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POLICY BRIEF
WORKING GROUP 2

BUILDING FINANCING MODELS TO SUPPORT GLOBAL PUBLIC GOODS AT SCALE

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1. Introduction. Financing Global Public Goods[1] at Scale

The mandate of the Club de Madrid's Annual Policy Dialogue Working Group 2 was to examine the financial structures that enable or constrain the provision of global public goods at scale and to consider how existing instruments and mechanisms – and the global financial architecture at large – can be adapted to move beyond the limitations of traditional donor–recipient approaches to achieve this. At the same time, if we are to move "from aid to shared investment", then issues of inequality, power, and accountability, must be placed at the heart of efforts to coordinate the necessary financing flows.

1.1 Why Global Public Goods? Why now?

There are pressing macro-political, economic, and planetary reasons why Global Public Goods (GPGs) need delivering more effectively in today's world. Ensuring not just more but the right *financing* is critical to this. In today's heavily interconnected world, issues such as climate change and pandemic emergencies pose planetary risks and borderline existential collective action challenges to governments around the world. Yet at the same time, the current retreat from multilateral cooperation and the increasing contravention of treaty law and international norms by some nations, poses a hostile environment for the international cooperation required. The US alone cut around US$4.9 billion in foreign aid and terminated 80% of USAID programs last year (Force for Good, 2025), and withdrew from both the Paris Agreement and the *Compromiso de Sevilla*, the outcome agreement of the fourth UN Financing for Development Conference. In such a context it is more critical than ever before that *well-defined solutions and appropriate cooperation frameworks* are identified to enable sufficient volumes of financing for global public goods outcomes to be raised.

Of course, this growing need does not occur in a vacuum. There exists a long history of attempts to deal with GPGs, beginning with the work of Inge Kaul and colleagues in late 1990s and early 2000s (e.g. Kaul, Grunberg & Stern, 1999, Kaul et al, 2003) and continued and expanded by others (e.g. Sagasti and Bezanson, 2001) who underscore the significance of understanding how global public goods as desirable outcomes (of global commons, core functions, knowledge or capabilities) rest upon networks of organisations, financing frameworks and institutional processes, which in turn rely upon locatable regional and national activities and practices. This work builds on earlier public goods theory to define global public goods (GPGs) as goods whose consumption is understood to be in some way universal or global, and whose production pathways may be unavoidably distributed across multiple state territories (see also Kaul, 2017, p.10 on provision pathways; and Kaul, 2021).[2] A global satellite system, for example, is something that can be used, in theory, by all countries, and it may involve multiple countries (or private actors) collaborating to produce and maintain it.[3] Global public goods vary in their production pathways: a functioning global trade system cannot be financed in the same way that a global pandemic surveillance system needs to be financed, or that climate mitigation efforts are financed. Many global public goods, such as financial stability and water, are variously national, regional and global public goods and most require a different approach to ensuring and maintaining their provision.

[1] Some authors prefer to use the term international public goods rather than global public goods, in order to underline the varying scope of these goods, which include not only goods of a global nature, but also regional and transboundary goods. However, given that the term global public goods is now relatively well established to refer to this broader category of goods, it is the term that will be used throughout this report.

[2] Other seminal accounts on global public goods include Sandler (2001), Barrett (2007), Birdsall and Diafosi (2012) amongst many others.

[3] As Kaul and Mendoza (2003) put it: "Global public goods are goods with benefits that extend to all countries, people and generations". Since global public goods are therefore freely available to anyone, in theory, the challenge in supplying them is the same challenge of free-riding and market failure (under provision) that constrains public goods provision nationally. Moreover, these properties of scope and scale give rise to what Nordhaus (2005, p.6) calls "the Westphalian dilemma": the fact that individual states, as the only actors able to create universal commitments, cannot also be obliged to do so, even if the need is apparent. Countries may create a nuclear non-proliferation pact, but they cannot force a country to sign up to it, for example. This makes issues of international coordination and governance central to any question of financing and makes the discussion of global (and regional) public goods quite distinct to that of national public goods.

This fact has in many ways been the principal reason why global public goods have not been successfully addressed as an international public policy agenda in the past twenty years. A host of processes and discussions have ended up getting lost on definitional and measurement challenges. In this paper, by contrast, we move straight to the policy agendas that need to be addressed and to possible solutions for the underlying collective action challenges these entail (e.g. Pisani-Ferry 2019). The approach taken is to recognise the multiple ways that different GPGs may need to be financed but to do so through a coherent and system-level lens. In other words, our approach is to identify the common principles that need to be agreed upon and applied to GPG financing, and then to establish the case both for reforming existing institutions that are pertinent to GPGs provision and to recommending ways to institutionalise these same principles within a joined-up approach to the multiple different production pathways of different GPGs.

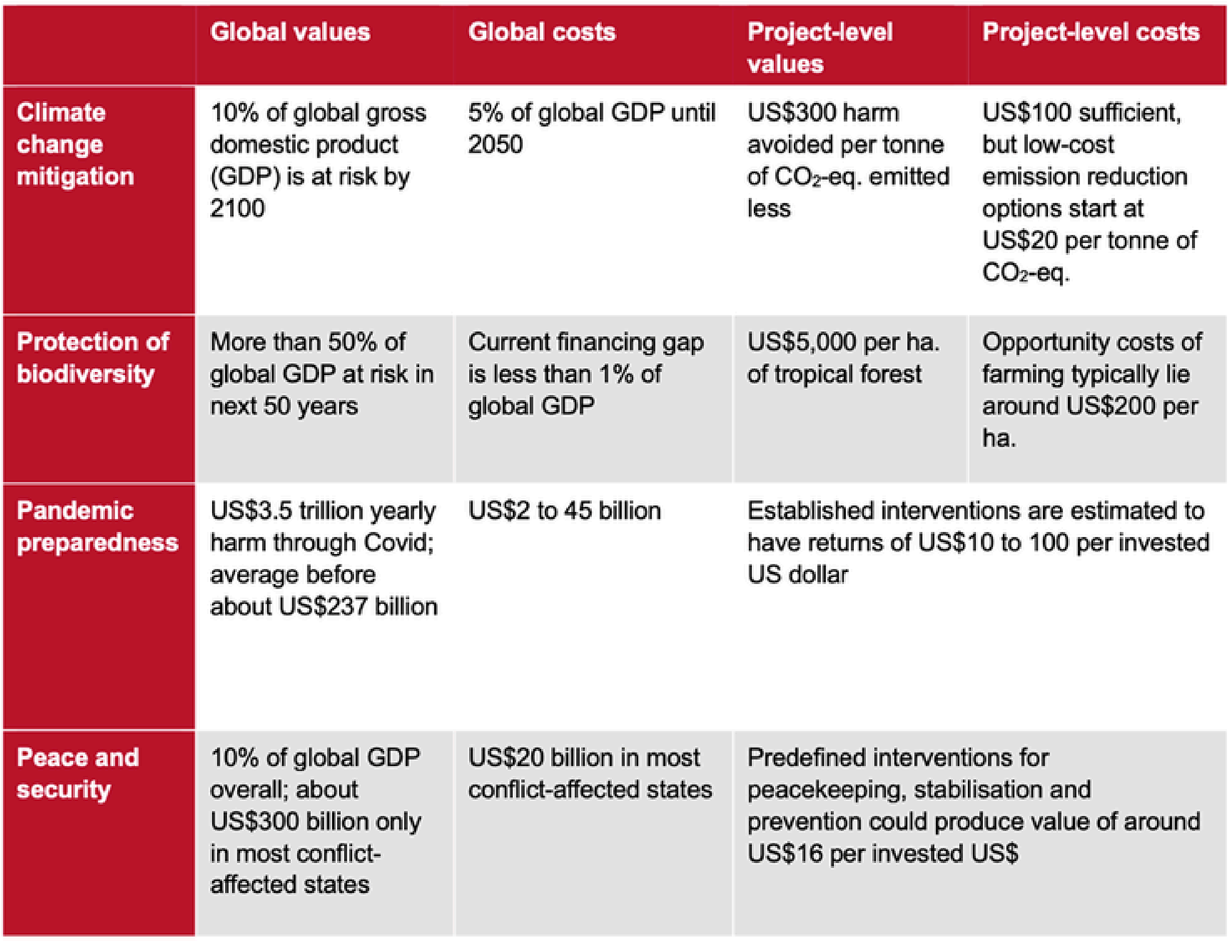
Compared to two decades ago, there are further reasons for revisiting the issue of financing GPGs today and also some additional challenges. Among the reasons that GPGs financing is needed now more than ever, is the fact of a growing planetary vulnerability and a failure of intergenerational equity in relation to this that demands action now. The costs of under-providing global public goods are not distributed evenly across time or populations. Children bear the longest consequences of today's collective failures: they will live with the climate risks, weakened health systems, conflict spillovers, digital exclusion and degraded natural systems that current financing choices either prevent or entrench. At the heart of the case for increasing finance for GPGs is thus a broader recognition of **the costs of inaction**. If we fail to adopt a coordinated approach to raising and channeling GPGs finance to where it is needed, we are accepting, in effect, the adoption of an invisible tax on those countries and communities most in need of the GPGs in question: such as children, for example, who have the least voice in the fiscal and political decisions that determine their future.

Questions of geographical equity are also posed more sharply today than two decades ago. Since the COVID-19 pandemic, for example, all countries have become aware that there are certain common threats that no country can solve on its own. But this means GPG financing needs careful consideration in relation also to existing flows of development finance. It is critical that any GPG finance raised is additional to already shrinking public aid budgets: and not least, as we discuss below, it must tap into far larger flows of capital through where private capital can do the job better. In short, to address very pressing questions of distributional equity we need a far more coordinated and systematic approach to raising different kinds of finance and ensuring these are put to work where they can have most effect. Where genuine market failure exists for public goods (such as global biodiversity) larger and more sustainable public flows are needed; where markets can be created but have not been (such as in relation to assets that remain for different reasons uninvestible at present), new frameworks are required to adjust risk assessments and reallocate capital to where it can be more productively used. And in all of this, there is a need for effective governance to safeguard the public interest and to manage trade-offs in fair and equitable ways.

