

GLOBAL PUBLIC GOODS

Nurturing Our Shared Future



International cooperation has many uses. It is a tool for altruistic purposes, and it serves as a host for geo-political interests. But it is also a tool for states to align their long-term, enlightened national interests to achieve common goals. Some of these goals are “global public goods”. The COVID-19 pandemic, refugee crises, climate change, Russia-Ukraine war – these global problems have exposed the need for Global Public Goods (GPGs).

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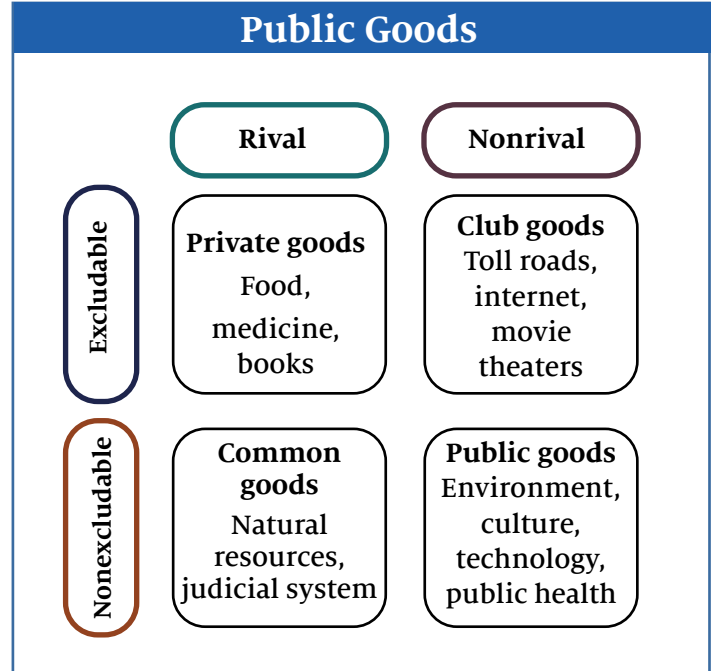
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I. What are Global Public Goods (GPGs)?

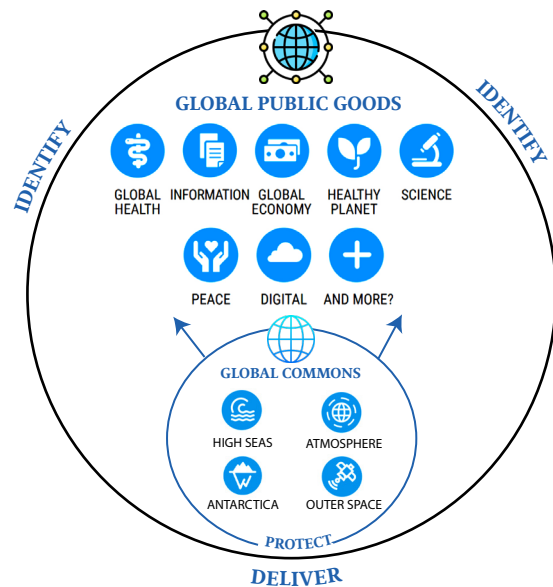
Global Public Goods are nothing but public goods whose scope expands to the global stage.

- **Public Goods:** Public goods are those that are available to all at zero or negligible marginal cost (“non-excludable”) and that can be enjoyed repeatedly by anyone without diminishing the benefits they deliver to others (“non-rival”).
- **Different from other goods:** The nature of their benefits set public goods apart from private goods or club goods (accessible by a fee), meaning they cannot be found in a store nor accessed via a simple fee.
- **Scope:** Public goods can be local, national, or global. Examples –
 - **Local public goods:** Public fireworks as anyone within the eyeshot can enjoy the show.
 - **Regional public goods:** Useful for dealing with region-specific vulnerabilities created by regional openness, including interventions to control transmission of human and animal diseases.
 - **National public goods:** National defence as its benefits are enjoyed by citizens of the state.
 - **Global public goods:** Whose benefits affect all citizens of the world such as natural environment, culture, disaster management, technological progress etc.



Box I.I. Global Commons and Global Public Goods

- The global commons usually refer to **natural or cultural resources** shared by and benefit all humans. They include the land, the ocean and ice sheets, a stable climate and abundant biodiversity, the gigantic flows of carbon, nitrogen and more.
- From the geopolitics perspective, they include the **four conventionally understood commons** beyond national jurisdiction – the high seas, the atmosphere, Antarctica and outer space.



I.I Why are Global Public Goods (GPGs) significant?

GPGs are becoming essential elements of the well-being of the global populace and addressing various challenges that modern society faces.

