



# TOWARDS A WORLD BANK GROUP TRADE STRATEGY

Dar es Salaam, June 21, 2010

# Overview

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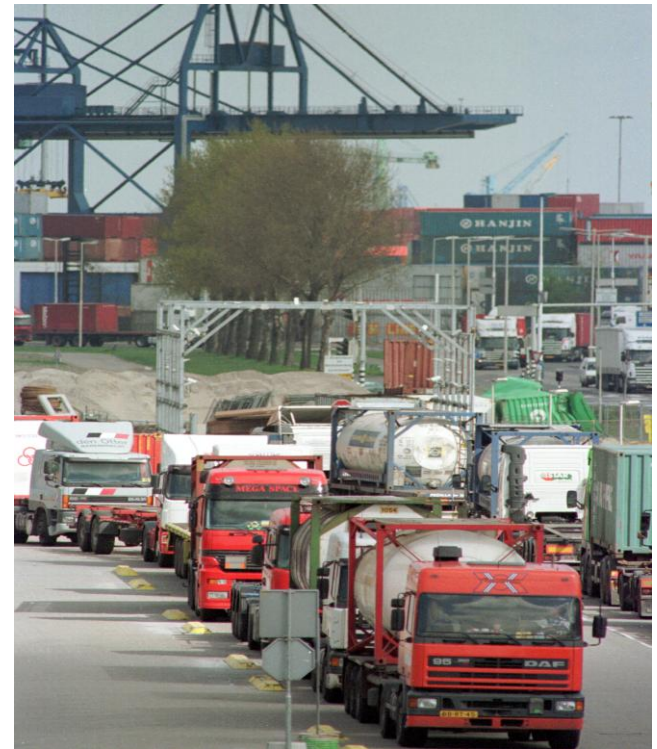
- Context
  - ▣ General
  - ▣ Tanzania
- World Bank Group and Trade
- Lessons Learned
- Proposed Approach
- Towards a Strategy
- Your Views



# Context: International Trade

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- ❑ World trade has grown twice as fast as global domestic product
- ❑ Trade: many interconnected strands
- ❑ Connecting people to international markets and building capacity can boost economic opportunities for all



# Context: Complex Policy Agenda

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- Many constraints to international trade and competitiveness lie “behind the border”
  - ▣ high-cost services inputs
  - ▣ supply-chain bottlenecks
- International agreements increasingly cover domestic regulations, not just market access
- Trade policy reform remains a priority in some countries—but more of a nontariff agenda

# Context: Economic Crisis

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- The crisis has highlighted the need for countries to:
  - ▣ diversify markets, products and services;
  - ▣ cooperate with each other to keep markets open;
  - ▣ strengthen regional integration; and
  - ▣ bolster social safety nets.