As recognised in a number of recent high level policy processes, from the the UNSGs *High Level Advisory Board on Effective Multilateralism* (which placed GPGs at its core) and the Secretary-General's own *Our Common Agenda* report, which called for a new social contract to match the interconnectedness of our times through the delivery of GPGs (UN 2021) to reform agendas at the World Bank and MDBs (such as the World Bank's Liveable Planet Agenda) to recent discussions in the G20 under South Africa, issues like climate, health or the digital commons, need securing in the public interest in a way that is democratically determined and that is delivered in pragmatic and flexible (Papaconstantinou and Pisani Ferry, 2024) but also structured and coherent ways. In short, we are not "back" at the late 1990s in taking up this question of global public goods financing, but rather in a novel geopolitical and geoeconomic moment and our policy solutions must be adapted to the times.

1.2 The need for increased financing for global public goods

Given some of these challenges there has emerged a growing global public goods funding gap. The level of demand for global public goods at present far outstrips available supply and is growing all the time. Yet it is hard to measure this gap, or even to estimate precisely how much money is committed each year to financing GPGs, and important data gaps and inconsistencies characterise the issue. This is because tracking systems are fragmented and there is no one consistent reporting measure. The OECD's Total Official Support for Sustainable Development (TOSSD) initiative has a partial measure (Pillar 2.b), for example, to capture non cross-border flows to "international public goods", and specifies USD133bn as actual received flows under this indicator. But there is uncertainty regarding how adequately this aligns with total "GPGs" spending. Perhaps the best way to think about the scale and significance of the GPGs "funding gap" is, therefore, the rule of thumb put forward by Conceicao, who proposes that adequately producing a range of critical GPGs will cost between 1-10 % of the total cost of their continued under provision (Conceicao, 2003). Though now some years old, more recent efforts to estimate the costs of GPGs provision (and under-provision) by Oxford Economics present a not dissimilar picture (see Figure 1 below).



	Global values	Global costs	Project-level values	Project-level costs
Climate change mitigation	10% of global gross domestic product (GDP) is at risk by 2100	5% of global GDP until 2050	US$300 harm avoided per tonne of CO_2-eq. emitted less	US$100 sufficient, but low-cost emission reduction options start at US$20 per tonne of CO_2-eq.
Protection of biodiversity	More than 50% of global GDP at risk in next 50 years	Current financing gap is less than 1% of global GDP	US$5,000 per ha. of tropical forest	Opportunity costs of farming typically lie around US$200 per ha.
Pandemic preparedness	US$3.5 trillion yearly harm through Covid; average before about US$237 billion	US$2 to 45 billion	Established interventions are estimated to have returns of US$10 to 100 per invested US dollar	
Peace and security	10% of global GDP overall; about US$300 billion only in most conflict-affected states	US$20 billion in most conflict-affected states	Predefined interventions for peacekeeping, stabilisation and prevention could produce value of around US$16 per invested US$	

Figure 1. *Estimates of values and costs of GPG provision for four exemplary GPGs. Source: Oxford Economics (2023).*

Sector specific calculations provide another way of estimating the GPGs gap. The funding ask of the Act-Accelerator mechanism established to respond to the COVID-19 pandemic, for example, was initially costed at USD38.1bn, less than half of which was ultimately provided. Similarly, for water, the OECD estimates that achieving SDG 6 would cost more than USD 1 trillion per year globally, while the World Bank estimates that developing countries alone need an additional USD 131.4 billion to USD 140.8 billion annually to achieve universal access to safely managed water supply and sanitation by 2030, almost tripling current expenditure levels (Club de Madrid, 2026a, p.9). On biodiversity, it is estimated that only USD143bn of an USD824bn annual global spend is met each year (Biofin, 2025) And while not all of the USD2 trillion identified as what was needed for comprehensive climate action (mitigation and adaptation) by the Songwe-Stern report (2022) would fall under a global public goods definition, much of it would – far exceeding the annual USD214bn of total ODA finance provided in 2025 (OECD, 2025) which is broadly speaking the available pot from which public finance for global public goods is presently taken.

This creates a critical policy boundary but also a policy opportunity: financing for GPGs must be additional and complementary to, not substitutive of, existing development finance; at the same time there exists a vast scale of capital contrast between available (public) resources and as yet unallocated (private) resources in the hundreds of trillions. These additional sources need tapping into. If GPGs financing is drawn only from shrinking ODA envelopes without safeguards, it risks displacing investments in health, education, nutrition, social protection, child protection and other services that are essential for peoples' survival, development and rights. This would be both economically inefficient and normatively inconsistent: global public goods are meant to reduce systemic risks, not shift costs onto the poorest and most vulnerable households today or the future generations of tomorrow.

A final way to assess current levels is to look at how individual (DAC) countries have used their aid budgets to finance GPGs, either directly or indirectly. This has been recognised for at least two decades and yet is hard to quantify due to uncertainty over what should be included "as" a GPG. Recent OECD data suggests that the portion of bilateral aid going to GPGs may be as high as 60% in the period 2017-21, for example, though this includes items such as in-country refugee costs (Elgar et al., 2023: 18). Norway, which carried out its own more detailed study, estimated that around 20% of Norwegian development aid between 2015 and 2020 actually went to GPGs rather than "in-country development". That equates to a little under 1bn dollars. This says nothing about what non-DAC countries do, but it is clear that not only are substantially greater volumes of finance are needed but that these need to be better managed and targeted to where they are needed (see Figure 2).

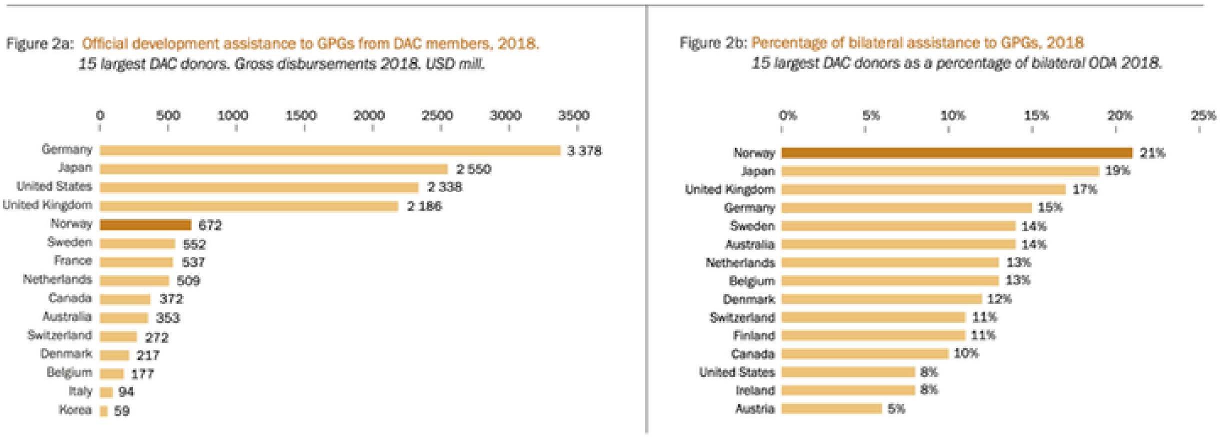


Figure 2a: Official development assistance to GPGs from DAC members, 2018.
15 largest DAC donors. Gross disbursements 2018. USD mill.

Figure 2b: Percentage of bilateral assistance to GPGs, 2018
15 largest DAC donors as a percentage of bilateral ODA 2018.

Figure 2. *Government contributions to GPGs via ODA (total gross disbursements vs percentage of bilateral ODA). Source: Hegertun (2021). Development Cooperation and Global Investments: What's next for development cooperation? Norad, Rethinking Development Series Report, p.27.*

1.3 A Common Vision for the Future

What would an ambitious yet desirable future look like in terms of GPGs financing? As identified above, because each GPG requires distinct financing arrangements there is no point arguing for the tailored financing of each. Rather, and while recognising this fact, this Working Group has focused on the need to look to ways to facilitate their differential provision and seek policy evolutions that are capable of delivering overall finance for GPGs at far greater scale. Just as national public procurement and spending frameworks have evolved over time to provide many distinctive public goods (ranging from transport infrastructure to schools to digital networks), practical pathways to enabling greater coordination and legitimacy in the financing of global public goods are needed also at the international level – mindful of course that, beyond the level of the nation state, there is no government, no democratically validated public budget that gives unity to all expenditure, and no global demos upon whose will a collective decision-making function could be built. What we have instead are partially "public" bodies with degrees of democratic legitimacy and imperfect policy reach from which we must work through concerted efforts at coordination, reform, and where necessary establishment of the policy tools needed to achieve this.

This means that policies designed to increase finance for GPGs are not all simply about raising additional revenue; they also need to propose ways of increasing the amount of investible resource from existing pots, of reducing the perceived risks and so cost of capital for investing in priority GPGs outcomes, and of aligning governance reforms with financing frameworks to ensure equitable and accountable decision-making (see also the outcome paper from Working Group 1 and the report of the Commission on Democracy and Multilateralism). In this context political advancement through **plurilateral coalitions** may be the best we can hope for in the current policy environment: a theme to which we return later. Moreover, they need to find ways to reform and better coordinate the existing international public finance, which is insufficiently coordinated between a development cooperation system centred on ODA provision by OECD DAC donors and a global financial architecture centred upon key institutions such as the IMF, the World Bank, and the wider MDB system. Substantially increasing the volume of financing for GPGs requires better combining public revenue flows with the IFIs as intermediaries and the capital markets they are best positioned to access. This itself represents a distinctive move away from existing debates on GPGs financing which have, until recently, failed to centralise GPG provision within debates either on ODA or within reform agendas targetted at the public and development bank system. Here we do both and ultimately look to ways to enable GPG finance across them.

