

**Good governance and economic development:**

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THE REVISED WTO AGREEMENT ON GOVERNMENT PROCUREMENT (GPA): AN EMERGING  
PILLAR OF TWENTY FIRST CENTURY TRADE AND DEVELOPMENT  
CENTRE WILLIAM RAPPARD – Geneva – 17 18 September 2015

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# Content

Governance & Development: 'does it take both to tango?'

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# In just 8 days...

- UN Sustainable Development Summit: Sept 25 & 27 2015
- 2030 Agenda on Sustainable Development to be adopted
- List of 17 targets is broad, ambitious and integrated
- Epic opportunity to achieve positive change on grand scale

What will it take to turn words into action?

## Starting points

*« Both developed and developing countries will have to do their part and commit to good governance, rule of law and the fight against corruption in order to realize the post 2015 development agenda »*

*« We have to build institutions that do (...) allow politicians to come and go but ensure that the institutions stay and the essential services get delivered »*

## Weak governance costs: clear evidence available

- Costs more than 5% of global GDP (US\$ 2.6tn, WEF) with over US\$ 1tn paid in bribes each year (WB)
- Increases inequality (Gupta, 2002) and cost of doing business ( $\pm 10\%$ , IMF)
- Reduces investment ( $\sim 5\%$ , IMF) and capital productivity (Lambsdorff 2003)
- Perpetuates poverty and excludes the poor from public services

# Unhealthy conversation



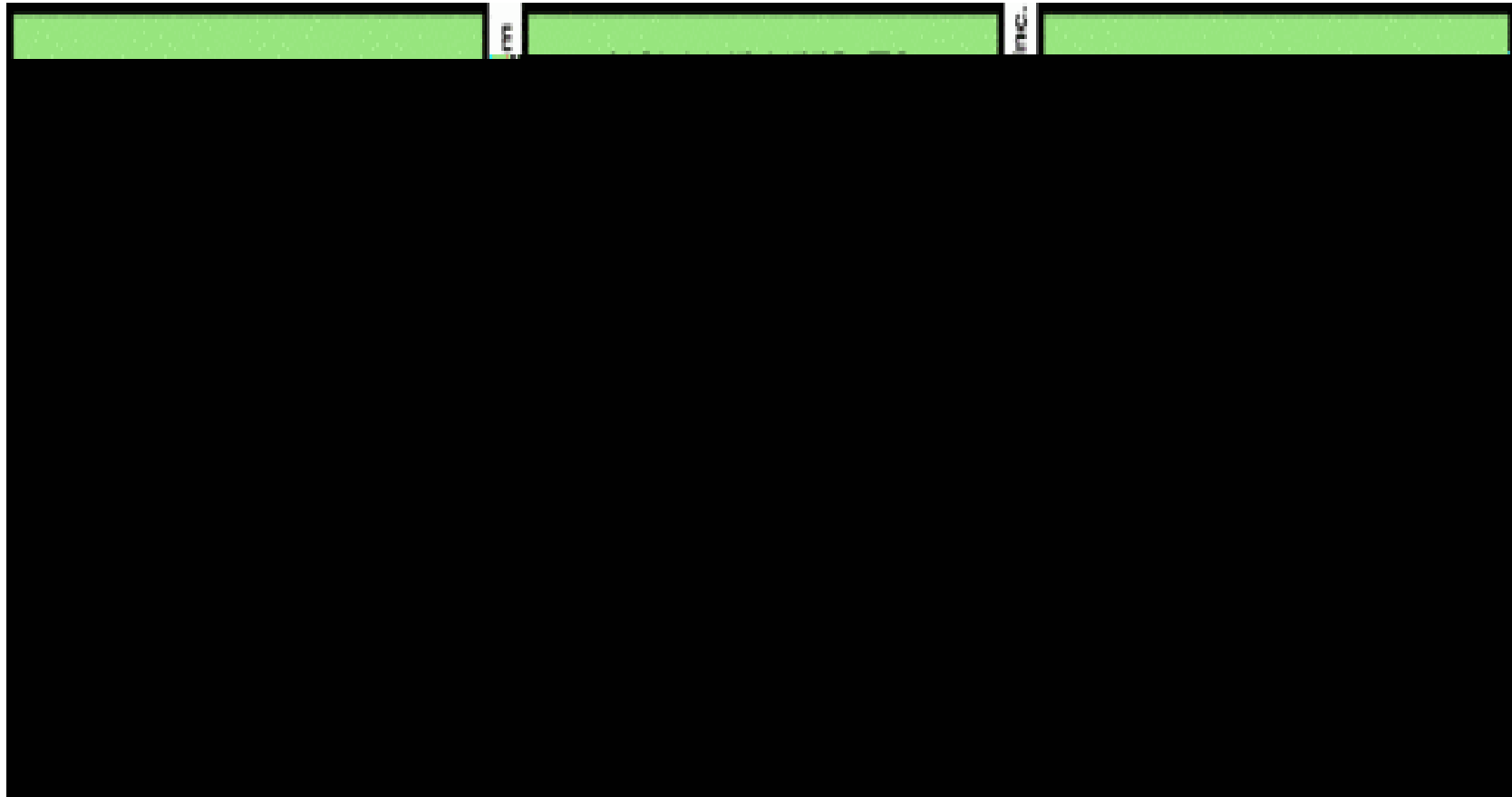
Key: finding ways to reinforce institutions

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# Government Procurement: Why bothering?