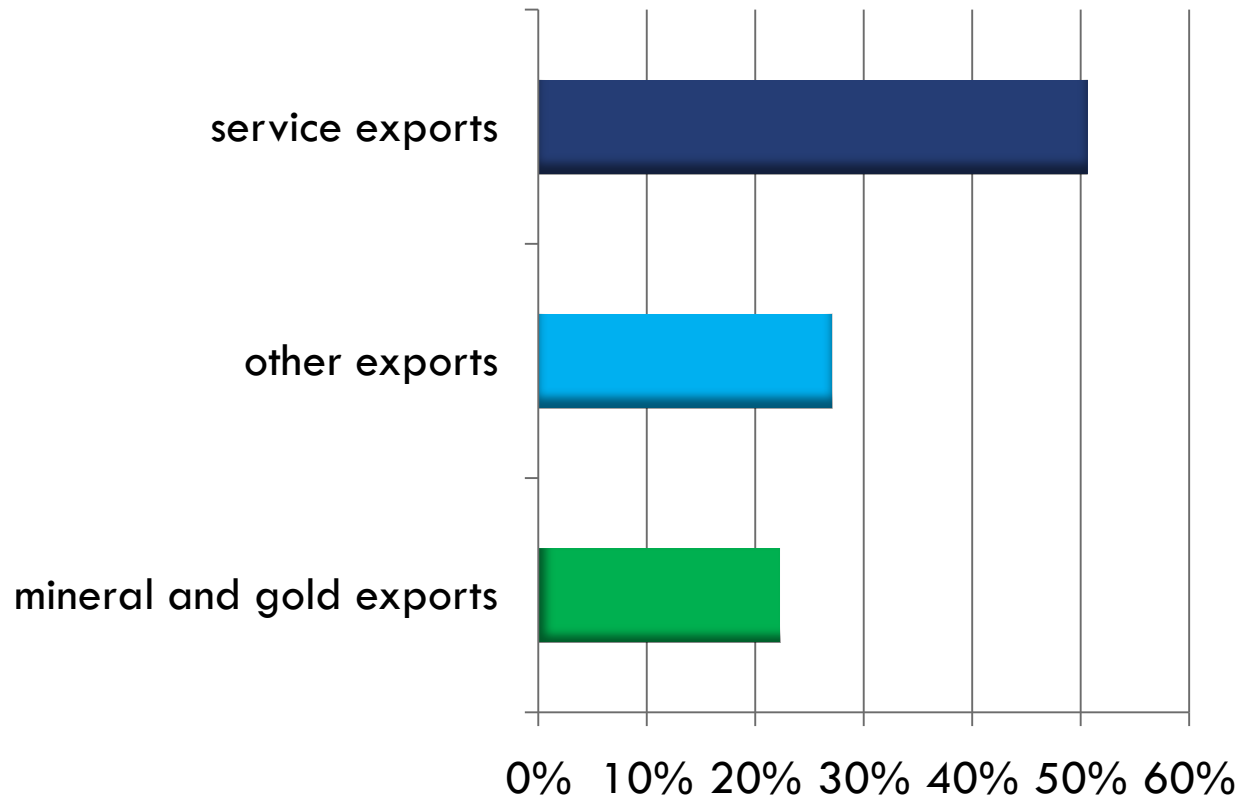


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# Tanzania

# Export structure

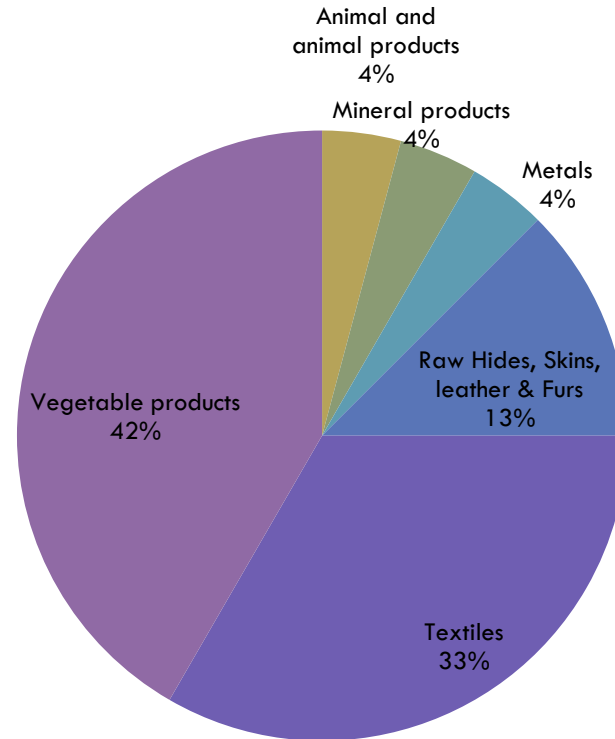
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Note: Services data are taken from the World Development Indicator database.

