



UNITED NATIONS CONFERENCE ON TRADE AND DEVELOPMENT

UNCTAD



**TRADE POLICIES, HOUSEHOLD WELFARE
AND POVERTY ALLEVIATION**
CASE STUDIES FROM THE VIRTUAL INSTITUTE
ACADEMIC NETWORK



UNITED NATIONS

**Trade policies, household welfare
and poverty alleviation:**
Case studies from the Virtual Institute
academic network



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The UNCTAD Virtual Institute is a capacity-building and networking programme that aims to strengthen teaching and research of international trade and development issues at academic institutions in developing countries and countries with economies in transition, and to foster links between research and policymaking.

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Preface

In 2000, the world's leaders set an ambitious agenda of Millennium Development Goals (MDGs) committing their nations to a new global partnership to reduce extreme poverty, and setting out a series of time-bound targets for 2015. Many countries have been struggling to achieve these goals under circumstances that have deteriorated as a result of the global economic crisis. The target of halving extreme poverty between 1990 and 2015 is likely to be achieved thanks to the considerable fall in the poverty rate in Asian countries with large populations, such as China and India, but progress has been much slower in other regions, particularly in sub-Saharan Africa. Progress in achieving full and productive employment and decent work for all has been even less satisfactory as the recent deterioration of the labour market has resulted in a decline in employment, pushing more workers into vulnerable employment and poverty.

International trade can support the achievement of the MDGs in developing countries and play a positive role in pro-poor growth and sustainable development. It can create employment, enhance access to technology and knowledge, raise productivity, increase the variety and quality of goods available to consumers, stimulate capital inflows, increase foreign exchange earnings, and generate resources for sustainable development and poverty reduction. However, this positive relationship is not automatic and does not necessarily take place in all countries and contexts. Both national policies and international action need to be adopted and implemented to maximize the positive impact of trade on poverty. The design of effective national policies, as well as the formulation of negotiating positions for international fora dealing with trade issues, must be grounded in a thorough analysis of data, trends and experiences, and based on a careful assessment of the possible effects of various policy options and negotiation outcomes. In this respect, academic institutions and researchers are key to generating the analysis needed to inform policymaking.

To leverage researcher-policymaker cooperation that can help countries design pro-poor trade policies, the UNCTAD Virtual Institute (Vi) launched a three-year (2012–2014) trade and poverty project aiming to strengthen the capacity of researchers in developing and transition countries. Advisory support to the project was provided by two experienced trade and poverty researchers, Alessandro Nicita from the UNCTAD Division on International Trade in Goods and Services and Commodities, and Amelia Santos-Paulino from the Division for Africa and Least Developed Countries. The objective of the project was twofold: first, to equip participating researchers with knowledge of the trade and poverty conundrum and the empirical tools needed to assess the impact of trade and trade-related policies on poverty

and income distribution; and second, to encourage these researchers to undertake policy-oriented studies on trade and poverty.

The first project objective was achieved by training researchers through an online course on trade and poverty analysis authored by Guido Porto (National University of La Plata, Argentina) and Nicolas Depetris Chauvin (African Center for Economic Transformation, Ghana, and University of Buenos Aires, Argentina), in collaboration with David Jaume (National University of La Plata). The course, developed by Vi webmaster Susana Olivares with assistance from Micaela Mumenthaler and Franziska Pfeifer, took place from 10 September to 30 November 2012. It was tutored by Nicolas Depetris Chauvin and Vi economist Cristian Ugarte, with technical support from Susana Olivares, and graduated 77 researchers, including 29 women, from 45 developing and transition countries.

To further the second objective of the project – to encourage and facilitate policy-oriented research – the online course analysed policy-relevant research papers, offered specific presentations and an online forum to discuss policy questions related to trade and poverty, and challenged participants to draft an essay proposing a research idea on a trade and poverty issue of relevance to national policymaking as part of the final course assignment. The top graduates of the course were invited to develop their essays into full proposals for research projects to be conducted in cooperation with national policymakers. The 14 researchers whose proposals were selected for Vi support in March 2013 were paired with international expert “mentors” who assisted them in the completion of their studies. These experts included UNCTAD’s Alessandro Nicita and Marco Fugazza (Division on International Trade in Goods and Services and Commodities), Amelia Santos-Paulino and Rashmi Banga (Division for Africa and Least Developed Countries), Piergiuseppe Fortunato (Division on Globalization and Development Strategies) and Claudia Trentini (Division on Investment and Enterprise). Other participating experts were Marion Jansen of the World Trade Organization’s Economic Research and Statistics Division, and online course co-author Nicolas Depetris Chauvin. The Vi team provided comments and suggestions on the direction and content of the studies and supported the authors during the drafting process.

The researchers benefited from a combination of online and face-to-face mentoring, the latter provided during a workshop in Geneva in June 2013. In addition to offering expert advice, the workshop included a session on writing policy briefs and communicating with policymakers in order to help researchers establish effective links with policymakers. The experience of participating researchers confirmed that the interaction with

policymakers was useful in identifying important topics for policy analysis, developing a better understanding of the researched sectors and related government policies, gaining access to relevant data, and understanding the constraints policymakers may face in implementing the researchers' recommendations.

This book is a collection of country case studies emanating from the Virtual Institute's trade and poverty project. The studies were drafted by researchers from universities, think tanks, and government ministries in Argentina, China, Costa Rica, the former Yugoslav Republic of Macedonia, Nigeria, Peru, the Philippines, and Viet Nam. The studies were peer-reviewed by Nina Pavcnik from Dartmouth College, Petia Topalova from the John F. Kennedy School of Public Policy at Harvard University, Isidro Soloaga from the Universidad Iberoamericana Ciudad de México, and Marcelo Olarreaga from the University of Geneva. Vi economist David Zavaleta contributed to the final stages of the preparation of the book. Nina Pavcnik served as the editor and offered additional technical comments on all the studies. The book was copy-edited by David Einhorn and Martha Bonilla; Eveliina Kauppinen and Mireille Velazquez assisted in formatting the text. Design and layout were created by Hadrien Gliozzo, with photos contributed by Irene Becker, Leniners, Lars Lundqvist, Jasna Susha and Julien Yamba, and advice on the cover by Andrés Carnevali. The publication process was managed by Nora Circosta.

I would in particular like to extend special thanks to Cristian Ugarte, who managed the entire project and was the driving force behind its successful completion.

Finally, our gratitude goes to the United Nations Department of Economic and Social Affairs and the Government of Finland, whose trust and financial contributions allowed us to make this project a reality, and to all the national policymakers who supported our researchers.



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