	Value-at-risk carbon tax

Note to table: Some of the proposals were not ranked (see text below)

Source: the Copenhagen Consensus

Who should provide international public goods?

There are three building blocks underpinning the case for aid financing of IPGs. First, the private sector will not provide a sufficient amount of public goods, as it will consider private rather than social benefits. This calls for some public sector engagement. Second, individual countries have insufficient incentives to make an optimal contribution to IPGs, given that not all benefits accrue nationally. This calls for some form of cooperation between countries. Finally, poor countries lack the resources to make a full contribution to the provision of IPGs. This justifies aid finance of IPGs in poor countries (te Velde, 2002; Mascarenhas and Sandler, 2004).

However, the argument is more complex in practice. In particular, the following three issues are important. First, aid financing does not necessarily imply implementation or actual provision by donor agencies. Coordination with and sub-contracting to other actors, e.g. the private sector, can be part of providing the public good. Second, even if a pure public good could be identified, it is almost impossible to verify what the exact current contribution is to the provision of the good or how much the good is underprovided. Certain financing mechanisms (e.g. the Global Environmental Facility) tried to finance provision up to the point where the private sector would stop. But in practice this is difficult to determine, more so for the more common impure public goods, and provision may depend on the strongest pressures. Finally, there are several sources of financing IPGs. For instance, there are proposals for a Tobin tax on currency flows, an air travel tax, a carbon tax on carbon dioxide emissions, all of which can raise finance for the provision of IPGs. But there are also other, existing sources of finance, such as regular contributions by the private sector, donations by private firms, NGOs and charities, in addition to national sources.

Financing mechanisms

With all the discussion on the need for finance, there remains very little on how exactly the funds would be collected and disbursed. The IFF is one example of how funds could be raised from the capital markets and frontloading aid on the basis of long-term commitments. There are also certain public-private groups that work together to fund development of vaccines. But none of the programmes seem to have clear allocation criteria that link in with national development programmes, and thus there is tension with taking alignment, coherence and alignment seriously. We discuss this in more detail in Section 5.

4 Aid financing of IPGs: how much?

This section provides an account of recent estimates and provides new estimates of how much aid is already used to provide IPGs. The share of aid allocated to international public goods has risen since the early 1980s (see Raffer, 1998, GDF, 2001, te Velde *et al.*, 2002 for the first estimates). Te Velde *et al.* (2002) estimate the share of aid allocated to IPGs and NPGs, in total and by individual donors, since the 1980s and show that by the late 1990s donors allocate at least 10% of aid to IPGs and at least 30% to NPGs. They also show that using CRS data may underestimate the share of aid allocated to IPGs by some 50%, so one can assume that 15–20% of aid by bilateral donors in the late 1990s was allocated to providing IPGs in developing countries. Te Velde *et al.* (2002) also show that the share of aid allocated to financing public goods has doubled in the past two decades, and this has been broadly true for both IPGs and NPGs. Aid allocated to environmental public goods has remained over half of the total. In the 1990s in particular, increasing shares of aid have been allocated to health, knowledge and conflict prevention. Recently, there has been discussion on supporting governance international public goods.

Furthermore, te Velde *et al.* (2002) show that in the past two decades, increased aid spending on public goods has been at the expense of other types of aid spending. Some of these other types of spending may be desirable in their own right (e.g. schemes targeted directly at poverty reduction) or may generate externalities and benefits that contribute to growth and development (e.g. capital infrastructure projects excluded from the definition of public goods). The implication is that future increases in spending on IPGs in developing countries should not come from further increasing the share of aid allocated to this purpose. Consequently, either the value of aid should be increased, or sources of non-aid funding are required to increase support for international public goods. In encouraging donors to increase the amount of aid allocated to public goods, especially IPGs, attention should be given to the form of aid (e.g. grants *versus* loans) and cooperation between donors.

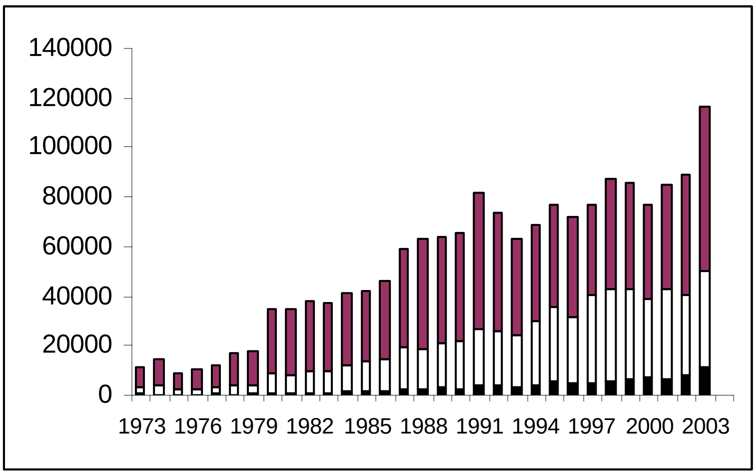
Mascarenhas and Sandler (2004) provide an empirical analysis of the use of aid to support the provision of public goods, although their focus is on the balance between grants and loans. They argue that grants are the most appropriate form of aid for financing spillovers associated with international or regional public goods, therefore multilateral agencies and regional development banks should give a higher proportion of aid in the form of grants. The paper analyses data on the 'grant/loan composition' of aid used to finance public goods (classified into environment, health, knowledge and governance) for almost all donors (although IBRD loans appear to be excluded). The empirical analysis essentially tests the hypothesis that the share of grants in aid should be greater the higher the public benefits of the activities being financed by aid. Mascarenhas and Sandler (2004) find that the mean grant share is highest for knowledge public goods (at 95% for bilateral donors, 82% for multilateral donors but only 77% for regional donors in the 1990s) and health (90%, 83% and 77% respectively). The mean grant share is lowest for governance (81%, 85% and 76% respectively) and environment (83%, 81% and 76% respectively). In general, the mean grant share is not significantly different for IPGs and NPGs; the only exceptions in the 90s are that the mean grant is higher for IPGs to knowledge IPGs for bilateral donors.

The aim of the empirical analysis is to assess if the share of grants in aid reflects the importance of spillovers given how much of a donor's aid finances international public goods. The results suggest that bilateral donors have been increasing the share of grants, consistent with recognising the extent of spillovers (although bilateral donors are more likely to finance NPGs, where the international spillovers are smaller). Perversely, regional donors, the most likely to finance regional public goods, have the lowest share of grants in aid, and this has remained fairly stable over time. This study does not have implications for the amount of aid allocated to public goods, but does argue that grants should be used increasingly for financing IPGs, especially by regional donors (where regional spillovers are likely to be greatest).

Mascarenhas and Sandler (2005) consider the broader question of whether the total amount of aid spent by a donor reflects what other donors are doing. Specifically, they use data on donor's aid spending to test between three hypotheses: i) donors treat what others spend as given; ii) donors take the aid of others into account in determining how much they spend on aid, and iii) current aid spending by a donor is explained by its own past spending on aid. Although they find instances of support for each hypothesis among some donors, in general the results suggest that donor's decisions on how much aid to allocate, in total or to particular regions, are independent of the actions of other donors. The relevance of this for our purposes is that it suggests that donors are not making cooperative decisions on aid allocation, at least they have not done so in the past regarding aid totals. As financing of IPGs requires donor coordination, the analysis suggests that cooperative behaviour cannot be assumed and, indeed, considerable effort will have to be made to engineer greater cooperation between and among donors in financing IPGs.

