
Too hot to handle?

The absence of trade policy from PRSPs

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Summary

Few development issues are as hotly debated as international trade. Economic growth through trade has the potential to lift billions out of poverty. But rapid and insensitive liberalisation has often forced poor people to compete in world markets at times when they are least prepared to do so, undermining their livelihoods and increasing their vulnerability. Trade exerts a powerful force on development and poverty reduction.

Given the importance of trade, one would expect the effects of different trade policies to be thoroughly dissected and analysed in Poverty Reduction Strategy Papers (PRSPs) – the flagship development framework of donors and national governments. But evidence suggests otherwise.

This briefing note draws on research commissioned by Christian Aid into the trade and poverty content of PRSPs.¹ This research finds that the current round of PRSPs say very little about trade policy. More importantly, even where PRSPs do contain a discussion on trade, trade policy choices are rarely underpinned by a holistic analysis of poverty in each country. PRSPs fail to consider the impacts of trade on different groups of poor and vulnerable people. Effects are not disaggregated between consumers, producers and employees, between urban and rural populations, or by gender. Dimensions of poverty beyond income – risk and insecurity, access to services, and empowerment – are almost completely ignored.

This suggests that, despite the rhetoric of PRSPs, trade policy is not determined in a participatory way that draws on the perspectives and aspirations of different groups of people in each country. In the absence of ex-ante impact studies, there is also no reason to believe that trade policy has been designed to maximise its contribution to poverty reduction.

Christian Aid argues that the way that trade and trade policy is currently treated in PRSPs is dangerous for a several reasons. Although trade-poverty linkages are complex and likely to vary between countries, the limited discussion of trade policy in PRSPs tends to use the simplistic language of *wholesale and rapid* liberalisation. The World Bank Sourcebook chapter on trade appears to provide the blueprint. Donors and governments have therefore failed to encourage a national debate on trade policy choices and trade-offs.

PRSPs should also, by their very nature, consider the impacts of different trade policies on poverty. But this has not been happening. Only one Poverty and Social Impact Analysis (PSIA) was conducted on trade policy for the 17 countries reviewed.²

Despite this disjuncture between trade and poverty analyses, the World Bank and IMF continue to include ‘conditionality’ on trade policy reform in their loan agreements. Christian Aid argues that this practice should be discontinued for two reasons. First, trade policy reforms to which conditions are applied are not underpinned by a holistic understanding of poverty in each country. So the analytic justification for this approach is weak. Second, the use of conditions creates suspicion of undue influence and the misuse of lending programmes. Ultimately, it precludes the transfer of ‘ownership’ of the development agenda and the role of trade policy within it.

¹ Hewitt, A. and Gillson, I. (2003), *A Review of the Trade and Poverty Content in PRSPs and Loan-Related Documents*, Overseas Development Institute [forthcoming]

² A limited PSIA on trade policy was conducted in Vietnam. This is referred to in the PRSP, and elaborated on in the supporting Poverty Reduction Strategy Credit.

Christian Aid believes that the effects of trade are too powerful to omit trade policy from national development strategies. But if *PRSPs* themselves are to include trade policy then this needs to be underpinned by a comprehensive analysis of how changes in such policy will affect different aspects of poverty for different groups of poor people. The briefing note concludes with recommendations on the roles of national governments, civil society and donors. These include:

National governments being responsible for:

- analyzing in depth the impacts of various trade policy options on different groups of people, drawing especially on the perspectives of those representing poor people.

Civil society groups having a right to:

- express their views on the *purpose* and *design* of trade policy, and also contribute, including through locally owned PSIA, to ex-ante analyses of different trade policy choices.

Donors being responsible for:

- facilitating the shift in 'ownership' of the trade policy debate, through providing space for national debate and supporting locally owned analysis such as PSIA if requested by government and local groups
- discontinuing the practice of trade policy 'conditionality'.

