

World Bank Group Trade Strategy Consultation

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Why a Trade Strategy?

- Increase the effectiveness of Bank Group's aid for trade programs in supporting our overarching goals
 - Poverty reduction; sustainable and inclusive growth
- How?
 - Mobilize a consensus on priority issues and activities
 - Improve internal coordination/communication
 - Better leverage of external partnerships
 - Agreed results framework for monitoring of results and impact evaluation

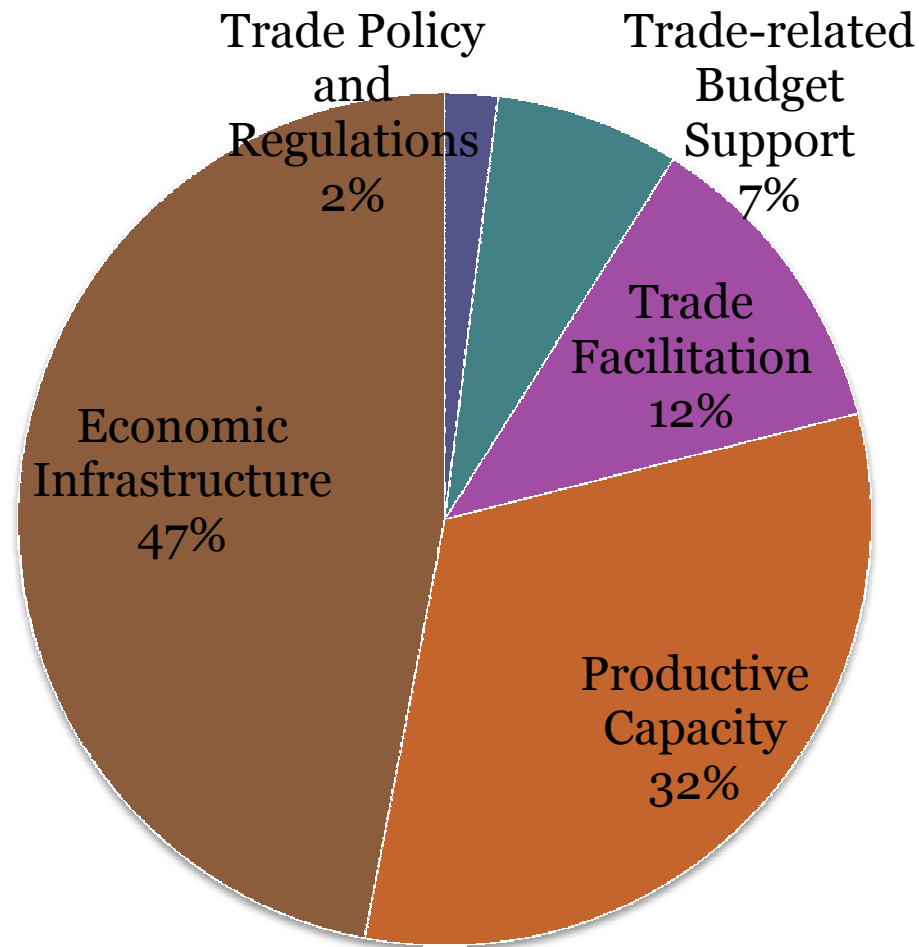
Guiding Vision

- Trade integration can be a powerful tool to support economic growth and poverty reduction
 - The world market provides economic opportunities for households, firms, and farms
 - Bolstering their capacity to harness these opportunities is a key objective of the strategy
 - Recognize that complementary policies are needed to realize benefits
- Leverage the strengths of the World Bank Group
 - Global public goods and research capacity
 - Country presence
 - Multi-sectoral expertise – including infrastructure
 - Cross-country transfer of knowledge – incl. South-South

WBG Aid for Trade is Multidimensional

- Technical assistance and capacity building
 - 36 projects per year in recent years
- Policy analysis and advice
 - 70+ policy notes, country & regional studies per year
- Loans and credits – projects & budget support
 - \$7.5bn concessional in 2007-08; \$12.5 non-concessional
 - According to narrower definition, about \$2bn a year
- Data, indicators and research
 - Datasets: Logistics Performance Index, trade restrictiveness indices (goods and services), agricultural distortions database
 - Research: 50+ working papers, books and reports per year
- Global programs – e.g., support for trade finance
 - IFC guarantee and liquidity programs