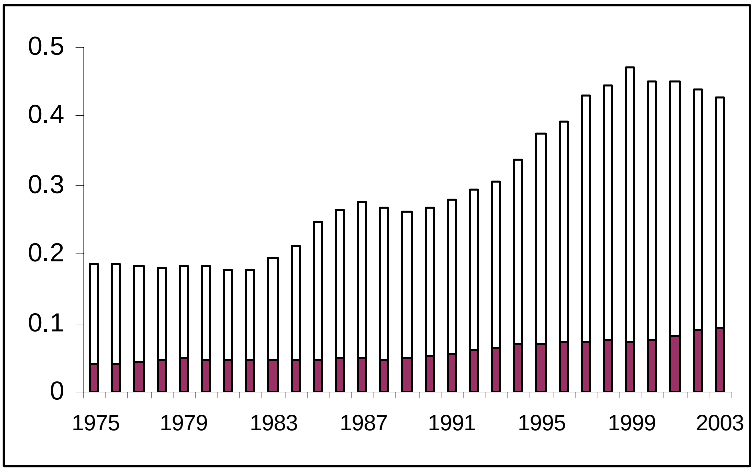
The charts 2–4 provides the most recent updates on aid commitments (note: not necessarily equal to disbursements). Using public good definitions as in te Velde *et al.* (2002), Chart 2 shows there was an increase in aid commitments in 2003 with all categories (IPGs, NPGs, other aid) recording an increase over the year before. However, while the share of IPGs in aid increased, the share of NPGs in aid declined (Chart 3).

Chart 2 Total aid commitments (in million of US$)



Note: IPGs, NPGs, other aid
Source: OECD CRS

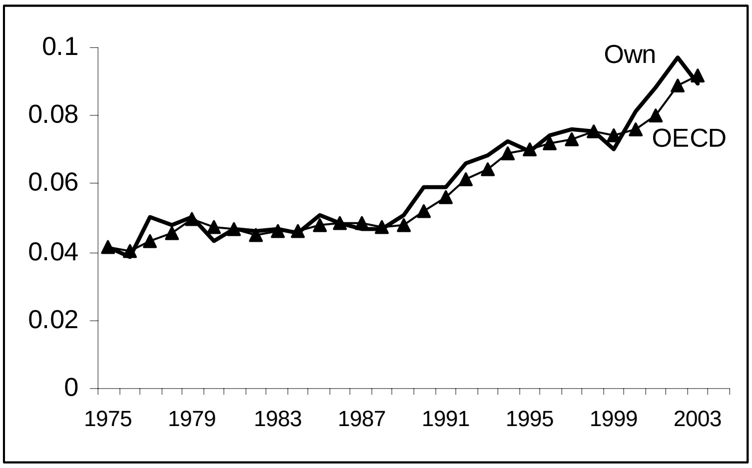
Chart 3 The share of aid to international and national public goods (3yr average)



Source: OECD CRS

Chart 4 focuses on the share of aid going to the IPGs over the period 1975–2003. It compares estimates using our own definition (te Velde *et al.*, 2002) with another recent estimate by the OECD (2005). It shows two things. First, regardless of the definition used, the overall trend upwards remains the same. But secondly, there has been a further marked increase in the share of aid commitments to IPGs. This time the increase has not been due to Environment as in the 1990s, but due to Health (e.g. to combat HIV/AIDS, Malaria, etc.).

Chart 4 The share of aid to international public goods (last 3yr average), using different definitions



Source: OECD CRS

5 Recent developments in aid for IPGs, by sector

The last few years have seen a number of big and small initiatives by development agencies. Some of these provide IPGs. We discuss a sample of these initiatives by sector below, and incorporate a number of papers written for the Global Public Goods Task Force.

Governance

There have been a number of recent papers and announcements on Governance IPGs. Governance IPGs include the set of rules governing international economic relations such as trade, migration and cross-border investment. One notable example is a trade system based on trade rules as embodied by the WTO. Member states of the WTO agree to sign up to certain trade rules (e.g. tariffs and non-tariff barriers in trade in goods, rules on trade in services). The WTO is also the forum to negotiate on trade-distorting subsidies in agriculture. Finance that supports the formulation and implementation of WTO rules can be seen as provision of a governance IPG, though it should be said that many of the benefits are national in scope.

Many commentators agree that a rules-based system is a useful public good and that this should be financed. Several papers, including under the aegis of the Swedish Task Force on IPGs discuss economic governance (see e.g. appendix table 3). It has been explored by Dulbecco and Laporte (2005) under the international public goods approach. They list various finance options for achieving international trade security. These range from a common/international fund, perhaps administered and regulated by the WCO rather than the WTO (which is the preferred option), through extended cooperation and the funding of user fees, to the simplest and least global system, local predominance, as in conventional custom and immigration work and with distortionary effects on poor (and small) countries.

There are several papers on the role of the WTO. Staiger (2005), for example, argues that the role of international trade agreements is to eliminate the inefficiency that would generally arise in the absence of the agreement. International trade agreements are entered into by governments voluntarily and negotiations must offer the possibility of mutual gains for all participants. The purpose of the WTO is, therefore, to provide a solution to the 'terms of trade driven Prisoner's Dilemma.' The negotiations should be concerned fundamentally with expanding market access to globally efficient levels. He further argues that an alternative role for an international trade agreement is to eliminate a 'national' inefficiency that would arise in the absence of a government that may come up if the government is trapped in a sub-optimal 'time-consistent equilibrium' in its policy interactions within its own private sector. The international trade regime, as embodied by the WTO, should be treated as an international public good because governments have a shared interest in its creation and maintenance. He has three proposals for reforming the WTO: 1) strengthen WTO instruments such as transparency, trade policy reviews, and dispute settlement procedures; 2) disentangle trade from other issues to better assign issues to institutions; 3) provide more resources for monitoring implementation of WTO agreements. Collier (2005) argues that the only way to curb trade restrictions is through international reciprocity. The GATT and WTO have been created as organisations to help with the coordination, and are therefore supplying a public good.

A recent topic in the discussion on how to ensure a rules-based trade system is Aid for Trade[2]. The Millennium Project Task Force on Trade[3] suggested an Aid for Trade Fund. The Sutherland Report underlined the need to support developing countries in dealing with trade liberalisation. Mandelson suggested the establishment of a Trade Adjustment Fund.[4] Pascal Lamy (WTO) supported the idea of an Aid for Trade initiative at the Trade and Development Board of 6 October 2005.[5] In a speech read out on his behalf on 6 October, Dr. Supachai (UNCTAD) supported[6] the idea of Aid for Trade, and called it a 'Doha-plus' trade-enabling development cooperation agenda which would involve helping meet the adjustment costs, including those arising from the expiration of the Agreement on Textiles and Clothing, loss of fiscal revenue, and preference erosion.

Phillips *et al.* (2005) argue that Aid for Trade is necessary for some countries to continue to benefit from a rules-based system, in particular for those countries that would loose from multilateral liberalisation due to preference erosion, net loss for food-importing countries as import prices rise, and finally for assistance for developing countries wanting to implement new rules and standards. It is in the latter category in particular where multilateral agencies with technical expertise will be relevant, while in the first two categories direct transfers of funds are likely to be more appropriate.

