

## **Governing Health as a Global Public Good Expert Roundtable in Support of Our Common Agenda**

### **The political challenge of funding global health public goods Background Paper**

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#### **Introduction**

The concept of global health public goods is arguably more relevant than when it was first coined twenty years ago amid a rapidly globalizing world. National economies are now even more integrated and societies tightly connected. Health risks and benefits have the capacity to cause rapid and large-scale impacts as sharply demonstrated by the COVID-19 pandemic. A renewed discussion of global health public goods is thus an important starting point for addressing longstanding shortcomings in global health governance. However, renewed conversations need to avoid the same fate as past discussions. The concept needs more than a “refresh” and a clear political strategy to realize its value beyond discussions among the like-minded. Overall, the concept of global health public goods will not solve all the problems facing global health governance. But it can be an important starting point for overcoming “gridlock” by creating a defined space for collective action that enables diverse perspectives to come together.

#### **Defining global health public goods**

Economists define a public good as non-rival (one person can use it without diminishing its availability to others) and non-excludable (it is available to everyone, whether they contributed to producing it or not).<sup>1,2</sup> Strictly speaking, there are very few pure public goods. The classic example is a lighthouse – one person’s use of its service does not diminish its availability to others and all can benefit from the service regardless of whether they have contributed to the lighthouse or not. In reality, public goods can be thought of as an ideal type. Goods that do not fully meet the criteria of non-rivalry and non-excludability are usually termed **‘impure’ public goods**. A commonly-used terminology refers to goods that are non-rivalrous but excludable (e.g. wifi access) are known as ‘club goods.’ Goods that are non-excludable but rivalrous (e.g. high seas fisheries) are known as ‘common pool resources’.

The concept of global public goods emerged during the early 2000s, led by Dr Inge Kaul and colleagues, who defined the term as “goods with benefits and/or costs that potentially extend to all countries, people, and generations. Global public goods are in a dual sense public: they are public as opposed to private; and they are global as opposed to national.”<sup>3</sup> Her team identified 10 domains of global public goods including “global public health, particularly communicable disease control”. These ideas were

then taken forward by an *International Task Force on Global Public Goods* which defined global public goods as “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.” In 2013, Kaul published a follow up discussion paper to argue for global public goods to underpin the Sustainable Development Goals.<sup>4</sup>

How to produce GPG begins with an understanding of features of a public good that pose inherent tensions. Because public goods are non-excludable, they tend to be underprovided, with the potential for people to “free ride” on the efforts of others who supply them. And because they are non-rival, encouraging the production of public goods through exclusion is inefficient. There are no marginal costs to others using the public good. Because markets will undersupply such goods, and given their importance to functioning societies, governments must step in. These are goods that must be produced through collective efforts by society.

Putting the “global” in front of “public goods” does not change the criteria of non-rival and non-excludable but does change the scale of political cooperation needed and the potential reach of collective action. Global public goods have potential to create benefits for the entire world –mitigation of climate change, immunity from certain diseases, lower levels of insecurity or violent conflict etc.

What is potentially useful about the concept is that, in a world of competing priorities and donor fatigue, it helps us to identify those goods that are essential to underpinning a well-functioning society, or a global community of societies. It is helpful for priority setting. The concept is also useful for getting people to recognize that these goods will be undersupplied if left to individual countries or the market. They inherently need collective action to produce them. So global public goods help to explain why there needs to be institutional arrangements created to fund them.

In global health, there are a few key domains that are generally recognized as GPGs. The creation of international standards, guidelines and protocols (often described as normative activities in WHO) is generally seen as a GPG. The concept is also often applied to communicable diseases including R&D for neglected diseases; disease surveillance, reporting and monitoring; and herd immunity created by mass vaccination. These products are all non-rival, non-excludable, and underproduced without collective action.<sup>5</sup>

### **What are the obstacles to advancing global public goods?**

The GPG concept prompted many conversations in the early 2000s about global health financing of essential functions that keep us all healthy and safe. There was hope that the concept would prompt new thinking and increased resources. Unfortunately, it did not. Smith and McKellar set out lessons from this period. They describe the concept

as a “mixed blessing”, potentially powerful because it marshals arguments of shared self-interest. It clarifies when global collective action is needed but why GPG are underproduced, and what the costs and benefits are of collective action. However, the concept led to a reallocation of existing resources rather than growth of the overall funding pie, and tended to encourage vertical programs rather than health systems strengthening.<sup>5</sup> If renewed attention is to be given to GPG, there are important lessons to be learned from this period.