- **Addressing common challenges:** Growing interconnectedness through international trade, migration, and travel has increased the number of **critical common challenges** faced by the global community. For example, **cross-border epidemics, and security risks like terrorism** etc.
- GPGs are essential for tackling these risks in the long term as efforts at the country level have proven inadequate.

- ▶ **Managing unevenly distributed global risks:** They are fundamental to **managing global risks** that can harm developing countries disproportionately (e.g., climate change) and in **exploiting opportunities**, such as global carbon trading mechanisms, that can benefit them especially.
- ▶ **Reduction of poverty and inequality:** Providing global public goods is a prerequisite for sustained future progress in both rich and poor countries and is **vital for reducing poverty and inequality** across and within countries.
 - ▶ For example, **collective food security** is essential to ensure poverty alleviation at national and global levels.
- ▶ **Excellent investments:** Investment in GPGs is long-term but is proven to provide multi-fold and sustained dividends.
 - ▶ It was estimated that a \$1 billion investment in early warning systems in developing countries would yield benefits between \$4 billion and \$36 billion a year.
- ▶ **Emerging areas of GPGs in the Digital Domain:** Digital Public Infrastructure (DPI) and Artificial Intelligence (AI).
 - ▶ DPI refers to a set of **shared digital building blocks**, such as applications, systems, and platforms, powered by **interoperable open standards or specifications**. For example, **India Stack** - India's foundational DPI.
 - Foundational DPI, consisting of **unique digital identification, payments system, and data exchange layer** has the potential to support the transformation of the economy and support inclusive growth.
 - ▶ The principle of '**AI for social good**' is interpreted to mean the use of AI technology for applications that relate to the welfare of communities.
 - It encompasses AI applications, design and assessment frameworks and policy initiatives that are focused on **benefitting not individuals, but societies as a whole**.

2. Why are public goods or GPGs undersupplied?

2.1. What are the general challenges in the provisioning of public goods?

Despite their enormous significance, creating public goods is much **more difficult than supplying private goods**.

- ▶ **Lack of incentives:** For a profit-seeking entity to supply a public good, the expected **benefit** to that individual **must exceed the cost**, which is rarely the case.
- ▶ **Free Rider problem:** Individuals **cannot be charged for their use**. The supplier cannot prevent individuals from using them and once supplied, **all people can use a public good whether or not they contributed** to its provision.
- ▶ **Externalities:** For most public goods, **the benefit to each individual is small**. The **spillovers or externalities can render the benefit for any single individual too small** (if the spillovers are positive) or too large (if the spillovers are negative).
 - ▶ For instance, for **climate change**, the benefit of preventing climate change may be very small for some countries but the spillover will have a drastically positive impact on island nations.
- ▶ **Late realization of benefit:** For many public goods, **the benefits are realized far in the future while the costs are realized today**. The focus on **short-term benefits can distort the costs and benefits** of goods such as education and the natural environment.

2.2. What are the specific challenges in availing GPGs?

GPGs due to their nature of global consumption and provisioning requirements, face certain specific challenges.

- ▶ **Lack of coordination:** Governments (or their citizens) are often unwilling to balance global interests with national interests, **weakening the prospects** for cooperation, and **adding uncertainty** to international agreements.
- ▶ **Differing preferences and priorities:** Governments often have **divergent short-term and long-term interests** even where they share common goals; and due to the limited tenure of governments, short-term politics tend to outweigh long-term perspectives.
- ▶ **Different ideas of GPGs:** The “good” in the global public good is often contested. What might be a highly desirable public good for one country or group of people might not be so for another.
 - ▶ For example, a **free trade regime as a GPG** is termed essential by some countries, while some countries view it as voluntary in conjunction with their national priorities.
- ▶ **The “weakest link” problem:** Some GPGs can only be produced when **every government fully complies** with a common approach, such as in efforts to eradicate an infectious disease.
 - ▶ Success can be **eroded by a single act of non-compliance**, and it becomes hard to convince governments to make the necessary investments due to the higher risk of failure.
- ▶ **Lack of legal authority:** Global institutions—where they exist—often lack the legal authority to enforce regulation and taxation or the institutional capacity to coordinate the needs of all citizens in the world and across generations.
- ▶ **Multilateralism Concerns:** Many experts have argued that the present structure of multilateralism is insufficient and inefficient in the provisioning of GPGs.

Box 2.1 Why present multilateralism needs revamp for the provisioning of GPGs?