The World Bank defines Aid for Trade as the 'provision of assistance by the international community to help countries address supply-side constraints to their participation in international markets and to cope with transitional adjustment costs from liberalization.'[7] They find that:

- The TRTA/CB database indicates that trade-related capacity building and technical assistance increased in 2003, after being constant in 2001 and 2002. Commitments for trade policy and regulations increased from about US$660 mn per year in 2001–2002 to almost US$1 bn in 2003. This is shown in Table 2. Commitments for trade development activities increased from US$1.4 bn per year in 2001–2002 to US$1.8 bn in 2003.
- The World Bank has scaled up its activities, with lending for trade increasing from US$0.8 bn in FY1998–2000, to US$1.4 bn in 2001–2003, to a projected US$3 bn in FY2004–2006. Trade facilitation is a significant component of this, accounting for US$1 bn in FY2004–2006.
- The IMF has introduced the Trade Integration Mechanism (TIM), designed to assist member countries to meet balance of payments difficulties that might result from trade liberalization by other countries. But only two countries have

[2] See for instance, Hoekman, B. and S. Prowse (2005), 'Policy Responses to Preference Erosion: From Trade as Aid to Aid for Trade'; and World Bank draft; World Bank (2005), DOHA DEVELOPMENT AGENDA AND AID FOR TRADE, DC 2005-2006, September 12.
[3] UN Millennium Project, Task Force on Trade (2004), Trade for Development, New York.
[4] See p. 24 of his lecture 'Trade at the Services of Development', 4 February 2005. http://www.lse.ac.uk/collections/LSEPublicLecturesAndEvents/pdf/20050204-Mandelson.pdf
[5] http://www.wto.org/english/news_e/sppl_e/sppl05_e.htm
[6] http://www.unctad.org/Templates/webflyer.asp?docid=6402&intItemID=1528&lang=1
[7] World Bank (2005), DOHA DEVELOPMENT AGENDA AND AID FOR TRADE, DC 2005-2006, September 12, 2005

taken advantage of the TIM so far – Bangladesh (US$78 mn) and the Dominican Republic (US$32 mn).

- The Integrated Framework of Trade-related Technical Assistance (IF), which brings together multilateral agencies (the IMF, ITC, UNCTAD, UNDP, WTO and World Bank) and bilateral and multilateral donors to assist least developed countries (LDCs), has changed and is now operating in 28 countries, with another 9 possibilities. The IF undertakes several diagnostic studies in low income developing countries, and has identified actions that need to be taken by these countries to improve their trade and investment environment. But these countries require additional financial resources to implement this, and this needs wider attention.

Knowledge

Surprisingly, this is a relatively small category when it comes to new initiatives, even though knowledge is perhaps the best example of a pure IPGs. The challenges with knowledge IPGs are: 1) generating appropriate knowledge that is relevant and actually helps development; and 2) ensuring that knowledge reaches the intended beneficiaries. Appendix table 3 includes some examples of funding for knowledge IPGs and these include funding for research groups and the World Bank. The list could be much longer, as knowledge is important in the development process, e.g. in building up technological and human resource capabilities.

Some would classify the Education for All initiative under IPGs, but this would not be entirely correct. While education systems and standards would be IPGs, funding a place at schools for individuals is a 'rival' activity. And most benefits would be national, if not entirely so.

Maskus (2005) discusses information as a global public good. One justification for the need to classify information as a public good is the shift over the last twenty years to strengthening regimes for protecting private exclusive rights to the use of new information. This raises important issues on the gains and losses, the barriers private rights place in front of public goods, and the need to preserve the global public domain in knowledge.

He argues there are two approaches to protecting against the market failure resulting from knowledge public goods: 1) direct funding to research from governments in order to solve the underinvestment problem, and 2) to secure the ability to earn returns to investment in research by providing exclusive intellectual property rights though patents, copyrights, trademarks, and trade secret protection. There is a need for an international approach to GPGs because national regimes generally disregard effects on other countries and neglect the opportunity for policy intervention.

Information/knowledge is distinctly different from other GPGs because: the cost of expanding it to new users is very low, it is generally provided by private firms, it is less geographically limited, information is the central input into the provision of other GPGs, policy conflict normally results, and information growth is done on an incremental basis, some is needed for more. Public research generally has generated a large spill-over benefit across international borders through education, research, and competition. Access to knowledge is, then, an important engine for economic growth and transformation in developing countries, and spill-over effects will be lower if knowledge is protected by exclusive rights.

According to Maskus, stronger intellectual property protection could produce gains in the long run through greater domestic innovation and cultural creation, enhanced economic transformation, and increased technology transfer. Low income and middle-income countries would benefit from greater flows of technical and financial assistance to implement and enforce IPRs. On the other hand a one size fits all approach to property rights may not be the best way forward because different countries with different development levels need different protection.

Several argue for international institutions for knowledge aimed at providing incentives for developing new knowledge. For instance, the WTO could fill a role as one of the institutions dealing with global information problems through contributing to improving the international exchange of information and knowledge through further international negotiations and, especially, through information gathering and policy coordination. According to this view, other institutions would be needed for other types of knowledge.

There can also be challenges related to concentration of knowledge, John Toye and Richard Toye study on "The World Bank as a Knowledge Agency" (UNRISD Programme Paper No 11, November 2005) argues that as a major lender dominated by a leading shareholder, it woud be difficult for the the Bank to lead development research (it can deploy rhetoric and display IPG features, but ultimately must pursue its own liberalising agenda) and so cannot institutionally be an IPG. The Toyes cite some classic examples of policy research innovations by World Bank authors which ended in their resigning or delaying work (Tinbergen, Kanbur and Stiglitz) .

<u>Environment</u>
Initiatives to provide environment IPGs are relatively well established, e.g. the Montreal and Kyoto Protocol and the Global Environmental Facility. Most of the *new* IPG initiatives have not been in the area of the environment, though there is of course progress on implementation of existing initiatives. The Copenhagen Consensus was concerned about the value or cost effectiveness of tackling big environmental challenges.

Barrett (2005) discusses managing the global commons for a better environment, and suggests a different approach than is currently being emphasised. The absence of climate change is an international public good. Barrett argues that a different approach is required to address global climate change compared to the current approach, the Kyoto Protocol, which when fully complied with, will make little difference to the climate. Worse, there is likely to be a problem with the enforcement of the agreement, setting a precedent for similar agreements involving the setting of targets and timetables.

According to Barrett a serious effort to address climate change will require new technologies that produce energy without emitting greenhouse gases. Discovery of new technological possibilities will require basic research, and Kyoto creates no incentives for basic research. Any support for R&D needs to be strategically focused, to take account of the enforcement problems. A focus on carbon reduction technologies, for example, would be politically helpful as it would allow fossil fuels to be burned without emitting greenhouse gases.

Apart from supporting the development of new energy saving or carbon dioxide saving techniques, there also ought to be a focus on implementation and diffusion issues. Koopmans and te Velde (1999) find that there is an energy efficiency gap, in that firms have not implemented the most energy efficient techniques that would rationally be expected. Diffusion of new technologies is also associated with (international) public goods as the knowledge of how to implement new technologies can often not be appropriate by individual firms or countries. Thus, more support (at international level) seems to be required to address climate change, and the Kyoto protocol is not enough. Instead, a focus on implementing energy-efficient techniques needs to be enhanced, and this can be coordinated at international level (as it involves IPGs) but implemented at national level.

