



# **Public procurement and international governance: factors propelling us toward a global procurement market**

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**\* NB: all views expressed are the personal responsibility of Mr. Anderson and should not be attributed to the WTO or its Secretariat.**



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- ❑ The impact of regional agreements, autonomous reforms and the policies of multilateral lending institutions in this sector.**



## **Economic importance of government procurement: why procurement regimes matter**

- Significant proportion of Gross Domestic Product (15-20 % or more in most countries)**
- Essential function of government, vital to the delivery of socially important goods and services**
  - Transportation and other vital infrastructure (airports, highways)**
  - Public health (hospitals, medicines)**
  - Schools, universities, defense and policing**
- Wider significance for economic structure and performance; relevance to “good governance”**



## Changing economic policy perceptions: the role of governance

- ❑ Evolving thinking regarding the foundations of development: the essential function of governance (Roderick, others). Markets don't work well without adequate laws and institutions.
- ❑ Lesson reinforced by the economic crisis (recall lack of adequate regulation and transparency as a fundamental cause)
- ❑ The GPA as a new paradigm trade instrument: market liberalization with governance mechanisms (transparency, domestic review procedures)
- ❑ Dual function of the Agreement: facilitating value for money in internal markets while providing external market access gains for national suppliers



## The GPA: nature and changing membership

- ❑ **A plurilateral agreement - not all WTO Members bound**
- ❑ **Currently, covers 41 WTO Members including the EC and its 27 member States; most other traditional developed countries (i.e. Canada; Hong Kong, China; Iceland; Japan; Liechtenstein; Norway; Switzerland; and US) plus Israel, Korea, Singapore, Chinese Taipei, the Netherlands in respect of Aruba.**
- ❑ **Nine more countries currently seeking accession: Albania, Armenia, China, Georgia, Jordan, the Kyrgyz Republic, Moldova, Oman and Panama.**
- ❑ **Five more countries have commitments to join the GPA, as part of their WTO accession protocols: **Croatia, the former Yugoslav Republic of Macedonia, Mongolia, Saudi Arabia and Ukraine.****
- ❑ **Others to follow?**



## **Ongoing modernization of the Agreement**

- Revised GPA text, with new emphasis on:**
  - E-procurement**
  - Promotion of environmental sustainability**
  - Links with good governance**
- Prospect of broader/deeper coverage commitments**
- Effort to address implications of privatization (arbitration procedures)**



## **Synergies/complementarities between the GPA and other multilateral/plurilateral instruments**

- Common values/principles, allied roles of**
  - GPA**
  - UNCITRAL Model Law on Procurement**
  - APEC Principles on Government Procurement**
- NB: all of the above emphasize principles of non-discrimination, transparency and fair procedures to maximize value for money**



## **Relevance of the GPA to developments at the regional level**

- Use of GPA language in government procurement chapters/provisions of many regional trade/other agreements.**
- Similar coverage approaches in GPA and regional agreements.**
- Built-in commitments in some RTAs to further liberalization/GPA accession.**



## **Significance of policies of multilateral lending institutions/autonomous liberalization**

- ❑ Paris Declaration: encouraging reliance on country procurement systems for delivery of development assistance**
- ❑ Accra Declaration: carrying the process forward**
- ❑ Examples of autonomous liberalization (Ghana, Botswana)**
- ❑ Result: you may be closer to being GPA-compliant than you think!**

## **Concluding remark: four reasons why the GPA merits a closer look**

- ❑ Economic and developmental significance of procurement:**
  - ❑ potential trade gains from assured access to other Parties' procurement markets; and**
  - ❑ possibilities for achieving enhanced value for money in acceding countries' own procurement systems**
- ❑ Relation of GPA to current developments at the regional level**
- ❑ Transition from old to new Agreement**
- ❑ Pending accessions to the Agreement expected to:**
  - ❑ change the nature of the Agreement over time (toward a greater focus on development issues); while also**
  - ❑ expanding coverage and thereby augmenting the potential gains from further accessions**