In some regards, the problem to date boils down to a simpler one: which is not that the institutions involved in GPGs delivery cannot be reformed or even created where needed, but whether the political will is there to do so – a classic example of this has been the need for Credit Rating Agencies to be better aligned with developing country realities (Cash and Kahn, 2024). At the same time, some countries are just not delivering when it comes to meeting their obligations to finance the emergent challenges of our era – and the classic example of this was the failure to finance vaccine supply during the COVID-19 pandemic. This makes the need for political arguments addressing the incentives for non-traditional donors to contribute also a key part of a GPGs financing agenda. In other words, we need to reckon with these current political realities (see again the outcome document from the Club de Madrid's Commission on Democracy and Multilateralism) in order to identify the appropriate policy frameworks for the collective action that is required.

1.4 Ensuring Political Feasibility

As important as identifying the right framework is aligning this with an appropriate political strategy: how to get as many countries as possible to understand that it is important to invest in GPGs outcomes? With this in mind, the analysis and proposals which follow are guided by four common considerations rooted in the shared interests of all nations.

- Delivering socially inclusive and environmentally sustainable growth as the bedrock of all discussions over where and how to allocate scarce resources.

- Reducing poverrty and improving equity, because exceptional wealth for the few at the expense of the many is neither justifiable nor a firm political basis for necessary redistributive responsibiltiy.

- Addressing, planetary, national and human vulnerabilities and promoting security at all these scales, because security will underpin the necessary trust and belief in progress to be able to move forward on financing soemthing like GPGs.

- Recognising that the financing cannot be separated from decision-making.

As same time, much of what follows is already happening in embryonic form – and the value add of this paper is thus to identify synergies, alignments, and aggregations between existing reform agendas. For example, the fact that a country such as Uruguay that has now graduated from ODA flows is initiating green and blue bonds, and is cooperating with countries like Japan and Mexico on common agendas, brings lessons that are relevant to the question of how governments can cooperate in new ways to deliver GPGs at scale. Similarly, a country like Lesotho, for all it has been hit hard by ODA cuts over the past year, is a major provider of fresh water as a regional public good to neighbouring countries such as Botswana, and reminds us of the potential role that all countries – rich or poor – can play in this agenda. Some of the proposals in this paper therefore build on these fledgling developments but also aim for more robust common frameworks within which to embed them. The approach is thus a pragmatic one aimed at a "soft" universalism which can be developed in modular (and voluntary) ways. The political strategy we adopt and recommend therefore is to:

1. Start from first order, decentralised policy reforms in areas where prospects or progress are easiest to achieve
2. Encode within those reforms a set of minimal norms and principles that can be standardised within the UN system and other international agreements.
3. Ensure that such minimum agreements or frameworks remain compatible with more demanding regimes so that they can be ratchet up over time.

Box I: Overview of the WGs work*. Working Group II met on four occasions between February and June 2026. Given the scope of (a) the existing discussion and policy literature on Global Public Goods and (b) the many detailed and ongoing processes of financial architecture reform and development cooperation reform, it was decided from the start to focus very specifically on taking a coordinated and macro-level approach: focusing on and identifying key principles and reform opportunities in a way that can create synergies between them. There were many issues that were not focused on, including those relating to governance which are covered in the other Working Group. However, this group's work complements the governance focus of WG1 by analysing how financial arrangements can reinforce legitimacy, accountability and collective action in support of effective GPG delivery. In particular, WG2 members were encouraged to consider three sets of interrelated questions: Financing global public goods as a governance challenge; Adapting existing financial architectures for scale and sustainability; and Aligning incentives for long term collective investment. The four sessions then explored these intersecting questions through a single progressive discussion broken down into (a) Key challenges and issues in GPGs financing, (b) Solutions and proposals, (c) Mapping solutions to critical GPG cases, and (d) Putting governance and finance in the same frame.*

2. Current barriers to sufficient GPGs financing

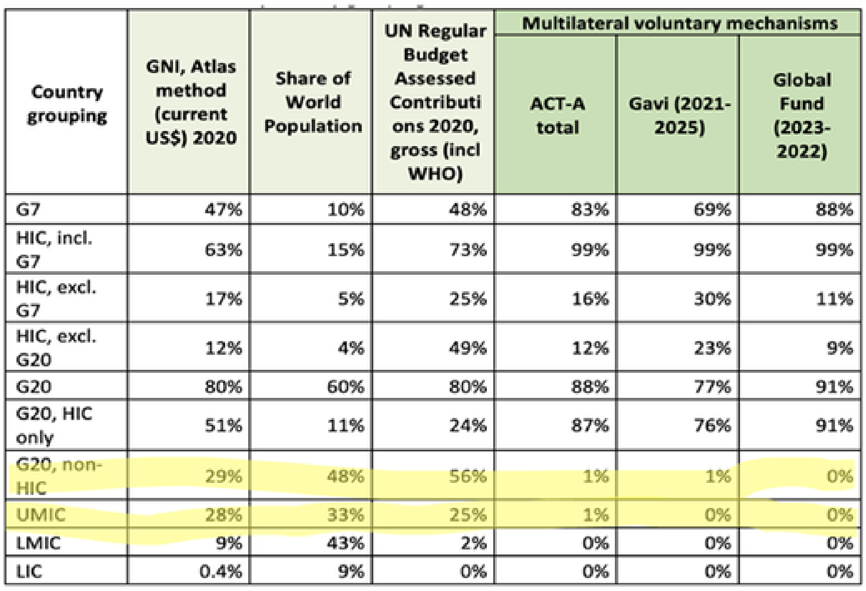
The financing of global public goods is inherently a collective action challenge. Some of the reasons for this are classic public goods issues, such as free riding, made more complex by their more diffuse nature and global scope (Jagers et al, 2019). Others stem more from institutional rigidities and ways of financing that are not adapted to the reality of global public goods provision, such as in-country requirements on loans, and measurement challenges of the sorts that initiatives like TOSSD attempt to solve. Below we highlight the primary drivers of insufficient GPG financing.

2.1 The absence of a dedicated policy framework for GPGs finance.

Since, by their nature, public goods are prone to market failure and undersupply, provision of GPGs requires coordinated national, regional and global financing. While this problem affects all countries, some are more susceptible to it than others because they lack the domestic institutional or fiscal capacity to address market failure through government spending and investment. The lack of a sufficiently robust measurement and/or coordination framework is thus ultimately the key driver behind limited GPGs financing.

2.2 Insufficient government commitment.

Secondly is the problem of insufficient efforts to finance global public goods by governments. In practice this breaks down into three distinct problems. First, there is an overly narrow contributor base: non-traditional donors tend not to support GPGs type outcomes even where they do contribute to international financing agendas (see Figure 3). This raises the question of whether these governments are unable to provide the requisite financing or whether they are insufficiently incentivised to do so. Second, is a related issue of free-riding by wealthier countries who certainly do have the capacity to contribute more but who prefer to leave provision of global public goods to others (see Figure 4). Here the challenge may in some cases be a lack of appropriate domestic institutional capacity or experience in financing international agendas as much as a lack of policy interest. Third is the short-term horizon that dominates the construction of public policies and budgets in most countries, especially in democratic countries, where governments are subject to political cycles. The provision of GPGs requires not only high-quality international collective action, but also governments capable of operating with longer time horizons and of building durable social alliances that make such temporal projection possible. Political polarization has only aggravated this problem by shortening the time horizons of political debate.



Country grouping	GNI, Atlas method (current US$) 2020	Share of World Population	UN Regular Budget Assessed Contributions 2020, gross (incl WHO)	Multilateral voluntary mechanisms		
				ACT-A total	Gavi (2021-2025)	Global Fund (2023-2022)
G7	47%	10%	48%	83%	69%	88%
HIC, incl. G7	63%	15%	73%	99%	99%	99%
HIC, excl. G7	17%	5%	25%	16%	30%	11%
HIC, excl. G20	12%	4%	49%	12%	23%	9%
G20	80%	60%	80%	88%	77%	91%
G20, HIC only	51%	11%	24%	87%	76%	91%
G20, non-HIC	29%	48%	56%	1%	1%	0%
UMIC	28%	33%	25%	1%	0%	0%
LMIC	9%	43%	2%	0%	0%	0%
LIC	0.4%	9%	0%	0%	0%	0%

Figure 3. *Country Assessed Contributions compared to Voluntary (GPG) mechanisms by income grouping. Source: Reid-Henry et al, 2023.*

