

GPA SYMPOSIUM

Geneva, Switzerland, 17-18 September 2015

THE GPA AND AFRICA: POSSIBILITIES AND OPPORTUNITIES AHEAD

S1.3

by

Kodjo Osei-Lah
WTO Secretariat

- 1. Drawn from a paper by N. Niggli and K. Osei-Lah (2014), WTO Working Paper ERSD-2014-20 (see end)*
- 2. The views expressed in this presentation are those of the authors and should not be ascribed to the WTO, its Members or Secretariat, or to the Swiss Embassy or Government*
- 3. The term 'Africa' as used in this presentation includes 'African countries' where applicable.*

Outline

- A. Relevance of the GPA to Africa's trade and development prospects
- B. Implications and policy considerations for Africa and the world
- C. Takeaways

A1. Africa infrastructure: challenge and opportunity

- Africa's infrastructure deficit – barrier to region's development
- Solution includes PIDA, with complementary national elements
 - Overall goal: “*promote socio-economic development and poverty reduction in Africa through improved access to integrated regional and continental infrastructure and services*” (source: NEPAD)
 - **30-year** programme: **2010-2040**; Cost: **\$360 billion**
 - Focus: Energy, Transport, ICT, Trans-Boundary Water
- Successful delivery of PIDA: foster growth & prosperity
 - Deliver extra 2% GDP growth to 6.25% pa
 - Six-fold plus rise in GDP from **\$3.3bn** to **\$20.3 trillion** in one generation
 - **Doubling** of Africa's share of its regional trade and of world trade
 - Creation of some **15 million jobs**
- Challenges to successful PIDA implementation include:
 - Significant financing gap – up to half of annual financing need
 - Absence of uniform governance framework

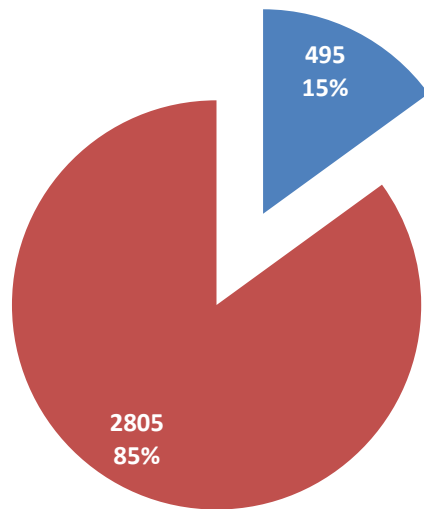
A2. PIDA Implementation: is there a role for the GPA?

- GPA – should African countries join? Potential benefits
 - Governance instrument: international ‘stamp of approval’, foster value for money, efficient resource utilisation, inward investment
 - Trade instrument: **\$1.7 trillion** GPA covered procurement market
 - Help liberalise African regional procurement markets
 - Transitional measures: use to limit the entry costs of accession, foster development of productive capacity, strategic sectors, etc.
 - International policy landscape: synergies, complementarities
- GPA – should African countries join? Potential challenges
 - Preparatory, negotiating and implementation costs
 - Adjustment costs for local industry
 - ‘Policy space’ considerations
 - other policy issues – e.g. Africa’s own regional integration agenda
- But note: sunk costs, paid price, opportunity costs
 - Previous/ongoing reforms, opportunity costs of non-participation

A3. The GPA & PIDA: trade dimension in numbers (2)

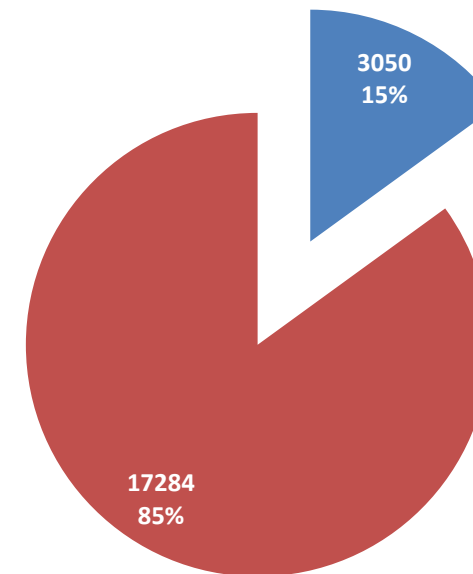
Size of African regional govt proc market @ 15% GDP

2010



Total GDP: \$3'300 billion

2040



Total GDP: \$20'334 billion

- Total overall Africa region government procurement market size under PIDA growth scenario, @ 15%/20% GDP (\$ billion) (2005 \$ PPP)
- Rest of the Economy

