



# TOWARDS A WORLD BANK GROUP TRADE STRATEGY

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Brussels, June 24, 2010

# Overview

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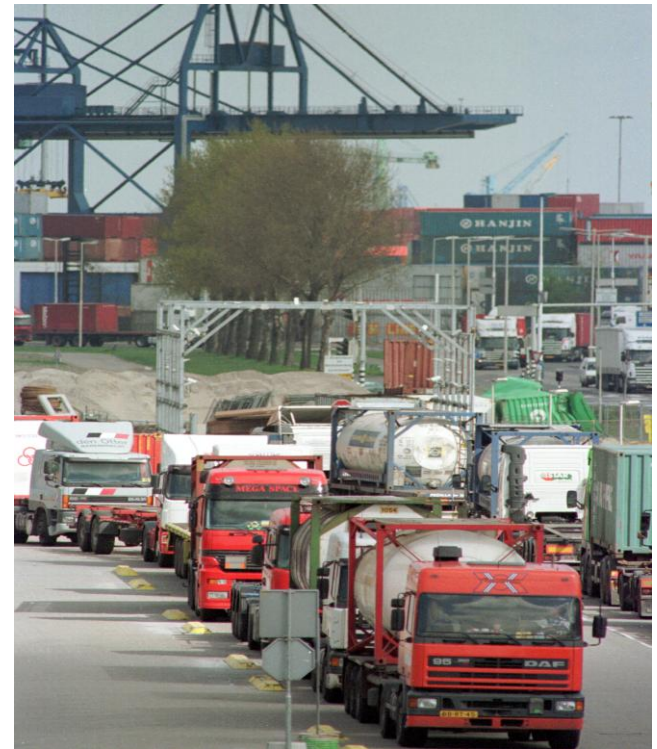
- Context
- World Bank Group and Trade
- Lessons Learned
- Proposed Approach
- Towards a Strategy
- Your Views



# 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 to keep markets open;
  - strengthen regional integration;
  - address behind the border determinants of trade (e.g., credit); and
  - bolster social safety nets.



# 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; Enhanced Integrated Framework Geneva office Global Facilitation Partnership
Data, Indicators and Research	Logistics Performance Index, World Trade Indicators, Agricultural Distortions Database; Services policies Working papers, policy briefs, books, flagship reports

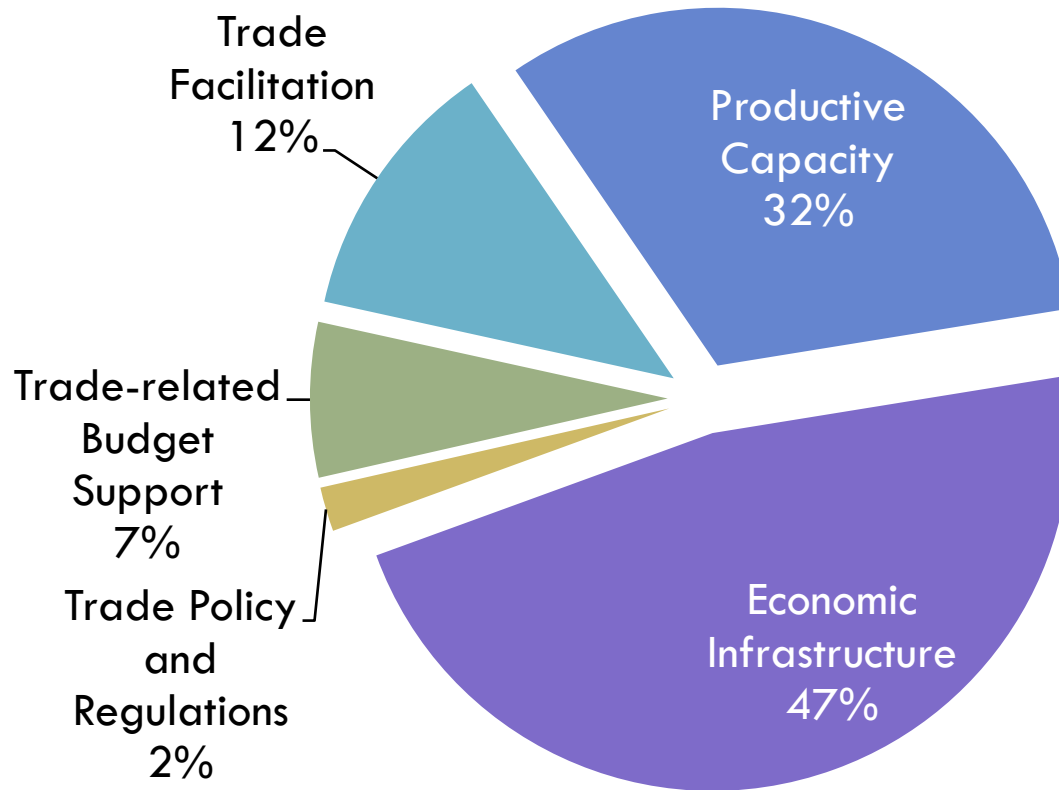
# World Bank Group and Trade

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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)

