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**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

DAC Network on Poverty Reduction

DRAFT SUMMARY RECORD

Meeting held on 19-20 June 2003

Declassified

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DAC NETWORK ON POVERTY REDUCTION

Draft Summary Record of the meeting held on 19-20 June 2003

I. Election of Officers

1. The following nomination was made by Canada, seconded by Switzerland and agreed by POVNET Members:

- Mr. Claudio Spinedi (Italy) as Chair of POVNET for the coming year;
- It is noted that there is an informal understanding that Ms. Emmy Simmons (United States) is prepared to be available as Chair of the POVNET next year; and
- Mr. Hitoshi Shoji (Japan) as Vice-Chair of POVNET.

2. In the absence of Mr. Spinedi, Mr. Shoji agreed to chair the meeting.

II. Adoption of the Agenda

3. The agenda for the meeting [DCD/DAC/POVNET/A(2003)1] was adopted.

III. Mandate of the POVNET

4. On the basis of document DCD/DAC/POVNET(2003)2, Members discussed and agreed a revised POVNET Mandate. That revision was transmitted to the DAC at its meeting with the Chairs of its Subsidiary Bodies on 24 June 2003. An amended POVNET Mandate, incorporating a suggestion from the DAC, was agreed and has been subsequently issued as DCD/DAC/POVNET(2003)2/REV1.

IV POVNET Work Programme 2003-2004 and Modalities

5. Members discussed their 2003-2004 work programme and modalities on the basis of note DCD/DAC/POVNET(2003)1 and a number of Room Documents¹ and secretariat presentations (e.g. concerning SMEs, trade capacity building, ICT, investment for development).

¹ The following Room Documents [all with the code DCD/DAC/POVNET/A(2003)1/RD1, 2, etc.] were prepared in support of the discussion:

No.1 – Poverty Reduction and the Role of the Private Sector (Secretariat);

No.2 – OECD Strategy on Investment for development (Secretariat);

No.3 – Agriculture and Pro-Poor Growth (United States);

No.4 – Strengthening Public-Private Partnerships in the Water and Sanitation Sectors in Developing Countries (Secretariat);

a) *Substantive work areas*

6. Members' comments on the various areas of work set out in DCD/DAC/POVNET(2003)1 outlined a number of considerations to help prioritise, guide and frame the POVNET work programme for the next biennium. These included:

- A problem/issue orientation addressing core problems surrounding the relationship between growth and poverty reduction.
- The DAC Guidelines on Poverty Reduction and the PRS framework are the essential points of departure for POVNET work. The Guidelines will help identify the themes and products of work, which can translate and test their general principles and practices in the specific focal areas selected. A product of work will be to strengthen the emphasis on broad-based growth and its determinants in the PRS framework.
- Exploiting opportunities to link up work with targets of opportunity (e.g. major international agendas, conferences, etc) and to connect up to and develop synergies with work elsewhere in the DAC (e.g. such as gender and environment) and the Organisation (e.g. in areas such as investment, trade, ICT, etc.).
- Focusing on operational exchanges of experience, lessons and success stories among Members.

7. There was a broad consensus among Members on the overall architecture of its work programme for 2003-4 and the initial focal areas for work. The latter will cover:

a) *Private sector development:*

- An initial focus and target of opportunity can be the ongoing DCD/DAC work in connection with the "Bologna Process", in particular the preparation of an analytic report with draft recommendations and an action plan on the theme of SMEs and Development for the Ministerial Conference in Istanbul, June 2004.
- The focus of work should be on local enterprises and how they can contribute to growth and poverty reduction. Beyond the immediate work on SMEs and development, the broader terms of reference for work on the private sector could build on the concept note and earlier discussions initiated by the UK (see Room Document No.1).
- That work should have a strong gender dimension (and discussions should be initiated with the DAC Network on Gender to that end) and also cover micro enterprises, the informal sector and how to bring these into the formal sector of the economy.

No.5 – Integrating ICT in Development Programmes (Secretariat);

No.6 – Comments and Suggestions regarding the Future Discussion Topics of the Newly Mandated POVNET (Japan);

No.7 – Infrastructure and Poverty Reduction – A Concept Note (Japan);

No. 8 – DAC/POVNET (France).

- This area of work should connect up to other relevant themes such as the OECD work on Investment for Development (see Room Document No. 2) and proposals being developed in the Committee for International Investment and Multinational Enterprises (CIME) concerning ODA/FDI synergies.
- A product of work could set out the contribution of the private sector to growth and poverty reduction and common donor approaches that maximise the contribution of the private sector to pro-poor growth.

b) *Agriculture:*

- Following an oral report to the POVNET on the discussions at the informal meeting on the theme of agriculture and pro-poor growth held on 19 June [see Room Document No. 3; a summary of that discussion is provided in Annex 1 to this summary record] it was agreed that agriculture should be one of the principal themes of work over the next biennium.
- In order to make a detailed proposal to POVNET on the specific focus and products of work in this area, an informal, experts meeting will be organised in September/October. In preparation of that informal meeting, short notes will be prepared sketching out a conceptual framework on the contribution of agriculture to pro-poor growth and setting out (in fact sheet style) information concerning the emerging issues addressed in the present draft terms of reference for work in this area.

c) *Infrastructure:*

- Sustainability is a major issue and could be a key orientation for POVNET work.
- Infrastructure is not a homogeneous sector and provision can range from regional approaches, through large scale/national to small scale rural provision, with important differences in respect of financing, planning and management. Delivery modes are important for sustainability and poverty impacts.
- One perspective on pro-poor dimensions of infrastructure concerns the allocation and share of public budgets to infrastructure sectors and an assessment of who benefits – the poor or other communities.
- There are important links between infrastructure and partnership themes, including public-private partnerships as well as community partnerships. Also, the connections between this theme (infrastructure) and the other focal areas, namely agriculture and private sector, should be developed.
- The above issues should help guide discussions to develop more concrete proposals for work and outputs in this area.