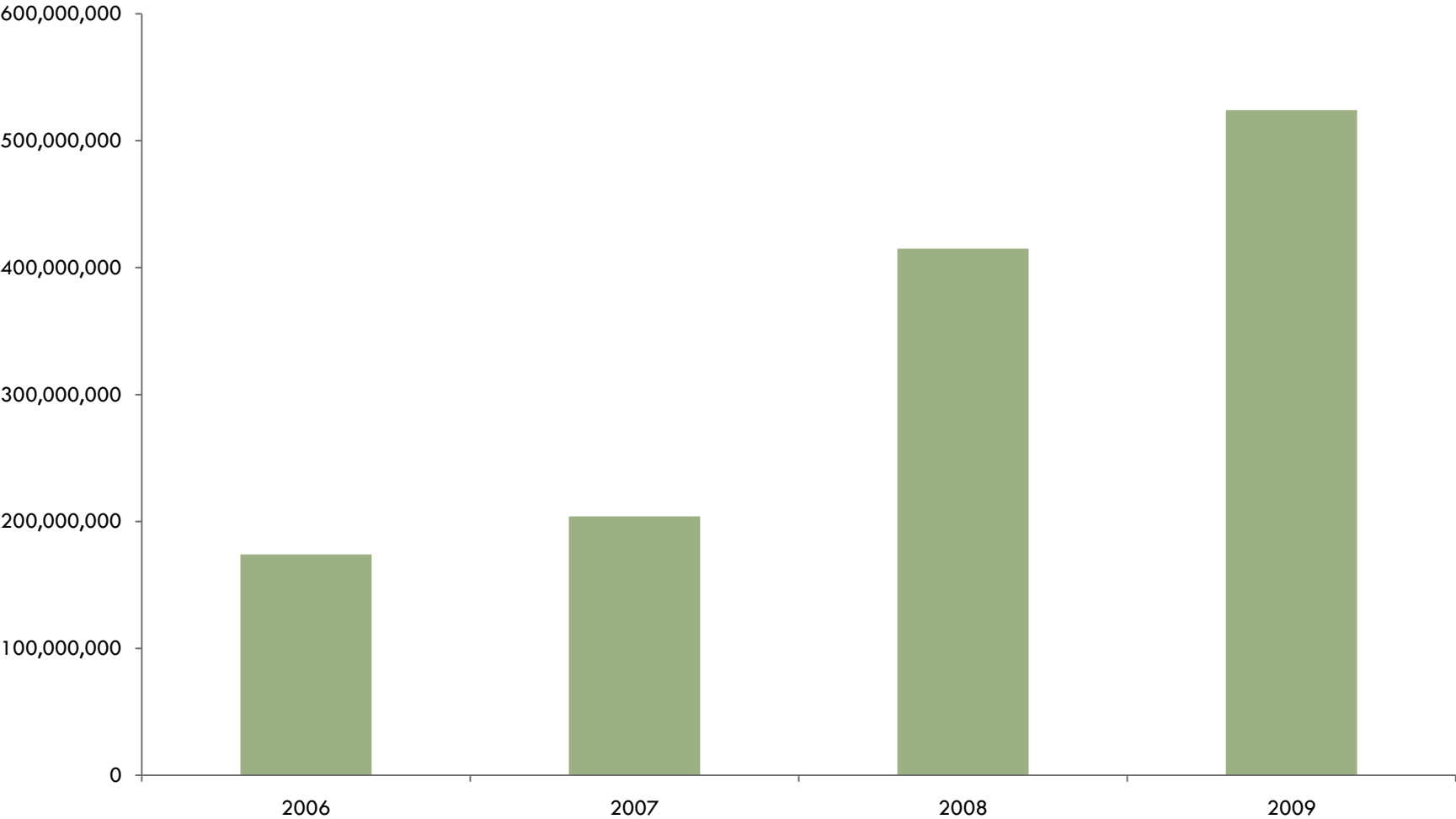
# Key exports products

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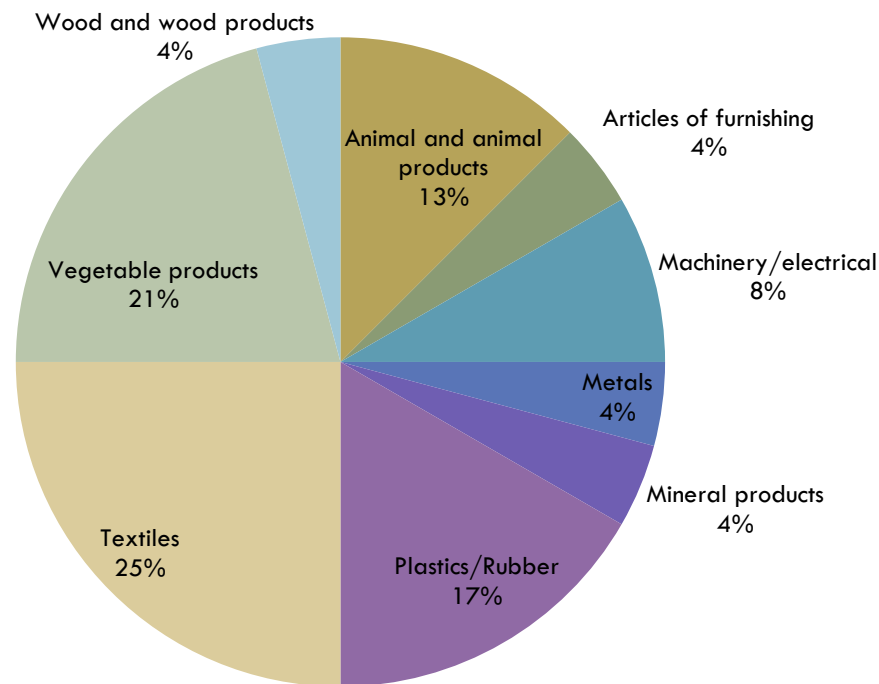
The graph shows the share of products, by sector, that appear in the list of the top 20 exported products. The top products were identified by looking at the Tanzania share in world exports. The list excludes raw material such as gold.