First, there is a need to ensure conceptual rigour. As Smith writes, global public goods for health “suffered in finding currency as a general tool for global resource mobilisation” because it was “attached to almost anything promoting development.” He cautions against “the temptation to use the GPG ‘tag’ as a general-purpose fundraiser. If we focus GPG logic on those goods and services where global collective action really is needed, that action is more likely to be achieved.”<sup>5</sup> We need to remind ourselves about what makes a global public good “global”, “public” and a “good”. We also need to remind ourselves what are not actually GPGs and thus need to be rationalized in other ways (e.g. humanitarian needs). We need not limit funding to strictly defined GPG but it is important that the loose use of the term does not weaken its political leverage.

Second, advancing GPG requires a clear political strategy.<sup>6</sup> We need agreed governance processes in place to turn the longlist of all global health public goods (clearly defined conceptually) into a shortlist of priorities. Which global public goods do we need to fund and produce as a priority? Which global health public goods are essential for well-functioning societies in a globalized world that we want to mobilize collective action to achieve? This exercise should be accompanied by clear data on the costs and benefits of different GHPGs, and how much is currently being spent on providing them.<sup>7</sup>

Third, we need to agree in what quantities global health public good should be produced? How much is enough? From an economic perspective, the optimal level of production of a public good is the level at which the marginal benefit of the good (calculated over all of the actors that enjoy it) equals its marginal cost (including the opportunity cost of producing the public good rather than something else). Ordinarily, we rely on the market to reveal preferences and to equilibrate costs and benefits to reach efficient outcomes. But when we provide public goods through government action, then we need some decision-making process to determine preferences and decide how much to produce.

Fourth, we need to make a stronger political case for who pays. Once we establish why we need to fund GPG, and what GPG to prioritize, who pays could be based on who is able to pay, who benefits most, who is responsible for the problem, who is morally obliged and so on. Again, these are political and not technical decisions.

Finally, we need to address weaknesses in public communication about the benefits of financing GHPGs. This involves reframing of the issue within a context where, for

several decades, there has been ideologically-based messaging that reducing government and minimizing taxation is the goal. If taxes went towards public goods that make people's lives safer, and that make societies better functioning, there is likely to be less aversion to paying them. We might also usefully draw analogies with how we fund essential public goods at the national level. In any society, most citizens do not oppose funding for emergency services, water and sanitation, national security, lighthouses, traffic lights and so on. We need to make the same case at the global level.

## References

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<sup>2</sup> Olson M. *The Logic of Collective Action*. Cambridge MA: Harvard University Press 1965.

<sup>3</sup> Kaul I, Grunberg I, Stern M. *Global Public Goods, International Cooperation in the 21<sup>st</sup> Century*. Oxford: Oxford University Press, 1999.

<sup>4</sup> Kaul I. *Global Public Goods: A concept for framing the Post-2015 Agenda?* Discussion Paper, German Development Institute, February 2013.

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<sup>5</sup> Smith R, Kellar L. Global public goods and the global health agenda: problems, priorities and potential. *Globalization and Health* 2007; 3: Article 9.

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<sup>6</sup> Bodansky D. What's in a Concept? Global Public Goods, International Law, and Legitimacy. *European Journal of International Law* 2012; 23(3): 651-668.

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<sup>7</sup> Moon S, Rottengen JA, Frenk J. Global public goods for health: weaknesses and opportunities in the global health system. *Health Economics, Policy and Law* 2017; 12(2): 195-205. <https://www.cambridge.org/core/journals/health-economics-policy-and-law/article/global-public-goods-for-health-weaknesses-and-opportunities-in-the-global-health-system/E5A0E21A9D034AF4597A0EDB7A3722DD>