8. The above themes have important connections with each other and the POVNET should exploit the synergies that exist between them, where the work in one area can contribute to that in others. For example, work in the area of agriculture, to contribute to the maximum to pro-poor growth, needs adequate infrastructure and strong involvement from the private sector. In developing terms of reference in these work areas, Members should therefore take such synergies fully into account and build them into plans for work and outputs.

9. Work on the above focal areas can be drawn on to prepare DAC and POVNET inputs into other horizontal OECD work, such as the initiative stemming from the 2003 MCM on investment for development, the “Bologna Process” and the CIME discussion of ODA/FDI synergies.

10. In respect of other work areas such as trade capacity building, ICT, etc, as set out in the draft work programme [DCD/DAC/POVNET(2003)1], it was agreed that POVNET would be the DAC subsidiary body to oversee work and products. In addition, and in parallel with the synergies existing among the three core areas (private sector, agriculture, infrastructure) cross-cutting issues in areas such as trade capacity building, ICT and health should be integrated as relevant into the work being undertaken on the main focal areas.

11. Beyond the specific areas addressed above, and in line with the role and wish of the Network to provide a forum for exchange of experience and best practice on pro-poor growth (as per its Mandate), the POVNET should reserve time on its agendas, as a matter of course, to this end. Suggestions from Members on initial themes for such exchanges are invited.

b) Next steps

12. The above focal areas of work will initially be pursued, in order to develop concrete themes and outputs of work, through informal experts meetings (in the course of September-October), with their results (e.g. proposed terms of reference for each of the three focal areas) submitted to the next meeting of POVNET (provisionally November 2003). The United States signalled its willingness to carry forward the discussion on agriculture to the next stage. The secretariat will follow up expressions of interest made at the meeting and contact Members to identify “animateurs” for the private sector and infrastructure themes. Details (agenda, location, date) concerning the next steps on these informal, experts meetings for each of these three areas will be communicated to Members as soon as possible.

13. In addition to the task of identifying the specific focus, outputs and modalities in each of the main areas of work, Members are also invited to reflect on how best to involve other stakeholders in the definition and implementation of work, in an open and pragmatic manner.

ANNEX 1

DAC Network on Poverty Reduction

Informal Meeting of POVNET on Agriculture and Pro-Poor Growth 19 June 2003-06-30

Discussion Summary

1. The discussion was opened by the United States who presented the draft terms of reference (ToR) outlining possible areas of POVNET work on this theme, with a focus on emerging issues [see Room Document No. 3 for the POVNET meeting].
2. There was broad support among participants on the importance of agriculture for both growth and poverty reduction and thus for the inclusion of this theme in the overall POVNET work programme for 2003 – 2004. A specific direction for work could be derived from looking at the fundamental causes of growth and poverty and how these manifest themselves in agriculture. This perspective could assist in identifying and prioritising the issues under consideration.
3. In this connection, it would be useful to set the discussion of work priorities in the broader context of the agriculture problematique and how the evolving architecture of agriculture impacts on growth and the poor – the changing economics of agriculture, commodity prices, risks, instability in institutional and governance frameworks, and international negotiations including the Doha Development Agenda. POVNET work could connect up to the broader agenda and provide leverage into other areas and agendas. It could provide a renewed political and policy impetus where it is badly needed and bring the agriculture/growth/poverty dimension much more fully into the PRS process. Exchanging views on how best to do this would be a valuable product of POVNET work.
4. The discussion suggested the need for further reflection to prioritise among the various possibilities outlined in the draft ToR. It will be important to identify themes that are central to the main locus of the agriculture/growth/poverty issue and that target the key impediments and constraints, including deficits in both institutional and supply side capacities and the evolving role of the state.
5. Additional reflection in the following areas will also be useful:
 - The *clients* of POVNET work -- with a general view that, in the first instance, donors are the main clients;
 - The *products* of work – where many thought this should be less in the form of new and analytical work and more in the direction of sharing information and experiences, stocktaking, good practices and reference papers. In any event, the DAC Guidelines on Poverty Reduction and the PRS framework should be essential points of departure for work, guiding the objectives and outputs of work.
 - *Definitions* and specification of the “targets” of work – who are the poor we are trying to reach and where are they? Different approaches are required for different groups and regions. Some participants suggested a focus on the poorest countries, as these have the least voice in other fora

and international discussions on agriculture and because their problems are different from and severer than the poor in better off developing countries.

6. On the basis of the discussion, it was suggested that an informal, experts meeting should be held with a view to developing specific and concrete proposals to be presented to the next meeting of the POVNET. The experts meeting should preferably take place in September/early October in order to bring back proposals to the next meeting of the POVNET (provisionally scheduled for November). The possibility of holding the experts meeting in Italy is being explored. In preparation of that meeting, short notes concerning the analytic framework linking agriculture, growth and poverty reduction, and “facts and figures” concerning the issues set out in the present draft ToR will be prepared and circulated to assist the discussion. Further details on the experts meeting (date, location, agenda) will be transmitted to participants as soon as possible.