

## E-5 New Tools of International Cooperation Governance

**Inge Kaul**

**Draft Syllabus** (5 August 2008)

### 1. General Information

Class	Wednesday, 15.00 to 18.00 hours (during September and October) 15.00 to 17.00 hours (in December)
Venue	tba
Convener	Dr. Inge Kaul
Office	Room #
Telephone	
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Office Hours	Wednesday, 14.00-15.00 hours 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 the delivery of foreign aid and the provision of global public goods.

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 to analyze and assess the design and functioning of some of these new instruments of international cooperation and their applicability to different issue areas.

Course sessions will be held during September, October and December. The month of November is being reserved for course participants to prepare their final papers. These papers will be reviewed in class in December so that all participants are familiar with each other's papers. They could collect these papers and construct their own toolbox of new instruments of international cooperation—which, one day, when entering work life, they may find useful to have.

### 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.

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 after session 1.

The grading will be as follows: presence 10%; oral contributions 20%; 10% timely submission of paper outline and preliminary bibliography; final course paper 50%; 10% presentation of paper in class. The final course paper will be graded based on the draft submitted at the end of November, i.e. before the papers are being discussed in class. However, students are being encouraged to adjust their paper, as and if desirable and feasible, in light of the in-class discussion of their paper in December. The incentive to do so would be—enlightened self-interest (e.g. to prepare the paper for submission as a writing sample that a future employer may request).

*Outline of the final paper and milestones for its preparation*

A standard outline for the final course paper will be developed during session II. All papers are to cover the following points: a particular tool or set of tools; a description of the design and functioning of the tool; the application to date of the tool to particular challenges and the experiences gained; assessment of the tool—whether it is still at an experimental stage or fully developed; its strength and weaknesses as reported in available studies; and recommendations on possible design improvements or new, additional areas of application. The paper is to be accompanied by a bibliography also covering these points.

A draft paper outline should be available latest by the end of October, together with a list of the major literature and data sources to be consulted. The first full text of the paper should be available by 27 November. As noted also above, it is the 27/11 version of the paper that will be graded.

**4. Basic course readings**

A detailed reading list for each session will be provided in September. Students interested to join the course could begin familiarizing themselves with the course topic by consulting the following literature:

Cullis, John and Philip Jones. 1998. *Public Finance and Public Choice: Alternative Perspectives*. New York: Oxford University Press.  
 Easterly, William, ed. 2008. *Reinventing Foreign Aid*. Cambridge, Mass.: The MIT Press.  
 (under order by the HSoG Library)  
 Kaul, Inge and Pedro Conceição, eds. 2006. *The New Public Finance; Responding to Global Challenges*. New York: Oxford University Press. (available at the HSoG Library)  
 Salamon, Lester M., ed. 2002. *The Tools of Government; a Guide to the New Governance*. New York: Oxford University Press. (available at the HSoG Library)  
 Stiglitz, Joseph E. 2000. *Economics of the Public Sector*. New York: W.W. Norton. (available at the HSoG Library)

In addition, relevant information and debates on the issues to be discussed in the course can be found at the following websites:

- <http://www.brookings.edu>
- <http://un.org/esa/ffd/doha>
- <http://thenewpublicfinance.org>
- <http://theworldbank.org>
- <http://unfccc.int>

**5. Course Overview**

Session*	Date	Topic
1	12/9	Introduction: <i>The new realities</i> <ul style="list-style-type: none"> <li>o The new realities of governance at the national and</li> </ul>