World Bank Group Trade Portfolio



Drivers of WBG engagement

- Country assistance strategies (CAS) and country partnership agreements
 - Two-thirds of all CASs include trade as a focus area
 - Three year horizon
 - Trade minister rarely at the table
 - May neglect regional priorities
- At global level: development-focused research (e.g., market access issues; trading system; climate change; trade costs, etc.)
- Regional level: in Africa through a regional integration department; does not exist elsewhere

Emerging Pillars of the Strategy

- Trade competitiveness and promotion
 - *In country*: Incentive framework, policies to support trade (e.g., SEZs), reducing the cost of inputs (e.g., infrastructure & related services), improving value chains
 - *Export markets*: Market opportunities; access/entry constraints (tariffs, origin rules; standards) – research, analysis, projects
- Trade facilitation and logistics
 - Border management institution building, logistics services, trade transport infrastructure
- Trade finance
 - IFC facilities, trade insurance, working capital for SMEs – lower costs of financial intermediation
- Trade cooperation
 - Regional integration (e.g., transit corridors),
 - Making the multilateral trading system more supportive of development; participation in aid for trade initiative; other collective actions to use trade for development (e.g., climate change)
- Data, indicators
 - Data as a public good; needed for the results framework

General Principles

- All pillars will articulate the contribution to overall WBG objectives and cross-cutting issues
 - Core mission: growth & poverty reduction
 - Cross-cutting: e.g., gender equality, climate change
- Each pillar will be informed by research and good practices in capacity building, technical assistance and lending (both projects & policy-based)
- Identify links with other strategy papers
 - E.g., division of labor within the WBG on trade and climate change, on trade and agriculture, etc.
- Flat budget environment

Internal Coordination

- Trade is multi-sectoral
 - Trade activities are pursued in many parts of the WBG
 - Infrastructure; finance & private sector development; IFC (collaboration with private sector), agriculture, transport, etc.
 - Mechanisms such as sector boards or councils that help ensure effectiveness do not exist for trade
- The strategy will propose new coordination arrangements within the WBG
 - Global or Thematic Practice Groups that cut across networks/silos
 - Linkages to trade-focused trust funds
 - Premise: create positive incentives – avoid new layer of bureaucracy

External Partnerships/Coordination

- The strategy will guide participation in partnerships
 - International organizations – e.g., WTO, UNCTAD, ITC, WCO, IMF, OECD, regional development banks
 - Development partners/facilities – e.g., EIF
 - With the private sector and CSOs
- Leverage the WBG's areas of comparative advantage
 - Identify gaps; complement areas where WBG has limited capacity/expertise
- Mainstreaming and coordination at country level
 - Working with in-country teams and donor community

Results Framework

- The strategy will present a results framework to improve monitoring and evaluation
- Operational monitoring
 - Improved tracking of inputs, outputs, outcomes
 - Core sector indicators for trade projects
- Impact evaluations
 - E.g., rigorous evaluations of projects
- Global indicators
 - Benchmarking indicators to assess success of policy reforms and aid for trade

Process and Timeline

- Mid-March – end May: consultations on the substance of the strategy paper
 - Multi-stakeholder events in developing countries
 - CSO forum at Spring Meetings
 - Other development partners & organizations
- June – mid-August: internal and external review of the draft strategy paper
- September: review of revised strategy paper by WBG Committee on Development Effectiveness
- Fall 2010: Board discussion & subsequent public release of the final strategy document

Questions

- What are opportunities for closer collaboration?
- How much to focus on supporting regional integration?
 - Adequacy of existing WBG instruments
- Balance between global analysis and public goods (data, indicators) vs. engagement and implementation of country/regional programs
- Balance between sector level vs. economy wide engagement
- How to better engage with/leverage support for the private sector
 - Capacity-building; technical assistance
- Where should WBG trade expertise be located?