

**Working Paper No. 15**  
**January 2016**

**Recent developments in procurement of projects financed by the  
Multilateral Development Banks. What can EU's public procurers  
expect from the China-led financial institutions?**

*Jedrzej Gorski\**

This paper can be downloaded from the [Social Sciences Research Network at Abstract No. 2724393](#).

---

\* Phd Candidate, Faculty of Law, Chinese University of Hong Kong

**Abstract:**

Potential conflicts between procurement rules imposed by trading nations with public-procurement-liberalising trade agreements, especially the WTO Government Procurement Agreement ('GPA') on the one hand, and Multilateral Development Banks ('MDBs') regulating procurement financed by those institutions on the other hand, could for long be avoided because only mostly-developed countries subjected their markets to the GPA whereas only emerging and least development countries received development aid from the MDBs.

However, the proliferation of public-procurement-liberalising regional trade agreements ('RTA') also among emerging but still low-income countries along with the quickly evolving landscape of the MDBs brings about the risk of such conflicts - among which a possible clash of the EU's public procurement regime with future procurement rules of the Asian Infrastructure Investment Bank ('AIIB') appears to be the most thrilling.

Paradoxically, the major risk for the cohesion of the EU's procurement regime could lie in that EU's procurers might want to eagerly ignore EU procurement directives (often criticised, overcomplicated, and often poorly implemented at the national level in Member States) toward conducting public procurement directly based on AIIB-specific procurement rules - rather than lie in that the AIIB would itself encourage borrowers to ignore complex EU's procurement rules (which while might be burdensome for procurement officers, at least largely assure integrity of the procurement process).

In any case, however, future AIIB's procurement standards will not be as black as some try to paint them given the multilateral nature of this institution and the commitments toward untying development aid (and assuring aid's sustainability) already individually made by the BRICS countries - altogether indicating that, although new China-led MDBs might not want to institutionalise their co-operation with the existing banks, China-led MDBs will likely largely follow existing substantial solutions. However, the commencement of the AIIB's operations in January 2016 coincides with the entry into force of World Bank's completely new Procurement Regulations - which brings a lot of contingencies as to (i) how quickly other MDBs, the AIIB included, would replicate new World Bank's model, and (ii) how efficiently the solutions offered by the World Bank's would contribute to solving potential conflicts with the GPA/RTAs or with the EU directives in the case of the AIIB.