Health

Health IPGs have increasingly attracted new funds. New initiatives have come to the fore, including public attempts and public-private partnerships, and ranging from big commitments and the establishment of new and parallel funds of more than US$1 bn to smaller initiatives (see appendix table 3).

Lele *et al.* (2005) discuss global health initiatives. New global programmes include the Global Fund for Aids, TB and Malaria (GFATM); the Special Program for Research and Training in Tropical Diseases (TDR). The Global Alliance for Vaccines and Immunization (GAVI) is now a larger source of finance in communicable diseases and child immunization than the World Bank. According to the authors, these organisations affect existing agencies as new programmes have challenged the activities of the World Bank, have increased the demand for technical inputs from the WHO and UNICEF, and have expanded the roles of other UN agencies (i.e. ILO). They have also put pressure on the health delivery systems of developing countries.

A discussion of the positive and negative effects of global health initiatives reveals a concern previously expressed that global initiatives do not sit easily with existing national programmes. Lele *et al.* (2005) observe a shift in the focus of global health interventions away from general preventative measures towards the prevention and treatment of specific diseases leading to increased political awareness of specific diseases, augmented financial resources to combat disease, coordination of aid, development of disease-specific strategies, mobilisation of cutting-edge technical knowledge from diverse sources, increased efforts to address issues of global drugs, promoting global networking among professionals, development of technical guidelines and performance indicators, improved surveillance, support for epidemiological and operational research, and the development of incentive systems. Negative impacts include competition among different programmes for the same resources, a lack of effort to develop a single-purpose staff among multipurpose health workers, the failure to sustainably integrate campaigns into developing countries, the fragmentation of multipurpose health services, distorted allocation of scarce human and financial resources, and the lack of evidence of cost effectiveness.

In 2004, US$682 mn was invested in R&D for a preventative HIV vaccine which is about 0.5% of the total funds invested in R&D for global health. This represents a significant increase over the past five years, especially in the public and philanthropic sector.

6 Provision of IPGs and aid architecture

The aid architecture is changing and has to deal with major increases in aid over the coming few years, which raises questions about the effectiveness of aid, including issues such as harmonisation, alignment and ownership. It has also had to deal with an increasing number of new initiatives and a large number of institutions providing IPGs. This raises questions as to the general set up of donor agencies, departments, organisations.

In the past, it has been suggested that global development institutions themselves are international public goods – say, the United Nations System or, alongside it, the Bretton Woods institutions. However this can be challenged. Perhaps the UN System of National Accounts, if updated and made effective, could be an international public good, but the UN itself as a body, even a body of ideals, is not. Even though the World Bank is a major repository of development analysis, experience, and thinking, it is mainly a lending institution giving access to some more than others. The case could – just as provocatively – be made for the WTO to be an IPG but even here it is the body of regulation and embodied negotiations which is the good, not the institution itself (only 150 countries are currently members, and some can be excluded) nor its staff and fabric. So there will be a question as to what type of international institution, if indeed, is best placed to supply certain public goods.

After over forty years existence of the donors' club, the Development Assistance Committee, donor and aid recipients collectively resolved in 2005 at a High Level Forum in Paris to reform the delivery of official development assistance to make it become a less competitive and self-interested flow of public resources and more a system of delivery of international public goods (see Section 2). Increasingly, support for social sector improvements having direct impact on the poor (and even the funding of their recurrent costs) had become the leading motive of post-debt relief assistance given to poor countries, even at the expense of support for industrial development, so strong were the drivers of certain of the MDGs.

Drawing on the earlier MDGs, lead donors managed (Rogerson and Hewitt, 2004) to alter the general donor focus into accepting systematic support for recipient-owned plans and schedules for the attainment of development outcomes, increased use of national administrative systems (in practice ministries of finance) in aid transmission, and greater coordination not just between donors (this was already beginning to happen) but also between donors and recipients, with the latter increasingly in the driving seat of what was intended to be an IPG vehicle.

Measurable and monitorable targets were agreed (appendix table 1). Once set in motion, the aim was to secure these changes in donor behaviour towards a more balanced international aid delivery system. On the institutional side, much international reform (and many eventual mergers or institutional disbandments) may still need to be done; there remain many issues of international accountability (and some doubts about scaling up); and donors still have to be prepared to loosen the bonds of aid policy conditionality in the interests of development (Rogerson, 2005) but the donor–recipient relationship system does seem at least to be on track for qualifying as an international public good. There may be more doubts about the 'ownership' angle on the recipient side, and so it remains to proven that supplying international public goods through international institutions is most appropriate and efficient.

The proliferation of special funds (e.g. for HIV/AIDS as discussed in the previous section) may, unless genuinely additional, divert real resources from other genuine development priorities, thereby harming or hampering the delivery of real IPGs. There is also the issue of substitution, whereby donors may sometimes claim IPG status in their development spending for activities which are not – the most blatant examples being dubious donor-supported agriculture and logging projects claiming to be IPGs on environmental grounds.

7 Implications

This paper has discussed recent developments in aid financing of international public goods. It provided a background on the strategic issues in development assistance arguing that it is difficult to discuss aid for IPGs without reference to all the other debates on aid such as the debates on scaling up of aid *versus* absorptive capacity, aid effectiveness, and on approaches to address harmonisation, alignment and ownership of donor–recipient aid relationships. Too often the debates on aid and on IPGs follow different tracks so that well intentioned ideas to finance IPGs do not get far in the aid community concerned with appropriate instruments.

We then discussed issues centring on the rationale for providing aid to IPGs. There is recent work arguing that the provision of IPGs will help to achieve the MDGs, and what type of initiatives score best on a cost-benefit analysis. We then discussed estimates of how much aid is already going to the provision of IPGs, with details on individual sectors. There is an upward trend in the share of aid going to IPGs, with a significant upturn recently. This shows that the debate on IPGs will only become more relevant.

There are some interesting implications for international organisations such as UNIDO. The debates on financing IPGs are relevant but a series of questions will need to be addressed at the same time:

- What is the rationale for providing the IPG (i.e. what is the market failure, what is the cost-benefit ratio of intervening, and what are the best initiatives).

For UNIDO, it seems clear that knowledge (industrialisation strategies), governance (of international economic relationships affecting industrial development) and environment (effects of industrialisation) are key.

The rationale for UNIDO in providing such IPGs seems clear. There are few institutions that focus on industrialisation strategies, and UNIDO can aspire to be the world's main body of knowledge on industrialisation

Another opportunity lies in recent Aid for Trade initiatives. Different researchers use different terminologies, but one view would hold that Aid for Trade can be used to implement international trade rules and standards for production processes, a prime activity of UNIDO, and contributing to governance international public goods. The provision of trade-related public goods tends to have a favourable cost-benefit ratio.

Finally, it was suggested that addressing climate change requires a different approach towards supporting the development and diffusion of new energy and carbon dioxide-saving technologies. UNIDO is already doing similar things under the implementation of the Montreal Protocol, so it could extend this to try to underpin the implementation of the Kyoto Protocol in a way that is more cost-effective.

