

E.13—New Tools of International Cooperation Governance

Draft Syllabus (January 2009)

1. General Information

Class	Wednesday, 16:00 to 19:00 hours—from 4/3 to 18/3 09:00 to 12:00 hours—from 25/3 to end
Venue	Room 2.32 (until 18/3) and 2.34
Convener	Dr. Inge Kaul
Office	1 st floor lounge
Telephone	030-887 09092
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Office Hours	Wednesday, 15:00-16:00 hours (until 18/3), 12:00 to 13:00 (after 18/3) and by appointment

2. Course topic and objective

The policy toolkit of governments worldwide has, in recent years, changed significantly. The main driving forces have been greater economic openness and porosity of the dividing lines between markets and states. The new tools of governance that emerged in this process are now beginning also to penetrate the international cooperation realm, changing in important ways how foreign aid and the provision of global public goods are being delivered and financed.

Among the new, often still experimental tools of international cooperation are incentive measures like advanced purchase commitments; the creation of new carbon-related products (like national emission caps); differential patenting, notably in the area of medicines for the poor; public-private partnerships for the implementation as well as financing of international cooperation efforts like the International Finance Facility for Immunization; greater reliance on risk management products like weather insurance for poor countries; new forms of regulation through target-setting, monitoring and reporting; and new approaches to cost/benefit analysis to determine promising international cooperation initiatives.

The objective of the course is for students to: 1) gain an overview of the changing landscape and diversification of new policy approaches and instruments in the international cooperation realm; 2) employ criteria and methodologies to analyze, assess and compare the design and functioning of some of these new instruments; and 3) explore the applicability of the tools to select global challenges like global communicable diseases, climate change, excessive financial volatility, or food safety.

3. Course requirements and grading

Besides attending classes regularly, participants are also expected to contribute actively to in-class discussions and prepare oral and written inputs in a timely manner. The nature and timing of student inputs will be determined, once the class composition and size are known and participants had an opportunity to discuss and share their interests in the course topic.

The grading will be as follows: presence 10%; oral contributions 30%; 10% timely submission of paper outline and preliminary bibliography; and final course paper 50%.

A standard outline for the final course paper will be discussed during session I and developed during session II. A draft list of issues that participants could discuss in their final paper will also be made available at the beginning of the course and jointly finalized during session 2.

4. General course readings

Students interested to join the course might want to familiarize themselves with the course topic by consulting the following literature:

- Kaul, Inge and Pedro Conceição, eds. 2006. *The New Public Finance; Responding to Global Challenges*. New York: Oxford University Press.
- Salamon, Lester M., ed. 2002. *The Tools of Government; a Guide to the New Governance*. New York: Oxford University Press.

Relevant information and debates on the issues to be discussed in the course can also be found at the following websites:

<http://www.brookings.edu/>
<http://www.thenewpublicfinance.org>
<http://www.unepfi.org/>
<http://www.worldbank.org/>

<http://www.gpgnet.net/>
<http://www.un.org/esa/ffd/doha/>
<http://www.unfccc.int/>

The required course readings are listed below under point 6, session by session.

5. Course Overview

Session*	Date	Topic
1	4/3	<p>Introduction: The new realities of international cooperation</p> <ul style="list-style-type: none"> ○ Global issues—the new challenges to be governed ○ Greater openness and greater porosity between the private and public sectors ○ Similarities and differences of governance at the national and international level ○ The desirability of new policy mechanisms and instruments <p>Overview of the new operational landscape of international cooperation</p> <ul style="list-style-type: none"> ○ The period 1945 to 1990 ○ The post 1990 era ○ The driving forces behind the multiplication and diversification of tools and instruments <p style="text-align: center;">----</p> <ul style="list-style-type: none"> ○ Discussion and finalization of the course outline and discussion of potential paper topics
2	11/3	<p>Special focus: taking a closer look at the commonalities of, and differences between, global issues</p> <ul style="list-style-type: none"> ○ Global concerns and foreign affairs ○ Foreign aid ○ Global and regional public goods <p>Global regulation: rationales and approaches</p> <ul style="list-style-type: none"> ○ Conventional approach to international regulation ○ The interplay and complementarity between different actor groups in formulating global norms and standards today ○ Encouraging compliance through incentives, reporting,