Northern governments being responsible for:

- providing aid to reduce national constraints to improved trade, such as weak infrastructure, inadequate access to education and ill health
- committing to cover the 'costs of adjustment' borne especially by poor and vulnerable groups through trade policy reform
- abolishing uncompetitive practices such as production subsidies and dumping, and removing market-access restrictions harmful to producers in poor countries.
- making good on their promises to extend Special and Differential Treatment so that poor countries can implement trade policies that put development needs first.

1. Introduction

Trade policy reform has been a central plank of donor-supported structural adjustment programmes in developing countries for the past 20 years. Traditionally this has been based on the pursuit of openness through liberalising markets, assuming that competition and comparative advantage promote more efficient resource allocation, growth and poverty reduction. Large cross-country aggregate studies, most usually conducted by these same donors, have tended to support these linkages. Complementary and mitigating measures have often been promoted in parallel to safeguard vulnerable groups.

But many civil society groups, especially in poor countries, have long argued that this predominant approach to trade policy has created a myriad of failures.³ More recently, some academics have called into question the methodological and analytical basis of many of the existing aggregate studies.⁴ In addition, some have argued that the economic development of the United States, Europe and East Asia suggests that managed interventions in trade policy often have a better track record than a complete *laissez-faire* approach which tends to reward those with existing assets and power.⁵ For its part, Christian Aid has advocated for more flexibility in international trade agreements, not only because it has sympathy with the argument that industrialised countries are ‘kicking away the ladder’ after having used interventionist trade policy to develop, but also because we believe that poor and vulnerable groups are most likely to suffer from rapid change and ‘unfair’ competition.⁶

Wherever one sits along this continuum of opinion, it is clear that trade policy choices are both emotive and powerful in the reactions they elicit, and the impact they are likely to have on development and poverty reduction.

In 1999, following growing criticism from bilateral donors and civil society groups about the ineffectiveness and weak poverty focus of traditional adjustment programmes, the World Bank and IMF introduced Poverty Reduction Strategy Papers (PRSPs) to encourage national ownership of development strategies and, in part, to ensure that debt-relief monies freed up through the Highly Indebted Poor Countries (HIPC) initiative were used directly to combat poverty. The evidence on whether these objectives have been achieved is far from conclusive. Many groups have criticised PRSPs for not representing a meaningful shift away from Washington-based ownership of knowledge, analysis and policy; and for not providing an entry point for broader inputs into key economic and structural debates – including on trade. In addition to the ‘right’ of local groups to participate in policy dialogues on issues that directly affect them, some have called for increased use of Poverty and Social Impact Analyses (PSIAs) to explore in depth the likely impact of proposed policies and reforms on poverty.⁷

Given the importance of trade for development and poverty reduction, one would expect the effects of different trade policies to be thoroughly dissected and analysed in PRSPs. When Christian Aid started to explore how PRSPs dealt with trade in 2002, anecdotal evidence suggested this was not the case. A NOVIB-commissioned study of interim-PRSPs in 2002 found that very few discussed the links between trade policy and poverty in any depth.⁸ While one might not expect interim-PRSPs to contain a comprehensive treatment of trade – as they are

³ See Kanbur (2001) for a discussion on the often contrasting approaches of civil society and formal donors in policy making.

⁴ For example, Rodriguez and Rodrik (1999)

⁵ Chang (2002)

⁶ Melamed (2002)

⁷ Joint UK NGO document on PSIA (2003); Richmond and Ladd (2002)

⁸ van der Borgh, V. and Bieckmann, F. (2002)

ostensibly ‘roadmaps’ to achieving full PRSPs – the lack of ‘sign-posts’ to trade issues did not auger well.

Christian Aid therefore commissioned the Overseas Development Institute (ODI) to ‘audit’ the trade policy content of completed PRSPs. The ODI was asked to examine the extent to which any trade policy contained within the PRSPs was derived from a holistic analysis of poverty – including incomes, risk, access to services and voice. This briefing paper is based on that research. The full list of research questions is contained in Annexe 1; the countries for which PRSPs were analysed are listed in Annexe 2.