- Who should provide an IPG? If it is aid, would it be bilateral or multilateral donor agencies, and what type of international organisations. This relates to the debate on aid architecture.

Knowledge on industrialisation, or on implementation of international rules and energy-efficient technologies is necessary for economic development, and is associated with international public good aspects. It needs to be built up and maintained internationally, but transferred to countries aligned with their priorities. Knowledge should ideally not be too dispersed over donors or organisations, but concentrated in one or a few, in order to reach critical mass and economies of scale and scope. For instance, UNIDO will have an advantage in building up knowledge on industrialisation.

- How does provision of an IPG sit with the Paris declaration aim of harmonisation, alignment and ownership? Thus, to take the Aid for Trade example, financing trade rules will need to depend on how this fits in with strategies of the receiving countries, as well as being coordinated with other players, as that will relate to the debate on aid effectiveness.

From this perspective, it seems that alignment with developing countries' priorities needs to be safeguarded. For instance, it would be important for technical assistance activities in-country to be able to build on international knowledge and be aligned with other activities to support economic development in-country. This means linking in with national working groups on trade or private sector development. Funding for knowledge-related public goods may actually occur at the country level, though executing agencies could be international players building up knowledge internationally and helping to coordinate. The existence of demand for knowledge related public goods at the country level and continued interaction between global institutions and beneficiaries of knowledge transfer seem key to reduce the gap between global initiatives on knowledge activities on the one hand, and the harmonisation, alignment and ownership agenda on the other.

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Appendices

APPENDIX Table 1 Paris Declaration: http://www1.worldbank.org/harmonization/Paris/FINALPARISDECLARATION.pdf

	OWNERSHIP	**SUGGESTED TARGETS FOR 2010**
1	Partners have operational development strategies	75% of countries have operational development strategies
	ALIGNMENT	**SUGGESTED TARGETS FOR 2010**
2	Reliable country systems	Half of partner countries measurably improve their public financial management systems. A third of partner countries measurably improve their procurement systems.
3	Aid flows are aligned on national priorities	95% of aid is reflected 'on' budgets of recipient countries
4	Strengthen capacity by co-ordinated support	Half of technical cooperation flows (TA) are implemented through multi-donor/coordinated arrangements.
5	Use of country systems	In the countries with the very strong PFM and procurement systems, reduce by two-thirds the amount of aid that does not rely on country systems for PFM or for procurement, and all donors should rely to one degree or another on country systems. Smaller reductions/numbers apply to countries with moderately strong systems.
6	Strengthen capacity by avoiding parallel implementation structures	Reduce the number of parallel project implementation units by 2/3
7	Aid is more predictable	90% of aid flows committed to be disbursed in a particular year to be disbursed that year
8	Aid is untied	Monitor progress.
9	Use of common arrangements or procedures	2/3 of aid should be provided in the form of program-based approaches
10	Encourage joint missions shared analysis	Tripling the number of joint missions (to 40%). Doubling the amount of country analytic work done jointly with another donor
11	Results-oriented frameworks	A third of countries have transparent monitorable performance assessment frameworks at country level
	MUTUAL ACCOUNTABILITY	**SUGGESTED TARGETS FOR 2010**
12	Mutual accountability	100% of countries have joint or independent assessments of aid and partnerships (both countries and donors)

Attendants at the conference: http://www.oecd.org/dataoecd/17/46/34020578.pdf

Donor organization	Comments on aid effectiveness/Paris Declaration	Citation
African Development Bank (www.afdb.org)	'Within this context, the African Development Bank is required to play a leading role in harnessing these exceptional efforts stemming from the renewed commitment of the international community and the positive developments on the continent. Under my stewardship, the Bank and its partners shall spare no efforts to translate these commitments into reality. It will serve as the preferred partner of the continent for the effective implementation of the Paris Declaration on Aid Effectiveness and Harmonization and will seek to ensure the success of the WTO Ministerial Meeting scheduled to take place in Hong Kong in December 2005.'	From the Swearing-in Ceremony of Mr. Donal Kaberuka, September 2005 http://www.afdb.org/pls/portal/docs/PAGE/ADB_ADMIN_PG/DOCUMENTS/SPEECHES/ALLOCUTION_KABERUKA%2C%20ADB%20PRESIDENT-%20PRESTATION%20DE%20SERMENT_EN.DOC
Asian Development Bank (www.adb.org)	Found that aid has generally been effective, that aid's productivity is subject to diminishing returns (the flow of a large volume of aid relative to the absorptive capacity of a country leads to diminishing returns), non-economic and structural factors play an important role in aid effectiveness, vulnerability to external shocks has a significant impact on development effectiveness, development effectiveness and economic growth have been linked most closely in literature, that selectivity plays a large part in the current allocation of aid, conditionality based on ex ante policy has been ineffective, the basis for country allocation of aid by IDAs should be the MDG assessments, and the main challenge to aid effectiveness and growth is to identify and eliminate the overriding institutional and policy constraints of a country. The paper shows that 'aid is effective when it is moderate in volume but becomes ineffective when the size of the aid program exceeds a critical value set by the absorptive capacity of the country concerned.' They also found that the effectiveness of aid in reducing poverty is not contingent on the macro policy environment and that open macroeconomic policy has a positive impact on poverty reduction.	Paper commissioned by the ADB on aid effectiveness (October 2004) http://www.adb.org/documents/OED/Working-Papers/oct01-oed-working-paper.pdf 'Poverty and Foreign Aid Evidence from Cross-Country Data' (2005) Asra, Estrada, Kim, Quibria http://adb.org/Documents/ERd/Working_Papers/wp065.pdf
Consultative Group to Assist the Poorest (www.cgap.org)	Defines effectiveness in aid as a collaboration of strategic clarity and coherence, appropriate instruments, strong staff capacity, relevant knowledge management, and accountability for resources. They have created a framework for effectively supporting pro-poor financial systems by collaborating with each other by analyzing the priorities and constraints of financial system stakeholders, identifying potential donor engagements, and selecting an appropriate course of action. Before taking action, individual donors should assess the characteristics that give them the comparative advantage in each.	'Maximizing Aid Effectiveness in Microfinance' (February 2005) http://www.cgap.org/docs/DonorBrief_22.pdf 'How Donors Can Help Build Pro-Poor Financial Systems' (February 2004) http://www.cgap.org/docs/DonorBrief_17.pdf

