

Global Public Investment for Equality and Sustainability

Virtual Symposiums, 21 & 28 May 2020¹

Follow up note to participants

Purpose of this note

We would like to thank all our participants for their contributions. The two symposiums made important strides forward and achieved or exceeded our ambitions. Most participants strongly supported the concept as well as offering useful critiques, challenges and suggestions. We have copious notes of the contributions made at the meetings which will form the basis of future writing. In this follow-up note we do not pretend to represent the great depth of the discussions; rather we have simply tried to bring out our key learning points, our own brief reflection on perspectives shared and questions raised. Our primary purpose now is to set the basis for a group of experts to continue developing this work.

Context and history of concept

As major geopolitical and economic shifts play out across the globe, the debate about the future of “aid” and similar international public finance is well underway. The traditional view, hardwired into aid theory and institutions, is that the whole enterprise will slowly come to an end over the next few years, as global poverty figures improve, and domestic financing increases, complemented by private flows, including remittances and philanthropy. The concept of *Global Public Investment* was developed to make the case that, because of its unique characteristics, concessional international public finance continues to have a critical role in responding to current and future global challenges, but that it has to be remodelled to fit a new context.² This is not just about transforming the aid debate: it represents a new paradigm of fiscal policy for the 21st century. In the last few years, a growing number of experts and organisations have begun to support this new approach, with interest picking up considerably in light of Covid19 crisis which demonstrates the interconnectedness of global policy, as well as the development challenges that face all countries as the world slips back into recession.

Purpose of the symposia

These two symposia brought together a group of experts (mostly from academia and think tanks) to stress-test the *Global Public Investment* concept, and to develop the technical, philosophical and political case for a realisable form of GPI. Our overarching research question was: *How can international public spending complement national public spending for development progress and equality?* The first symposium (21 May) concentrated on Principles, exploring strengths and weaknesses with the case for GPI as it stands. The second symposium (28 May) explored Practice, looking at global public investment for global health as a specific case study and possible testing ground.

Main points arising³

Strong support for overall vision

Most participants, agreed that the aid approach is unfit for purpose, and supported the GPI approach recognising the special role of public, government-mandated money at the

¹ Hosted by QMUL and jointly chaired by Simon Reid-Henry and Jonathan Glennie

² We have not, in this note, presented the core elements of GPI, which are available in other publications. The two most developed versions of this proposal are Glennie J. (2019) *Global Public Investment: Five paradigm shifts for the future of aid*. Joep Lange Institute and Reid-Henry, SM (2020) *Global Public Investment: Redesigning global public finance for social cohesion*, forthcoming, special issue in *Revue Française du Développement*. Another recent paper elucidates a similar idea, without using the term *Global Public Investment*: Sumner et al (2020) *A Proposal for a New Universal Development Commitment*, *Global Policy*

³ As agreed with participants, we have not attributed comments.

international level, based upon the principle of universal contributions, directed at the public goods, services and infrastructure on which all citizens rely, and supporting the vision set out in the SDGs of a more equal and sustainable world. Fundamentally there is far too little ambition in the international development sector. We have to deal with development traps, not just extreme poverty, and we have to challenge the narrative that public money cannot create the change required.

Rebuilding as the old order passes

Whereas once GPI would have been seen as radical and over-ambitious, today major schemes of a similar or even larger scale are being proposed.⁴ Common elements include a focus on grant money, (mostly) government raised funds, and an explicit focus on international redistribution. But these proposals are imagined in crisis response mode, while GPI offers a longer term approach recognising that the volatility of current approaches is part of the problem. There are many bitty, well-intentioned but incoherent responses to the emergencies of our time, but GPI is a systemic response to a systemic problem. GPI offers emerging powers a chance to buy into a new global system, and the old liberal order powers a chance to shape the rules of that new game (one they will not be able to dominate), in a context of deliberate attacks on the multilateral system (including the WHO in recent weeks).

Getting governance right

Public money comes with challenges related to the issue of collective action. Who decides? At the national level we have democracy to address this, but what about the international level? The “global” in GPI does not mean “no national control”; any funds earmarked for GPI would need to be allocated or approved by parliaments in the first instance. This is not about centralising public finance. But then how should decisions be made? As one participant put it, “What is the table around which we need to meet?” Not the OECD, certainly, but is the UN ready for this? The regional level might be best for experiments of this sort. Should we be trying to steady and strengthen the dysfunctional multilateral system, or circumvent it? The critical thing is to link international and national frameworks, something not always common at the moment. Good governance does not need to be invented anew so much as intelligently and appropriately used in a system such as this.

Where will the money come from?

How should the money for GPI be found? Ideally there should be an automatic system to avoid the problem of collective action i.e. and international agreement. Apart from regular contributions from the national treasury, ideas included: raising credit (perhaps via some form of GDP-linked system of national bond issues); link GPI to something like a transaction tax on specifically cross-border activity. But even where there are examples of this that actually have been put into place in the health sector, such as UNITAID, the levels are low; quota systems as an alternative to taxation (as in the field of climate change). These have a degree of automaticity whereby countries pay for *not* fulfilling their obligations. But while quotas can shape behaviours, they can’t lay roads, or build tax registers. There was a sense that these questions need to be kept open at this stage; in practice they would be decided by whichever actors – lead nations? G20? OECD? EU? African Union? – wanted to lead the development of GPI.