		<p>international level;</p> <ul style="list-style-type: none"> <li>○ Similarities and differences of governance at the national and international level</li> <li>○ Implications for policy innovation and design</li> <li>○ Basic characteristics of emerging new policy instruments and mechanisms</li> </ul>
2	17/9	<p><i>Identifying promising opportunities</i> for public policy intervention, with a special focus on assessing global policy concerns like global climate change, communicable diseases, international peace and security, and poverty reduction</p> <ul style="list-style-type: none"> <li>○ New approaches to cost/benefit analyses</li> <li>○ How the choice of the tool may affect costs/benefits</li> <li>○ Case studies: The Stern report; the Stiglitz study on the real costs of war; the Lomborg Copenhagen Consensus</li> </ul> <p>Criteria for <i>determining the point of intervention, the best actor type and tool</i></p> <ul style="list-style-type: none"> <li>○ Centralization or decentralization</li> <li>○ Markets, states, CSOs, or a hybrid actor (e.g. public/private partnership)</li> <li>○ Selecting the 'right' tool for the purpose</li> </ul>
3	24/9	<p><i>Global regulation</i> and related implementation challenges</p> <ul style="list-style-type: none"> <li>○ The interplay between private actors, civil society, individual states and intergovernmental bodies in formulating global norms and standards</li> <li>○ Self-regulation,</li> <li>○ Encouraging compliance through reporting, monitoring, transparency and accountability requirements, ratings and rankings</li> </ul> <p>Case studies: Norms and standards to promote enhanced international financial stability; regulation to facilitate the flow of remittances to the home country of migrants; new accountancy standards</p>
4	1/10	<p><i>Using markets</i> for meeting global challenges</p> <ul style="list-style-type: none"> <li>○ Creating new markets: Lessons from past experience</li> <li>○ Case studies: the creation of carbon markets and products; trading of genetic materials; and making markets work for the poor (models for and examples of new "inclusive markets")</li> </ul> <p><i>Public-private partnering</i></p> <ul style="list-style-type: none"> <li>○ Incentive measures for private actors (e.g. advance purchase commitments)</li> <li>○ Global public-private partnerships and contracting</li> </ul> <p>Case study: Encouraging pro-poor R&amp;D for health and making medicines affordable: new decisions of the 17<sup>th</sup> International Conference on AIDS, Mexico, August 2008</p>
5	8/10	<p><i>Managing global risks</i></p> <ul style="list-style-type: none"> <li>○ Commodity futures and options</li> <li>○ Catastrophe bonds</li> <li>○ Growth-indexed bonds</li> <li>○ IMF facilities</li> </ul> <p>Case study: Weather insurance for poor countries</p> <p><i>Financial incentive measures offered to states</i></p> <ul style="list-style-type: none"> <li>○ Loan buy-downs</li> <li>○ Compensatory finance (incremental costs)</li> </ul> <p>Case study: The Global Environment Facility</p>
6	15/10	<p>Rationales and possible designs for the creation of <i>global financing mechanisms</i></p> <ul style="list-style-type: none"> <li>○ Overview of the current landscape of global financing</li> </ul>

		<p>mechanisms</p> <ul style="list-style-type: none"> <li>○ Do we have too many global funds?</li> <li>○ Managing the link between global funds and country-level interventions</li> </ul> <p>Case study: The creation of new global funds in the World Bank; and the creation of new climate-related funds in the follow-up to the 2007 Bali Conference</p>
7	22/10	<p>Enhancing <i>foreign aid</i> effectiveness and efficiency</p> <ul style="list-style-type: none"> <li>○ Target setting (e.g. the promulgation of the MDGs)</li> <li>○ Coherence measures</li> <li>○ Making aid delivery more competitive</li> <li>○ The phasing of aid tools (e.g. grants/loans/guarantees)</li> <li>○ Synergy and differences between aid and GPG provision</li> </ul> <p>Case study: The High-level Forum on Aid Effectiveness, Accra, September 2008</p> <p>Time for raising questions concerning the final paper that may interest all course participants**</p>
8	29/10	<p>Tapping <i>new sources of financing</i> in new ways</p> <ul style="list-style-type: none"> <li>○ Encouraging, and cooperating with, private foundations and philanthropists</li> <li>○ Fees and charges for the use of global services and resources (e.g. eco-tourism tax, carbon tax, postage sharing)</li> <li>○ International Finance Facility</li> <li>○ Unitaid (airline surcharge)</li> </ul> <p>Case study: Review of the emerging agenda for the November 2008 Doha Conference on Finance for Development</p> <p>Time for raising questions concerning the final paper that may be of interest to all participants**</p>
9	3/12	Review of final course papers
10	10/12	Review of final course papers Conclusion and evaluation of the course

\* Note: Sessions 1 to 8 will be of three-hour duration; sessions 9 and 10 of two-hour duration. The month of November is session-free and should be used for the preparation of the final course papers to be discussed in December, during the last two sessions.

\*\* To make best use of the course time, other issues should preferably be raised in bilateral discussions.

### Guest speakers

Several potential guest speakers have been contacted and invited to explore the possibility of joining a session that relates to their area of expertise. Their visits will be announced as and when confirmations of availability are being received.