Donor organization	Comments on aid effectiveness/Paris Declaration	Citation
Economic Commission for Africa (www.uneca.org)		
European Bank for Reconstruction and Development (www.ebrd.com)		Press release for Paris Declaration http://www.ebrd.com/new/pressrel/2005/27mar03.htm
Inter-American Development Bank (www.iadb.org)	Various multilateral development banks have gotten together and agreed to launch the Business Environment and Enterprise Performance Survey (BEEPS) in an effort to create a global database on the business environment worldwide as a global public good.	Press release http://www.iadb.org/news/display/prview.cfm?pr_num=26_05&language=english
International Monetary Fund (IMF) (www.img.org)	Says that problems with simply increasing aid flow without building for capacity can be avoided. The IMF will work with individual countries to help manage aid flow so as to maintain macroeconomic stability. 'The IMF firmly supports the proposals to substantially increase aid flows to Africa. The new spirit of partnership and mutual accountability of donors and recipient countries augurs well for ensuring that the aid is effectively used. In this important year for Africa and the MDGs, we must seize this unique opportunity to reduce poverty in Africa. The IMF stands ready to play its part in advising African countries on these crucial issues.'	Commentary by Abdoulaye Bio-Tchane, the Director of the African Department of the IMF (May 2005) http://www.imf.org/external/np/vc/2005/052405.htm 'Does Foreign Aid Reduce Poverty?' (May 2005) Nadia Masud and Boriana Yontcheva http://www.imf.org/external/pubs/ft/wp/2005/wp05100.pdf
Islamic Development Bank (www.isdb.org)		
New Partnership for Africa's Development (NEPAD) (www.nepad.org)	Is working with the African Development Bank to achieve the MDG for water by providing sustainable and improved access to water supply and sanitation to the rural population in Africa. In order to do so, they have committed to coordinating their activities in accordance with the commitments made at the Paris Convention.	Conference on Water Supply and Sanitation in Rural Africa (April 2005) http://www.ambafrance-uk.org/article.php3?id_article=5752
Organisation for Economic Co-operation and Development (OECD) (www.oecd.org)	Set up the DAC Working Party on Aid Effectiveness and Donor Practices (www.oecd.org/dac/effectiveness) in May 2003. Workshop to be held 16-17 November in Entebbe Uganda on 'Making Aid More Effective—Implementing the Paris Declaration on Aid Effectiveness: Progress, Challenges, and Opportunities' http://www.oecd.org/dataoecd/52/42/35570599.pdf ... http://www.oecd.org/dataoecd/52/0/35570642.pdf	OECD (2004) 'Aid Effectiveness for the Second High-Level Forum' http://www.aidharmonization.org/download/252297/HLF-2ReportREV_1_OLIS_.pdf

Donor organization	Comments on aid effectiveness/Paris Declaration	Citation
	A letter was sent out August 2005 by Richard Manning (Chair of DAC) and Michel Reveyrand (Chair of DAC Working Group on Aid Effectiveness) to all of the heads of delegations at the Paris meeting regarding indicators of progress http://www.oecd.org/dataoecd/45/45/35230673.pdf 'Living up to the Capacity Development Challenge: Lessons and Good Practice' (2005) http://www.undp.org/oslocentre/docs05/OECD-DAC%20paper.pdf	
United Nations Development Group (UNDG) (www.undg.org)	Issues that must be tackled: support of new aid modalities (including SWAps and budget support), stronger alignment with national priorities and systems. He said UNDG should support partner countries in taking on the effective leadership of their development processes, through capacity development for aid management.	Paris follow-up letter from the UNDG chair, Mark Malloch Brown (April 2005) http://www.undg.org/documents/5903-Paris_Follow_up__Letters_from_UNDG_Chair__-_April_2005.pdf
Arab Bank for Economic Development in Africa (www.badea.org)		
Commonwealth Secretariat (www.thecommonwealth.org)	'Along with increases in volumes, aid needs to be made more effective. Ministers called for determined action by all countries to implement the commitments made in the 2005 Paris Declaration on Aid Effectiveness, Ownership, Harmonization, Alignment, Results and Mutual Accountability'	Commonwealth Finance Ministers Meeting (September 2005) http://www.thecommonwealth.org/shared_asp_files/uploadedfiles/40F6C953-953C-45BB-9A58-CD70EA37E00A_FMM05-Communique.pdf
Council of Europe Development Bank (CEB) (www.coebank.org)		
Education for All Fast Track Initiative (EFA-FTI)	Created a process for donors to support countries' education plans with emphasis on alignment, coordination, and harmonization. 'FTI donor partners are committed to aligning their support to the development and implementation of one national education sector strategy whose priorities are integrated into country wide development priorities.' 'FTI helps governments and donors to co-ordinate their efforts, starting with the agreement that one partner acts as the local coordinating agency.'	http://www1.worldbank.org/education/efafti/harmonization.asp 'Fact Sheet: About Aid Effectiveness'

Donor organization	Comments on aid effectiveness/Paris Declaration	Citation
	'…donors must meet their commitments to provide more and better aid, while national governments commit to use that aid more effectively.'	http://www1.worldbank.org/education/efafti/documents/factsheet_harmonization.pdf
European Investment Bank (EIB) (www.eib.eu.int)		
International Fund for Agricultural Development (IFAD) (www.ifad.org)	Established a Working Group on Harmonization to coordinate their participation in the forum and engagement in the harmonization initiative. They claim to have made progress in the focus areas: 'introduced a performance-based allocation system that allocated IFAD's available resources on the basis of countries' relative performance in establishing an appropriate institutional and policy framework for substantial rural development,' 'reviewing its arrangements with regard to locating staff in partner countries,'	'IFAD's Particpation in the Harmonization Initiative and the 2005 Paris High-Level Forum on Aid Effectiveness' (April 2005) http://www.ifad.org/gbdocs/eb/84/e/EB-2005-84-INF-8.pdf
G24 (www.g24.org)		
International Organisation of the Francophonie (http://lessites.service-public.fr)		
Nordic Development Fund (www.ndf.fi)		
Organisation of Eastern Caribbean States (OECS) (www.oecs.org)		
Pacific Islands Forum Secretariat (www.forumsec.org.fj)		
World Bank (www.worldbank.org)	Working committee on development issues as well as the Education for All-Fast Track Initiative (FTI)…see above.	
Swiss Agency for Development and Cooperation (SDC and Seco)	Switzerland released a statement in support of the Paris Declaration and reaffirmed their commitment to enhancing aid effectiveness through deliberate reduction of excessive fragmentation of donor activities in given country or sector. They plan to implement partnership commitments with a strong country focus. They will set up a joint SDC-seco Working Group.	Joint Statement http://www.sdc.admin.ch/ressources/deza_product_en_1989.pdf Implementation Plan http://www.oecd.org/dataoecd/8/21/35135469.pdf

APPENDIX Table 2 Recent studies on Financing International public Goods, by sector

	Economic Governance (trade rules)	Knowledge and Information	Environment	Health	Peacekeeping	ALL
Zedillo 2001 Report[i]	-believes that good governance is key to achieving MDGs -industrialised nations have the duty to open their markets to developing countries and the responsibility to pursue macroeconomic policies that lead to adequate international growth with low inflation -''all countries would gain from dismantling the remaining trade protection in rich countries' -development round negotiations should tackle: liberalization of agriculture, the implementation of the Uruguay Round, the total elimination of remaining trade barriers in manufacturing -the WTO is in urgent need of reform of its decision-making system, its capacity to provide technical assistance to developing countries, and the underfunding/understaffing of the organization		-discussion of a global carbon tax, reflecting the contribution of fuels to CO2 emissions - an alternative to the Tobin tax would be an international tax imposed on the use of the global commons, although this would not generate significant income in the short run (other tax options include tax on international trade, air travel, or arms exports) -control of chlorofluorocarbon emissions has proved to be not as expensive as expected…payments designed to compensate developing countries for reducing emissions has so far only amounted to $1.2 billion -there are no available estimates on the cost of conserving biodiversity -the Global Water Partnership estimates that it would cost $30 billion a year over the next 25 years to provide universal water supply and basic sanitation	the cost of dealing with HIV/AIDS is estimated to by $7 billion to $10 billion a year (Secretary General) -the cost of developing vaccines may run into the billions, yet little is being done for developing countries in this regard due to lack of purchasing power…the panel suggests the creation of a Vaccine Purchase Fund	-Zedillo's report mentions peacekeeping as an important GPG -the cost of peacekeeping per year is about $1 billion	-one of the 'vital roles' is 'providing or preserving the supply of global public goods' -an extra $50 billion per year of ODA is needed just for meeting international development goals -'estimates suggest that 15 percent of aid budgets are devoted to the supply of what are really global public goods and are financing activities that often benefit donors more than recipients' … $20 billion per year more to address this issue (four times current level) -there is also call for a Tobin tax on currency conversion that could raise large sums of money to pay for global public goods -another financing mechanism could be a revival of the special drawing rights created by the IMF in 1970 (for the purpose of providing a secular increase in the world stock of monetary reserves without requiring countries to run surpluses or deficits) -when given money from the common pool for GPGs, the country should be allowed to use the money as it wishes -developing countries should not