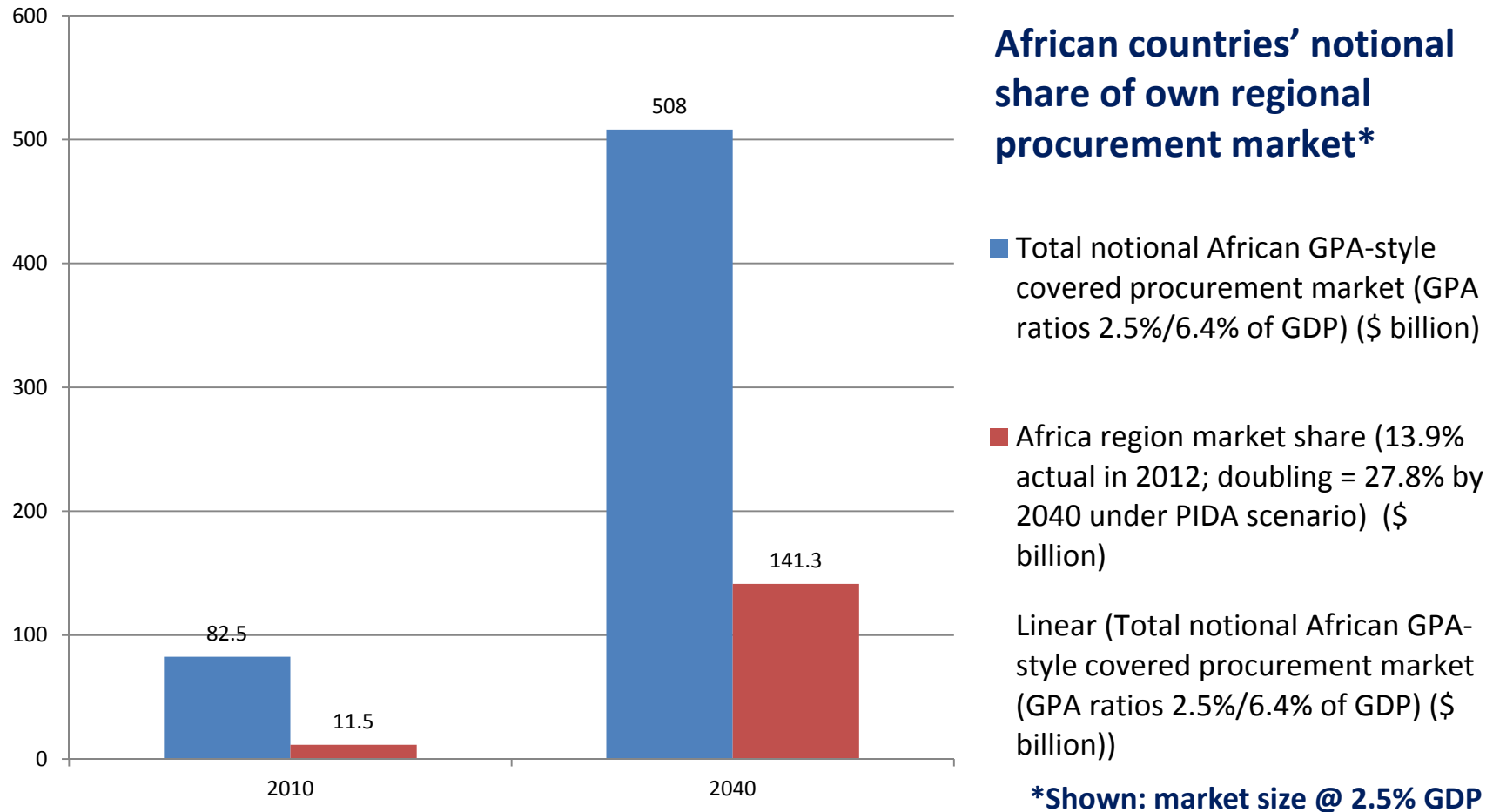
A4. The GPA and PIDA: trade dimension in numbers

- The trade dimension of PIDA: African regional dimension
 - potential size of African regional govt proc market (15-20% of GDP): **\$495-660 bn** at start (2010), rising to **\$3.05-4.07 trn** at end (2040)
- Liberalisation of African regional govt proc market to GPA standards (2.5-6.4% of GDP*)
 - **\$82.5 - \$211.2 bn** at start, rising to **\$508bn - \$1.3 trn** at end
- Notional African countries' share of own regional procurement market**
 - **\$11.5 - \$29 bn** at start to **\$141.3 - \$361.8 bn** at end
- Notional African share foreign GPA procurement market**
 - **\$59.5 bn** at start to **\$149.8-197.9 bn** at end

*Anderson *et al* (2012)

**According to recent performance/PIDA growth goals

A5. The GPA & PIDA: trade dimension in numbers (3)



B1. African GPA accession: benefits & challenges for other stakeholders

- GPA Parties – potential benefits
 - Boost in membership numbers plus potentially significant regional market access growth at minimal cost to Parties
 - Foster more competitive accessions
- GPA Parties – potential challenge
 - Cost of transitional measures package; other costs?
- WTO system benefits: foster GPA multilateralisation
 - GPA a ‘tool of global economic integration and good governance’ (Anderson 2010)
- Global welfare gains from African economic growth
 - Africa another growth engine for global economy

B2. Government procurement as a strategic function for trade and development

- “Strategic development procurement” / “strategic trade development”:
 - “leveraging the combined power of trade and government procurement, in a manner respectful of the WTO principles of transparency and non-discrimination, to deliver enhanced development outcomes consistent with the principles of socially inclusive sustainable growth, and common but differentiated responsibilities, in the context of the post-2015 framework”
- Policy considerations for African countries
 - policy development & implementation
 - next generation reforms; related capacity building

C. Reflection: Takeaways

- Africa: potential long-term global trade/growth engine
- Essential pre-requisite: infrastructure development
 - Aid for Trade, trade facilitation dimension
- PIDA: a key implementation tool
 - Jobs creation, trade, development dimension
- Consistent government procurement sub-text
- GPA: potential integrating, implementing policy tool
- The GPA and PIDA: a post-2015 agenda item?
 - transformational; helpful for Africa, good for the world

Thank you

Kodjo Osei-Lah
WTO Secretariat
(kodjo.osei-lah@wto.org)

Resources: Nicholas C. Niggli and Kodjo Osei-Lah, 'Infrastructure Provision and Africa's Trade and Development Prospects: Potential Role and Relevance of the WTO Agreement on Government Procurement (GPA)', *WTO Working Paper ERSD-2014-20*, November 2014, available from: http://www.wto.org/english/res_e/reser_e/ersd201420_e.htm and references cited therein.