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Organisation de Coopération et de Développement Économiques
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**DEVELOPMENT CO-OPERATION DIRECTORATE
DEVELOPMENT ASSISTANCE COMMITTEE**

DAC Network on Poverty Reduction

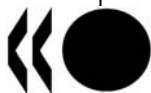
DRAFT SUMMARY RECORD OF THE MEETING OF THE DAC NETWORK ON POVERTY REDUCTION (POVNET)

3-4 (a.m.) November 2010, International Energy Agency, Paris

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DAC NETWORK ON POVERTY REDUCTION (POVNET)

DRAFT SUMMARY RECORD

1. The Acting Chair (Earnan O’Cleirigh, Ireland, Vice-Chair of POVNET) paid tribute to Pierre Jacquet, who had stood down after 4 years as POVNET Chair. Mr O’Cleirigh expressed his thanks to Mr Jacquet, who he felt had contributed substantially to the Network’s activities, bringing new ideas to debates and working effectively to build consensus.

I. Draft agenda [DCD/DAC/POVNET/A(2010)6]

2. The draft agenda was adopted.

II. Summary record of the 23-24 March 2010 meeting [DCD/DAC/POVNET/M(2010)2]

3. The draft summary record of the 23-24 March 2010 POVNET meeting was approved.

III. Seminar on Growth, Trade, Employment and Poverty Reduction

4. Forecasts by the IMF show that many low-income countries have started to rebound from the recent recession. A key issue is whether this growth will have more of an impact on poverty reduction or, more specifically, on creating the productive jobs and decent work needed on a massive scale to absorb the large number of increasingly well-educated youths coming onto the job market. This issue of the “quality” of growth will be addressed in the IV UN Conference on the Least Developed Countries in mid 2011.

5. This seminar consequently highlighted the importance, relevance and value of the POVNET agenda of poverty reduction and promoting pro-poor growth. The range of speakers from various international institutions emphasised different aspects of this agenda including resilience, the impact of the economic crisis, jobless recovery and the links between trade and employment:

- UNCTAD (represented by Charles Gore) outlined the challenge of creating jobs in the least-developed countries (LDCs). Many LDCs could benefit from a demographic dividend, which could harness the creativity and productivity of young people. There is a need to create opportunities in agriculture but also outside of the agricultural sector, where it is difficult to intensify production. The speaker urged greater attention to the productive base of these economies and increased aid to productive sectors and infrastructure.
- The IMF (represented by Pierre Ewencyk) presented its findings on the resilience of sub-Saharan Africa and the appropriate policy responses to the economic crisis. African countries used their fiscal space to increase public expenditures. International reserves that had been built up were thus an important and useful buffer. There is now a need to reconstitute these buffers depleted during the crisis. To sustain growth, the infrastructure gap requires financing and Africa can potentially benefit from growth in Asia through increased demand for raw materials.

- Asia did not suffer severely from the crisis according to the Asian Development Bank (represented by Douglas Brooks) but population growth poses challenges for job creation and poverty reduction. While the Asian middle class was on the rise, recent survey data indicated that 4.8 million people slipped into poverty there and much of the middle class remains vulnerable.
- The ILO (represented by Per Ronnas) introduced its employment diagnostics analysis. The objective of these diagnostics is to understand better the nature of the deficiency of productive employment and to identify the constraints on and opportunities for enhancing inclusive and productive employment. The aim is to provide a sound knowledge base for effective policies, institutional reforms and other interventions aimed at reducing the deficiency of productive employment.
- OECD's Trade and Agriculture Directorate (represented by Raed Safadi) provided details of a new inter-agency initiative on trade and employment. This work was launched in the midst of significant declines in global trade flows during the recent economic crisis which were attributed to falling demand, compositional aspects of trade that heightened this shortfall and a drying up of short-term trade finance. While corporate profits had recovered, this was not leading to new investment; confidence-building measures, such as concluding the Doha Development Round, would help build such confidence and dissipate risk. While there is no direct link between trade and employment, there is a link between trade and growth. Mr Safadi argued that as import-competing industries lose jobs, employment increases in export-expanding industries. Labour market policies, skills upgrading and social protection are important ways of supporting such restructuring processes.