# Manufacturing exports



# Most dynamic exports

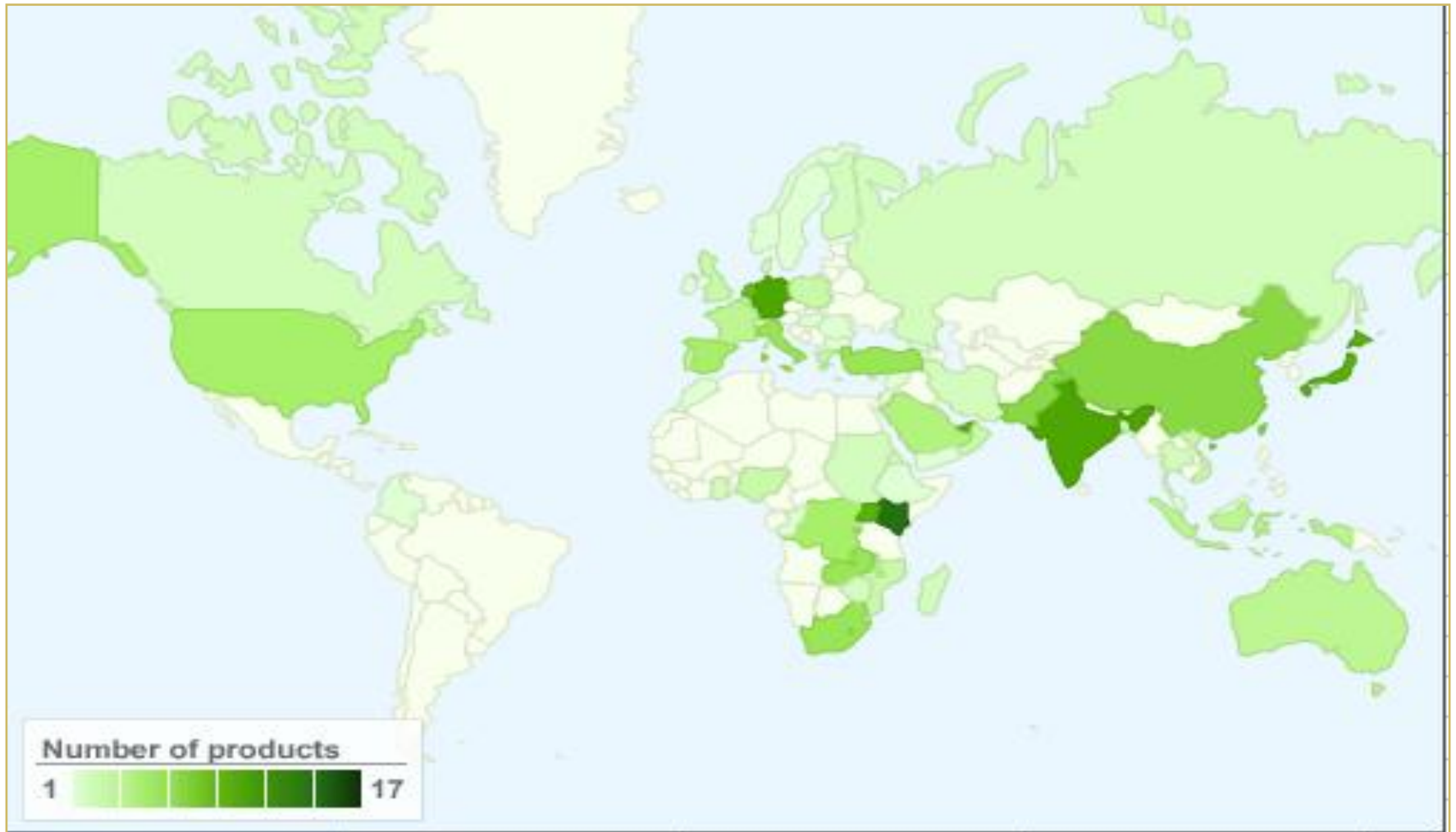
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The graph shows the share of products, by sector, that appear in the list of the top 20 most dynamic exported products. The dynamic products were identified by looking at the growth rate of Tanzania exports. The list excludes raw material such as gold.