		<p>monitoring, transparency and accountability requirements, ratings and rankings</p> <ul style="list-style-type: none"> ○ Lessons to learn from: determining global/national pollution caps or allowances; norms and standards to promote enhanced international financial stability; safety of air traffic and shipping; universalization of human rights, including gender equity
3	18/3	<p>Market-supporting and market-based tools</p> <ul style="list-style-type: none"> ○ The role of the Global Environment Facility (GEF) in facilitating 'trade' in global environmental services ○ Allowances/quotas: Tools to foster the development of new markets, notably carbon markets ○ User fees and charges ○ Private insurance products like weather insurance or commodities futures and options and measures to foster their accessibility for the poor ○ GDP-indexed bonds ○ When to opt for markets, when for state/intergovernmental intervention, and when for a mixture of both
4	25/3	<p>International-level financial incentive measures for nonstate actors, notably business, and individual countries to contribute to global concerns</p> <ul style="list-style-type: none"> ○ Incentive measures for private actors (e.g. advance purchase commitments; differential patenting and pricing) ○ Incentive measures for individual countries (e.g. incremental cost payments; loan buy-downs; foreign aid) ○ Delivery vehicles for pooled incentives: global public-private partnerships and global funds
5	1/4	<p>International-level financial incentive measures for nonstate actors, notably business, and individual countries to contribute to global concerns</p> <ul style="list-style-type: none"> ○ Discussion of 25/3 continued <p>Measures to enhance foreign aid effectiveness and efficiency</p> <ul style="list-style-type: none"> ○ Target setting (e.g. the promulgation of the MDGs) ○ Coherence measures ○ Making aid delivery more competitive ○ The phasing of aid tools (e.g. grants/loans/guarantees)
6	8/4	<p>Tools for tapping new sources of international cooperation financing</p> <ul style="list-style-type: none"> ○ Fees and charges for the use of global services and resources (e.g. eco-tourism tax, carbon tax, postage sharing) ○ The airline surcharge ○ Securitization of future aid promises: the case of the International Finance Facility for immunization (IFFim) <p>Special focus topics</p> <ul style="list-style-type: none"> ○ Results of the London G-20 meeting ○ IMF external-shock response facilities; ○ On the way to the Copenhagen Conference ○ Revisiting the issue of instruments to address climate change
7	15/4	Holiday*
8	22/4	<p>Exploring the applicability of some of the newer tools to select global concerns</p> <ul style="list-style-type: none"> ○ Cases to explore could include : climate change, HIV/AIDS in Africa, food safety, biodiversity preservation, financial stability, weather-related risks (or other issues, depending on course participants' interests) <p>Review of final paper outlines</p>

9	29/4	<p>Criteria for selecting the right tool for a given purpose</p> <ul style="list-style-type: none"> ○ Comparing select tools in terms of efficiency, effectiveness, fairness, manageability and adjustability ○ Criteria for determining which tool might be 'best' ○ Why some issues might require a battery of tools <p>Review of final paper outlines</p>
10	30/4	<p>Summary debate of the main learning points</p> <ul style="list-style-type: none"> ○ Key concepts ○ Key messages ○ Deliberation of pending issues ○ Conclusion

6. Required course readings

Note: If the required readings exceed 50 to 60 pages per week, students will select titles and present a summary of those to the other course participants so that all students will be familiar with all required readings.

Session 1: Introduction into the course topic

Part 1 —The new policymaking realities

See point 4 above for suggested preparatory readings.

Part 2—Overview of the current institutional landscape of international cooperation

Conceição, Pedro. 2006. "Accommodating New Actors and New Purposes in International Cooperation". In Kaul and Conceição, op. cit, p. 269-280.

Salamon, Lester, ed. 2002. *The New Tools of Government*. New York: Oxford University Press, Introduction, p.1-47.

Discussion and finalization of course design

Session 2: Exploring once again, the policy challenges to be met and rationales and changing approaches to global regulation

Part 1—Exploring the policy challenges

Kaul and Conceição (2006), p. 9-20.

Part 2—Global regulation

Bandura, Romina. 2008. "Measuring Country Performance and State Behavior." Available at http://composite-indicators.jrc.ec.europa.eu/FAQ.htm#List_of_Composite_Indicators under "Recent Inventories".

Barrett, Scott. 2008 (forthcoming). "Climate Treaties and the Imperative of Enforcement". In Oxford Review of Economic Policy, 2008, pp 1-20.

Peter J. May. 2002. "Social regulation". In Salamon (ibid), p. 157-185.

Salamon, Lester. 2002. "Economic regulation". In Salamon, Lester (ibid.), 117-155.

