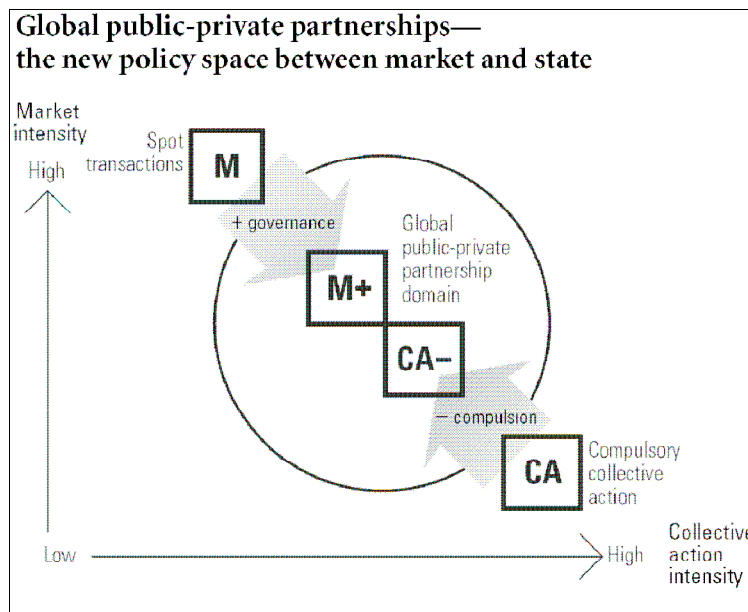


Briefing Note #5

A wave of reengineering

THE WAVE OF REENGINEERING THE STATE THAT HAS SWEEPED THROUGH NATIONAL POLICY DOMAINS SINCE THE 1980S IS NOW REACHING THE SHORES OF INTERGOVERNMENTAL ORGANIZATIONS

The previously separate spheres of the public and the private sector have become more intertwined, with partnering more common. The state now relies more on incentives and leveraging private inputs, rather than fully pay for public policy outcomes through public revenue alone. The partnering is taking hold in a new policy space between markets and states, where more partnerships are emerging (see the figure).



Global issues are changing the logic of international cooperation abroad

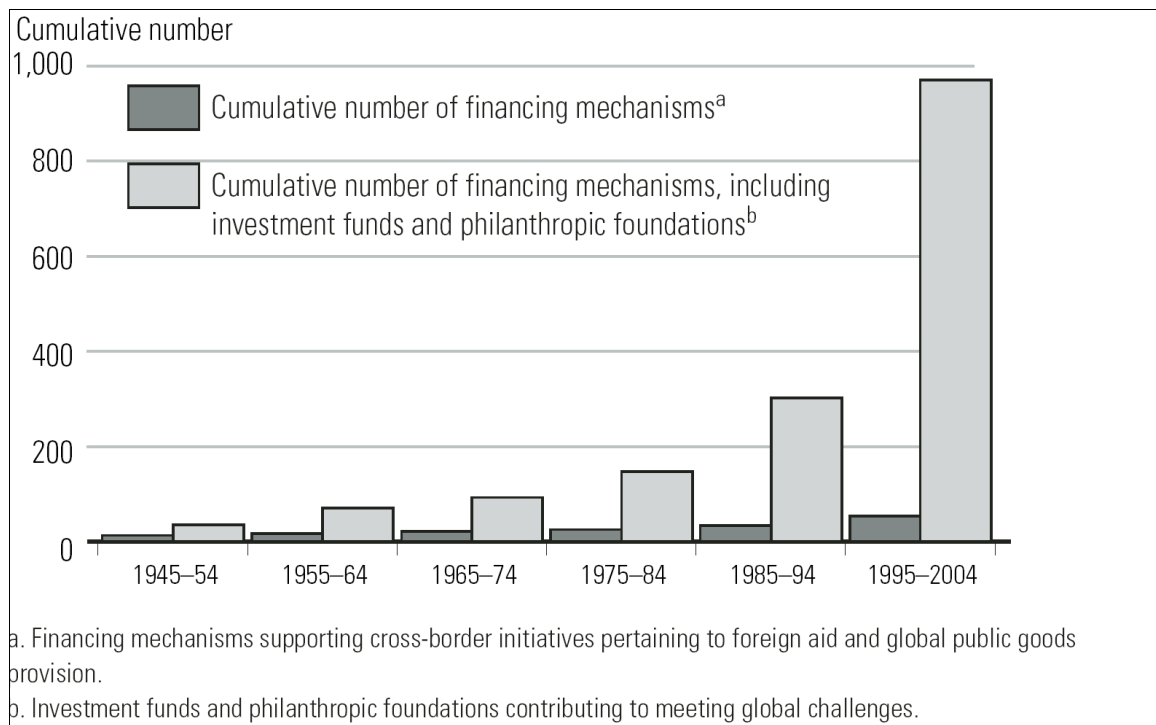
As globalization progresses and gives rise to more border-transgressing concerns, policy issues require interventions both domestically (international cooperation behind national borders) and abroad (beyond national borders).

* *The New Public Finance: Responding to Global Challenges* (edited by Inge Kaul and Pedro Conceição; New York: Oxford University Press, 2006).

As a result, external policy expectations entered national public economics, and public economics considerations increasingly shaped international-level efforts in support of global policy concerns, including global public goods as well as aid issues.

International expenditures to provide more global public goods became subject to investment thinking: “Do they promise to yield a good global as well as national return?” And economic rationales, notably about “getting the incentives right”, are also entering and reshaping development assistance.

The greater attention to the economics of cooperation has fostered—and was prompted by—greater public-private partnering at the international level. Since the early 1980s the number of global public-private partnerships has increased from 35 then to more than 400. And private investment—often pursuing a double-bottom line—has surged in international cooperation, bringing the number of financing mechanisms for international cooperation abroad to close 1,000 (see the figure).



The private actors bring new tools to the domain of international cooperation, including differential patenting, advance purchase commitments and securitization of future flow receivables.

Clearly, international cooperation abroad is no longer an essentially intergovernmental process—it is a multiactor process. It is no longer a process in with intergovernmental organizations as the sole providers—it is a highly competitive process in which intergovernmental agencies compete for “the job” with for-profit and nonprofit enterprises (setting norms and standards or conducting pro-poor medical R&D).

About the book

The New Public Finance: Responding to Global Challenges is published by Oxford University Press for the United Nations Development Programme (UNDP).

For more background information visit: www.thenewpublicfinance.org

The Overview of the book is available in Arabic, Chinese, English, French, German, Portuguese, Russian, and Spanish on the website above or, for hard copies, from:

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