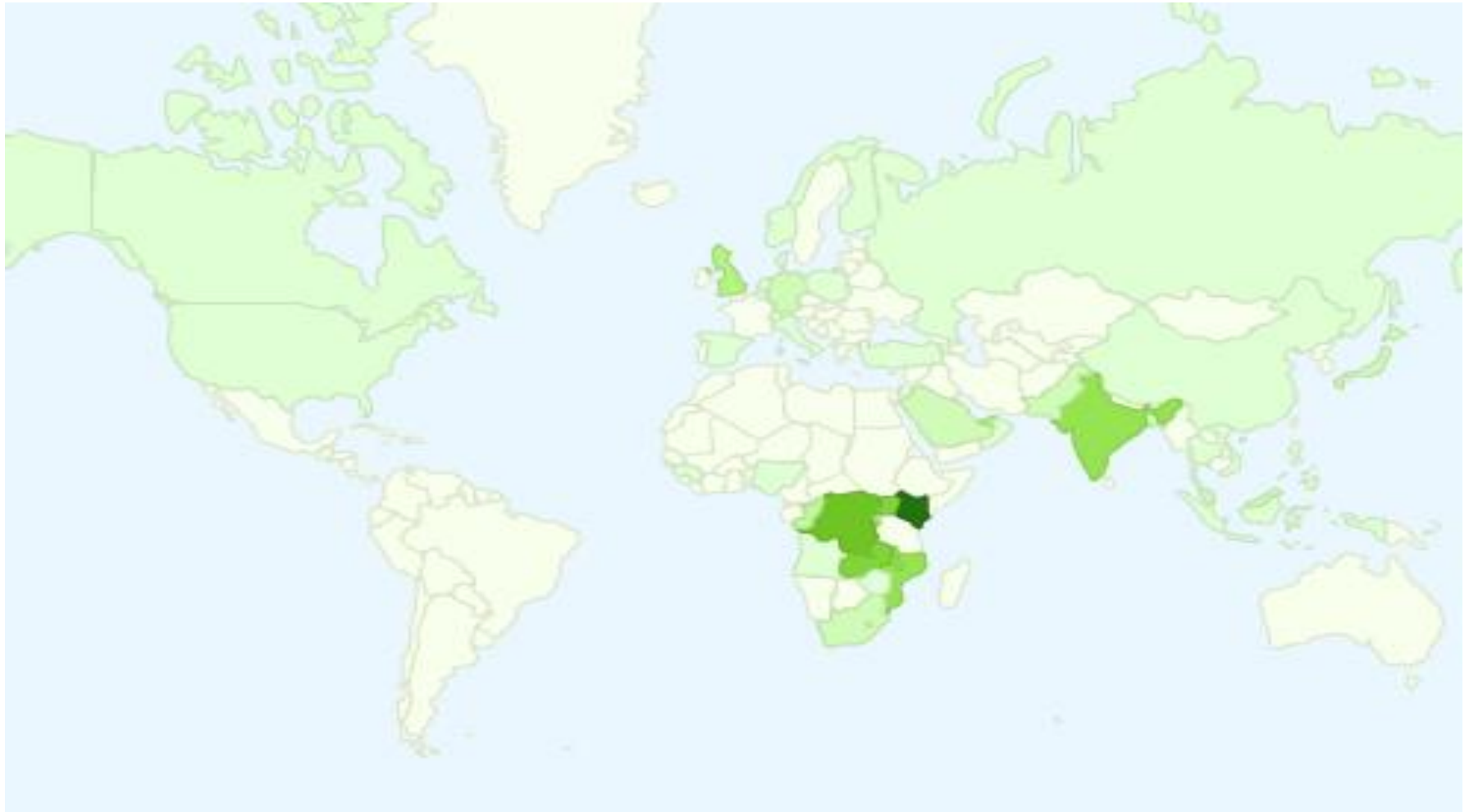
# Number of products exported by market

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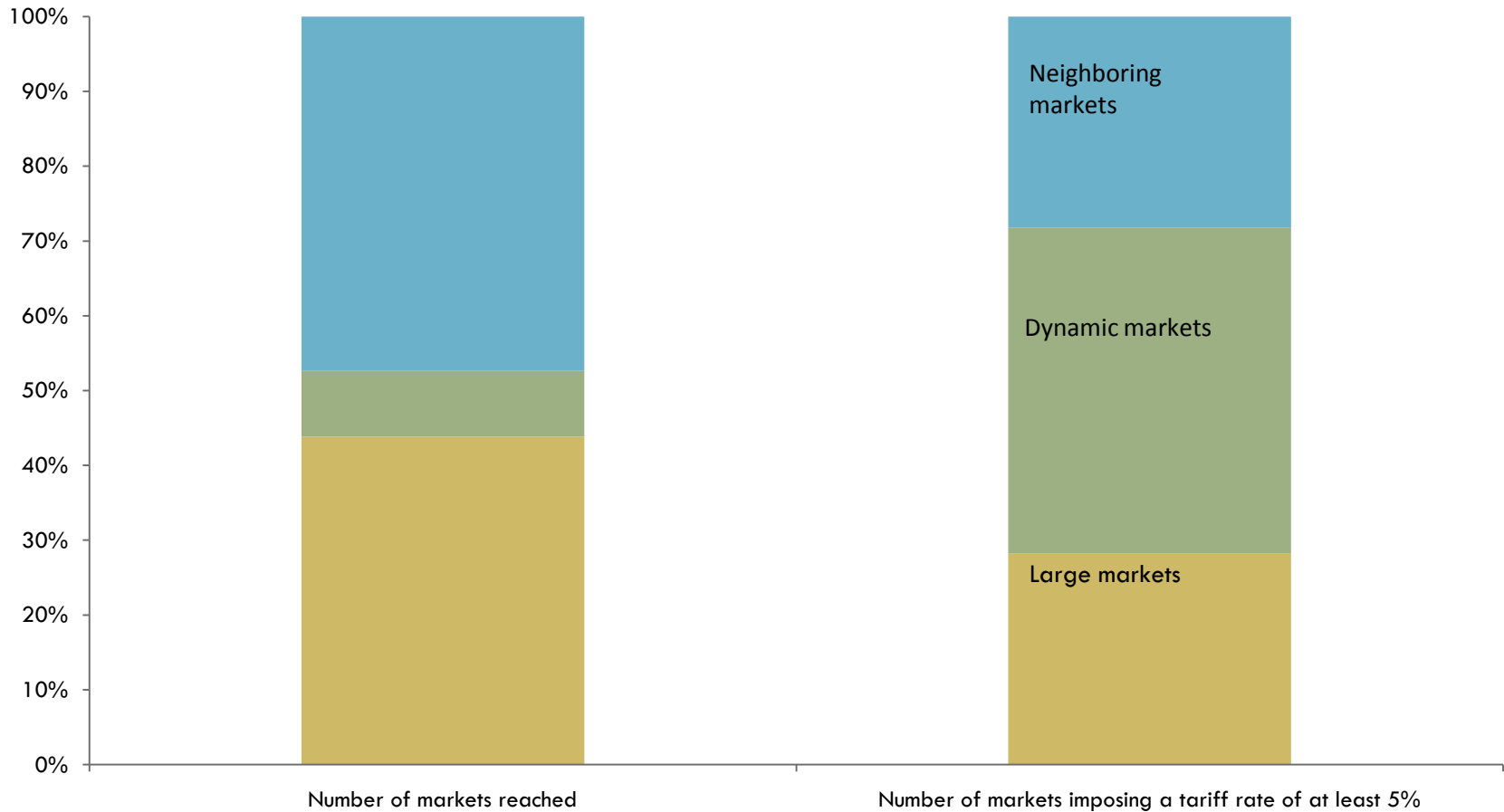
# Dynamic exports by market