- ▶ **Policy challenge:** GPGs do not fall squarely into any of the conventional policy moulds, such as domestic policy or foreign affairs.
 - ▶ GPGs entail **policy interdependence** due to their globally public consumption and provision. Thus, they clash with the notion of sovereignty, and with the related principles of non-violable national borders.
- ▶ **Misguided focus in financing:** Official Development Assistance (ODA) flows have become more targeted to issues of special concern for donor countries.
 - ▶ **Investment-thinking** (fulfilment of requirements of targeted populace) **rather than donor-thinking** needs to underpin GPG financing.
- ▶ **Lack of funding and Private finance:** There is an increasing reliance on private finance for development but there is a huge gap in such financing.
- ▶ **Global Power shifts:** Countries have begun to **retreat from universal multilateralism**, negotiating select issues in **mini-lateral forums** such as G7, BRICS, SCO etc.
- ▶ **Kindleberger trap:** It refers to a situation when a **rising power**, like China, **fails to provide GPGs** while growing in influence, potentially leading to instability. This was seen during 1930s when US failed to provide GPGs after replacing Britain as the leading power.



Box 2.2 In Conversation!: Covid-19 and the role of Global Public Goods (GPGs)



Vinay



Vini: Hey Vinay, have you ever thought about how Covid-19 changed things around the world?

Vinay: Yes Vini. It's crazy how everything shifted. Like, who would've thought masks and social distancing would become the norm?



Vini: Right? And you know, it got me thinking about global public goods. Like, how important it is for countries to work together in times like these.

Vinay: Absolutely. The vaccines, for example. They're like a global public good. They need to be available to everyone, no matter where they live.



Vini: I agree. It's not just about one country's effort. We're all connected. If one place struggles with the virus, it affects everyone.

Vinay: True. It's a reminder that we're part of a bigger picture. And helping each other is the only way to overcome these challenges.



Vini: Let's hope the world learns from this and focuses on encouraging development of global public goods.



Vini

3. Is successful provisioning of GPGs attainable?

The world has seen many successes in providing GPGs covering a wide range of populace and removing hindrances to global growth. Some of these include:

- ▶ **Paris Agreement:** Its ratification was both a success and a testament to the limitations of international coordination. By **making allowances for countries' different needs and responsibilities**, the agreement takes into account the welfare of each country.
- ▶ **Montreal Protocol on Substances that Deplete the Ozone Layer:** The 1987 Montreal Protocol aims at **phasing out the production and consumption of ozone-depleting substances (ODS)**.
 - ▶ It has been **highly successful in protecting the ozone layer**, with the recovery of the ozone hole observed in recent years.
- ▶ **Global Polio Eradication Initiative:** Launched in 1988, it has made significant progress in eradicating polio worldwide.
- ▶ **Sustainable Energy Initiatives:** The expansion of renewable energy sources and the promotion of sustainable energy practices illustrates successful GPG provisioning.
 - ▶ Initiatives like the International Renewable Energy Agency (IRENA), the Renewable Energy Policy Network for the 21st Century (REN21) etc. are playing pivotal roles in advancing renewable energy adoption and fostering international cooperation in this field.

Box 3.1 National efforts on provisioning of GPGs: India leading from the front

India follows the philosophy of **Vasudhaiva Kutumbakam** (The World is One Family) which imparts a sense of oneness to our common humanity, our common development goals, and our common quest for a rule-based global order and international peace. Thus, **India's efforts are critical for the path of provisioning of GPGs.**

- **Digital Public Goods:** India is becoming a leader in Digital Public Goods with its India Stack including its identity (Aadhaar), payment (UPI), and data (Data Empowerment and Protection Architecture (DEPA)) layers.
 - ▷ India is offering its **India Stack** to global populace with regional and bilateral partnerships.
- **Public Health:** India under its G20 Presidency has identified various **priority areas to provide global public health** such as One Health, Anti-Microbial Resistance (AMR), Health Epidemics Response etc.
- **Pharmacy of the World:** **India's credibility** received a boost as a **global generic (low-cost) pharmaceutical manufacturing hub** during the COVID-19 pandemic.
 - ▷ Under the **Vaccine Maitri** initiative, India has supplied over 250 million COVID-19 vaccines to about 100 countries.
- **Sustainable Lifestyle:** India is promoting its **nature-based philosophy through initiatives such as Mission LiFE** which paves the way for a **sustainable living** and tackling climate change through individual efforts.
- **Supply Chain Resilience:** India is partnering with like-minded countries in **maintaining global or regional supply chain architecture through Supply Chain Resilience Initiative (SCRI)**. This will ensure availability of critical public goods.
- **Regional Security:** India is offering security apparatus in safeguarding critical interests in Indian Ocean region, thus ensuring the **peace and security** in the region.
- **Disaster Management:** The disaster mitigation and adaptation measures of India are **benefitting regional countries** through systems such as Early Warning Systems, Humanitarian Assistance, Coalition for Disaster Resilient Infrastructure (CDRI) etc.

