

# Model Law for Global Commerce

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## ACHIEVING SOCIO-ECONOMIC GOALS THROUGH PROCUREMENT: WHAT IS AT STAKE?

Robert R. Hunja  
Interim Director-General,  
Public Procurement Oversight Authority  
Republic of Kenya

### OUTLINE

#### Assumptions

- Public procurement-related trade is important (e.g. U.N. business generates US \$ 30 billions per year)
- Achieving socio-economic goals through procurement is legitimate – greater societal benefit than narrow focus on value
- That this presents issues that may affect global commerce
- That something can be done

#### ISSUES FOR EXPLORATION

- Sustainable procurement
- Preferences in favour of disadvantaged groups
- Corruption and the democratic deficit.

Do they affect global commerce?  
Can something be done?

#### SUSTAINABLE PROCUREMENT

- Beyond “buying green” to social goals (“ e.g. living wage”)
- Many states and organizations making progress
- Environmental and social award criteria can seriously restrict openness and competition and therefore reduce gains brought about by opening up of procurement regimes.
- Where is the balance?

#### PREFERENCES IN FAVOUR OF DISADVANTAGED GROUPS

- Important for poverty alleviation and bringing equity in societies
- Must, however, avoid the political temptation towards protectionism and closed markets
- How about preferences for developing country products in public procurement?

#### CORRUPTION AND THE DEMOCRATIC DEFICIT

- Corruption in public procurement is very visible
- Corrodes public confidence in governance and weakens states
- Weak states are NOT trading states
- Thus, improving procurement systems reduces democratic deficit and makes stronger trading nations.

#### WHAT CAN BE DONE?

- Preparation and promotion of “soft Law” i.e., model and standard clauses
- Sharing of best practice on the “optimum balance” and also “bad practice”
- Significant capacity building efforts
- Above all “do no harm”

THANK YOU!