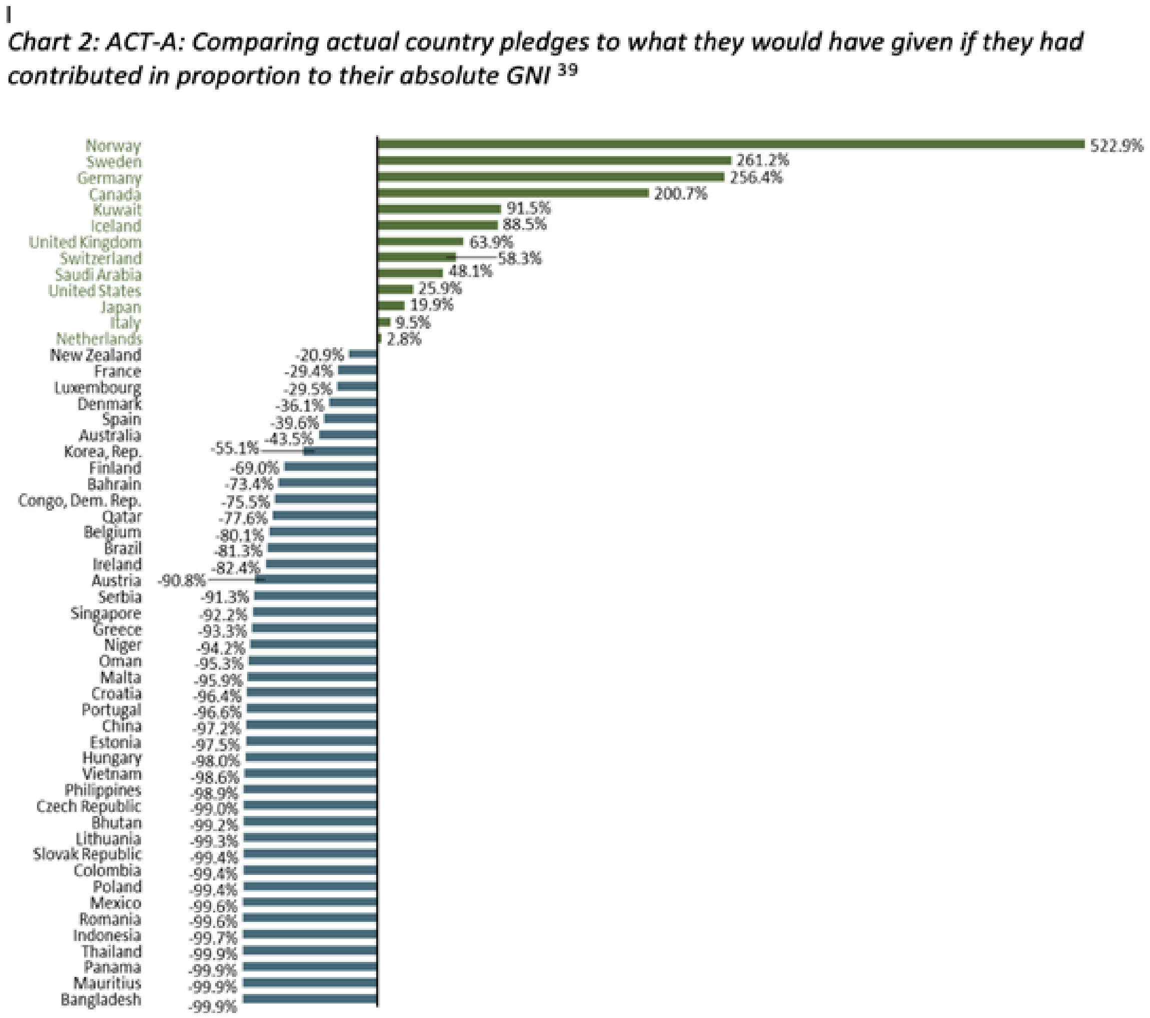


Chart 2: ACT-A: Comparing actual country pledges to what they would have given if they had contributed in proportion to their absolute GNI [39]

Figure 4. *Comparing country pledges to ACT-A compared to what countries would have given if in proportion to their absolute GNI. Source: Reid-Henry et al, 2023.*

2.3 Mispricing of the risk and under-valuing of assets for investing in global public goods.

A major problem in realising financing for GPGs at scale has been the failure to sufficiently engage private capital in the task. Capital markets see trillion dollars of capital moved daily, but they are not incentivised to support outcomes like Global Public Goods. Total global assets presently stand at around USD700 trillion, global GDP at around USD114 trillion, and global debt and equity markets at around USD270 trillion. This is compared to an SDG funding gap that is now around USD92–112 trillion in total (USD14–17 trillion annually through 2030); and net-zero costs that total USD152–184 trillion to 2050 (Force for Good, 2025). In other words, the world has more than enough capital to fund both the SDGs and Paris commitments — the constraint is mandates, risk-return frameworks, and the absence of investable opportunities, not absolute scarcity. Yet the conventional approach to addressing this problem is through guarantees and other instruments, where the public backs an investment, incentivising the gains but also taking the losses. But this has not worked: blended finance, for example, mobilised only USD18 billion in concessional capital for developing countries in 2024, which was down on the year before (Convergence, 2025). One way around this problem could be to have a standard accounting mechanism for externalities that valued and priced them appropriately so that they could be factored into investment decisions rather than presenting barriers to them. In any case there needs to be an improved way of pricing assets and an expanded set of criteria for valuing assets and identifying resources (e.g. natural capital) as investible assets. This would likely need to also combine with more systemic ways of managing GPG financing flows, shifting the emphasis away from short-term projects to longer term portfolios in which the associated calculation of risk and reward would change, potentially lowering the cost of capital investments.

2.4 Definitional challenges.

The difficulty in defining GPGs has created a barrier of its own to the establishment of concrete financing proposals in the past. Addressing this requires going beyond the strict economic definition of non rivalry (which relies on the technical attributes of a good) and non-excludability. In practice GPGs may often fail to meet these strict requirements. In the case of many goods, for example, non-excludability is not endogenous to the good itself, but is rather the product of policy choices. So the boundaries of public goods can at least partly be shaped by public policy. This makes issues of interoperability between different elements of a provision pathway, selection of which GPGs to finance over others, issues of incentives and scale (many GPGS are most adequately provided regionally rather than globally) all more promising areas for policy intervention. At the same time, a GPG is largely defined by those who don't have to implement it: a forest may be a GPG to the rest of world but can be the basis for economic livelihood to local communities. Hence while we need to separate "development" and "global public goods" in some respects, we also can't escape the overlap between ODA and GPGs in others. One consequence of this is that a coherent approach to GPG financing needs to find ways to incentivise actors to invest in their own public goods in order to also accept and make best use of international, or private, financing from elsewhere. Biodiversity financing for example is overwhelmingly national domestic financing (OECD, 2025). This is also partly why the issue of GPG financing and development financing do not fully coincide. There are parts of the development agenda that are just not relevant to GPGs. Given this, it is imp to recognise that financing for GPGS should be at the very least additional and complementary to other development finance components (a point first and most forcefully made by the Zedillo report and the High-Level Panel on Financing for Development in 2000 (Zedillo, 2001). For this reason, it requires its own justificatory logic and the failure to provide it with such has to date been a major hindrance to securing public finance for GPGs.

2.5 Reliance on ODA for GPGs financing after "Peak Aid".

Partly as a consequence of the above, there has been a tendency to turn to ODA as a convenient and available (if far from perfect) means of financing GPGs to date. Today this strategy is in the process of backfiring: as cuts to ODA budgets pose volume constraints also on the use of ODA for GPGs agendas. Moreover, as ODA volumes decline, they are likely to – and indeed perhaps should – retrench around core poverty reduction agendas (2024 saw a decline in ODA of around 9% with a further decline of at least 17% predicted for 2025). But then something more coherent and coordinated needs to replace the global portion of the "needs" basket for which ODA has been (imperfectly) drawn upon to finance. Politically, pressure from within donor countries to reduce their international spending is growing, with core providers such as France, Germany and the UK all lowering their ODA commitments in the current cycle.[4] The UK has also just announced cutting its contributions to pandemic fund and other traditional donors from Germany to Denmark are also retrenching their aid portfolios (see figure 5). There are numerous reasons for this which, combined, leave little reason for confidence that aid volumes as presently conceived and justified would ever return to previous levels. This includes the fact that the aid system has become highly fragmented, with a proliferation of development actors, including emerging economies, private foundations, and multilateral institutions, which – while increasing the diversity of actors and models involved in international public finance, potentially broadening the social base and enabling space for innovation – has also been shown to increase the management burden and associated costs. Recipient countries struggle to manage fragmented aid

[4] See for example the recent CGDev report: Center for Global Development. (2025). The future of official development assistance: Incremental improvements or radical reform? https://www.cgdev.org/sites/default/files/future-official-development-assistance-incremental-improvements-or-radical-reform.pdf ; see also World Bank. (2024). Addressing a multitude of global challenges. World Bank Annual Report 2024. https://www.worldbank.org/en/about/annual-report/addressing-multitude-global-challenges#:~:text=As%20we%20address%20these%20challenges,poorest%20and%20most%20vulnerable%20people

flows and overlapping donor priorities; donor countries struggle to ensure coherence in their aid policies. Above all it has to do with how declining public support for aid reflects growing concerns about domestic needs. There are also signs of growing pressures on the traditional model of development cooperation. Recipients are in cases demanding reparative aid over donor-driven models, amplifying calls to decolonize development. Meanwhile development budgets have become more politicised (and perhaps as importantly, selective) in many traditional donor countries, partly associated with the rise of the far right and mainstream political party responses (see for example, Pew Research Center, May 2025; see also Torres-Raposo et al, 2025 on European five-year trends). In this context, more likely than a return to "peak aid" is a managed exit from aid altogether. Yet some of these same reasons, such as the fact that the geography of global poverty and inequality no longer fits the binary division of rich and poor nations that underpinned traditional ODA are also reasons why it may now be more realistic to think of dedicated budget lines for things like global public goods (as discussed below).

Figure 5. Cuts to ODA Budgets in the Current Cycle. *The past year has already seen several traditional donor countries announce cuts to their ODA budgets.*
*- **In 2024**, the EU announced cuts of 2.06 USD billions from its development spending between 2025 and 2027.*
*- **In 2025**, Germany and France, too, propose major cuts in their 2025 budgets (France announced a 1.79 USD billion cut and Germany a 2 USD billion cut,. - -*
*- **From 2026**, Sweden is proposing a cut of 0,27 USD billions from its aid budget. This means, from 2026, Swedish aid will be 53 billion SEK (around 5.5 USD billions), compared to the 56 billion SEK today.*
*- **Looking ahead, the OECD projects a 9 to 17% drop in official development assistance (ODA) in 2025 reported data.** This comes on top of a 9% drop in 2024.*
*- **ODA in 2027** is projected to fall back to 2020 levels. That said, needs continue to grow and the projected ODA cuts will impact the poorest countries and vital services hardest.*

3. Mapping the range of possible approaches to GPGs financing

Each of the above challenges to GPGs financing also presents a potential entry point for policy reform. But given their diversity, effective intervention requires additional clarity on the actual funding modalities through which GPGs are presently financed. It then becomes possible to identify both what works and where the limitations of existing frameworks exist.