Session 3: The growing role of markets—and market-supporting and market-based tools—in meeting global public policy objectives

- Griffith-Jones, Stephany and Krishnan Sharma. 2006. “GDP-Indexed Bonds. Making it Happen.” Available at http://www.un.org/esa/desa/papers/2006/wp21_2006.pdf
- King, Kenneth. 2006. “Compensating Countries for the Provision of Global Public Services.” In Kaul and Conceição, eds. op.cit. p.371-388.
- Morgan, C. Wyn. 2006. “Using Markets More Efficiently”. In Kaul and Conceição, op.cit. p. 417-432.
- Sandor, Richard. 2006. “Creating New Markets”. *ibid.* p. 389-416.
- World Food Programme (WFP). “World’s First Humanitarian Insurance Policy Issued”. At <http://www.wfp.org/english/?ModuleID=137&Key=2030/>

Session 4: International-level incentive measures

- Berndt, Ernst R. et al. 2006. “Advance Market Commitments for Vaccines against Neglected Diseases: Estimating Costs and Effectiveness.” WP 98 at www.cgdev.org/globalhealth/
- Kaul, Inge. 2006. “Exploring the Policy Space between Markets and States”. In Kaul and Conceição, eds. op. cit., p. 219-268.
- Kremer, Michael and Alix Peterson Zwane. 2006. “Creating Incentives for Private Sector Involvement in Poverty Reduction”. *ibid.* p. 564-584.
- Lanjouw, Jean O. 2001. “A Patent Policy Proposal for Global Diseases.” To access the text, google author name and paper title.

Session 5: Enhancing foreign aid effectiveness and efficiency and

Part 1: International-level incentive measures

For the readings see session 4 above

Part 2: Enhancing foreign aid effectiveness and efficiency

- Birdsall, Nancy. 2008. “Seven Deadly Sins: reflections on Donor Failings.” In Easterly, William, ed. *Reinventing Foreign Aid*. Cambridge, Mass.: MIT Press, p. 515-551.
- Collier, Paul. 2006. “Using Aid Instruments more Coherently.” In Kaul et al., eds. 2006. *Op.cit.* p. 471-485.
- Easterly, William. 2008. “Introduction: Can’t Take it Anymore? In Easterly *op.cit.* p.1-43.

Session 6: Tapping new sources of financing and special focus topics

Part I: Tapping new sources of financing

- Conceição, Pedro et al. 2006. “Making the Right Money Available at the Right Time.” In Kaul and Conceição, eds. op. cit., p. 281-303.
- Reisen, Helmut. 2004. “Innovative Approaches to Funding the Millennium Development Goals.” Available at http://www.oecd.org/document/58/0,3343,en_2649_33731_2737210_1_1_1_1,00.htm
- Plus: Explore key concepts and check out the website of Unitaid (<http://www.unitaid.eu/>) and Product Red (<http://www.joinred.com/>).

Part II: Special focus topics

II.1—The G-20 meeting and the provision of external shock facilities for developing countries

Ocampo, José Antonio et al., eds. 2007. *International Finance and Development*. London: Zed Books, especially pages 45-59 and the section on “Systemic Issues”. (See also www.un.org/esa/desa/papers/2007/wp39_2007.pdf)

II.2—On the way to the Copenhagen Conference and the debate on taxes vs markets as instruments for addressing the challenge of climate change

Flachsland, Christian, Robert Marschinski and Ottmar Edenhofer. 2007. Global trading versus linking: Architectures for international emissions trading. In: *Energy Policy* (2009), doi:10.1016/j.enpol.2008.12.008. Available at http://www.pik-potsdam.de/members/edenh/publications-1/flachsland_2009_energy_policy/

Session 7: Exploring the applicability of some of the newer tools to select global concerns

“Holiday reading”:

Conceição, Pedro and Ronald Mendoza. 2006. “Identifying high-return investments”. In Kaul, Inge and Pedro Conceição, eds. 2006. *The New Public Finance*. New York: Oxford University Press, p.327-356.

Lomborg, Bjørn. 2007. *Solutions for the World’s Biggest Problems; Costs and Benefits*. Cambridge: Cambridge University Press.

Session 8: Exploring the applicability of some of the newer tools to select global policy concerns (cont.)

Inventory of International Financing Mechanisms and Tools available at www.thenewpublicfinance.org

Session 9: Criteria for selecting the right tool for the purpose

Jones, Philip. 2006. “Taking Self-Interest into Account.” In Kaul and Conceição, eds. op. cit., p. 304-323.

Peters, B. Guy. 2002. “The Politics of Tool Choice.” In Salamon, op. cit., p. 552-564.

Session 10: Conclusion of the course

No readings

7. Other issues

The course program may be adjusted to accommodate guest speakers, who may become available, or any other events of special interest to the course topic.