Data and monitoring for greater poverty reduction through trade

WORLD BANK GROUP
Trade & Competitiveness

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Constraints of poverty and relevance to trade (a reminder)

Four characteristics of extreme poverty relevant for trade

1. Rural poverty

75% of extreme poor in rural areas

2. Informality

Most firms and work are informal for the extreme poor

3. Fragility and conflict

By 2030 more than 90% of the extreme poor will be in fragile states

4. Gender inequality

Widespread gender inequalities exacerbate poverty

What can be done for trade to have a greater impact on poverty?

1. We still need to do more to lower trade costs **between** countries. Tariffs, non-tariff barriers, trade facilitation, regional and global integration, etc.
2. Deepen the poverty impact of integration policies – role both for trade policy and complementary reforms. Agenda largely **within** countries.
3. Understand and manage the **risks** poor people face in responding to trade opportunities.
4. Improve the **enabling environment** in conjunction with trade reforms.
5. Better **data –** and more effort to combine different data sources to inform policy.

→ This affects each of the four other areas

Objectives

Identify patterns and participation in trade of extreme poor

Identify key trade-related barriers and costs they face

Design policies and programs to maximize gains and minimize risks

Monitor progress

Gather more data relevant to trade and poverty

Make better use of a wide range of existing data sources

Building an analytical framework

Identify patterns and participation in trade of extreme poor

- Household poverty surveys
- Small area poverty estimates
- Population, income/consumption, agricultural production, and more
- Geospatial data, e.g. nightlights, proximity to markets, infrastructure accessibility

Identify key trade-related barriers and costs they face

- Mobile phone surveys
- Wider range of geospatial data (roads, transport time)
- Road/rural connectivity data
- Data on trade costs between countries (LPI, DB, WB/UNESCAP, tariffs, STRI/STRD)
- Country-specific trade diagnostics (e.g. TF, NTMs, Services)
- Diagnostics on internal costs that limit gains from trade (e.g. competition, business environment)

Indicators to understand trade-poverty linkages, identify priority reforms and programs, and monitor progress

A sustainable agenda

- Building national statistical capacity is a long-term project in many countries
- Drawing on a wider range of data sources – making better use of existing data
- Low-cost, higher frequency data like big data, geospatial and mobile phone surveys
- Working closely with partners

Example: Great Lakes

- Mobile phone and in-person surveys filled gaps in formal trade data on small-scale cross border trade and key features – e.g. importance for rural incomes, women.
- Recent research has confirmed link between conflict events and lower trade
- Formed basis for $130 million Great Lakes Trade Facilitation Project, which is targeting trade barriers that disproportionately affect the poor

Example: Lao PDR

Poverty: rural areas dominate poverty and face greatest risks – agriculture has been a weak driver of poverty reduction

Trade: limited potential for trade to have positive effects in agriculture (compared with Cambodia)

Key data gaps: participation of border communities in trade; trade-related costs in agriculture (domestic and international)