2. Unwritten chapters

Trade policy appears to be the unwritten chapter in most PRSPs. The issue of trade was given very little attention in many of the 17 PRSPs analysed. Most of the documents reviewed had no stand-alone section that discussed trade policy. Fewer than half had short sections that related specifically to trade,⁹ and even those were usually subsumed within a much broader discussion of the macroeconomic environment.

That is not to say that trade policy is completely omitted – sporadic references to supporting ‘trade liberalisation’ are made throughout most of the documents, but almost entirely in relation to export promotion in specific sectors. Rarely did discussions of trade policy in PRSPs move beyond export-promotion issues to consider the liberalisation of imports. As Christian Aid will argue below, such inadequate trade-policy coverage is doubly dangerous. Very few trade-policy *options* are discussed in any depth in the documents, suggesting that a ‘one-size-fits-all’ approach is still being used. It appears that debates in countries in which trade policy is being formed are not sufficiently wide and appropriate to the specific national context. More importantly, any trade-policy discussion that does exist does not link back to the analysis of poverty that forms the bedrock of PRSPs.

Before we explore this disjuncture between trade policy and poverty analyses, it is interesting to consider why trade policy in its own right is barely covered in PRSPs.

This partly stems from how PRSPs came into being. PRSPs arose from the framework of the Heavily Indebted Poor Countries (HIPC) initiative that aimed to provide poor countries with an exit from unsustainable debt burdens. It was envisaged – indeed, it was a condition – that monies freed up through debt relief would be targeted towards pro-poor expenditure as defined through national consultation in the PRSP. This has led in the first instance to an overwhelming emphasis on ‘pro-poor spending’ – in the areas of health, education and clean water – to improve the ‘quality’ of growth. This emphasis is entirely understandable and undoubtedly key to social investment and future poverty reduction. However the corollary has been a de-emphasis on analysis (and spending) to promote poverty reduction through production and higher growth. It is likely that this balance will be refined in future development strategies, as production and trade issues come to the fore.

But this explanation is only a small part of the picture. As discussed above, many of Christian Aid’s partners, and indeed formal donors, have criticised the PRSP process for not providing an entry point for broader inputs into debates on macroeconomic policy and structural reform¹⁰. Donors and governments have failed to encourage national debates on trade-policy choices and

⁹ As in the PRSPs for Ethiopia, Honduras, Malawi, Mozambique, Tajikistan, Vietnam, Yemen and Zambia.

¹⁰ See for example Richmond and Ladd (2001); Whaites (2002), DFID (2002), CEDLA (2003)

trade-offs that are rooted in country-specific contexts. Partly in response to this, Christian Aid has been working with partner organisations the Social Enterprise Foundation (SEND) and the Integrated Social Development Centre (ISODEC) in Ghana to investigate how trade policy formulation could be made more participatory, based on the perceptions and needs of different groups of poor people (see Box below).

Ghana: Participatory trade policy formulation

The intention of this project is to develop a participatory and flexible approach to trade-policy formulation. Its starting point will be what groups of poor people aspire to, the obstacles they identify to improving their livelihoods, and solutions to those obstacles. It will then relate these to existing and potential trade policy.

The research will focus on the two agricultural products identified through community discussions as being the most important to that community's livelihoods. Further focus groups will be facilitated involving the products' grassroots producers, traders and consumers in each of Ghana's three ecological zones. Through these focus groups, participants will identify the obstacles to improving their livelihoods through trade, and potential solutions to these obstacles. These findings will be related to existing trade policies and to the potential trade-offs between the interests and needs of various groups.

In the absence of these national debates, PRSPs, where they do cover trade issues, tend to mirror the generally accepted language on trade – even if it is not underpinned by analysis relevant to the country in question.

3. Analyses built on sand

Even where PRSPs do include trade-policy discussions, they are insufficiently underpinned by an analysis of how different trade policies affect poverty and local needs. More than half made no mention of trade-poverty links; the remainder covered the subject only superficially.

Christian Aid and many of its partners understand that poverty relates to more than just income. It encompasses access to opportunity and services, issues of risk and insecurity, of voice and empowerment, as well as concepts of community and relative poverty. Themes of opportunity, insecurity and empowerment are presented most famously in the World Development Report 2000/01, which provides a broadly accepted framework for governments, donors and others engaged in poverty-reduction interventions.

