



## Definition of the second pillar of TOSSD

*TOSSD Task Force Issues Paper<sup>1</sup>  
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### I. INTRODUCTION

1. The Task Force has so far mainly focused on developing the Reporting Instructions for the cross-border resource flows pillar (pillar I). The cross-border pillar is aimed at capturing the full spectrum of officially-supported resource flows provided to developing countries for sustainable development. At the same time, as noted in the 2030 Agenda, in today's globalised and interdependent world, achieving sustainable development requires that all countries “*work to implement the Agenda within [their own] countries and at the regional and global levels, taking into account different national realities, capacities and levels of development and respecting national policies and priorities*”<sup>2</sup>.

2. Several SDGs directly require global actions. For example, the challenges related to combatting climate change (SDG 13) or the conservation of oceans, seas and marine resources for sustainable development (SDG 14) cannot be addressed by any one country alone. Achieving sustainable development in recipient countries will also depend, to a significant extent, on the provision of Global Public Goods (GPGs) such as stable international financial and trading systems or knowledge and technology. These GPGs might not involve activities in TOSSD-eligible countries; nonetheless, they will clearly provide benefits to these countries.

3. Therefore, in order to have a full picture of resources supporting sustainable development, it is essential to also consider activities that benefit developing countries without necessarily involving a cross-border flow to them. This is the general objective of pillar II. The emerging Reporting Instructions note that *TOSSD will also provide insights about the extent to which the international community is financing development enablers and responding to global challenges [the Global Public Goods agenda] – essential for the implementation of the SDGs while not necessarily involving direct resource transfers to developing countries. This information is so far not systematically captured in international statistics on development finance*<sup>3</sup>.

4. At the fourth Task Force meeting, members started discussing the general features of the second pillar<sup>3</sup> and different approaches were considered. The Task Force concluded that rather than providing a list of themes that would be covered in pillar II, a better approach would be to define its coverage based on eligibility criteria, drawing on the concept of global public goods. The Task Force also recognised several challenges in developing the eligibility criteria, in particular:

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<sup>2</sup> See paragraph 21 <https://sustainabledevelopment.un.org/post2015/transformingourworld>

<sup>3</sup> See issues paper Tackling the second part of the TOSSD definition: Support to development enablers and response to global challenges at regional or global levels available at <http://www.oecd.org/dac/financing-sustainable-development/development-finance-standards/TF%20May%20-%20Pillar%20-%20general%20features%20final.pdf>.

- To what extent the focus on developing countries should prevail and how to translate this into simple eligibility criteria.
- With regard to the definition of public goods, how to treat the specific case of impure public goods.

5. This paper addresses these challenges. It first clarifies the notions of global public goods, global challenges and development enablers. It notably reviews various definitional, economic and political issues associated with the concept of public goods at the international level. It then proposes concrete options for definitions and eligibility criteria to delineate the pillar II.

## II. Clarifying the concepts of public goods, global challenges and development enablers

### 1. Public goods, global public goods and international public goods

#### *Public goods, the classical definition*

6. In standard economic theory, public goods are defined as goods that are non-excludable and non-rival<sup>45</sup>. Non-excludability means that no one can be excluded from the consumption of the good, even if he/she does not pay. Non-rivalry implies that a good can be consumed by one person without diminishing the amount available for consumption by another person. If both conditions are satisfied, the public good is said to be pure; if only one condition is satisfied, it is said to be impure. Examples of pure public goods are peace and security, protecting the ozone layer, scientific knowledge, lighthouses or public TV. Examples of impure public goods are patented pharmaceutical research (non-rival, but excludable) or fish in the sea (non-excludable, but rival<sup>6</sup>). In practice, few goods are pure public goods. For example, open spaces or highways, which are considered as public goods, can reach full capacity and congestion among those enjoying them, which may cause some degree of rivalry.

7. Because of the non-excludability<sup>7</sup> and non-rivalry<sup>8</sup> properties, public goods are generally not (or are insufficiently) provided by the market. Therefore, collective action is required in order to ensure that public goods are provided or sustained<sup>9</sup>.

#### *International public goods, regional public goods and global public goods*

8. The benefits of public goods can vary in terms of spatial range. They can be shared locally, nationally, internationally, regionally or globally. According to Ravi Kanbur and Todd Sandler<sup>10</sup>, International Public Goods (IPGs) are “*types of activities or products whose benefits spill over, wholly or partly, across two or more countries. Examples of such goods include the*

<sup>4</sup> As opposed to public goods, private goods are both excludable and rival.

<sup>5</sup> Samuelson P. A. (1954), "The Pure Theory of Public Expenditure", Review of Economics and Statistics, Vol. 36, No. 4, pp. 387–389 (<http://www.jstor.org/discover/10.2307/1925895?uid=2&uid=4&sid=21102466212311>)

<sup>6</sup> All common resources are non-excludable but rival (e.g. red tuna in the sea).

<sup>7</sup> When goods are non-excludable a free-rider problem arises because consumers do not have any incentive to pay producers.

<sup>8</sup> When goods are non-rival in consumption, since the marginal cost of producing the good is zero the efficient price of the good is zero but the marginal benefit is positive. If a positive price is charged to compensate producers for the cost of production, this results in inefficient low consumption.

<sup>9</sup> This does not mean that public goods are necessarily government-provided. They can also be provided by the private sector (research in private universities). Similarly, private goods may be provided by public firms (e.g. supply of energy). The word “sustain” refers to the fact that some Public Goods already exist, but need to be actively sustained through collective action (e.g. the environment).