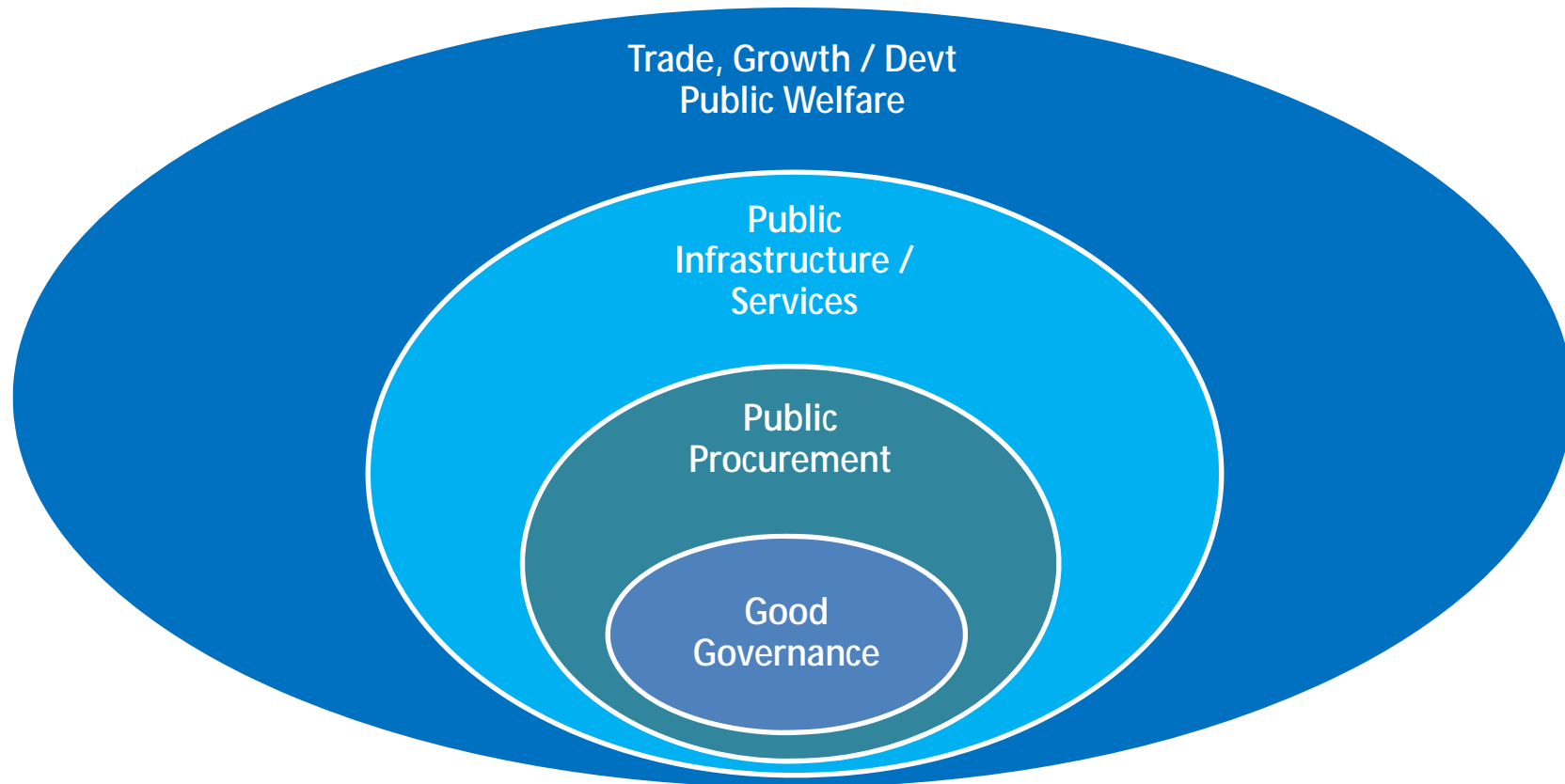
**It's not that dramatic and well worth the effort!**



# The State as an economic player: Far reaching economic, fiscal, social and governance related implications

- There is clearly a lot you can do with 15-20% of GDP, coupled with private investment
- Infrastructure is the backbone of an economy, supporting essential activities that underpin productivity
- Key: better use of resources, creation of new business and investment opportunities, improved public services
- Reforming alone? Laws and institutions are important, but external accountability measures have even bigger impact

# Creating virtuous circles (or ovals)



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## The revised WTO GPA: an enabling instrument?