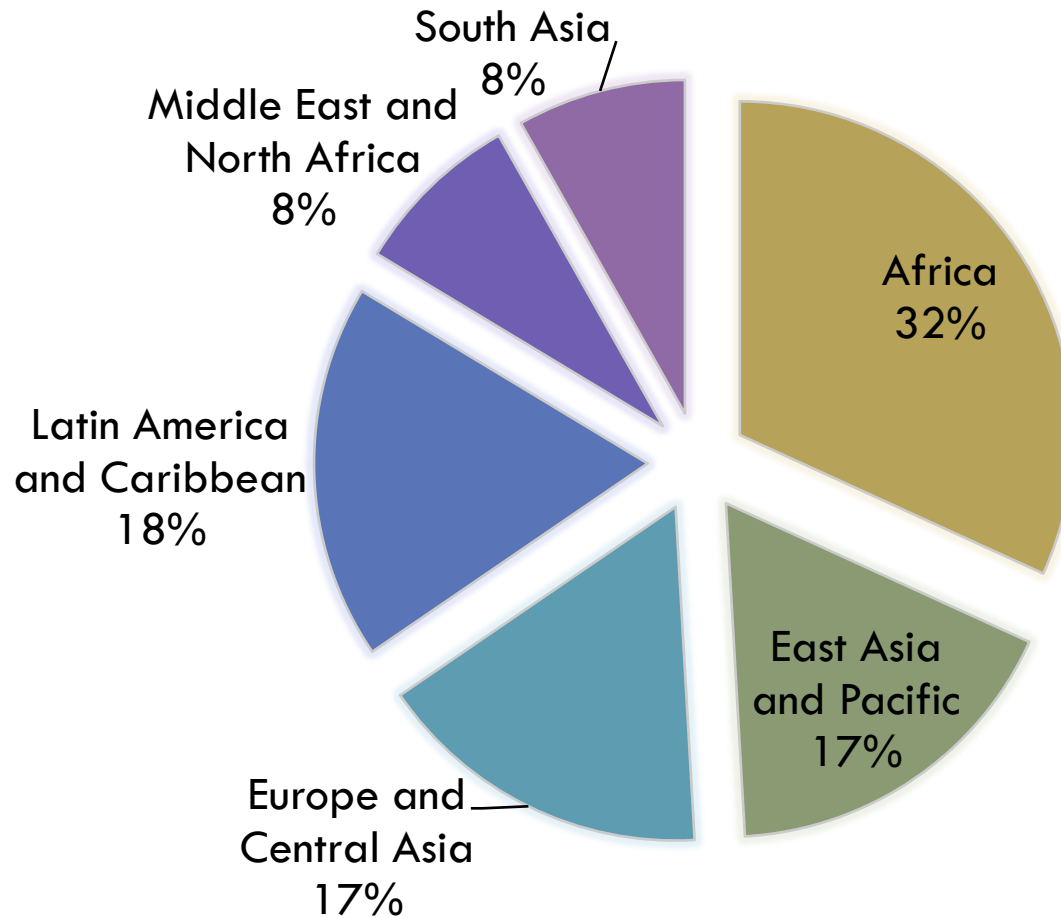
# World Bank Group Trade Portfolio

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# World Bank Trade Lending

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# Lessons: trade, growth and poverty reduction

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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 farmers
  - ▣ Openness promotes growth through scale economies, movement of people and transfer of ideas
- Agenda goes far beyond liberalization
  - ▣ Bolstering supply capacity
  - ▣ Reducing operating and entry costs
- Complementary policies are required
  - ▣ Strengthen linkages to other strategies and instruments

# Proposed Approach: Focus Areas

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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

All pillars informed by research and result of monitoring and evaluation

# 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: Differentiation

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- The strategy will define the “supply side” – a menu of what the World Bank Group offers
  - ▣ Whatever is done at country level depends on demand; must be tailored to specific circumstances
- Address cross-cutting issues such as gender equality, social safety nets and sustainable development through linkages to other strategies

# 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: identify 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: 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
- Will have 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?

# More Specific Questions

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- Opportunities for closer collaboration with partners?
- How much to focus on supporting regional integration?
  - ▣ How adequate are existing WBG instruments?
- Balance between global analysis and public goods (data, indicators) vs. engagement and implementation of country/regional programs
  - ▣ Capacity-building & technical assistance vs. loans/credits
- Balance between sector/industry level engagement vs. focus on enabling environment
- Opportunities to better engage with/leverage support for the private sector



Visit the world bank's website  
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and get more information.

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

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Thank you for participating