						have to borrow to finance GPGs, as it is helping everyone
Sachs 2005 Report[ii]	-IMF Managing Director Rodrigo de Rato y Figadero says that developed countries must improve access to their markets for developing country exports and dismantle trade distorting subsidies. -'An MDG-based international trade policy should focus on improved market access for the poor countries and improved supply-side competitiveness for low-income country exports.' -global political leaders must agree to a long term agreement to remove barriers to trade, aided by the Doha round -Doha round developed countries should aim to bind all tariffs on non-agricultural goods to zero by 2015…medium term: 5% by 2010 -liberalization of mode 4 of GATS should be made a high priority -temporary 'Aid for Trade' fund should be set up to account for adjustment costs after Doha	-for 'quick wins,' eliminate the cost of schooling and uniform costs to ensure that all children can attend -for primary education…governments need to create and reinforce laws enabling parents and communities to hold their local schools accountable; governments need to improve the curricula and eliminate gender biases; governments should eliminate primary school fees; there needs to be a mechanism to reach out-of-school children; governments should pair with civil society organizations to obtain these goals -for science and technology…governments should create science advisory bodies and include them in the national government; science and engineering faculties should be better financed in universities; curricula should focus more on science and business; promotion of infrastructure development as a technology learning process -direct public financing of research needs to increase by $7 billion a year to reach	-for 'quick wins,' provide community level support to plant trees to provide soil nutrients, fuel wood, shade, fodder, watershed protection, windbreak, timber -governments need to integrate environmental strategies into all sector policies and promote direct investments in environmental management -direct investments should include replanting forests, treating wastewater, curbing chemical pollution, conserving critical ecosystems -removal of environmentally damaging subsidies -a country's immediate neighbours tend to be most important partners for tackling environmental issues…need for a coordination mechanism to manage transboundary environmental issues -climate change can be tackled mainly via funding to research, but measures also need to be taken by high-income and some rapidly growing middle-income countries that cause the problems	-for 'quick wins,' design one year programs for village health workers to become experts…expand access to sexual health information and services -health interventions are best done through a combination of a district health system centred on primary scare and a first level referral hospital to take on special measures -investments should include training and retaining competent, motivated health workers; strengthening management systems, providing an ample supply of necessary drugs, building clinics and labs		-recommends that each developing country with extreme poverty write a development strategy with the goals included (3-to-5 year MGD-based poverty reduction strategies); the country's development partners should then provide the financial assistance enough to meet those goals given financial constraints -ODA should be set by MDG financing gaps as outlined in strategy reports -for well governed countries, a much larger share of ODA should take the form of budget support -'…foreign aid can play a hugely positive part in growth and poverty reduction when properly targeted and administered toward vital infrastructure and human rights' -aid should be geared at countries in a poverty trap to help eliminate the remaining 'poverty pockets' -Sachs 2002 Estimated ODA allowance for MDGs, *see Table 5* -estimates show that donors should be prepared to double their ODA/GNP ratios during 2006-2015 (from $135 billion in 2006 to $195 billion by 2015) -the IFF would be a time-limited

		2015 goals ($4 billion of which should go to health research, $1 billion to agriculture, $1 billion to improving energy, and $1 billion for understanding climate change)				financing mechanism mdesigned to double development assistance between now and 2015 (by leveraging money from capital markets by issuing bonds)
	Economic Governance (trade rules)	**Knowledge and Information**	**Environment**	**Health**	**Peacekeeping**	**ALL**
Copenhagen Consensus 2004 Report[iii]	-three proposals were considered on trade reform and were, in total, ranked third, including the reduction of tariffs and non-tariff barriers with elimination of agricultural subsidies, extension of regional trade agreements, adoption of duty free quota free access for LDCs.	-the panel decided that it is easy to waste large sums of money on education and that more research is needed to look into reducing/eliminating primary school tuition	-they looked at three proposals dealing with climate change via the reduction of emissions of carbon and decided that the costs were likely to exceed the benefits…global warming must be addressed, but not via abrupt shift towards lower emissions	-the panel ranked preventing the spread of HIV/AIDS as the highest priority…$27 billion investment could lend to the aversion of 30 million new infections by 2010 -hunger and malnutrition ranks a close second…$12 billion for food supplements -ranked fourth was the control of malaria…costing $13 billion in costs -the panel agreed that water and sanitation was indeed a worthy challenge to tackle (including small-scale water technology for livelihoods) and were cost effective	-reducing the incidence of civil wars is very expensive; they also felt that they were given insufficient information on post-conflict countries to best assign it an economic cost	-the goal of the Consensus is 'to prioritize a list of solutions to the world's great challenges' -the ranking of the Copenhagen Consensus is included below -another evaluation is scheduled for 2008

Appendix Table 3 Aid to International Public Goods by sector (sources see at bottom of table)

		Recent Initiatives		
	Examples of GPGs	Recent investments	Who is making the investments	Private/public?
Economic Governance (trade rules)	-Reciprocal trade liberalization -The promulgation of rules both to enforce agreements and to limit trade-distorting policies -International trade regime as facilitated by the GATT and WTO (without there would be severe market inefficiency in absence of an agreement) -WTO, the institution itself, can be considered a GPG in the sense that governments have a shared interest in its creation and maintenance	1- $752 million for TCB funding in 2003 (USAID, 2003) 2- $12.6 million budget for 2006 to build a national capacity to understand the evolving MTS and adapt national trading system 3- $11.2 million to mainstream trade into the national development plans and to assist trade needs of LDCs 4- 2 billion euros on TCB or related programmes	1- US government 2- Joint Integrated Technical Assistance Programme (JITAP) (www.jitap.org) 3- Integrated Framework for Least Developed Countries Trust Fund (IF) (www.integratedframework.org) 4- European Commission -The TCB Database provides a common ground for international agencies, donors, and recipients to better complement TCB agendas…between 2001-2002 the database showed $2127 million allocated to TRTA/CB activities (with the most going to trade policy, then trade development) (http://tcbdb.wto.org)	1- government 2- funding from donor countries; integration of ITC, UNCTAD, WTO 3- multi-agency, multi-donor (nations and organisations) programme 4- government
Knowledge and information	- Basic research results *different form other GPGs in that it requires a large financial input, has zero cost for distribution, less geographically limited, acts as an input to the provision of other GPGs, instigates strong conflicts among nations, and its incremental aspect* -Education -Technology transfers	1- $437 million (single largest public goods investment in mobilizing science) 2- $57 million for radiotherapy services projects for cancer research 3- 4- 95 million SF for development of IP technical assistance programs	1- Consultative Group on International Agriculture Research (CGIAR) (www.cgiar.org) 2- International Atomic Energy Agency (IAEA) (www.iaea.or.at) 3- International Livestock Research Institute (www.ilri.cgiar.org) 4- WIPO (www.wipo.int)	1- alliance of organisations and governments 2- UN organisation 3- non-profit NGO, partnering for work with private groups 4- international organisation

