

# GPA TECHNICAL COOPERATION FACILITY

## Accession to the GPA: The case of Armenia

### GPA SIMPOSIUM

## THE REVISED WTO AGREEMENT ON GOVERNMENT PROCUREMENT (GPA): AN EMERGING PILLAR ON TWENTY-FIRST CENTURY TRADE AND DEVELOPMENT

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(S7.8)

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*“Participation in the GPA brings real benefits not only in terms of access to other Parties' markets for procurement of goods, services and construction services, but also in the form of enhanced competition and transparency in the Party's internal markets. It embodies a political and legal commitment to good governance principles that reflects very positively on the acceding government and on its leaders. In applying for GPA accession and then completing the related negotiations in a little over a year, Armenia has effectively demonstrated to the world its commitment to these principles”*

**Mr. Pascal Lamy**

WTO Director-General

*“In applying for GPA accession and in completing the process in such a timely fashion, Armenia had shown courage, fortitude and wisdom. “You have made a commitment to good governance that will be noted around the world, and that has made you a leader in your region”*

**Mr. Nicholas Niggli**

**The Chairman, WTO GPA Committee**

[http://www.wto.org/english/news\\_e/news10\\_e/qpro\\_07dec10\\_e.htm](http://www.wto.org/english/news_e/news10_e/qpro_07dec10_e.htm)

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“Когда вам говорят, что всё хорошо значит от вас что-то скрывают...”

Armenia “surrendered without a fight” or Armenia believes to the WTO GPA cornerstone principles?

“The GPA is based on the principles of **openness, transparency and non-discrimination**”

[http://www.wto.org/english/tratop\\_e/gproc\\_e/gp\\_gpa\\_e.htm](http://www.wto.org/english/tratop_e/gproc_e/gp_gpa_e.htm)



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## RA Law on Public Procurement: Years 2000, 2004, and 2010

The purpose of the law is to ensure value-for-money in the procurement process, namely: ... 3) Implementation of procurement process ensuring the efficiency, effectiveness and economy of procurement.

For the purposes of achieving the objective set out in the PP law, the procurement process shall be based on the following principles:

- 1) Administration of procurement process based on unified rules and principles of competition, transparency, openness and non-discrimination;
- 2) Expansion of bidders' circle and promotion of competition among them for the purposes of contract signing;
- 3) Prevalence of equal right for every person to participate in the procurement process regardless of being a foreign individual, entity or a stateless person.



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Armenia “surrendered without a fight” because Armenia  
believes to the WTO GPA cornerstone principles

### IMPORTANT TO NOTE !

WTO GPA accession process and negotiations can be  
successful if the country believes to the WTO GPA  
cornerstone principles



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### Accession process

- Gap analysis and National workshop on the GPA and system assessment
- Preparation and submission of the Initial offer
- Negotiations with the WTO GPA members
- Preparation and submission of the revised and/or final offer
- Decision on accession
- Ratification of the GPA and submission of the accession instrument to the WTO



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### National workshop on the GPA and system assessment

- WTO GPA secretariat organized two days workshop for Armenian officials in Yerevan, which was held on 10-11 February 2009,
- Support for Improvement in Governance and Management (SIGMA) has prepared “Analysis of the Armenian Public Procurement Law and Implementing Decree vis-à-vis the EC Public Procurement Directives and the GPA”,
- The World Bank has prepared “Country Procurement Assessment Report” (CPAR),
- The government approved “Procurement Reforms Strategy”.



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## Initial offer and Negotiations

- The working group responsible for the WTO GPA negotiations has been established by the Prime Minister,
- In November 2009 Armenia sent an initial offer to the WTO GPA secretariat,
- During one year period 8 rounds of negotiations have been held in Geneva with all member states of the WTO GPA,
- The draft new law on Procurement has been drafted and discussed with GPA member countries and in the Government.





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### Final offer, decision on accession and instrument of accession

- In October 2010 Armenia sent a final offer to the WTO GPA secretariat, with the new draft law on Public Procurement, which included all points agreed between parties.
- The WTO Committee on GPA, on 7 December 2010, adopted a decision that invites Armenia to accede to the Agreement.
- On 16 August 2011, WTO received from the Government of the Republic of Armenia an instrument of accession to the above-mentioned Agreement.
- In terms of paragraph 2 of its Article XXIV, the Agreement shall enter into force for the Republic of Armenia on 15 September 2011.



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## Armenia's main commitments (i)

Thresholds (expressed in SDR)

COUNTRY	ANNEX 1			ANNEX 2			ANNEX 3		
	Goods	Services except construction services	Construction services	Goods	Services except construction services	Construction services	Goods	Services except construction services	Construction services
Armenia	130,000	130,000	5,000,000	200,000	200,000	5,000,000	400,000	400,000	5,000,000

Annex 1: Central government entities

Annex 2: Sub-central government entities

Annex 3: All other entities which procure in accordance with the Agreement, in general public enterprises or public authorities such as utilities.



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## Armenia's main commitments (ii)

### Procuring Authorities:

*Annex 1: All central government entities and subordinated organizations covered by Law on Procurement*

*Annex 2: City Municipalities (villages are not included)*

*Annex 3: All legal persons (authorities, establishments and foundations) governed by public law, particularly:*

1. State or community non-commercial (non-profit) organizations.
2. Commercial organizations with over fifty percent of government or community shareholding.
3. Public services, including utilities sector companies, whose procurement is covered by Law on Procurement.



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### Armenia's main commitments (ii)

#### Notes:

- Central Bank of Armenia: The Agreement does not apply to the procurement or acquisition by the Central Bank related to the sale, redemption and distribution of public debt, including loans and government bonds, notes and other securities.
- Ministry of Defence, National Security Service, State Security Service and Police: The Agreement does not cover the procurements that contains a state or official secret including goods, works and services required to supply military equipment, weapons, ammunition and armament.



### Success reason I: **Political support**

- Political support and commitment from the highest level politicians in the country: **President, Prime Minister and Parliament**
- Professional and organisational support from the **WTO GPA Secretariat and from the GPA Committee Chairman. They are the “best advisers” on this issue.**
- Political support from the WTO GPA “old” members: **EU, USA, Canada, Japan, etc.**

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### Success reason II: Legal framework

- **Independent analysis** of the existing PP legislation vis-à-vis the WTO GPA. Such analysis can be done by respected international organizations: **SIGMA, WB, etc.**
- Based on the Independent analysis and the results of the negotiations of the initial offer **preparation of the amendments in the existing PP law or preparation of the new PP law** if it is needed.
- Ensure the approval of the **new legislation, which should** include all points agreed between parties.



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### Success reason III: **Coordination of activities**

- The huge number of the organizational nature of **activities should be done in Geneva**. Resident mission in the Geneva should play active role during the negotiations.
- **Involvement of the key stakeholders is required**: PP regulatory body should lead the process, but representatives from other state organizations and from utilities should be part of the team.



**THANK YOU!**

**QUESTIONS?**