<sup>10</sup> Kanbur, Ravi, Todd Sandler and Kevin Morrison. 1999. *The Future of Development Assistance: Common Pools and International Public Goods*. Washington, D.C.: Overseas Development Council

*reduction of air pollution, basic research on vaccines, and management of global capital flows*". Alternatively, Inge Kaul uses the term "transnational public goods" which include global and Regional Public Goods (RPGs)<sup>11</sup>. IPGs, GPGs and RPGs have benefits that transcend national boundaries. Box 1 provides some definitions of public goods according to their spatial range.

### **Box 1. Terminology – Public Goods according to their spatial (or spill-over) range**

A **local public good** benefits all the members of a local community, possibly including citizens of more than one country.

A **national public good** benefits all the citizens of a State.

A **regional public good** benefits countries belonging to a geographic territory.

A **global public good** benefits all countries and therefore all persons.

An **international public good** benefits more than one country. Global and regional public goods are both international public goods. However, some international public goods may be neither global nor regional. The public good of collective defence under NATO, for example, applies to North America and Europe.

*Source: Barrett, Scott 2007. Why Cooperate? The Paradigm of Global Public Goods. New York: Oxford University Press and International Task Force on Global Public Goods (2006), Meeting Global Challenges: International Cooperation in the National Interest, Final Report.*

9. Many public goods also have another range dimension in that the effect of their benefits can be spread over time. Future generations are impacted by decisions on public goods taken today (e.g. climate).

10. Several definitions of Global Public Goods can be found in international literature (see Box 2). One of the most influential and cited definitions is the one by UNDP. This definition is used for example by the European Union's Programme on Global Public Goods and Challenges 2014-2020.<sup>12</sup>

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<sup>11</sup> Kaul, I. (2013), Global Public Goods, A concept for framing the Post-2015 Agenda? [https://www.ingekaul.net/wp-content/uploads/2014/01/Internetfassung\\_DiscPaper\\_2\\_2013\\_Kaul1.pdf](https://www.ingekaul.net/wp-content/uploads/2014/01/Internetfassung_DiscPaper_2_2013_Kaul1.pdf)

<sup>12</sup> [https://ec.europa.eu/europeaid/sites/devco/files/mip-gpgc-2014-2017-annex\\_en.pdf](https://ec.europa.eu/europeaid/sites/devco/files/mip-gpgc-2014-2017-annex_en.pdf)

## Box 2. Terminology – Global Public Goods

In the **classical public finance theory**, public goods are goods that are non-excludable and non-rival. Therefore, Global Public Goods are goods that are globally non-excludable and non-rival.

**UNDP**<sup>13</sup> defines Global Public Goods as follows: “Goods (“things”) whose characteristics of publicness (non-rivalry in consumption and non-excludability of benefits) extend to more than one set of countries or more than one geographic region and don’t discriminate against any population groups or generations (present and future) are global public goods”.

The **World Bank** defines Global public goods as “commodities, resources, services -- and also systems of rules or policy regimes with substantial cross-border externalities that are important for development and poverty reduction, and that can be produced in sufficient supply only through cooperation and collective action by developed and developing countries”.<sup>14</sup> This definition does not mention the properties of non-excludability and non-rivalry.

According to **Morrissey et al.**<sup>15</sup>, “an international public good is a benefit providing utility that is in principle available to everybody throughout the globe”.

In a paper named “Advancing the Concept of Public Goods”, **Kaul and Mendoza**<sup>16</sup> have developed an expanded definition of public goods and global public goods. They differentiate between potential public goods (based on the good’s basic properties) and de facto public goods (based on the socially constructed characteristics of the goods<sup>17</sup>):

- i. “Goods have a special potential for being public if they have non-excludable benefits, non-rival benefits, or both”.
- ii. “Goods are de facto public if they are non-exclusive and available for all to consume”.
- iii. “Global public goods are goods with benefits that extend to all countries, people, and generations, available for all to consume”.

The above definition does not require the non-rivalry property.

The **International Task Force on Global Public Goods**<sup>18</sup> uses the following definition: “Global public goods are those whose benefits could in principle be consumed by the governments and peoples of all states. Examples include mechanisms for ensuring financial stability, the scientific knowledge involved in the discovery of a vaccine and international regulations for civil aviation and telecommunications. Once such global standards and systems are established, they are available to all states, and consumption of the good by one state or its people in no way reduces its availability to others.”

<sup>13</sup> Kaul, Inge; Grunberg, Isabelle; and Stern, Marc A (1999). Global Public Goods: International Cooperation in the 21st Century- New York, Oxford University Press for UNDP.

<sup>14</sup> World Bank. 2001. Poverty reduction and global public goods: a progress report (English). Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/290411468780341185/Poverty-reduction-and-global-public-goods-a-progress-report>

<sup>15</sup> Morrissey O., Willem te Velde D., Hewitt A. (2002) Defining International Public Goods. In: Ferroni M., Mody A. (eds) International Public Goods. Springer, Boston, MA.

<sup>16</sup> Kaul, I., P. Conceicao, K.L. Goulven and R.U. Mendoza (2003), Providing Global Public Goods: Managing Globalisation, Oxford University Press.

<sup>17</sup> See further explanation in paragraph 12.