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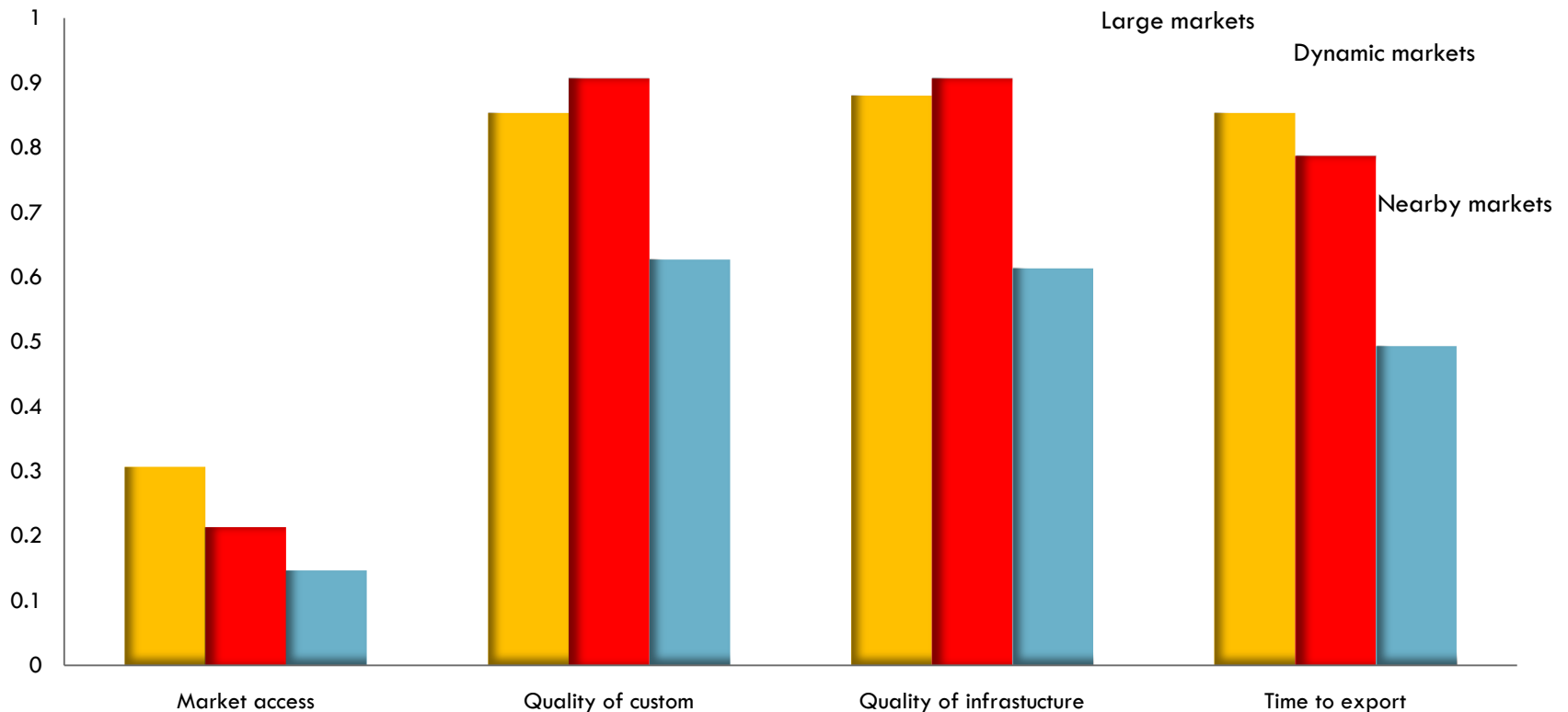
# Tariffs in dynamic markets constrain exports

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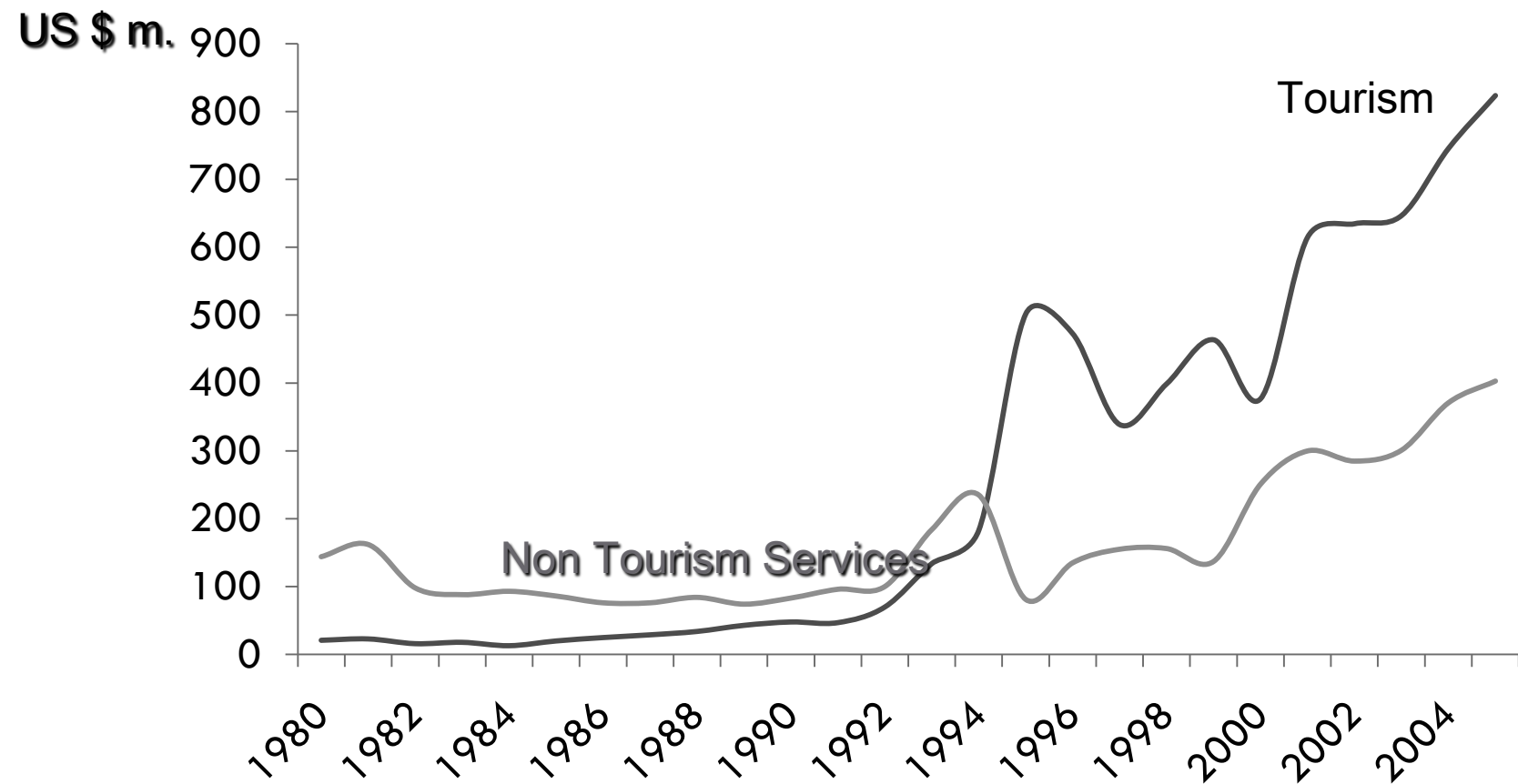