However, only three of the 17 PRSPs analysed made any connection between trade policy and non-income dimensions of poverty. These three considered 'risk' – for example, the PRSPs for Bolivia and Nigeria contained limited analysis of the effect of external price shocks on poor people. None of the PRSPs looked at how trade policy affected people's access to services or voice and empowerment.

Trade-policy options, albeit solely to promote exports, were discussed in 11 of the 17 PRSPs. Eight of those looked at the implications for different productive sectors for each measure – typically agriculture, manufacturing and tourism.

But in an overwhelming majority of PRSPs analysed, the potential effects of different trade-policy options were not estimated and disaggregated by gender or vulnerable groups. Only four PRSPs – for Ethiopia, Nicaragua, Vietnam and Zambia – made any mention of different impacts in rural and urban areas, or between producers and consumers. Vietnam and Zambia have the only PRSPs that mention gender considerations in trade policy.¹¹ Only Zambia's PRSP discussed the impact of trade policy on what it considers a particularly vulnerable group – smallholder farmers.

It is astonishing that documents that are intended to set out how economic and social policy can reduce poverty largely ignore the potential impacts of trade policy on different groups.

In Sections 4 and 5, we explore two reasons why the current approach is unhelpful and even dangerous. First, the links from trade to well-being – especially given the various dimensions of poverty – are not only many and complicated, but also hotly disputed. Second, in the absence of a sufficiently rigorous and country-specific exploration of how different trade policies will impact on poverty, the justification for continuing to use trade-related 'conditionality' is weak.

4. Whose trade policy?

Debate on the links between trade policy, growth and poverty reduction is very much alive. This is not least because much of the historical evidence on how countries have used trade policy to develop in the past – including in the developed North – contrasts markedly with the currently dominant paradigm of wholesale 'liberalisation'.¹² Well-documented examples demonstrate that even if a certain trade policy is positive at the aggregate level, many groups of people – often the most vulnerable – can lose out in the short term.

Nevertheless, the World Bank and IMF have tended to retain their faith in rapid and wholesale trade liberalisation and openness as key elements of the lending programmes they have supported over the past two decades. In critiquing a paper by Dollar and Kraay linking trade liberalisation and poverty reduction for a Globkom conference in 2002, Rodrik concludes that the author's claims 'have to be seen as statements based on faith rather than evidence'.¹³

To understand whether trade-policy content in PRSPs reflects this open debate, Christian Aid asked the ODI to consider how far any trade policy content that did exist in the current round of PRSPs was consistent with the Sourcebook on PRSPs.¹⁴ Perfect consistency could of course suggest that national governments and their constituents in poor countries were of the same mind as the staff of the international financial institutions in determining the most appropriate trade policy. On the other hand, overriding conformity with the Sourcebook approach could suggest that, in writing PRSPs, many poor countries were under pressure to be consistent with the Washington view on how trade policy should be formulated. This is not only because major donors continue to hold the purse strings. PRSPs are officially 'approved' at the World Bank and IMF boards following appraisal by their respective staffs. In relation to the Sourcebook, Charles Abugre of Christian Aid partner ISODEC points out:

¹¹ Included in the PSIA on trade policy in the Vietnam PRS-C.

¹² See Rodriguez and Rodrik (1999), Lutz (2001), Chang (2002), Harrison and Hanson (1999), Christian Aid (2002), *What Works? Trade, Policy and Development*

¹³ Original paper by Dollar and Kraay, and Rodrik's critique, arising from Parliamentary Commission on Globalisation of the Swedish Government (Globkom) conference in November 2000: www.globkom.net

¹⁴ Question 6 in our Terms of Reference (see Annexe 1)

'If the PRS process were a government-led process, why would the Bank and Fund send numerous missions to the country to develop a PRS? Why would the Bank develop a 1,000-page Sourcebook to tell developing country groups how to create a PRS?'