<sup>18</sup> International Task Force on Global Public Goods (2006), Meeting Global Challenges: International Cooperation in the National Interest, Final Report. The International Task Force on Global Public Goods was created by France and Sweden in 2003 with the mandate to foster an enhanced provision of international public goods.

### *(Global) Public Goods: a debated topic*

11. Beyond the purely theoretical definition, there is no international agreement on what goods qualify as public goods. Different actors have identified different sets of GPGs (see Annex I), although some areas, such as peace and security, the eradication of communicable diseases or financial stability are relatively universal. What is understood as public goods might also change over time.

12. There are two reasons for the various interpretations of the concept. First, there is a difference between publicness in consumption and publicness in utility. The fact that a good is public in consumption does not mean that everyone will derive the same utility. The utility derived by individuals will depend on their preferences and their capacity to consume. As Inge Kaul noted, *“GPGs are often not what many tend to call them: Goods in the public interest that all enjoy, but highly contested and contentious issues. Just think of how controversial the norms on human rights have been. Yet norms are things in the public domain; and global norms are GPGs”*. In addition, as emphasised by international political economy, public goods are often social constructs. As Inge Kaul and Mendoza<sup>19</sup> point out: *“Also, in most cases, “publicness” and “privateness” are not innate properties of a good, but the result of social or political choice. For example, land can be freely accessible to everyone; or it can be fenced in, be made exclusive”*.

13. That is why Inge Kaul and Mendoza developed a broader approach and expanded the definition of public goods to include *“all goods in the public domain”* (see Box 2 for more details). As noted by Inge Kaul, *“there is no value connotation attached to the term ‘good’. It simply refers to the fact that something – an organisation, a disease, a new piece of knowledge or a crime – is in the public domain, potentially affecting all or anybody regardless of location”*<sup>20</sup>. Goods are *“de facto public if they are non-exclusive and available for all to consume”*. The expanded definition does not require that public goods have non-rivalry as a basic property. For example, the public domain includes wildlife, which is rival and non-exclusive. It excludes patented knowledge, which is non-rival but exclusive. Figure 1, which is taken from the work of Kaul and Mendoza, shows the scope of the private and public domains.

14. Acknowledging the role of political choices, the International Task Force on Global Public Goods states: *“The sphere of public goods we are concerned with is delineated by issues that are broadly conceived as important to the international community, that for the most part cannot or will not be adequately addressed by individual countries acting alone and that are defined through a broad international consensus or a legitimate process of decision-making”*<sup>21</sup>. This approach stresses that, for the definition of GPGs to be legitimate, it needs to be recognised by both Northern and Southern countries alike.

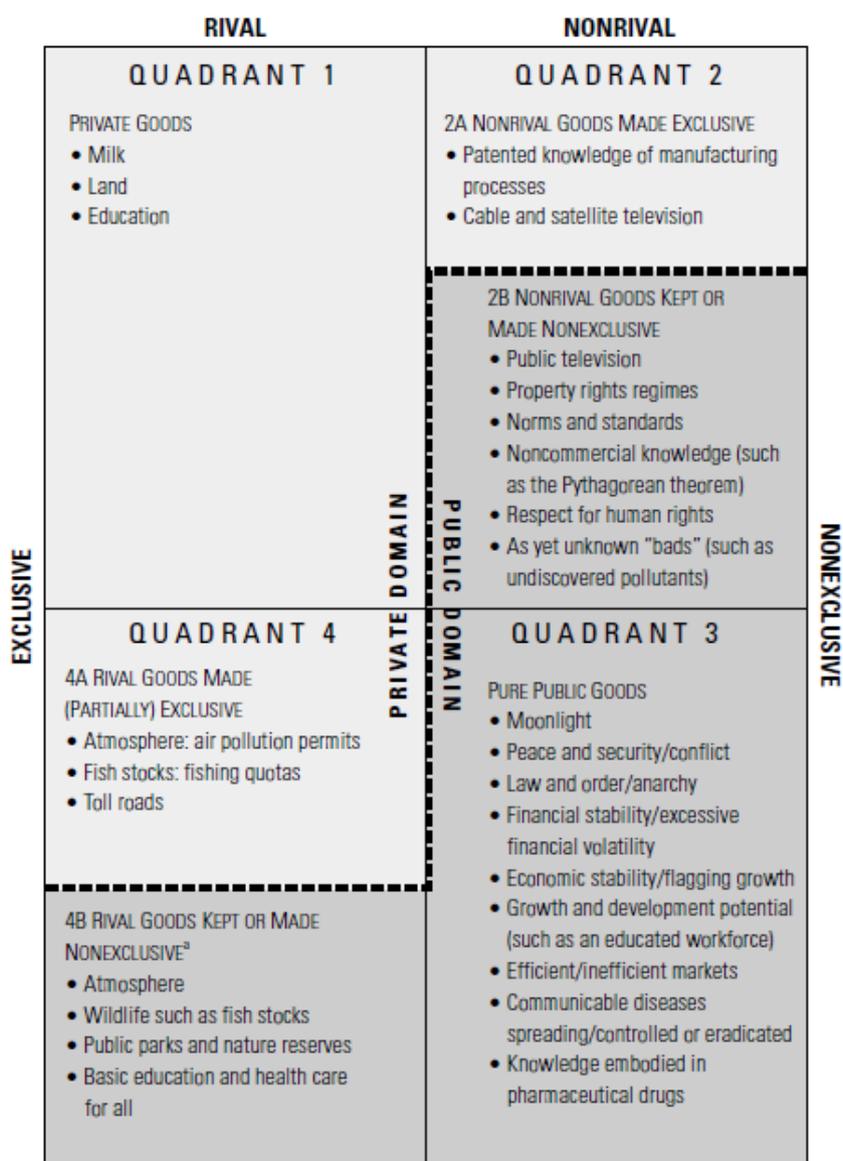
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<sup>19</sup> Kaul, I., P. Conceicao, K.L. Goulven and R.U. Mendoza (2003), *Providing Global Public Goods: Managing Globalisation*, Oxford University Press.

