When are Governments Likely to Contribute to RPGs and How Can External Agents Promote this?

Stuti Rawat
stuti.r@u.nus.edu
Lee Kuan Yew School of Public Policy, National University of Singapore

ERCI/ERCD Internal Seminar
“Optimal Provision of Regional Public Goods in Asia and the Pacific”
Seminar 3
December 15, 2017
Manila, Philippines
Content Overview

- Regional public goods versus other public goods
- National governments and RPGs
- When are national governments likely to contribute to RPGs
- The role of external agents
- Conclusion
### RPGs versus other public goods

<table>
<thead>
<tr>
<th></th>
<th>National Public Good</th>
<th>Regional Public Good</th>
<th>Global Public Good</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Parties</strong></td>
<td>Citizens within a country</td>
<td>Countries of a region (&amp; their citizens)</td>
<td>Countries across geographic regions (&amp; their citizens)</td>
</tr>
<tr>
<td><strong>Examples</strong></td>
<td>Local forest</td>
<td>Transnational river</td>
<td>Ozone layer</td>
</tr>
</tbody>
</table>
What does this imply for international public goods?

- **Problem of valuation**: different countries and their citizens value benefits differently
- Intergovernmental negotiations are two-tier
- Beneficiary groups are large & diverse
- Collective action problems
- An **under provisioning** of RPGs & global public goods
However, RPGs have an advantage over global public goods [1]

- Fewer bargaining parties
- Reduced information problems because countries know each other
- More appropriate solutions
The RPG advantage over global public goods [2]

- Reduced transaction costs
- Costs and benefits among the parties have lower variance
- Greater political will among national governments
- This implies a higher likelihood of contribution towards a RPG
Regional public goods versus other public goods

National governments and RPGs

When are national governments likely to contribute to RPGs

The role of external agents

Conclusion
The crucial role of national governments

- There is strong agreement that provision of RPGs has to start from the national level.
- Most international agreements are nonbinding, and even binding ones have to be incorporated into national law first.
- This makes political will of governments crucial.
Question of Interest

“When are national governments likely to contribute to the provision of regional public goods?”
Likelihood of governmental contribution to a RPG: ‘A matrix of provision’

<table>
<thead>
<tr>
<th>Political Will</th>
<th>Transaction Cost (TC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>High</td>
</tr>
<tr>
<td>Low</td>
<td>Low</td>
</tr>
</tbody>
</table>

- **High**
  - High: Intermediate*
  - Low: RPG contribution likely

- **Low**
  - Extremely unlikely
  - Unlikely

*depends on issue salience in the national agenda & influence of country in the region
How to get there?

- **Political will** for provision of certain RPGs will be higher than for others
  1. Those that are **visible**
  2. Have immediate **relevance**
  3. Have **lower gestation periods**
  4. Have relatively **symmetric distribution** of benefits/ costs

- **Transaction costs** may be lowered through the action of **external agents**
Example 1: A RPG for which political will of a government would be high

- Health systems around infectious diseases
Example 2: A RPG for which governmental political will would be high

- Climate change action for **short lived pollutants** that are mostly **local and regional** and have co-benefits such as improvement in **air quality, health** and ecosystems.

### SHORT-LIVED CLIMATE POLLUTANTS
Response to mitigation efforts

<table>
<thead>
<tr>
<th>Substance</th>
<th>Anthropogenic Sources</th>
<th>Lifetime in Atmosphere</th>
<th>Local</th>
<th>Regional</th>
<th>Global</th>
</tr>
</thead>
<tbody>
<tr>
<td>Black Carbon (BC)</td>
<td></td>
<td>DAYS</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Methane (CH₄)</td>
<td></td>
<td>12 YEARS</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Tropospheric Ozone (O₃)</td>
<td></td>
<td>WEEKS</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
<tr>
<td>Hydrofluoro-carbons (HFCs)</td>
<td></td>
<td>15 YEARS (WEIGHTED BY USAGE)</td>
<td>○</td>
<td>○</td>
<td>○</td>
</tr>
</tbody>
</table>

### DISEASES DUE TO:
- Ozone (O₃)
- PM2.5 Air Pollution

- Chronic obstructive pulmonary disease (COPD)
- Childhoood pneumonia
- Ischemic heart disease
- Stroke
- Asthma
- Breathing problems
- Allergic inflammation
- Chronic respiratory illness
- Reduced lung function
- Low birth weight

Approximate Share of Premature Death from AIR POLLUTION (YEAR 2012)

www.ccacoalition.org
Example 3: A RPG for which governmental political will would be high

- Knowledge exchange on issues related to regional security
Thus RPG provision = $f \text{(RPG, National Govts,\ldots)}$

- Governments tend to behave as **self-interested actors**
- RPG provision is a **two-tier** process
- Garnering support at the domestic level becomes contingent on **nature of the RPG** and **political economy** considerations
Question of Interest

“What then can external agents do to promote provision of RPGs by national governments?”
The role of external agents in promoting RPG provision

- External agents – actors other than national governments, such as
  - Private players
  - Multilateral development banks
  - International organisations

- Can promote RPG provision by
  1. Lowering transaction costs
  2. Altering the information environment
  3. Affecting national agenda setting
External agents can lower transaction costs

- Resolve coordination problems through constructed focal points
- Provide high visibility and authority
- Help monitor compliance
- Enable a channel for communication
- Via financing
External agents can alter the information environment

- Allow strategies of reciprocity to operate efficiently, through
  - Information (provision & filtering)
  - Causal knowledge
  - Establishing ‘national externality profiles’

- Changes in the information environment change national strategies such that self-interested governments find it easier to contribute to RPGs
External agents can affect agenda setting

- Focussing events: *key events that cause members of the public as well as elite decision makers to become aware of a potential policy failure.*

- External agents can leverage on relevant focussing events
  - to generate *political will directly* among policy makers
  - via the *indirect route* of national *public pressure*
Content Overview

- Regional public goods versus other public goods
- National governments and RPGs
- When are national governments likely to contribute to RPGs
- The role of external agents
- Conclusion
Conclusion [1]

- **Political will** of governments is crucial for RPG provision due to
  - Operational considerations that imply RPGs provision begins at the national level
  - Governments behaving as self-interested actors

- RPG provision is likely when
  - **High political will + Low transaction costs**

- The nature of RPG affects political will, via factors such as:
  - Issue salience
  - Relative distribution of costs (benefits)
Conclusion [2]

- External agents, defined as non-governmental entities (private players, international organisations, MDBs) can enable RPG provision by governments through:
  - Lowering transaction costs
  - Altering the information environment
  - Affecting agenda setting

- Limitations
  - Political will of national governments is a necessary but not sufficient condition for successful RPG provision
  - Designing appropriate mechanisms for RPG provision is a substantive challenge
Thank you for your attention!