The research found a significant degree of conformity with the standard approach outlined in the Sourcebook's chapter on trade policy. There were only four notable exceptions (see box below). The authors argue this suggests that little effort has been made to tailor trade policy to the individual context of the country.

<i>The Gang of Four</i>	
<i>Deviations from the 'Washington consensus' on trade policy in PRSPs</i>	
Ethiopia	The Agricultural Development Led Industrialisation (ADLI) programme advocates the use of protection with offsetting policies for exporters.
Rwanda	Subsidies for coffee production.
Vietnam	Anti-dumping tariffs as a means to counter 'unfair competition'.
Zambia	Emphasis on Export Promotion Zones (EPZs) ¹⁵

Uniformity of trade knowledge and policy is also of concern to those who engage in debates on trade capacity building. Donors currently tout the Integrated Framework (IF) as a means of engaging in trade policy capacity building in poor countries.¹⁶ The World Bank is the lead actor in the IF approach.

The results of country Diagnostic Trade Integration Studies (DTIS), the first step in the IF approach, are intended to be integrated into PRSPs. But with the World Bank's predominance in the process, many commentators remain sceptical of its independence and ability to broaden popular debate on trade-policy formulation.¹⁷ Some have criticised the World Bank for pursuing its traditional agenda through the IF, leading them to question whether debates on trade policy as a result of IF-led PRSPs can in fact be nationally owned.

5. Enforced experiments?

The lack of trade-poverty analysis in PRSPs is also dangerous because of the continued use trade policy reform conditions in many programmes supported by IFI lending.

The commissioned research looked at all loan-related documents (PRS-Cs and Memoranda of Understanding attached to PRGFs) to see if there were examples of conditions attached to lending support which were not underpinned by a suitable analysis of trade-poverty linkages in the PRSP (or related PSIA).

Despite recent efforts by the IFIs to reduce their 'conditionality'¹⁸, the study found examples of conditions attached to PRSPs' lending support that focused on reduction of subsidies to local

¹⁵ Considered by the World Bank to have been unsuccessful in Africa as a whole.

¹⁶ Including the World Bank, IMF, UNCTAD, UNDP, the WTO and many bilateral donors.

¹⁷ Bretton Woods Project (2002), *Cornering the Market: The World Bank and Trade Capacity Building*

¹⁸ IMF (2000), IMF (2001)

producers, tariff reduction, the removal of import-licence requirements, and conformity with bilateral and regional agreements.¹⁹ The authors of the ODI research concluded that:

‘The loan documents often set conditions on trade reform that failed to be underpinned by a sufficient analysis of the links between poverty and different options for trade policy. ...it is difficult to see how trade conditions are justified analytically if they are not underpinned by ex-ante analysis of the likely poverty impact brought about by trade reform.’

This would tend to give weight to those that argue that mainstreaming trade policy into PRSPs as they currently stand would be undesirable given the asymmetries of power and influence in lending relationships.

6. Recognition of demand- and supply -side constraints in PRSPs

All 17 of the PRSPs analysed included discussions on domestic supply-side trade constraints – especially on weak transport and infrastructure. But constraints to improved trade that existed outside the relevant country’s borders were only considered in 6 of the PRSPs studied – mostly in respect of market access restrictions. Ongoing discussions in the WTO were scarcely referred to; and their consistency with national poverty reduction goals was not revisited.

Although many of the PRSPs covered both supply- and demand-side constraints to trade, there was little attempt to formulate trade policy that took them into account.²⁰ This raises some important questions. How can the links between trade policy and poverty be fully explored without properly considering the effect of these constraints and market failures? How can suitable complementary or mitigating measures be implemented to support or compensate those that lose out because of trade reform? In extreme cases, how can governments decide whether to proceed at all with trade policy changes if their understanding of the associated risks is incomplete?