<sup>20</sup> Kaul, I. (2013), *Global Public Goods, A concept for framing the post-2015 Agenda*, [https://www.ingekaul.net/wp-content/uploads/2014/01/Internetfassung\\_DiscPaper\\_2\\_2013\\_Kaul1.pdf](https://www.ingekaul.net/wp-content/uploads/2014/01/Internetfassung_DiscPaper_2_2013_Kaul1.pdf)

<sup>21</sup> International Task Force on Global Public Goods (2006), *Meeting Global Challenges: International Cooperation in the National Interest*, Final Report

Figure 1. The socially determined status of goods: an expanded concept of public goods



a. There are two main types of goods in this category. The first are rival and nonexclusive, often referred to as common pool resources. Because these goods are innately rival, intensive use can threaten their sustainability. The solution is often to make such goods more exclusive, though not entirely so. New counterpart private goods such as pollution permits (see quadrant 4A) are often invented to manage the use of these resources. In countries with air pollution controls, for example, the atmosphere is still available for the general public to enjoy. But it can no longer be used excessively as a pollution sink by firms, which must now buy privately held and tradable pollution permits. The second type of goods in this category includes basic education and health care—public goods that can be made fully private but that are often made nonexclusive by policy choice.

Source: Kaul, I., P. Conceicao, K.L. Goulven and R.U. Mendoza (2003), *Providing Global Public Goods: Managing Globalisation*, Oxford University Press.

*The global public goods agenda and ODA*

15. The concept of Global Public Goods has raised concerns with regard to its relation with traditional development finance, in particular a possible crowding out of ODA. It has been argued that since donors will also benefit from the consumption of GPGs, they will have a relative preference in

financing them vis-à-vis country-specific development assistance. Therefore, GPG advocates have called for distinguishing the concept of GPG financing from ODA. Recognising the importance of country-specific approaches, Inge Kaul noted that: *“care must be taken that GPG provisioning is not undertaken at the expense of foreign aid. In fact, existing commitments of official development assistance (ODA) should be maintained and additional resources for development assistance made available in order to reflect the fact that effective GPG provisioning now often depends on development and that, therefore, development assistance, in part, also benefits the ‘donors’<sup>2223</sup>.*

## 2. Global challenges and development enablers

16. While the notion of public goods refers to a relatively well-established concept, the notions of global challenges and development enablers have not been as well defined and are not based on any theoretical concept. However, the term “global challenges” can be tracked in several key documents that generally suggest a close relationship with the concept of GPGs. For example, the final report of the International Task Force on Global Public Goods<sup>24</sup>, whose purpose was *“elucidating the concept of global public goods, and proposing ways to improve their provision”*, was entitled *“Meeting Global Challenges, international cooperation in the national interest”*. In a paper entitled *“Global Public Goods, a concept for framing the Post-2015 Agenda?”*, Inge Kaul analyses global challenges from the Global Public Good perspective and shows that *“many, if not all, global challenges have the character of GPGs”*. She further identifies the specificity of global challenges: *“they transcend national borders and often affect all, or at least a multitude of countries”*. Inge Kaul further states that *“the concept of global public goods puts a common denominator under all the different – and quite diverse – challenges the international community is facing”*. The Independent Evaluation Group of the World Bank also links the two concepts, by stating for example that: *“By shared global challenges, this evaluation refers to what economists call “global public goods.”<sup>25</sup>*

17. **Global challenges** have several characteristics. First, they are generally defined from a negative viewpoint and often associated to the idea of risk (global climate change, extreme poverty, land and water scarcity, growing demand for food, transnational crime, etc.). They are also more policy-oriented whereas GPGs can also refer to global commons (ozone shield, atmosphere, etc.)<sup>26</sup>. Finally, they are also generally associated with international organisations which have been created to address them (the World Bank for poverty, WHO for fighting communicable diseases, IMF for financial stability, etc.). As such, in the context of TOSSD, the terms “Global Public Goods” and “global challenges” are closely intertwined. Given the important literature available on GPGs, and the lack of agreed definition of “Global Challenges”, the Task Force could discuss whether the definition of pillar II should be based on the “Global Public Goods” concept rather than the “Global challenges” concept (see section III).

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<sup>22</sup> Inge Kaul, (2013), Global Public Goods: A concept for framing the Post-2015 Agenda? <https://www.files.ethz.ch/isn/161015/DP%202.2013.pdf>

<sup>23</sup> The question of crowding out remains relevant in the TOSSD framework. The Task Force may want to discuss the possibility to also include in the reporting instructions text related to the necessity for pillar II to not detract donors from providing ODA.

<sup>24</sup> International Task Force on Global Public Goods (2006), Meeting Global Challenges: International Cooperation in the National Interest, Final Report.