Contributions to progress in the Global North

This is hard to get right. On the one hand GPI could help meet growing demands in the North for a green new deal and democratic ownership of public services. More importantly many social

⁴ These include a USD2.5 trillion Solidarity Fund which would solve the collective action problem by focusing on rich countries (who can borrow cheaply) and having them take a “solidarity pledge” to commit 1% of GDP to a global trust; a USD1.24 trillion fund suggested by economists at the World Bank for Covid-relief in the poorest countries for a 6-month period, funded out of a G-20 contributory base; the economists Landeis, Saez and Zucman propose a time-limited wealth tax on the European rich to fund the European response; the Merkel Macron plan. Much hyped as a Hamiltonian moment. “The nation state has no future standing alone.” As Merkel says. The scheme would raise funds via a bond issue backed by an increase in the EU tax take to 2 % of GDP; Anne Kreuger is calling for more multilateral support for low and middle income countries, both G20 and IMF are freezing debt payments.

groups are not covered by existing social insurance programmes and there is a pressing need today simply to *maintain* the redistributive achievements of the 20th century welfare state in a context where there is little appetite for more progressive taxation and a growing bill from ageing populations. Universal public services, goods and infrastructure are the most obvious next area to turn to. So GPI has the potential to appeal to rich country constituents on precisely the matter of their own social security. We need a new language that does talk to the self-interest of the north (in terms of economy, security etc). On the other hand, there needs to be a clear emphasis on continued redistributive effects, recognising historical and moral responsibilities.

Replacing or complementing ODA?

We spoke about the relationship between ODA and GPI; between aid and a form of international public finance that is democratically accountable to the nation state. Inevitably a number of concerns and questions were raised here. Should GPI be a parallel system to ODA? Or should it replace ODA? Gradually or urgently? This is not an either/or discussion. The most likely outcome is that ODA may be phased out eventually but needed for now – any new system must preserve strong redistributive elements.

Need to take advantage of this crisis moment

This is an opportunity for diplomatic leadership – which leaders will step forward and open a forum for cooperation, in light of Covid19? Realisation of co-dependence of health has dawned across the world. Covid could reinforce the SDGs or lead to a total reprioritisation to work on this pandemic. It may compromise the targets. We need to think about this challenge in terms of decades – how this could be helpful in a post-2030 set of institutions and structures. Could GPI be the sort of framework that post-2030 funding takes and should our advocacy take this into account? Covid19 could be a tipping point for political and societal leaders, but human behaviour could also return to baser instincts – challenge is to tip it the right way. Areas where we can immediately start working include: a global pandemic insurance fund; a fund for a network of R&D institutions to produce prophylactics, vaccines, medicines (this network could generate products with global intellectual property rights; in the longer term, a fund for health infrastructure.

Next steps – an expert commission

The idea of a commission of experts was mooted at the meeting and received broad approval and interest. It reflects the common view that the GPI proposal is on the right lines, but that important questions still need resolving, and detailed proposals made. At the moment, many people are thinking about the future, and some are concretising proposals – but we don't have one strong call. We need to put together something that we can all sign up to, and encourage others to do so as well. Given the urgency of the moment, we propose to set up the Commission quickly with a view to launching a document in September 2020. The commission would look at:

Political feasibility: the ideal, the necessary, and the feasible (as one participant put it).

Time horizon: what steps can be taken in the short term, what structural changes are needed in the longer term, and what can bridge the gap. As noted above, we could consider directing our proposal at building a new architecture for the post-2030 era, for example.

Scope of GPI: marrying a focus on poverty with a broader systems focus – how to manage this both technically and in terms of narrative.

Scope of proposal: we need two levels of research/policy/advocacy. On the one hand, we need the overall concept clearly outlined, with a focus on health but relevant to all sectors. On the other, we need to target our thinking at particular organisations (e.g. the Global Fund, some open bilateral agencies) to help them think through how they can make progress along the lines of GPI.

Participants list

| In attendance | Affiliation | Calling from |
|------------------------|---|--------------|
| Pascale Allotey | United Nations University – International Institute for Global Health | Kuala Lumpur |
| Debapriya Bhattacharya | Centre for Policy Dialogue (CPD) | Dhaka |
| Milindo Chakrabarti | Jindal School of Government and Public Policy | New Delhi |
| Sachin Chaturvedi | Research and Information System for Developing Countries (RIS) | New Delhi |
| Paulo Esteves | BRICS Policy Centre | Rio |
| Gail Hurley | Development Initiatives | Edinburgh |
| Jonathan Glennie | Joep Lange Institute | Bogota |
| Nilima Gulrajani | Overseas Development Institute (ODI) | Toronto |
| Inge Kaul | Hertie School of Governance | Berlin |
| Stephan Klingebiel | UNDP Seoul Policy Centre | Seoul |
| Jon Lomøy | Norwegian Agency for Development Cooperation (NORAD) | Oslo |
| Emma Mawdsley | Cambridge University | Cambridge |
| Dave McCoy | QMUL Global Health | London |
| André de Mello e Souza | Institute for Applied Economic Research (IPEA) | Rio |
| Mick Moore | Institute of Development Studies (IDS) | Brighton |
| Philani Mthembu | Institute for Global Dialogue | Pretoria |
| Andrea Ordóñez | Southern Voice | Quito |
| Ann Pettifor | PRIME Economics | London |
| Mario Pezzini | OECD Development Centre | Paris |
| Simon Reid-Henry | Queen Mary University of London (QMUL) | London |
| Emma Rhule | United Nations University – International Institute for Global Health | |
| Elizabeth Sidiropoulos | South African Institute of Foreign Affairs | Johannesburg |
| Francisco Songane | Former Minister of Health in Mozambique | Geneva |
| Andy Sumner | Kings College, London | London |
| Giovanni Valensisi | UNCTAD | Geneva |
| Peter van Rooijen | Joep Lange Institute | Amsterdam |