# Disadvantage of Tanzania vis-à-vis top 3 competitors for major export products

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# Services: key part of Tanzania's exports



Source: Bank staff from IMF World Economic Outlook and Balance of Payment Statistics

# World Bank Group and Trade

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## MULTIDIMENSIONAL AND CROSS-CUTTING

Technical Assistance and Capacity Building	36 projects per year. Trade Facilitation Facility. WBI South-South knowledge transfer programs Investment climate advisory services (trade rules; SEZs)
Policy Analysis and Advice	70+ policy notes, country and regional studies per year DTIS; EPAs; country-specific studies; services
Financing, Loans and Credits	\$ 7.5bn concessional in 2007-2008 (IDA), focusing on export competitiveness and trade facilitation IFC investments and trade finance facilities
Global Programs and Partnerships	Participation in the Aid for Trade initiative; EIF Geneva office Global Facilitation Partnership
Data, Indicators and Research	Logistics Performance Index, World Trade Indicators, Agricultural Distortions Database; Services policies 50+ working papers, books and reports per year

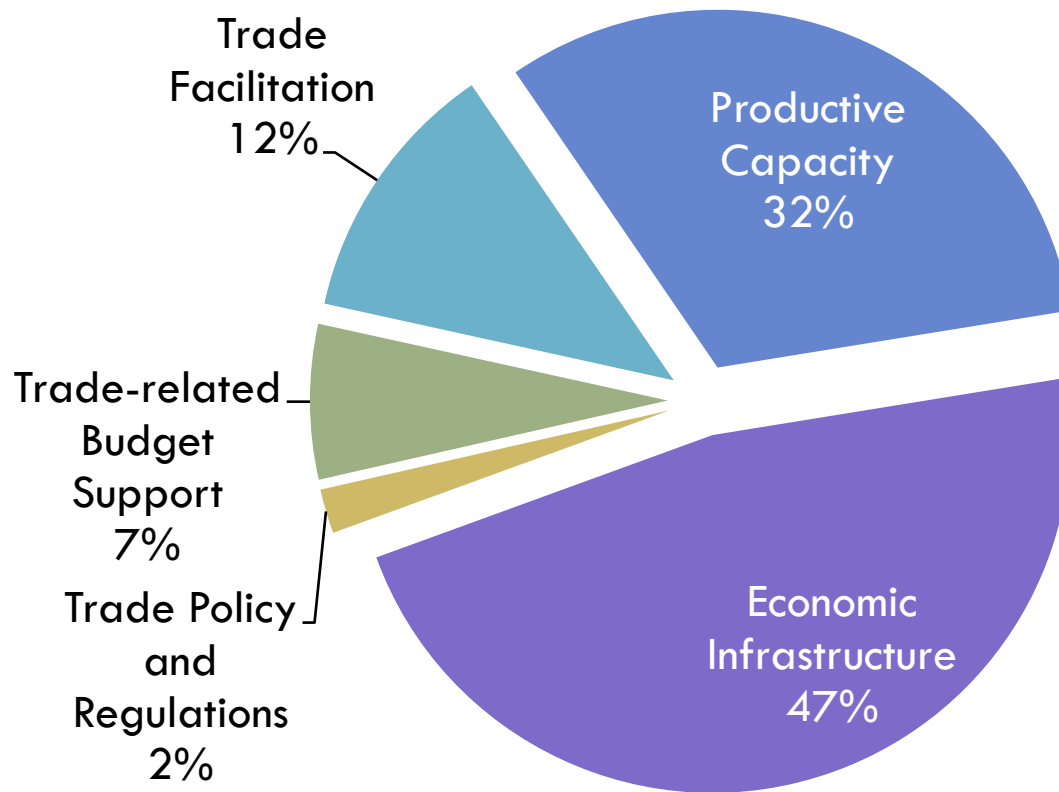
# World Bank Group and Trade

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- Country Level
  - ▣ Two-thirds of all Country Strategies include trade as a focus area
- Regional Level
  - ▣ Investments in regional infrastructure—both “hard” and “soft”
- Global Level
  - ▣ Research supports developing countries’ interests in trade agreements and analysis of policy options/impacts
- Private Sector
  - ▣ Around half of total Bank Group aid for trade supports the private sector directly (IFC)