<sup>25</sup> <http://web.worldbank.org/WBSITE/EXTERNAL/EXTOED/EXTANNREVEVEFFE/EXT2008ANNREVEVEFFE/0,,contentMDK:21903365~menuPK:5397143~pagePK:64829573~piPK:64829550~theSitePK:4683541,00.html>

<sup>26</sup> Inge Kaul identifies three categories of GPGs: natural global commons (e.g. atmosphere), human-made commons (e.g. universal norms and standards) and policy outcomes (e.g. peace and security, environmental sustainability, etc.).

18. The notion of **development enablers** does not refer to a well-defined theoretical concept either but is generally understood as the drivers of development or the means to achieve development goals. For example, equitable international trade can enable countries to achieve food security or generate decent employment opportunities for the poor. The reference document associated with this concept is the first report from the UN system on the Post-2015 Development Agenda – “Realizing the Future We Want for All”.<sup>27</sup> One of the key aspects of the report was “*the inclusion of a core set of ‘development enablers’, which are intended to support progress towards four key dimensions of development: environmental sustainability, peace and security, inclusive social development and inclusive economic development*” (see Annex II). The report noted that “*the emphasis on enablers was to address one of the perceived weaknesses of the MDG framework, which was silent on the means to achieve the goals*”. While many of the development enablers listed in the UN report can be assimilated to GPGs, the properties of non-excludability and, in particular, non-rivalry are not always ascertained<sup>28</sup>. Thus, at this stage, the concept of development enablers should probably be kept in the definition of pillar II, using as a basis the four key dimensions displayed in Annex II.

#### Issues for discussion

- **Do Task Force members have comments on the above review of the literature on GPGs?**
- **Are there any additional aspects of the concepts of GPGs, global challenges and development enablers that should be taken into account when addressing the definition of pillar II?**

### III. DEFINING PILLAR II

19. TOSSD is currently defined as follows: “*The Total Official Support for Sustainable Development (TOSSD) statistical measure includes all officially-supported resource flows to promote sustainable development in developing countries **and to support development enablers and/or address global challenges at regional or global levels***”.

20. The two-pillar approach is currently defined as follows: “*TOSSD is a two-pillar framework that tracks officially-supported i) cross-border resource flows to developing countries and ii) **finance for development enablers and global challenges at regional and global levels [the Global Public Goods agenda]***”.

21. At the fourth TOSSD Task Force meeting, members requested that the Secretariat develop a criteria-based approach to eligibility of activities to Pillar II, based on the concept of global public goods. To do so, it is necessary to define :

- The term “Global Public Goods” (including development enablers and global challenges).
- The meaning of “at regional and global levels”.

<sup>27</sup> Available at: [http://www.un.org/millenniumgoals/pdf/Post\\_2015\\_UNTTreport.pdf](http://www.un.org/millenniumgoals/pdf/Post_2015_UNTTreport.pdf)

<sup>28</sup> Some of these development enablers (e.g. inclusive social protection systems) are provided nationally, rather than globally. This point will be discussed in the context of the upcoming decision tree to facilitate delineation between pillar II and I.

## 1. Clarifying the term “Global Public Goods”

22. As explained in section II, there is no international consensus on what constitutes GPGs. For TOSSD, we propose defining the term “good” as Inge Kaul – “goods or products as well as services and conditions that exist in the public domain” – and specifying in the Reporting Instructions that this term has no value connotation.

23. In order to ensure that the TOSSD measure is politically acceptable for a wide range of stakeholders (traditional donors, emerging donors, recipient countries, CSOs, etc.), it seems appropriate to pursue a pragmatic and comprehensive approach rather than a purely theoretical one. Two options could be considered.

### *The Global Public Goods approach*

24. The first option would be to retain the term “Global Public Goods”. As such, the definition developed by UNDP<sup>29</sup> (see Box 2) appears to be a good starting point as it captures both the geographical and intergenerational dimensions of GPGs relevant for the 2030 Agenda. Based on it, in order to be eligible to pillar II, activities would need to satisfy the following two criteria:

- Publicness of the benefits: non-excludable and non-rival. This would place the good in the category of public goods; and
- Globality of the benefits, in terms of countries (covering more than one geographical region); people (accruing to several, preferably all population groups), and generations (extending both to current and future generation, or at least future generations).

25. The disadvantage of this option would be, however, that it would exclude activities that have the character of public good but benefit a smaller number of countries. For example, transboundary water management organisations<sup>30</sup> or activities addressing the issues of acid rains would be excluded from pillar II in this case.

### *The International Public Goods approach*

26. The second option would be to rather use the term “International Public Goods”. This is a relatively more comprehensive concept as it comprises Global Public Goods, Regional Public Goods and other International Public Goods. These can be defined as follows:

- An international public good is a public good (non-rival and non-excludable) that benefits more than one country.
- A Regional Public Good (RPG) is an International Public Good which benefits countries belonging to the same region.

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<sup>29</sup> Kaul, Inge; Grunberg, Isabelle; and Stern, Marc A (1999). *Global Public Goods: International Cooperation in the 21st Century*, New York, Oxford University Press for UNDP.