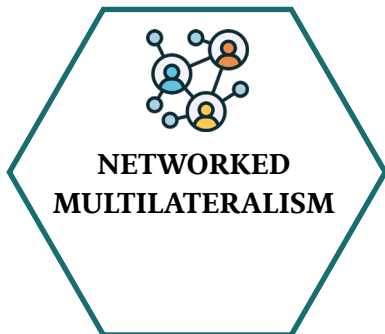
4. How can we increase the supply of GPGs?

It has become a necessity to increase the supply of GPGs in the ever-changing world with its increasing requirements and fulfilment of modern needs.

- **Global Governance Framework:** For coordination, global institutions need **comprehensive governance structures** to ensure legitimate and inclusive decision-making.
 - ▷ Such a framework will enable **better tools** for managing risks, better data, identification and anticipation of future risks, and **proper financing** of preparedness and provisioning.
- **Increase demand and awareness:** Many institutions that provide public goods today have **formed in response to demand**. For instance, the IMF was established after the Great Depression and World War II as countries recognized the need to promote global financial stability.
 - ▷ The importance of GPGs becomes **more pronounced with each new crisis—COVID-19 has increased demand for global public health**, refugee crises for global peace, and climate change for sustaining the global environment.
- **Negotiation and Compromise:** At the international level, all states have national interests in making the **necessary short-term sacrifices, and exercising the necessary restraint**, to enable the long-term rewards and benefits that only international cooperation can provide.
- **Including private sector and civil society:** These are increasingly involved in shaping transborder interactions and realizing global expansion of public goods.

- ▶ **Revamping Multilateralism:** Provisioning of GPGs “can only be addressed through **more networked, more inclusive and more effective reinvigorated multilateralism**” with **four distinguishing features**:
 - ▶ **Principle of fostering mutual compatibility** between international cooperation and sovereignty;
 - ▶ **Recognition of GPGs as a new, additional type of public policy challenge**, ending their current confounding with development assistance;
 - ▶ **A mission-oriented approach** for resolving GPG-related challenges; and
 - ▶ **Integration of the rising number of regional organizations as intermediaries** between the ‘global’ and the ‘individual’.

PARAMETERS FOR NETWORKED - INCLUSIVE - EFFECTIVE MULTILATERALISM



Draws on existing institutional capacities



Space for all voices



Delivers results



Cross-pillar, avoids fragmentation



Diverse set of States



Resource priorities



Coordination between regional and global levels



Civil society and Private Sector



Accountability for commitments

Conclusion

Any conversation about improving governance of the global commons and global public goods should assess how well our current arrangements meet these criteria. Where they do not, options for better preparedness, prioritization, decision-making arrangements, resourcing, accountability and compliance would need to be considered. In particular, a balance is needed between voluntary and binding actions that are commensurate with the challenges we face.

TOPIC AT A GLANCE

GLOBAL PUBLIC GOODS (GPGS)

Global Public Goods are nothing but public goods (goods that are non-excludable and non-rival) whose scope expands to the global stage. For example, clean natural environment, global health, peace etc.



Significance of GPGs

- Addressing common challenges such as cross-border epidemics and security risks like terrorism.
- Managing unevenly distributed global risks such as climate change and exploiting beneficial opportunities such as global carbon trading mechanisms.
- Reduction of poverty and inequality across and within countries.
- Investment in GPGs provide sustained dividends.



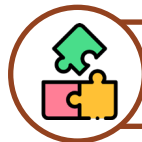
Factors responsible for undersupply of GPGs

- General challenges such as lack of incentives, free rider problem, late realization of benefit and negative externalities.
- Lack of coordination among different nations and their populace.
- Differing preferences, priorities, and interests of national governments.
- Weakest link problem as single act of non-compliance increases the risk of failure.
- Lack of legal authority to enforce regulations.
- Concerns associated with multilateralism such as misguided financing, geopolitical power dimensions etc.



Successful provisioning of GPGs

- Paris agreement for fighting climate change.
- Montreal Protocol for phasing out ozone depleting substances.
- Global Polio Eradication Initiative.
- Sustainable Energy Initiatives such as IRENA, REN21 etc.



India's efforts for increasing GPG provisioning

- Digital Public Goods with India Stack at forefront.
- Global Public Health as priority area under India's G20 Presidency.
- Pharmacy of the world with leading in vaccine production.
- Encouraging adoption of sustainable lifestyle practices through Mission LiFE.
- Net security provider in the Indian Ocean Region.
- Disaster Mitigation and Adaptation Measures benefitting neighboring countries.



Ways to increase the supply of GPGs

- Establishment of comprehensive global governance structures to improve decision making.
- Increase demand and awareness regarding GPGs.
- Negotiations and compromises among different nations for fulfilling long-term goals.
- Taking help from private sector and civil society.
- Promoting more networked, more inclusive, and more effective reinvigorated multilateralism.

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