

**Draft Executive Summary of Synthesis Report– A compilation of Fifteen
Country Background Reports under TDP**

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The TDP project partner countries have all implemented far reaching trade reforms over the last 20-30 years, which have radically transformed their economies from inward looking, highly regulated economies dominated by the public sector, to economies open to the global economy and in which the private sector is free to act.

The impact of these reforms on economic growth and poverty reduction has varied significantly across the TDP project countries. What do these varied experiences have to teach us about the types of trade reforms that best promote growth and poverty reduction? What complimentary factors have played a role in mediating these impacts? How can developing countries best use trade to promote poverty reduction?

The clearest message from the experience of these countries is the importance of promoting growth and trade in the agricultural sector, where the majority of the world's poor find their livelihood. In sub-Saharan Africa, where poverty has remained stubbornly stagnant over the last couple of decades, privatisation in the agricultural sector has left farmers without access to affordable inputs and made it more difficult for them to market their products. This is because the private sector has not developed to fill the gap left by marketing boards and the government has failed to take a strong leadership role in promoting agricultural trade.

Disappointing levels of investment in the agricultural sector and a failure to carry out land reforms have also held back the progress of poverty reduction in Bangladesh, India and Pakistan, despite their achieving impressive levels of economic growth over the last two decades.

In contrast the experience of China and Vietnam illustrates the role that policies promoting agricultural trade can play in achieving economic growth and poverty reduction. In both countries the freeing up of agricultural trade to the private sector, extension services to farmers, selective protection and land reforms stimulated growth in the agricultural sector, which made a major contribution to the poverty reduction that they have achieved in recent years.

Another clear message from the experience of these countries is the importance of developing a suitable business environment in which private traders can respond to the opportunities

provided by trade reforms to build more secure livelihoods. In sub-Saharan Africa poor transport and utilities infrastructure, excessive red tape, low levels of skills and technology and a poor regulatory framework have stifled private enterprise. As a result the private sector has struggled and domestic industries have declined in the face of increased competition resulting from trade liberalisation.

In contrast, the experiences of Bangladesh, India and Sri Lanka illustrate the importance of promoting enterprise of investing in infrastructure, stimulating foreign investment and freeing the private sector to operate. These factors have helped these countries to develop significant export sectors and promote the development of more competitive national markets.

Perhaps the most significant cross-cutting message from the experience of the TDP project countries is the role that effective institutions can play in trade expansion and the inclusion of the poor in this process. In Cambodia, China, India and Vietnam the government has played an important role in stimulating trade and poverty reduction through legal reforms, investment, professionalising policy-making and through complimentary policies. However, sub-Saharan Africa is still struggling to develop the institutions required to promote trade and poverty reduction, and this is perhaps the most significant challenge the continent faces over the coming years.