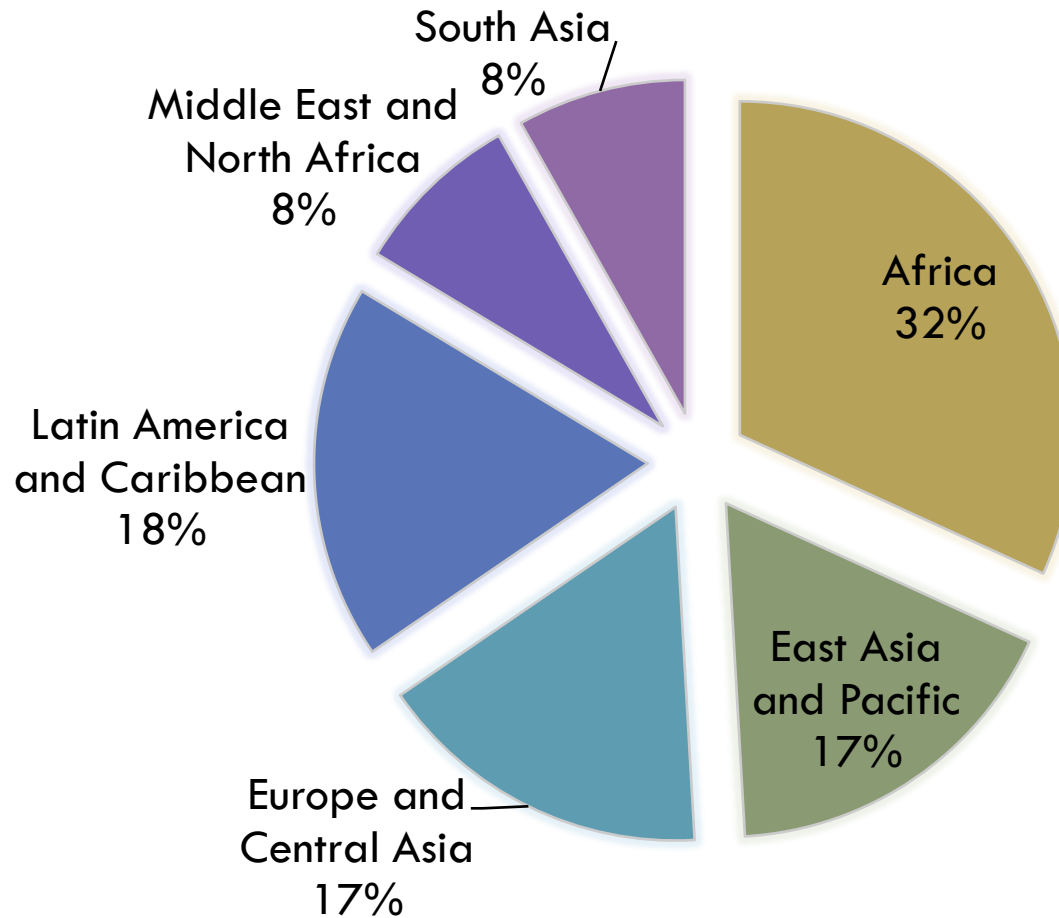
# World Bank Group Trade Portfolio

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# World Bank Trade Lending

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FY2009 IDA and IBRD commitments

# Lessons

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- Trade can be a powerful tool to support economic growth and poverty reduction
  - The world market provides economic opportunities for households, firms and farms
  - Bolstering capacity to harness these opportunities is key
  - Complementary policies are needed to bring benefits
  - Openness promotes growth through scale economies, and transfers of people and ideas
- Agenda goes far beyond liberalization

# Proposed Approach: Focus

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## TRADE COMPETITIVENESS

- In Country
  - Trade policy reform
  - Reduce costs
  - Improve value chain
- Export Markets
  - Access/entry constraints
  - Analysis



## TRADE FACILITATION & LOGISTICS

- Customs and border management
- Logistics services
- Transit corridors
- Trade transport Infrastructure



## TRADE FINANCE

- IFC trade finance facilities
- Export credit agencies
- Trade insurance
- Working capital for SME exporters



## TRADE COOPERATION

- Regional Integration
- WTO-Doha Round
- Research, capacity building and advocacy
- Participation in Aid for Trade initiative
- Collective actions to use trade for development



## TRADE DATA AND SYSTEMS

- Data as a global public good
- Monitoring and evaluation
- National statistical capacity building

Cross-cutting activities: research; gender equality; environment/climate change ...

# Proposed Approach: Internal Coordination

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- 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.
  - Coordination mechanisms that cut across countries/sectors do not exist for trade
- The strategy will propose new coordination arrangements within the WBG
  - Premise: create positive incentives – avoid new layers of bureaucracy

# Proposed Approach: Partnerships

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- International organizations
  - WTO, UNCTAD, ITC, WCO, OECD, Regional Development Banks ...
- Development partners (donor community)
- Global initiatives
  - Enhanced Integrated Framework
- Private Sector and CSOs
  - Regional policy research networks

# Proposed Approach: Leverage Strengths

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- Make best use of the strengths of the World Bank Group
  - Country presence
  - Multi-sectoral expertise
  - Global public goods and research capacity
  - Cross-country transfer of knowledge

# Proposed Approach: Results Focused

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- Monitoring and evaluation of WBG activities
  - Operational Monitoring
    - Tracking of outcomes
    - Core sector indicators for trade projects
  - Impact Evaluation
  - Global Indicators
    - Cross-country benchmarking indicators to assess success of policy reforms and aid for trade
- Implications for data collection

# Timeline

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Consultations to get input into the strategy

- Online
- Face-to-face

Public comment on the draft strategy

# We want your input!

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1. Are we focusing on the right issues?
2. Do we offer the right mix of activities?
3. Is the World Bank Group playing the right role relative to other providers of aid for trade?



Visit the world bank's website  
to share your views, stay updated,  
and get more information.

<http://www.worldbank.org/tradestrategy>

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Thank you for participating