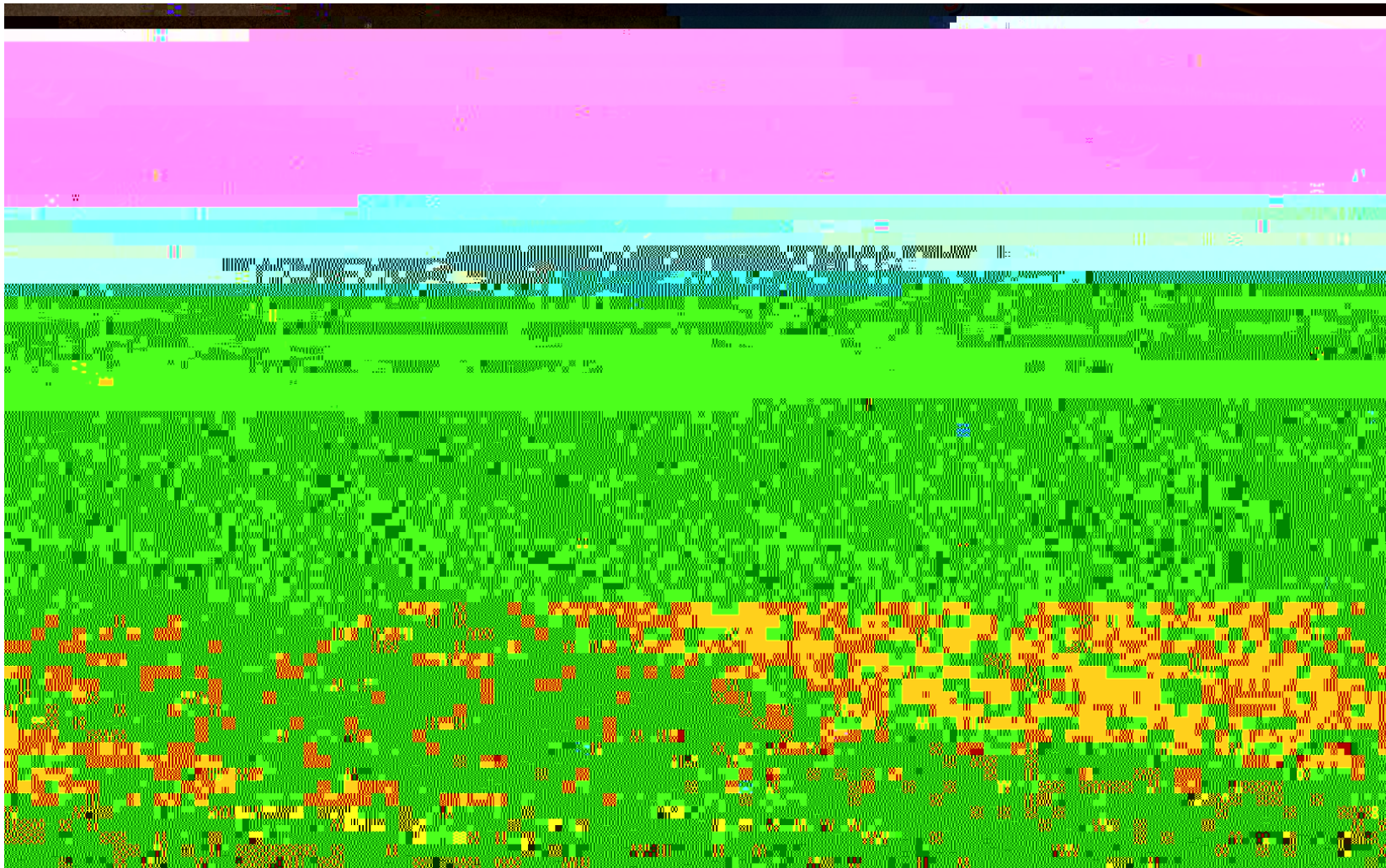
# How to implement sound management of GP?

## Perhaps not that way!



# A much wiser way – but not an easy one!

## 15 December 2011: A historic milestone



## **An essential question to consider: Why did negotiators work so hard?**

- Acknowledgement that the adaptation of the toolbox to a perpetually evolving world is indispensable
- Fundamental desire to upgrade the GPA's reach: "progressive multilateralization" as key objective
- Without the right framework, there can't be any substantial new success: the development dimension

**Key: tailor made instead of 'one size fits all' approach**

The



**To renovate or not to renovate**

# The perspectives (I): The infrastructure nexus

- The world's fastest growing regions are still not Parties to

The

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# Concluding thoughts

**Five indispensable**

**... and one question**

**Could the GPA become one of the global standards  
for sound public sector governance  
in the foreseeable future?**

**Thank you very much  
for your kind attention!**

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