3.1 How are GPGs presently financed?

To begin with we can identify the main funding modalities through which actors seek to finance GPGs. While they are separated in the table below, in practice these funding modalities intersect. For example, a vertical fund such as Gavi, includes also private finance contributions (from foundations) and innovative finance arrangements (such as IFFIm) which themselves leverage sovereign financial commitments to raise further funds on the financial market. If nothing else this underscores that a mixed capital stack is almost unavoidable when it comes to financing GPGs. At the same time, given the "public goods" nature of the outcomes being financed, it is important to ensure public value and access is prioritised in the funding arrangement (Mazzucato, 2018) along with public accountability. Ultimately this demands a blended approach that is governed in the public interest (see here also the paper by Working Group 1).

Financing Modality	Examples sources
Public Revenues	National budgets, tax incentives, subsidies
Bilateral finance	ODA contributions, debt swaps
Multilateral finance	MDBs and international (vertical) funds, assessed contributions
Tax, fees and levies	Carbon taxes, airline levies (e.g. Unitaid), transaction taxes, ecosystem services payments
Market-based finance	Carbon markets, tradable permits
Private finance	Philanthropy, corporations, individuals
Burden-sharing mechanisms	Compensation funds, treaty-based transfers

Innovative finance	Impact bonds
Risk avoidance/risk sharing	Blended finance, insurance mechanisms and guarantees

Figure 6. *Global public goods financing modalities and key actors involved.*

3.2 Drawing some lessons from existing GPGs funding arrangements.

The table below (Figure 7) takes a further look at the volumes raised by a selected group of concrete examples of some of these different financing modalities along with the results achieved and some of the key lessons learned. Among the insights are that successful GPGs mechanisms almost always combine public finance, multilateral institutions of some sort, and private/philanthropic capital rather than relying on a single source, and this has design implications for any policy proposals intending to improve or to increase GPG financing. Secondly, is the fact that, despite beginning from a low start, MICs and even lower income countries are increasingly important as contributors, co-financiers, implementing partners, and providers of GPG financing—not only as recipients. A classic example of this is the Brazil-launched Tropical Forests Forever Fund. However, the table also underscores that even the largest or most established mechanisms are only able to mobilize resources in the tens of billions of dollars, even if they aim to leverage much larger co-financing from domestic and private sources. Where they have performed most successfully has often been where their financing is linked to measurable outcomes (e.g., vaccinations delivered, emissions reduced, preparedness capacities strengthened). Where they routinely encountered challenges is in their ability to secure routine multi-year or long-term funding commitments without the relatively high transaction costs of intensive replenishment campaigns, and in the ability to coordinate financing flows amongst themselves (the large number of sometimes competing vertical funds and other financing arrangements in the climate space is a case in point, as is the recent attention given within the global health space for addressing fragmentation).

GPG Financing Mechanism	**Financing Actors**	**Role of MICs and Non-Traditional Donors**	**Volume of Financial Resources Mobilised**	**Results Achieved**	**Key Lessons Learned**
Global Fund to Fight AIDS, Tuberculosis and Malaria	Governments, recipient countries, private foundations, private sector, civil society	MICs increasingly co-finance domestic health programs and graduate from support; private philanthropy (especially foundations) plays a major role	Over US$65 billion invested since 2002	Contributed to saving an estimated 65 million lives and significant reductions in HIV, TB, and malaria mortality	Country ownership and performance-based financing improve effectiveness; sustainability becomes challenging as countries transition from aid
Gavi, the Vaccine Alliance	Donor governments, multilateral agencies, foundations, private sector	MICs co-finance vaccines through transition arrangements; emerging donors increasingly contribute	More than US$8.8 billion pledged for the 2021–2025 period alone; immunization programs supported globally	More than 1 billion children immunized and over 17 million lives saved through Gavi-supported programs	Innovative finance and market-shaping can reduce vaccine costs and increase access
International Finance Facility for Immunisation	Sovereign donors, capital-market investors, multilateral partners	Includes contributions from emerging economies such as Brazil and South Africa as sovereign sponsors	US$9.7 billion raised through vaccine bonds; US$6.2 billion transferred to Gavi	Accelerated immunization of hundreds of millions of children; enabled rapid financing during Ebola and COVID-19 responses	Front-loading future aid commitments can generate earlier development impact and improve predictability

Green Climate Fund	Developed-country governments, multilateral institutions, accredited implementing entities	Strong role for MICs as both recipients and contributors; countries such as China, Mexico, Indonesia, and others engage as providers and implementers	Portfolio exceeds US$19 billion in approved funding and nearly US$79 billion including co-financing	Hundreds of climate mitigation and adaptation projects benefiting vulnerable populations across developing countries	Large-scale climate finance requires leveraging co-financing and strengthening local implementation capacity
Pandemic Fund	Governments, multilateral development banks, foundations, international organizations	Notable participation from MIC contributors including India, Indonesia, China, South Africa, and Gulf states	More than US$2.1 billion in donor commitments; US$1.4 billion in grants catalyzing over US$10 billion additional financing	Funding pandemic preparedness projects in 128 countries through 67 projects	Relatively small grant windows can mobilize large amounts of domestic and partner co-investment
Global Environment Facility	Donor governments, implementing agencies, development banks	Several MICs act both as beneficiaries and contributors during replenishments	More than US$24 billion in grants since inception, leveraging substantially larger co-financing (widely reported by GEF)	Biodiversity conservation, climate mitigation, international waters protection, and chemicals management programs	Environmental GPGs require long-term replenishment cycles and strong leverage of domestic resources

Adaptation Fund	Governments, carbon-market revenues (historically), multilateral institutions	Direct access modality allows national institutions in MICs to manage funds directly	More than US$1 billion approved for adaptation projects globally	Increased climate resilience in vulnerable communities through locally led adaptation projects	Direct access can strengthen national ownership and institutional capacity
Tropical Forests Forever Facility (TFFF)	Governments, multilateral institutions, private capital, and technical partners such as FAO and INPE	Initiated by Brazil with aim of incentivising (through compenssation payments) governments to preserve their standing rainforests	Aims to mobilise US$100 billion from capital markets (around 5.5bn announced thus far)	Increased biodiversity protection and carbon sequestration, along with support for indigenous communities	A more inclusive governance arrrangement in which countries at all income levels can engage

Figure 7. *Eight selected GPG funding mechanisms compared.*

3.3 Ideal characteristics of GPGs finance?

Further drawing on the above examples it is clear that the following ought to also be key criteria in any desirable global public good funding arrangement. First it needs to be **catalytic** (in the sense that it can mobilise additional private financing and also that it can incentivise further investments in the global public good through demonstrating investibility and/or by providing guarantees or co-financing arrangements with other sources of finance. Second it needs to be **coordinated** (across different financing streams: public/concessional, commercial, philanthropic, etc), potentially involving financial aggregation tools like **investment** funds). Third it needs in many cases to be **continuous and predictable**: requiring on-going financing: this would be the case for core functions, for example, such as a global pandemic preparedness surveillance capacity. Fourthly, it needs to be **systematic**. There is too much ad hoc financing of global public goods at present which leaves their provision disjointed and unevenly provided and which tends, as a result, to reinforce inequalities rather than reducing them. Finally, GPG financing needs to be **effective and equitable** and there needs to be an emphasis as well on the **capacity** in recipient contexts to absorb resources and manage them well. When we look at all these characteristics it is clear that few current arrangements are yet fully fit-for-purpose. At the same time, it is clear that there can be no single formula that would deliver an optimal allocation of GPG financing: there is no single criteria for the finance that is needed and often different GPG outcomes (and development outcomes) are in tension with each other. For example, prioritising mitigation resources would lead to a concentration of resources in MICs.

To be realistic, any such funding arrangement also has to be able to make existing funding go further. This is not just about looking for “efficiencies”. It is about increasing the total volume of investible resources within existing revenue streams. How can countries get more from what they already have to spend through guarantees of mitigating risks, for example, or through reducing the aggregate perception of risk (through, for example, a portfolio approach)? Can countries get more out of better designed institutions (e.g. from governance reforms that would allow them to deploy capital more effectively)? And can the monetisation of new asset classes e.g. natural capital) enable them to invest in outcomes that are presently seen as un-investible? In other words, a reform agenda for global public goods financing needs, in addition to being systematic, coordinated, and longer term, also able to **unlock new or currently untapped resources** that are additional to and separate to ODA flows and that make sense in a world in which both institutions and the provision pathways for many global public goods are as strongly national and regionally rooted as they are “international”. This will require in turn the design of appropriate incentives to ensure that the right actors (including private sector and civil society) can participate meaningfully in any GPG delivery system, **incentives** which can also be provided in terms of governance participation and behaviour rewards and managing the trade-offs that exist between the comprehensiveness or scope of a proposal and its feasibility. A helpful approach on the latter may well be to separate out the core component of GPG financing (that would require a coordinated and monitorable common approach) from the **complementary** (local) component that could be more routinely financed through domestic and private capital (see Sagasti and Besancon, 2001, p35).