<sup>30</sup> [https://www.internationalwaterlaw.org/institutions/transboundary\\_wmos.html](https://www.internationalwaterlaw.org/institutions/transboundary_wmos.html)

- A Global Public Good (GPG) is an International Public Good which, while not necessarily to the same extent, benefits consumers all over the world.<sup>31</sup>

27. According to the above definition of International Public Goods, in order to be eligible to pillar II, activities would need to satisfy the two following criteria:

- Publicness of the benefits: non-excludable and non-rival. This would place the good in the category of public goods; and
- The benefits must extend at least to two countries, one of which must be a TOSSD-eligible country.

### *The issue of impure public goods*

28. The problem of both above approaches is that, in practice, few goods are public in a pure sense, i.e. non-excludable and non-rival (e.g. peace and security, scientific knowledge, outer space). For example, all common resources (water, biodiversity, fish in the sea, clean water in a river, public parks, etc.) are not pure public goods technically speaking, because they are non-excludable but rival<sup>32</sup>. Another type of impure public goods are club goods, also called artificially scarce goods, which are excludable but non-rival (patented pharmaceutical research, computer software, etc.). Therefore, adopting a strict definition of public goods would exclude many SDG-relevant activities from TOSSD.

29. This issue could be solved by defining the publicness of a good as Kaul and Mendoza did: “Goods are de facto public if they are non-exclusive and available for all to consume”. This definition gives priority to the non-exclusivity (non-excludability) property and does not require that public goods are non-rival (See examples in Figure 1).

### **Issues for discussion**

- **Which of the two approaches, “Global Public Goods” or “International Public Goods”, is preferable in the TOSSD context? Are the proposed eligibility criteria (publicness of benefits, geographical range) under these approaches appropriate?**
- **Do Task Force members agree that, to be included in TOSSD Pillar II, IPGs/GPGs should be de facto public as described in paragraph 29?**

### **2. Clarifying the term “at regional or global levels”**

30. There is a difference between the geographical reach of the benefits of a public good (GPGs, RPGs, IPGs) and the geographical level of its provision (at country, regional or global level) (See Annex III). When public goods are supplied or sustained regionally or globally, it is generally through international institutions who act on behalf of member states, in order to set norms, lend money, carry out research or assess performance. Still, IPGs, GPGs and RPGs are often supplied nationally.

<sup>31</sup> <http://www.oecd.org/dev/pgd/24482500.pdf>

<sup>32</sup> Overuse of common resources can jeopardise their sustainability, which will make them rival.

31. The current definition of pillar II refers to support to development enablers and to address global challenges at regional or global levels. This could be understood to mean that what matters is not only the nature of the good, i.e. whether it is internationally/globally/regionally public or not, but also at what geographical level it is produced. The latter interpretation, by definition, excludes expenditures incurred in donor countries. While this exclusion would reinforce the focus on TOSSD-eligible countries – emphasised by several stakeholders in first feedback on TOSSD Compendium (see Box 3) – it would eliminate some development enablers and GPGs addressed nationally in donor countries (e.g. knowledge and technology for sustainable development).

### Box 3. Key points from feedback on the Compendium<sup>33</sup> regarding the definition of Pillar II

**The inclusion of in-donor expenditures in TOSSD:** Regarding the inclusion of in-donor expenditures, which support the provision of Global Public Goods, some providers advocated for a very extensive approach, arguing that all in-donor expenditures that support GPGs should be accounted for in the TOSSD framework. According to this view, investments in renewable energies (e.g. wind farms) in donor countries should be counted in TOSSD. However, this idea met with strong opposition in the CSO community, who argued that it would provide a partial picture of the provision of global public goods, if the measure was not netted out by subtracting public money spent by those same providers in damaging global public goods through, for example, fossil fuel subsidies.

Also, the UN Committee for Development Policy recommended that TOSSD be based on principles reflecting the understanding that:

- It accounts for cross-border flows only. Neither domestic costs associated with refugees nor administrative expenses should be part of TOSSD. The provision of sufficient funds for refugees should be encouraged separately.
- Expenditures on global public goods should be registered as TOSSD only if they involve cross-border transactions.

32. At the Fourth Task Force meeting, several members argued that support to GPGs in donor countries should be included while emphasising the need to maintain strong focus of TOSSD on developing countries. While the 2030 Agenda is global in nature, it still very much focuses on the specific problems of developing countries, and of different sub-groups such as least developed countries, small island developing states, etc. It is therefore necessary to assess in which circumstances IPGs/GPGs/development enablers supplied in donor countries can be taken to provide benefits to TOSSD-eligible countries<sup>34</sup>.

33. The 2030 Agenda also states: *“We are setting out together on the path towards sustainable development, devoting ourselves collectively to the pursuit of global development and of “win-win” cooperation which can bring huge gains to all countries and all parts of the world”*. On this basis, a possible criterion could be developed from the notion of win-win international co-operation. An activity in support of an IPG supplied in a donor country could be considered as eligible to pillar II only

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<sup>33</sup> From June to September 2016, a public consultation on TOSSD was held on the basis of a TOSSD Compendium, which is available, together with all comments received at <http://www.oecd.org/dac/financing-sustainable-development/tossd-public-consultation.htm>.

<sup>34</sup> Discussions at the Fourth Task Force meeting recognised the challenges in establishing a criterion.

if it brings benefits to TOSSD-eligible countries or their populations, either directly, or indirectly through co-operation with their institutions.