In short, the current trade-poverty analysis in PRSPs is unlikely to be complete or effective. Optimal trade policy – optimal in terms of reducing different aspects of poverty – needs to take account of national and international constraints to improved trade. These include:

- *National constraints* could include ill health and low education levels, weak transport infrastructure, inadequate marketing and information structures, a lack of access to financial services, low private sector capacity, poor regulatory institutions, and weak and under funded safety-net mechanisms to mitigate the adjustment costs of trade for affected groups.
- *International constraints* the anti-competitive practices of Northern governments and producers, such as subsidies and dumping; tariff and stringent non-tariff market access restrictions; and weak commodity prices.

¹⁹ Examples of trade policy ‘benchmarks’ or conditions, not underpinned by poverty analysis, are contained in the PRS-Cs or PRGF Letter of Intent documents for Albania, Burkina Faso, Malawi, Mozambique, Rwanda, and Tanzania. A limited PSIA was employed for extensive trade policy reform in Vietnam, where the PRSC document describes a ‘gradual but firm policy shift supported under the PRSC’ to ensure compliance with the United States Bilateral Trade Agreement (USBTA). The Letter of Intent for Rwanda commits to an alignment with COMESA tariff rates that are only at the ‘preliminary proposal’ stage.

²⁰ For an interesting discussion of the external environment in which PRSPs are formulated, see Mwakasege (2002) for the Tanzania Economic and Social Trust

7. Should trade policy be held hostage to PRSPs?

The arguments above do not necessarily point to the conclusion that trade-poverty analysis should be deepened and entrenched in the current PRSP framework. Many civil society actors, especially from the South, argue that PRSPs are illegitimate and a continuation of policy imposition by rich countries and the donors they control.²¹ At best, and recognising that the movement towards nationally owned development strategies is in principle a 'good thing', the current asymmetrical power relationship between donors and poor countries in terms of financial incentives and hegemony of knowledge would mean that if trade-poverty analysis was incorporated into PRSPs it would probably be neither independent nor country-specific.

To recap, there are three main dangers within the current framework:

- *The failure of individual PRSPs to consider fully the impacts of trade on poverty.* Where trade-policy analysis does exist in the current round of PRSPs, it is not underpinned by an analysis of poverty, including its non-income aspects, in that country. Moreover, the effects on different vulnerable groups are not analysed.
- *The uniformity of trade policy in PRSPs.* The links between trade, growth and poverty are hotly debated in the global arena, but covered more singularly in the World Bank Sourcebook on trade. As the analysis in most PRSPs tends to mirror that of the latter, it is unlikely that trade-policy reforms are context specific and therefore optimal in promoting growth and reducing poverty in that country.
- *The continued use of coercion through conditions to reinforce that uniformity.* Because trade-poverty analysis is largely absent, the justification for continued 'conditionality' on trade policy reform is weak.

²¹ See for example, Kalima (2001) for AFRODAD

8. Conclusions and recommendations

Christian Aid believes that trade policy is too important to be omitted from national development strategies, because it can exert such a powerful influence on growth, development and poverty reduction. But if trade policy is to be included within the construct of Poverty Reduction Strategy Papers, it needs to be underpinned by a comprehensive analysis of how changes in trade policy will affect the various aspects of poverty for different groups of poor people in the long and short term. Obstacles to broadening the debate on different policy options, influenced by the views of national stakeholders, must also be removed.

Trade policy should be developed in a transparent and participatory manner, with clearly articulated roles and responsibilities for national governments, civil society groups, donors, and Northern governments. The aims of a more participatory approach include contributing to the transfer of 'ownership' of the development process (and within that, trade policy), and ensuring that the needs and priorities of different groups of especially poor people are adequately represented in trade policy choices.

National governments should be responsible for opening up debates on the trade-offs associated with different trade policies for different groups of people. Ultimately, it is the responsibility of government to arbitrate between competing interests, but with special recognition of the welfare of poor and vulnerable groups. Governments should seek to undertake ex-ante analyses of the effects of different trade policies, drawing on the contributions of different stakeholders. These analyses should disaggregate potential impacts by different vulnerable groups, by rural and urban constituencies, by producers and consumers, by age and gender, and also by different time periods. Direct welfare gains and losses should be considered as they accrue to different groups, as should the impact on different aspects of poverty, especially risk and insecurity. In formulating trade policy, national governments should also recognise other constraints to improving trade as outlined in Section 6.