The remainder of this policy brief builds on these insights to propose a range of reform options arranged into two tranches. First (in Section 4) we outline a set of mostly quite immediately actionable reform options that would build on existing policy frameworks. Then (in Section 5) we outline a pathway towards a more structural and cross cutting reform agenda aimed at re-organising the wider global financial architecture in ways that better align with the need for greater and more routinised funding for GPGs. The paper concludes by identifying some key upcoming policy windows through which the reforms proposed will need to be promoted and taken up.

4. Reform Options For Existing Policy Instruments

As identified in Section 1, part of the challenge of financing GPGs lies in the limits of existing instruments. Yet there also exist a number of available proposals that could be actioned to improve these existing instruments or, in cases, to repurpose them for GPG financing. This section identifies concrete actions directed at (1) existing funds, (2) existing IMF and WB facilities, and (3) the MDB system, that could be initiated by the governing boards or shareholders of existing organisations and in which governments could participate in a mostly voluntary basis to scale up funding for GPGs. We then further recommend a small number of existing (but not yet implemented) reform agendas that could be adapted for GPG funding purposes.

4.1 Evolve existing GPGs-specific funds and mechanisms to better support GPGs.

There are already a great many vertical funds and mechanisms that address global public good funding. These include global health funds and funding mechanisms like the Global Fund, CEPI, the Pandemic Fund and climate funds such as the Green Climate Fund. Many of these are financial intermediary funds hosted at the world bank and have their own governance structures. To make them more attuned to the global public goods portion of their respective mandates it is necessary to evolve the **governance structures** of these funds to better include on equitable terms a wider range of countries, some of whom will not be contributing as much as others, as well as seats for civil society representatives who are often the best positioned to represent the "global public interest". In line with the theory of the "contributions trilemma" (Reid-Henry et al, 2023) this would help to broaden the donor base, secure additional volumes of financing, and improve decision-making around allocation of the funds. In practice, many of these institutional reforms amount to doable changes in programming: from streamlining review processes and reducing the complexity of approvals processes (lowering the burden on developing countries), to providing more predictable and sustained support, to transitioning from standalone projects with higher one-off transaction costs to funding for more systemic regional and global issues. A politically legitimate GPGs financing framework for the vertical funds, for example, should also include mechanisms to assess, protect and maximize the impact of investments on children as a litmus test of their efficacy, for example.[5] All funds would also benefit as well from standardized reporting on GPG-related spending and should incorporate the lessons from TOSSD's Pillar II process to facilitate this.

A related way to make use of existing funds for GPGs-specific finance is to deploy them more proactively as intermediary actors in **debt swaps** (be it debt-for-nature, debt-for-health, or other debt repurposing schemes), where they can provide not only direct financing but policy design and risk mitigation (GCF, 2024). While debt swaps are not new and they are also not straightforwardly the right solution in every case, recent policy developments have tailored their use somewhat. Alternatively new funds can be set up within multilateral or public development banks as trust funds dedicated to (multilateral) debt swaps, in which several creditor countries would work together to enable scaled debt swap arrangements. Debt swaps work by offering debt relief in exchange for new commitment to invest in climate or other outcomes (ECDPM, 2023, UNDP, 2023).Such schemes can be a way to both address liquidity problems and fiscal space problems in indebted countries while leveraging finance (potentially new and additional) for climate, health and other GPG outcomes and can be combined with other financial instruments (eg guarantees) to achieve scale. This makes good sense both from the point of view of development and scaling up GPG provision. Over a third of countries currently are experiencing some form of debt distress and in 2023, for example, while the *potential* market value of all debt swaps was estimated at USD800 billion.

[5] A child-centred approach is not an optional social add-on; it is an economic, political and legal imperative. It is consistent with the Convention on the Rights of the Child, which requires States to treat the best interests of the child as a primary consideration and to use the maximum extent of available resources, including international cooperation, to realize children's rights.

4.2 Repurpose IMF facilities for GPGs financing.

Among the instruments that already exist and which could be repurposed to provide GPGs funding, SDRs hold out the potential to raise substantial finance. **SDRs** are international reserve assets whose value is based on a basket of five major currenies. SDRs can be allocated to and among members in proportion to their IMF quotas, but it is possible to recycle SDRs among members and occasional SDR issuances can be agreed by members. A concerted policy commitment to use SDRs for clear shared global benefits would align with the outcome document from Seville, the Compromiso de Sevilla, which calls for the development of an SDR Playbook. The advantage of SDRs over IMF loans is that they do not need to be repaid: functioning more like cash injections (World Bank, 2022). We have noted above that many existing funds, such as the Act-Accelerator during the pandemic, or the Green Climate Fund today, are not as well funded as they should be (rich countries remain slow to provide the climate finance they have already promised). SDR reallocations from rich countries into these funds would free up immediate capital for use by these funds on GPG outcomes, at the same time as issuances to developing countries (or indeed further recycling from wealthier to poorer countries) would, when converted into hard currencies, free up fiscal resources for investments in GPG outcomes by poor countries as well, without creating additional debt (Sward and Amerisinghe, 2026; Ellmers 2021). An alternative way of using the IMF to sustain GPG financing is to tap into **IMF Gold Reserves**. Occasional sales of IMF gold reserves are already used to finance its Poverty Reduction and Growth Trust (PGRT). Selling just 4% of IMF gold could generate nearly $10 billion, completely wiping out the IMF debt service for up to 86 climate-vulnerable developing nations (Zucker-Marques and Bhandary, 2024). This would in turn free up fiscal space for climate investments and could even be tied to such policy commitments in the same way as debt for climate or debt for health swaps function.

4.3 Support the World Bank Evolution agenda for GPGs financing.

The World Bank is in principle uniquely positioned to be a major provider of financing for global public goods, yet historically it has been country and project focused. Reform is needed to turn the ad hoc and limited finance currently raised through the vertical and other trust fund arrangements hosted by the bank to something far more systematic (Dissanayake et al, 2022). Within the WB group this can best be taken forward through the **Framework for Financial Incentives** (FFI) launched in 2025 (as part of the larger World Bank Evolution from 2023, which itself committed to transforming its operations in relation to eight global challenges). The FFI provides a way to strengthen support for GPGs in the Bank's operations, providing targeted financial incentives (such as interest rate buy downs) for projects and policies that create positive spillovers for other countries. The FFI is mostly targeted at middle income (IBRD) countries where the conditions for providing GPGs may be greatest. Price incentives within the FFI are financed from the Bank's Liveble Planet Fund which has a funding goal of USD400m (Schwab, 2026). The IDA equivalent fund supporting cross-border programmes is the new Global and Regional Opportunities Window (GROW). A very simple way to better support the World Bank to enable GPG provision is therefore for countries to contribute to the capitalisation of these funds. In addition to providing capital member states should also demand transparency and reporting standards in relation to allocation decisions that can enable this (and other) mechanisms within the Bank to improve and to work more efficiently (encouraging in turn further investments in the fund). Just as important is that contributors to the fund exercise restraint and refrain from earmarking their allocations (a policy practice that is one of the stated reasons China has to date not contributed) (Mathiesen, 2024).

It will be important to be mindful of the policy context here too: the World Bank's current focus is about growth and jobs, and the impetus to global challenges of a few years ago is not presently at the forefront. It needs therefore to be put back at the heart of the agenda, as political realities allow.

4.4 Better align and coordinate the MDB System for GPGs.

Recent efforts to reform the MDB system are ongoing but these reform initiatives can be better aligned with GPG-specific financing arrangements (Ocampo and Gonzalez, 2023; Sagasti, 2023). The **Capital Adequacy Framework** initiative, for example, has succeeded in unlocking additional lending capacity through adjustments to risk and capital adequacy frameworks amongst other reforms (G20, Boosting MDBs Investing Capacity, 2022). These reforms can be adapted to stretch balance sheets further in the direction of fresh rounds of GPG financing by, for example, making greater use of callable capital or offloading portions of their loan portfolios to private institutional investors or insurers, and adjusting how **Credit Rating Agencies** (CRAs) price risk to ensure fairer lending terms to countries – especially as these latter heavily influence decisions about which programmes and countries are lent to (Basu and Sun, 2022). Almost as important is for the leadership of the MDBs to signal the role of the sector in supporting GPG provision, so that client countries do not fear a trade off in accessing MDBs between their development and GPGs (e.g. climate adaptation) needs: something that research shows many at present do (Prizzon et al, 2024). The reason for this is simple: the public goods bucket is shrinking, fiscal space for all countries is constrained, and beyond voluntary mechanisms it is primarily within the MDB system that new capital will be found. This requires more than just derisking private transactions (which while important does not guarantee or increase the number of those transactions going to global public goods). It requires greater "interoperability" between the relevant parts of the global financial architecture to create synergies not redundancies. We therefore call on countries to support initiatives such as the **Triple Agenda** and **Finance in Common** through which heads of the MDBs are seeking new ways to work together – such as through common principles for concessionality and incentives – to better achieve impact and scale (G20 Independent Expert Group, 2023; Heads of MDBs, 2024: G20 Chairpersons Statement, 2025). While not all aspects of such an expanded role for MDBs would be, or need to to be, specifically for GPGs, the general benefit of increasing public finance and general fiscal space in all countries is a step in the right direction in any case.

