CHAPTER 12
Inclusiveness and Poverty Reduction

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Outline

Is poor connectivity one of the factors keeping people in poverty?

1. How does the incidence of poverty map with that of connectivity – both physical and digital?

2. How is connectivity reducing poverty?

3. What have we learnt from 2017 AFT programs and projects?
Poverty Rates and Logistics Performance

Time and Cost to Export and GDP per capita

73% of Partner Countries identify Transport Infrastructure as a National Development Priority

61% of Partner Countries identify Energy-related Infrastructure as a National Development Priority

Source: Asian Development Bank
Tourism Development and Poverty Reduction

Tourism Development and Poverty Reduction

- Employment in tourism businesses
- Business creation opportunities
- Direct Sales to Tourists
- Voluntary support to the poor
- Taxes on tourism revenue to benefit the poor
- Infrastructure investment promoting access to other sectors
- Backward Linkages

Source: UN Steering Committee on Tourism for Development

60% of Partner Countries noted that Tourism and Travel Related Services can contribute to Women’s Economic Empowerment
Infrastructural Developments

- In Uganda, Kenya, Mali and Senegal - streamlined and automated customs processes have reduced trade costs and increased revenues for local traders, transporters, and women (CS 65, 71, 79)

- In the Pacific - access to fibre-optic cables have improved access to education and health services, and international trade opportunities in tourism and business outsourcing in Tonga (CS 97)
Digital Connectivity

- E-commerce on Jumia Market’s platform has increased income for small traders including women in Cameroon (CS 74)

- In China, rural mountain villagers gain revenue selling products from their region on Alibaba’s Rural Taobao platform (CS 21)

- In Kenya, automated certification systems have reduced direct trade costs by up to 75%, bringing benefits to farmers (CS 73)

- Digital financial services such as mobile money are increasing access to education for women in Pakistan (CS 87)

- Mobile phone surveys are helping to collect timely data on the challenges of the poor, to better address their needs (World Bank, Listening to Africa)
Poverty Rates and % of Internet Users

Fixed and mobile broadband prices in Purchasing Power Parity

Source: ICT Facts and Figures 2016, International Telecommunications Union
Key Points from 2017 AFT Exercise

- Both physical and digital connectivity are development priorities in developing countries

- Public and private sectors have inclusive AFT programmes

- AFT programmes are focusing on measures to improve connectivity, lower trade costs, and connect people to markets

- The digitally connected poor can access online trade opportunities, benefit from financial inclusion, and capacity building

- High costs of internet connectivity are affecting the opportunities available to the poor
Which SDGs can AFT help to achieve?

Source: 2017 OECD-WTO AFT survey
Conclusions

- Poor connectivity is one of the factors keeping people in poverty

- Improving physical and digital connectivity infrastructure lowers trade costs and increases opportunities available to the poor

- Poverty reduction outcomes traced at various stages with targeted indicators

- Need for further data and metrics to understand the impact of connectivity on poverty reduction
Thank You

For more information, please visit:

http://www.oecd.org/aidfortrade/

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