Civil society organisations, especially those that articulate the perceptions and needs of poor groups, have a right to contribute their views on the design and purpose of trade policy. They have a right to contribute, including through locally owned PSIA, to ex-ante analyses of different trade policy choices.

Donors should endeavour to support the shift in 'ownership' of the trade policy debate. Where donors provide advice to governments on the design of trade policy, this should be thoroughly grounded in context-specific ex-ante impact analysis, such as PSIA. Wherever possible, PSIA should be locally owned and designed.²² 'Conditionality' on trade policy reform should be discontinued not only because it is not underpinned by an analysis of poverty-impacts, but also because it will preclude the effective transfer of the trade policy debate to the national level.

Northern governments should concretely commit to playing their part in removing the constraints to improved trade that exist at both national and international levels. This will include massive aid investments to strengthen transport infrastructure, health, education and regulation. It will also include helping to meet the costs of 'adjustment' that trade policy reform will mean for vulnerable groups of people. Northern governments should abolish uncompetitive practices such as production subsidies and dumping, and remove market

²² Joint UK NGO document on PSIA (2003); Christian Aid (2002), *Proving the Impact*

access restrictions harmful to producers in poor countries that choose to emphasise export promotion. They should also make good their commitment to support additional flexibility in international trade agreements – through more far-reaching Special and Differential Treatment – so that poor countries can implement trade policies that put development needs first.

Annexe 1

The list of questions in the Terms of Reference for the study was as follows:

Research questions

Is there an identifiable section in the PRSP relating to trade?

Does any trade section relate back to, and be informed by, the description and analysis of poverty covered at the beginning of the PRSP?

In particular, where the poverty-analysis section of the PRSP discusses non-income aspects of poverty does this inform the trade section of the document? Specifically, does the trade section consider the following aspects of poverty?

- Risk
- Access to services
- Voice

Does the PRSP discuss trade policy options explicitly? With respect to any discussion:

- Is there an understanding of how they might differ from sector to sector?
- Is there an understanding of how they might differ in their impact on vulnerable groups?
- Is there an explicit discussion of trade and gender linkages?
- Does the discussion differentiate between consumers, producers and employees, in both urban and rural environments?

Does the PRSP cover other national and international factors affecting trade?

- Does any discussion take into account 'supply-side' constraints on trade including infrastructure, education, information and marketing?
- Does any discussion cover issues of trade not solely at the international level, but also within local, national and regional markets?
- Does the discussion cover 'demand-side' constraints such as market access in other countries, regions and/or industrialised countries?
- Are ongoing discussions in the WTO referred to and analysed?
- Is there any analysis of how domestic formulation of poverty sensitive trade policy may be at odds with ongoing negotiation processes in the WTO?

Is there any discussion on how the content of any trade section in the PRSP was formed?

- If so, who participated in, or was consulted, in drafting the text?
- Who was responsible for the final draft of the text?
- To what extent does the text reflect the content and direction of the World Bank Sourcebook chapter on trade?

To what extent, and in what depth, does any of the trade-poverty analysis of completed PRSPs inform and determine the content of the creditors' and donors' lending instruments, the PRS-C and the PRGF?

- Are the loan conditions relating to exports, commodities, international trade, foreign exchange revenues and so on, shaped in any way by the preceding PRSPs?

Annexe 2

PRSPs, PRS-Cs, and letter of memoranda attached to PRGFs studied for:

Albania
Bolivia
Burkina Faso
Ethiopia
Guinea
Guyana
Honduras
Malawi
Mozambique
Nicaragua
Rwanda
Tajikistan
Tanzania
Uganda
Vietnam
Yemen
Zambia

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Christian Aid links directly with people living in poverty through local organizations. It supports programmes with the aim of strengthening the poor through self-sufficiency. Christian Aid also seeks to address the root causes of poverty. It is the official relief and development agency of 40 British and Irish churches, working where need is greatest in 60 countries worldwide and helping communities of all religions and those with none.

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