4.5 Raise political buy-in for existing "structural reform" proposals.

There exist a number of variously well-known reform proposals that could be used or modified to support the provision of GPGs but which have not yet garnered sufficient political support. Many of these fall under the banner of non-traditional levies and taxes. For example, they include proposals for an **international financial transactions tax** (IFTT) as well as more recent proposals for a **tax on international shipping** (endorsed by the International Maritime Organization) to reduce carbon emissions. Both of these schemes would raise many billions of dollars and could be initiated and operate through existing institutions (for example SWIFT and the BIS could between them oversee the registering and deposit of a financial transactions tax) (see Sagasti, 2024). Other recent proposals include proposals for **wealth taxes** put forward by the economists Gabriel Zucman (a so-called Billionaires tax) and by Thomas Piketty (for a Global Wealth Tax targeted more at global millionaires). The latter has also more recently proposed a **Global Justice Fund** which would allocate fully 10% of global GDP to a range of outcomes: some of which align with GPGs but where this is not yet explicitly outlines. More modestly scaled initiatives call for **Global Solidarity Levies** (such as premium flyer levies) and **windfall taxes** on the proceeds of oil receipts for example during price hikes caused through regional conflicts. Supporting at least some of these agendas may be more important than simply being seen as an additional add on. There are reasons to believe that the trade offs between, for example, the ability of MDBs to raise new and additional financing for GPGs and to maintain their development work may be unavoidable unless large new sums of money are paid into them to enable both activities to be avoid paying the costs of the other (Dissanayake, 2023). This same fact is also why there may be strong grounds to support a separate and distinct GPG financing framework that would operate to connect both public revenue streams (that were specific and separate to ODA flows), cross-MDB platforms for dedicated GPG financing, and new (non-project, non-country based) financing mechanisms.

In addition to the need to formally and consistently activate these mechanisms to mobilise additional financing for development, many of which are identified also within the Compromiso de Sevilla, and to tap into the larger private capital flows not yet productively allocated, there is a need to also establish criteria to ensure that a significant share of this additional financing actually is allocated to GPGs. Three possible criteria present themselves. First, when it comes to public finance, it should be possible to assign all international grants and loans that do not go to specific and already identified development outcomes (as tracked through CRS codes overseen by the OECD-DAC) as funds needing to be marked as for GPGs and thereby establishing a parallel budget line that can be coordinated and managed as such. Second, for all resources derived from taxing a global public bad, these could be allocated entirely, or at least largely, to financing for GPGs, as in the case of carbon taxes. Third, additional resources stemming from levies on the benefits generated by globalization should be devoted, at least in part, to financing the costs arising from the new interdependencies on which globalization has been built, as in the case of a tax on international financial transactions.

5. Global Public Investment: Towards a Common Framework for Financing GPGs

If GPG financing is to be realised at sufficient scale and without cannibalising other sources and flows of capital that are needed then **more countries** need to be brought in as contributors (and rewarded with meaningful governance rights), **greater coordination** is needed between the above financing instruments, institutions and stakeholders (including governments), **and improved ways to measure and monitor** these flows are needed to ensure transparency (and so improvement and greater efficiency over time). For example, a coherent GPG framework should be additional to traditional development finance, assessed for its impact on, amongst other things, children, and designed to maximize long-term human development returns. Lastly, it would be necessary for such a framework to evolve in a way that is **modular** (that is to say, that it would be taken forward by governments willing and able to do so, and it would not present a singular system so much as form part of a more multifaceted international architecture compatible with the diversity of existing cooperation models while aligning practices around a common set of minimum standards and principles).[6]

One of the current policy proposals for doing this, unique in its system-oriented perspective and also in its co-creative approach to including governments, civil society and other stakeholders in its ongoing design, is the proposal on Global Public Investment (GPI). GPI presents a **concrete policy vision** for how to tie together the underlying principles outlined above through the creation of a more coherent common framework for financing GPGs. The GPI proposal seeks to respond to the current dilemma outlined in this report: the fact that if (a) GPGs are to be sufficiently financed and this is not to come at the cost of development assistance, and if (b) efficiencies are to be extracted at a time when fiscal space is limited and options for "new" money coming from governments alone is politically improbable, then a framework that is capable of bridging government revenue with the global financial architecture, and including access to additional revenue streams such as levies and taxes, is needed. Yet it is important to underscore that it is neither a finished nor a singular policy reform agenda: it is better understood as a reform pathway framed within a design process that takes the (different) interests of all countries into account when assessing how best to finance and govern their (shared) needs.

While not exclusively being "for" global public goods, GPI is, of currently available reform proposals, perhaps the most attuned to meeting GPGs needs and financing realities. GPI does not therefore propose a single "fund" (as the Piketty proposal above, which has been criticised for its lack of political realism). Rather it calls for a common framework for financing shared global needs and challenges, recognising that, on the one hand, the ability to resource these needs differs between countries, as does exposure to the costs of their non-provision, while also recognising, on the other, that all countries have common benefits (again the scale of which will vary from case to case) to be realised from the public returns on these investments. Despite the word "global" in its title, it thus foregrounds national ownership on the prioritisation side and regional institutions on the delivery side.

GPI would thus ultimately provide common framework for groups of countries to organise and provide oversight of GPG (and other) forms of development finance, a little as the OECD DAC, SSC, and Triangular Cooperation all separately provide already, in line with their own distinct principles. Where GPI is different to these existing frameworks is that:

- It is universal in principle, in that all countries would be both contributors and (potentially) recipients, yet in practice it is a policy agenda that could be (and is being: see below) built as a plurilateral coalition of the willing led by the global South.

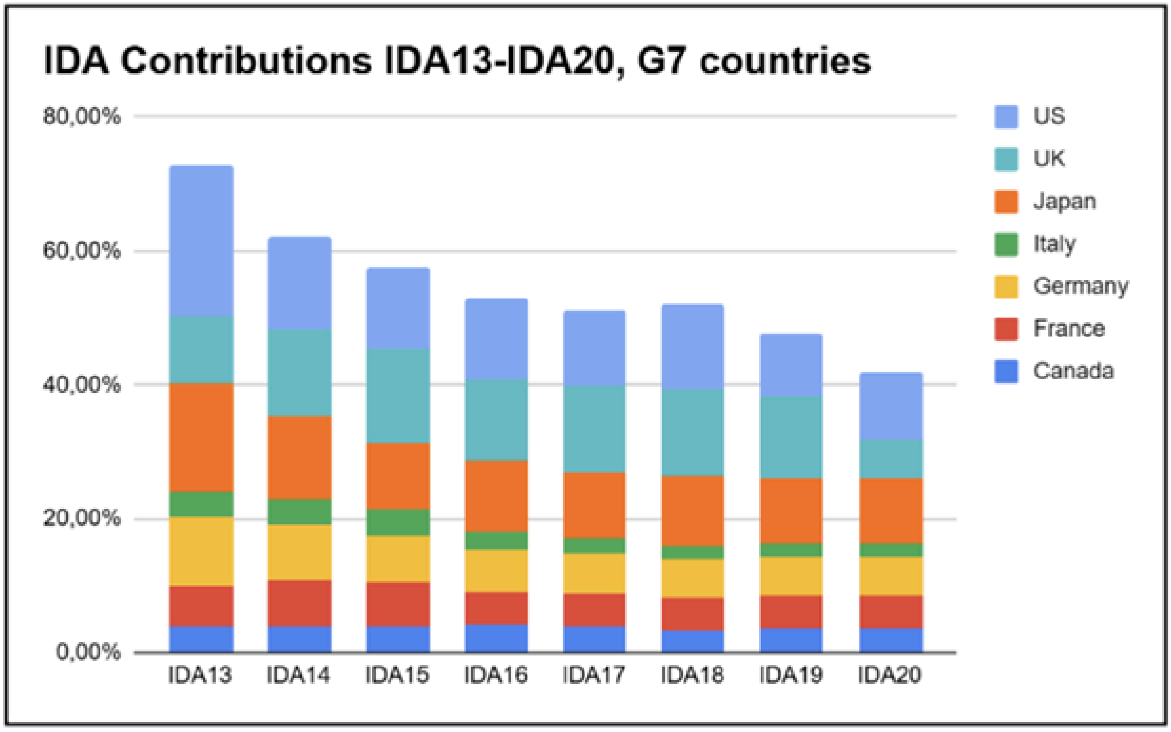
[6] On the need for a reform approach that would recognize the diversity of existing cooperation approaches and build "an inclusive and representative governance structure, capable of encompassing all countries, establishing minimum agreements and standards, and remaining compatible with the preservation of more restricted governance arrangements," and in which different governments could pursue more or less demanding agreements best suited to their own understanding of development, see also Alonso (2026).

- Financing for GPI does not rely uniquely on government transfers (or public revenue, as with ODA). At its heart would indeed be a separable budget line for international transfers that would enable GPI flows to be monitored, tracked, and held accountable, just as "aid" budgets of donor countries are overseen by the DAC. For those countries, the easiest appraoch may be simply to take those existing budgets and divide them into two distinct windows for traditional ODA and now also for GPI, but free of the 0.7% or any other target and coordinated more directly with relevant line ministries.

- Additionally, GPI funds could combine public revenue contributions with international levies and taxes (as a new, additional revenue source) and in-country DRM (subsidising this where necessary by allowing fiscally constrained countries to tag domestic spending as GPI where it met certain criteria).

- These flows could then be used to support GPG financing directly, or through dedicated GPG funding windows and regional and other programmes within and through the global financial architecture, particularly the WB, IMF and the MDBs. To this extent it would be built on and provide a coherent overarching framework for many of the reforms above without the need for a singular fund or institutional entity that is unrealistic in the current geopolitical context.

- Governance of a GPI framework could be relatively light touch, requiring primarily just a decision-making and a technical component, both of which could easily be hosted within the UN system.