#### Issues for discussion

- **Do Task Force members have comments on the meaning of “at regional or global levels” (benefits vs. supply of GPGs)?**
- **Do Task Force members agree with the proposed criteria in paragraph 33 to determine the benefit to TOSSD-eligible countries for IPGs/GPGs supplied in provider country?**
- **Do Task Force members identify any alternative approach that could be used to delineate pillar II?**

34. Subject to comments by Task Force members based on the above analysis, the pillar II of TOSSD could be defined as follows: Pillar II includes finance for development enablers and [IPGs] [GPGs] supplied at regional or global levels. In cases where [IPGs] [GPGs] are supplied in provider countries, an activity is eligible to pillar II if it brings benefits to TOSSD-eligible countries or their populations, either directly, or indirectly through co-operation with their institutions.

**Annex I. Sets of Global Public Goods as identified by different stakeholders<sup>35</sup>**

European Union <sup>36</sup>	World Bank <sup>37</sup>	International Task Force <sup>38</sup>	France <sup>39</sup>	Joseph Stiglitz <sup>40</sup>	Netherlands <sup>41</sup>
Environment	Environmental commons (including prevention of climate change and conservation of biodiversity)	Preventing the emergence and spread of infectious disease	The global environment	International economic stability	Trade
Health	Communicable diseases	Tackling climate change	Health	International security (political stability)	Security
Knowledge	International trade	Enhancing international financial stability	Food security	International environment	Migration
Peace and Security	International finance architecture	Strengthening the international trading system	Support for regional economic integration as a basis for producing regional and global public goods	International humanitarian assistance	Water
Governance	Global knowledge for development	Achieving peace and security	Development-centred research	Knowledge	Climate
		Knowledge	Promoting cultural and linguistic pluralism		Food security
					Raw materials
					Energy

<sup>35</sup> The documents that are taken as reference reflect the views of their authors at the time of their issuance.

<sup>36</sup> <http://ec.europa.eu/environment/archives/wssd/pdf/publicgoods.pdf>

<sup>37</sup> World Bank. 2001. *Poverty reduction and global public goods : a progress report (English)*. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/290411468780341185/Poverty-reduction-and-global-public-goods-a-progress-report>

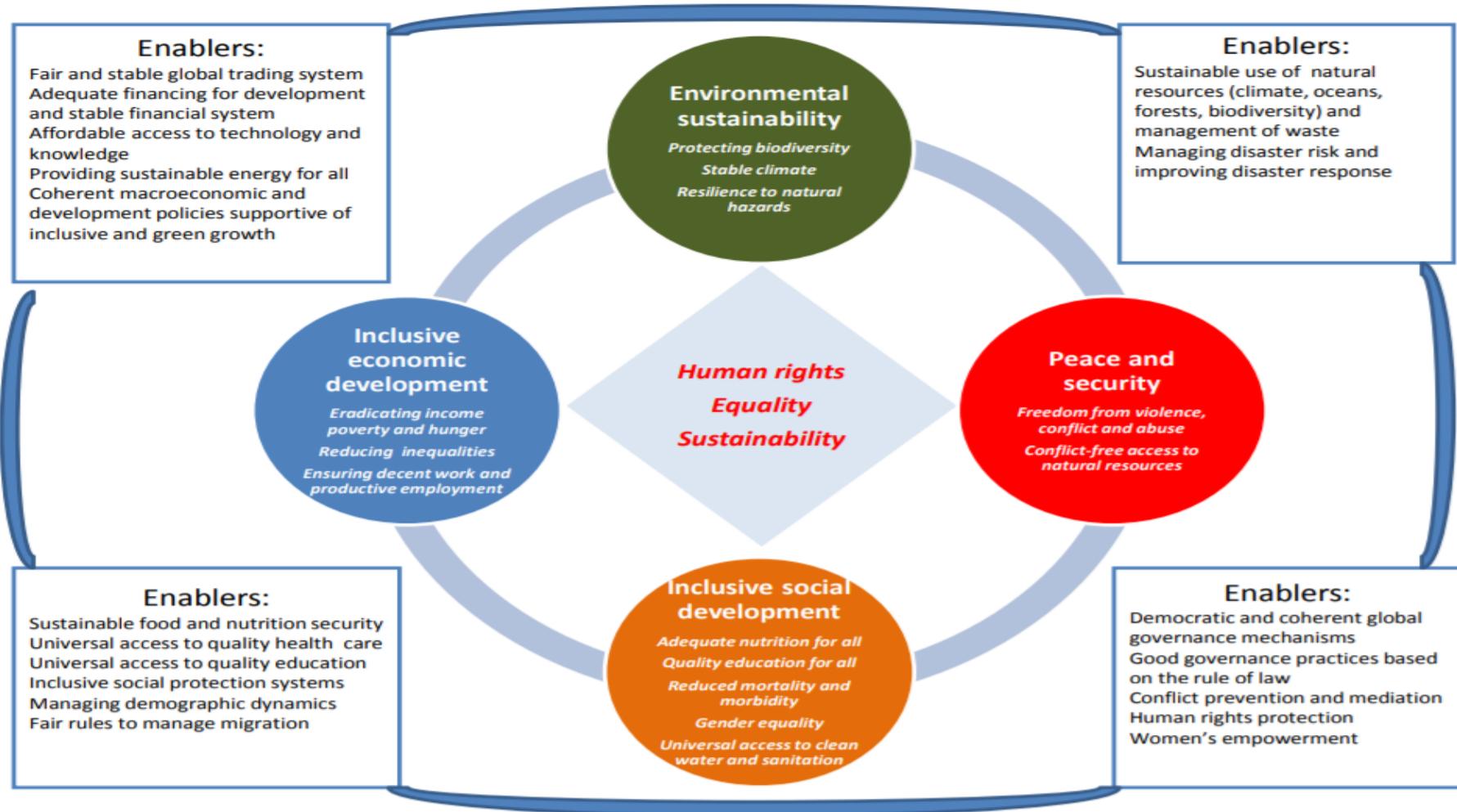
<sup>38</sup> International Task Force on Global Public Goods (2006), Meeting Global Challenges: International Cooperation in the National Interest, Final Report.