		Recent Initiatives		
	Examples of GPGs	**Recent investments**	**Who is making the investments**	**Private/public?**
	-Technology patents -Research support	5- 18.8 million euros for IP technical assistance programs 6- $267 million between 2001-2003 of loans from the knowledge bank (for IB related CB) 7- $5 billion for Capacity 2015 Initiative 8- $20.6 million in expenditures on IP-related TA 9- 30.44 million euros between 1999-2005 to IP-related TA programmes	5- EPO, Directorate for International Cooperation (www.european-patent-office.org) 6- World Bank (www.worldbank.org) 7- UNDP (www.undp.org) 8- USAID (www.usaid.gov) 9- EU (www.europa.eu.int)	5- governments 6- member governments and shareholders 7- UN organisation 8- government organisation with private partnerships 9- government
Environment	-Ozone layer protection -Biodiversity conservation (including species diversity, ecosystem function, and resilience) -Fisheries management is not technically a global public good but does fit into the category of 'collective action'…it can be aided by creating property rights -International environmental protection	1- $180 million GEF commitments to climate research…$160 million to biodiversity conservation in 2004 2- €30 million fund for renewable and efficient energy development 3- 20% annual growth of its lending portfolio for renewable and efficient energy development 4- $25 million to mitigate the high risk to the world's remaining apes 5- $15.1 million to treat African sleeping sickness and leishmaniasis 6- $180 million contributions as of June 2003, and $19.5 million to	1- Global Environment Facility (www.gefweb.org) 2- European Bank for Reconstruction and Development (www.ebrd.com) 3- World Bank (www.worldbank.org) 4- Great Apes Survival Project (GRASP), as part of UNEP (www.unep.org/grasp) 5- Gates Foundation (www.gatesfoundation.org)	1- largest grant-providing multilateral institution to provide support on GHG to developing countries, public-private partnership 2- public shareholders, mainly private enterprises 3- member governments and shareholders 4- project of UNEP and UNESCO 5- private philanthropic foundation

		Recent Initiatives		
	Examples of GPGs	Recent investments	Who is making the investments	Private/public?
		Emission Reductions Purchase Agreements 7- $190 million on international conservation in 2000 8- $247 million spent on conservation in 2001 9- $24 million in 2001, $34 million in 2002 (Moore Foundation provides $261 million over 10 years) 10- $1.59 billion distributed to 4600 projects in developing countries to date 11- in 2003, they provided $3 billion in grants to developing countries, mainly LDCs -international financial support for developing countries from bilateral multilateral sources amounts to about $1.5 billion while the financial support for renewable energy sources amounts to 10% of this (Clémençon, 2004) -according to pledges made at the UN Financing for Development Conference in Monterrey (2002), aid flows to the environment were expected to rise to $75 billion by 2006 -total grant giving by foundations in the US amounted to $16.7 billion in	6- World Bank's Prototype Carbon Fund (PCF) (http://carbonfinance.org) 7- World Wildlife Fund (www.wwf.org) 8- Nature Conservancy (www.nature.org) 9- Conservation International (www.conservation.org) 10- Montreal Protocol Fund (www.multilateralfund.org) 11- UNDP (www.undp.org)	6- public-private partnership 7- largest conservation organisation, funding from private and public sectors 8- largest US specific conservation NGO, private-public network 9- US based non-profit organisation, private-public alliance 10- financial mechanism born ourt of Montreal Protocol, implemented through international agencies, funding from donors 11- UN organisation

		Recent Initiatives		
	Examples of GPGs	**Recent investments**	**Who is making the investments**	**Private/public?**
		2001, about $193 million of that went to environmental projects -$6 billion are spent on biodiversity conservation, $5 billion of which takes place in developed countries, compared to the need of $46 billion (Balmford)		
Health	-Surveillance of infectious disease (allows informed countries to take steps to limit imports and consequences of imports) -Control of infectious disease (reduces international transmission) -Eradication of infectious disease (every country receives the benefit of not having to control against future infections) -Resistance avoidance (the current treatment will remain effective for all) -Unrestricted knowledge of health (may further scientific progress and can help with control, especially in the form of vaccines) -Prevention of HIV/AIDS	1- $15 billion pledge to supply antiretrovirals to 14 different countries 2- $190-$350 million over a ten year period to limit the cross border spread of the vector transmitting Chagas disease 3- $500 million to smallpox and polio campaigns 4- >$25 million to smallpox and polio campaigns 5- >$25 million to smallpox and polio campaigns 6- $20.8 million to eliminate TB 7- $11.4 million to halve the world's malaria burden by 2010 8- $10.09 billion to increase resources dedicated to fighting HIV/AIDS, TB, malaria 9- $1.241 billion to 71 countries for immunization and financing work to develop new vaccines, namely for children	1- US government 2- Southern Cone Initiative (Argentina, Bolivia, Brazil, Chile, Paraguay, Uruguay, Peru) 3- Rotary International (www.rotary.org) 4- Gates Foundation (www.gatesfoundation.org) 5- UN Foundations 6- Stop TB (www.stoptb.org) 7- Roll Back Malaria (www.rbm.who.int) 8- GFATM (Global Fund to Fight AIDS, TB, and Malaria) 9- GAVI (www.vaccinealliance.org)	1- government 2- government initiatives 3- international organisation of businesses and professional leaders 4- private philanthropic foundation 5- international organisations 6- network of private and public organisations and donors 7- public and private sector voting board 8- international, independent, private-public partnership 9- public and private alliance (co-sponsored by Gates Foundation, UNICEF, WHO, the Vaccine Fund, World Bank) 10- independent global programme (co-

		Recent Initiatives		
	Examples of GPGs	**Recent investments**	**Who is making the investments**	**Private/public?**
		10- $47.4 million for treatment and control of infectious disease and capacity strengthening for developing countries to take on research	10- Special Program for Tropical Disease Research (TDR)(www.who.int/tdr)	sponsored by UNDP, World Bank, WHO)
		11- $3.1 million to research efforts for health to the poor	11- Global Forum for Health Research (www.globalforumhealth.org)	11- program funded by private foundations and governments
		12- $95 million to foster political mobilization on HIV/AIDS	12- UNAIDS (www.unaids.org)	12- UN organisation
		13- $682 million invested in R&D for preventative HIV vaccines	13- International AIDS Vaccine Initiative (IAVI) (www.iavi.org)	13- global non-profit organisation funded by donors, corporations, and governments
		14- $14.3 million to the Asian Development Bank to establish a HIV/AIDS trust fund	14- Sweden	14- government

[i] Zedillo, Ernesto. 'Recommendations of the High-level Panel on Financing for Development.' 2001. Hhttp://www.un.org/esa/ffd/a55-1000.pdfH.
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