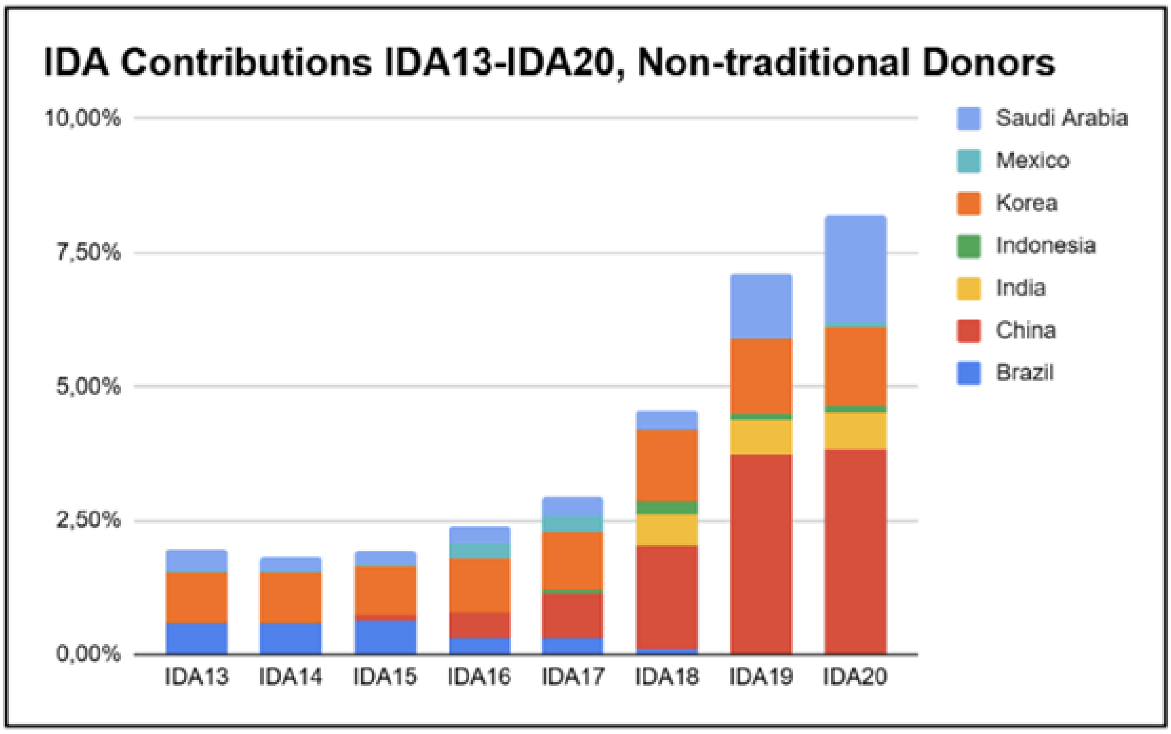


Figure 8. *Emerging vs Traditional Donor contributions to IDA replenishments over the past 25 years (IDA13 = 2002).*

As Figure 8 (above) shows, the underlying political momentum behind the move to a more universal development cooperation system is already taking place and where there are greatest common needs and demands from countries is precisely in the area of global public goods production. GPI is positioned to respond to and structure this underlying transformation that is underway in the economic relations between nations. It combines with the further recognition that, just as no successful country is ever done paying for its public health, education and social welfare, sustainable development also requires an ongoing flow and counter-cyclical mechanisms to ensure that the infrastructure and capabilities to meet the needs of balanced economic growth within a habitable planet are met.

Given the many policy and institutional issues that need to be correctly managed in any evolution towards GPI, and mindful that this policy proposal as any other remains a matter of debate, continued policy discussion on the proposition is conceived – as it should be – as a process that would need building over time and to the extent the requisite political will is secured. To facilitate this, the Club de Madrid, along with the Global Public Investment Network and the Development Bank of Latin America and the Caribbean have taken the first step of creating a platform for a coalition of the willing: the Coalition of Governments (and International Organisations) on GPI. By leveraging the policy advocacy of academic, civil society and other partners around this coalition of the willing we can ensure that the policy needs and political agendas necessary to turn this vision into a (well-governed) reality can be brought together in the years ahead: turning the current structuring of international public finance rooted strongly in a disjointed ODA and GFA system into a framework that is truly capable of enabling GPG financing at scale.

6. Mapping solutions to actual GPGs cases

The two sections above identify a number of different reform pathways as a coherent and progressively more ambitious basket of policy asks – less than a Bretton Woods moment but more than an atomised series of institutional tweaks. In the case study briefs on specific GPGs areas (water, health, and digital public infrastructure) that accompany the WG policy papers, the authors identify some of the more specific reform agendas that are needed to scale up funding and to enable improved governance in each policy area. Each of the cases poses a distinct set of policy needs: water security, for example, is a good example of a GPG that is more regional than global; the challenge of ensuring global public health, particularly of maternal, new-born and child health, illustrates the extent to which the contemporary multilateral architecture is under stress, as well as the limits of a financing model that relies on voluntary contributions. Globally the challenge here equates to one of weak compliance, incomplete information sharing, insufficient surge capacity in times of crisis, and uneven access to available technologies and countermeasures: finally, provision challenges when it comes to digital public infrastructure, rest in large part on the underlying political economy of the technology itself, in that the benefits of digital infrastructure are too easily captured by a handful of corporations in just a few countries, while the costs are borne by the populations whose data and attention generate those benefits. The policy needs in addressing the provision of digital public infrastructure thus point to stronger and better coordinated regulation, itself tied to taxation as a revenue stream. This is quite different to water security, which requires often a strongly regional (even basin-level) governance agenda and domestic public revenue streams.

This being said, the cases also point to where certain common features of a GPGs financing framework arise and to certain common policy commitments that are needed. Among the common elements required is to make full use of data to ensure identification, measurement, and accountability: contra the possibilities two decades ago, this may now be one of the elements that tips the issue of financing global public goods more coherently into the realm of the feasible. Similarly, it is a common requirement, as outlined above, that long term and predictable core financing is a key component of the public side of the ledger on GPGs financing needs. Above all, what the cases reveal is that without the appropriate governance attributes of participation and legitimacy, transparency and accountability, and regulation in the public interest, an expanded provision of a given global public good may end up deepening exclusion and inequality, rather than alleviating it. In other words, what is needed is finance that is matched to the GPGs outcomes it is directed to (e.g. long term, cross border, and coordinated) and where delivery of that finance occurs not through a single top-down system or fund but through interconnected institutions with clear functions, oversight, and appropriately delegated responsibility. It must be rights based and systems oriented. Ultimately, the form of the financing should follow the function: being grants based and strongly public where shared risks and core service delivery functions are needed, but open to blended and private finance in complementary areas (e.g. efficiency improvements, auxiliary services, or commercially viable elements of the provision pathway) where effects are more diffuse and regulations and rights-based safeguards are strong enough.

Three further policy lessons arise that can be applied to the reform agendas proposed in Sections 4 and 5.

Building through the regions. Regions are very often the scale at which global public goods can most effectively, and legitimately, be implemented. Pan-African DPI, for example, can be a way not only to enable the exercise of meaningful authority over global digital actors in ways individual states cannot, but also as a way to ensure ownership over development agendas. As the DPI paper states “Pan-African DPI is therefore not merely a technical or fiscal proposition; it is a strategic instrument for economic self- determination in a world where sovereign agency is increasingly digital” (p. 18).

Unlocking Public Capital. For years the mantra in development cooperation has been of the need for (and potential of) unlocking private capital: well encapsulated in the Bilions to Trillions agenda. Yet this has not happened in part because public capital has not first been fully unlocked and because the policy frameworks for managing public policy agendas alongside private capital have not been sufficiently explored. The financing need in some sectors (e.g. infrastructure) can in many cases be addressed by redistributing risk via blended finance or PPPs; but others (e.g. biodiversity protection, carbon removal) generate genuine public goods that lack monetizable revenue streams and cannot be fixed by market mechanisms at all. The case studies provide reasons to believe that establishing appropriate public priorities and ensuring public interest safeguards, through for example longer term financing organised at the portfolio rather than the project level, can be the best way to enable the stability and confidence that private capital requires and to establish the basis for more coordinated flows (e.g. Equity Group, 2025).

Rebuilding Trust (and the social contract). Finally, establishing functioning and effective GPG delivery systems, potentially including within the context of a larger and more coherent global financing framework for shared global challenges, such as GPI, can itself be a way to restore the need for confidence and trust in the multilateral system to actually deliver. This is something that each of the three cases identifies as a key barrier holding back the necessary reforms and additional revenues that are needed. As the case study of water puts it, for example, the delivery gap for suppling safe drinking water to people around the world reflects not just a lack of infrastructure and technical capacity, but "deep failures in governance, financing, accountability and political power" (p. 3).

7. Key Policy Opportunities

The various reform proposals outlined above can be promoted in a number of upcoming for a. In addition to relevant, sector specific, conferences and high-level meetings focused upon the three specific cases, there are opportunities also in the larger international calendar for securing political traction. The approach here should build on the outcomes of both policy papers: namely the need to present a new **narrative** (leaning into the reform of the governance and financing of Global Public Goods as a political and democratic question of legitimacy, effective delivery and shared responsibility) and **institutional** (focused on the actual technical processes and proposals that need to be embedded within existing institutions and for whom the appropriate responsibility holders need to be found).

Agenda or Process	***Key policy ask***
Next UN Secretary General->	Make greater use of the UN in IFI reform agenda, including by building on FFDIV agenda, and in light of ongoing UN80 reforms
Autumn/Spring Meetings->	Promote use of SDRs, Gold Sales, GPG Windows for GPGs and draw attention to importance of criteria on allocation of GPG finance
UNGA (2026)->	GPI Coalition event planned for UNGA, plus other opportunities to raise GPG finance needs (e.g. in FOSD events) as well as in upcoming HLMs (e.g. on PPPR)
UK G20 (2027)->	Work where possible on the current (shadow) G20 TT agenda while building forward to a comprehensive policy ask of the upcoming UK G20 (centred on MDB reform/Ubuntu Commission outcomes and the IMF
FICS conference 2027->	Table GPGs as a cross-cutting agenda within the ongoing FICS "interoperability" workstream
FFDIV follow up moments->	Prioritise GPG funding within the outcome agenda from Seville with a focus on allocation criteria to ensure additionality

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