<sup>39</sup> [https://www.diplomatie.gouv.fr/IMG/pdf/Les\\_biens\\_publics\\_mondiaux-2.pdf](https://www.diplomatie.gouv.fr/IMG/pdf/Les_biens_publics_mondiaux-2.pdf)

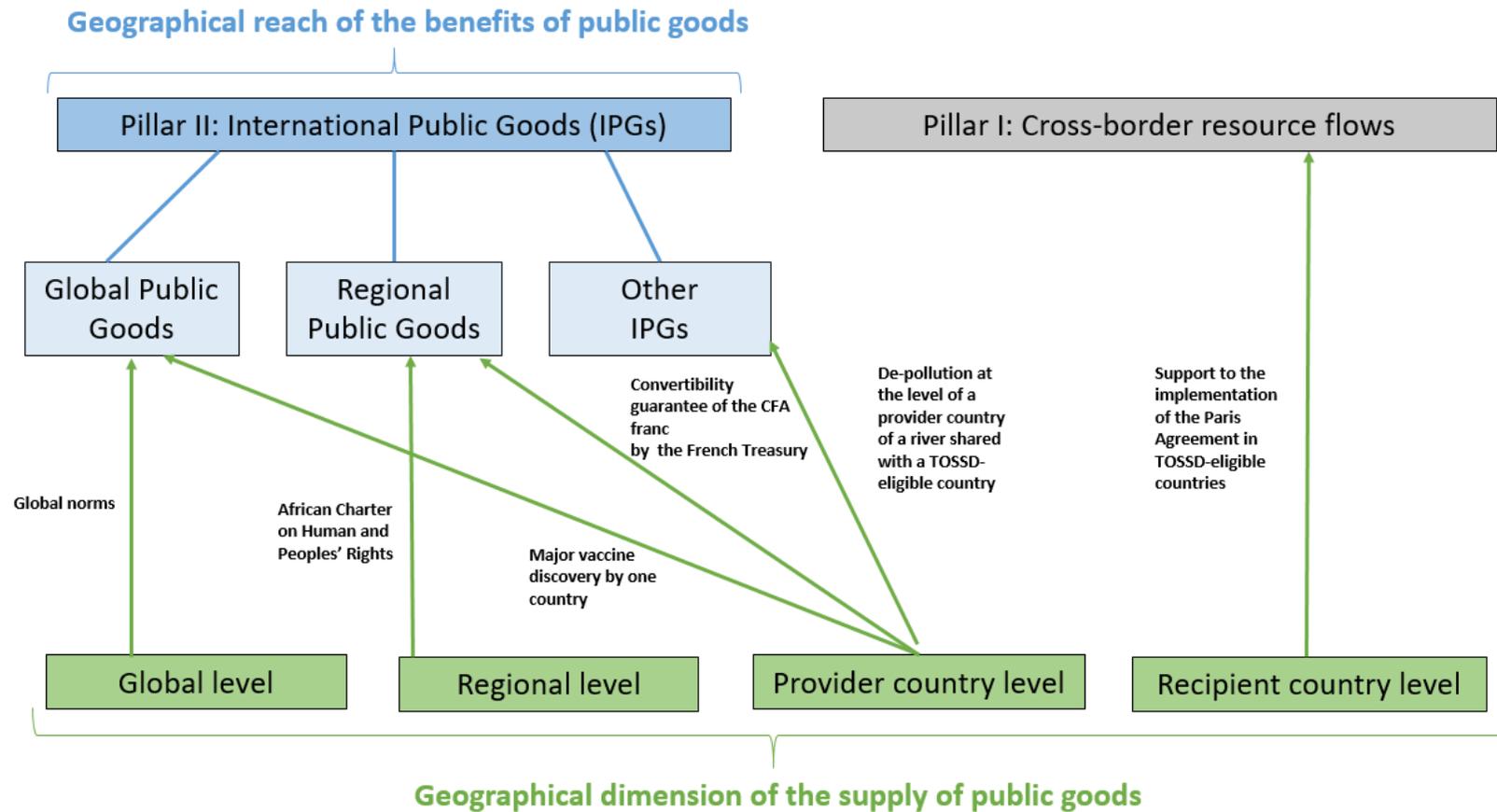
<sup>40</sup> Stiglitz, Joseph. (1995) "[The Theory of International Public Goods and the Architecture of International Organizations](#)," *United Nations Background Paper 7*, Department for Economic and Social Information and Policy Analysis.

<sup>41</sup> A World to Gain, A new Agenda for Aid, Trade and Investment, 2014.

Annex II. Development enablers as identified in the document “UN system on the Post-2015 Development Agenda – Realizing the Future We Want for All”



### Annex III. Geographical dimensions of the benefits of the public good and its supply



NB: Activities undertaken in TOSSD-eligible countries, such as those related to the implementation of the Paris agreement, can also support International Public Goods.