6. Much discussion ensued, highlighting the contribution of social protection to labour market transition and cushioning shocks. The environment-poverty nexus was also referred to as a key challenge to future sustainable growth. The quality of jobs was another recurring theme, as incomes rise; human capital development should increase productivity and create high-quality jobs. The discussion consequently demonstrated the relevance of and broad interest in the topics which POVNET will focus on during the 2011-12 Programme of Work and Budget.

IV. POVNET work streams for 2011-12 [DCD/DAC/POVNET(2010)6]

7. Jon Lomoy (OECD Director for Development Co-operation) introduced himself and offered some preliminary remarks, noting that we are living in a period of great transformation where global wealth and influence is shifting to the emerging economies. Increasingly, poverty is becoming an urban issue and an increasing proportion of poor people will be living in middle-income countries. In a medium-term perspective, Mr Lomoy encouraged POVNET to reflect on its value added in this evolving context and how it can best contribute to the global debate on these issues.

8. As an introduction to POVNET's deliberations on its activities in 2011-12, Stefano Nicoletti (DAC Delegate for Italy and POVNET Facilitator) placed these discussions in the context of the DAC work to implement, through a series of task teams, the recommendations of its recent Reflexion Exercise. While Task Team 3, which is looking at the DAC's relations with its subsidiary bodies, has still to finalise its work, two potential models for the future are being considered. A "vertically integrated" model envisages the DAC giving direction to subsidiary bodies and approving their work. A "horizontal networking" model sees the DAC subsidiary bodies as semi-autonomous communities of practice co-ordinated by the DAC. Discussions on these issues are still on-going within the DAC.

a) *Global social protection floor*

9. The proposed work includes a stock-taking of current approaches to social protection and a report on practical approaches to supporting social protection for poverty reduction and pro-poor growth. The proposed work also includes further development of definitions and measuring of official development assistance (ODA) spent on social protection. POVNET members were asked to propose additional issues to be addressed and the following were mentioned:

- Consider widening the target audience beyond “the poorest of the poor”.
- Build national systems of redistribution as well as expand existing ones.
- Further develop the evidence base through impact evaluations.
- Expand on the role of social protection for women.
- Give particular attention to the rights of poor people with disabilities.
- Include building social protection systems in fragile states.
- Promote capacity development for social protection.

10. Regarding the best way to organise the work, it was proposed and generally agreed that a POVNET task team should be established to pursue this work stream.

b) *Food security*

11. In response to the recent food crisis in many developing countries, there is high political momentum to support food security. This is demonstrated by donor pledges at the 2009 L’Aquila G8 Summit of USD 22 billion for agriculture and food security (which the OECD is now tracking). The recent review of the Millennium Development Goals (MDGs) concluded that promoting national food security strategies is important for accelerating progress towards the MDGs. The up-coming G20 Summit in Seoul is also expected to give prominence to food market volatility, as a critical bottleneck to attaining the objective of resilient economic growth.

12. This high political momentum is matched by a range of initiatives being pursued by a variety of international institutions. Given this context, POVNET will work to clarify its value added and ensure that its future activities support and contribute to related work in the OECD and beyond, and do not duplicate it. Already, the DAC’s existing guidance on agriculture and pro-poor growth, its recognised role in promoting aid effectiveness and its well established database on aid make it a key and valued contributor to these international efforts to promote global food security.

13. There were helpful contributions from participants on POVNET’s value added in this area. These include looking at how different sectors, in aggregate, contribute to promoting food security (it is not just an issue of agriculture, or of nutrition, or of social protection, it is all these and more combined), taking a policy coherence for development perspective and moving down from the level of global objectives and actions to look at more specific and practical issues.

14. Regarding the best way to organise the work, there was some support for the idea of setting up a POVNET task team. Another proposal made was to hire a consultant, providing the funding could be

secured, who would lead on this work, on behalf of and with clear guidance from POVNET. Further reflections on this question will take place in the POVNET bureau.

c) *Pro-poor green growth*

15. Discussions during the seminar earlier in the day had highlighted the importance of considering the environmental dimension in reflections on the pattern of growth and its impact on reducing poverty. It was also noted that the relatively positive news on economic growth in Africa occurred largely thanks to the exploitation of natural resources, which has run down considerably the stock of natural capital in many countries. This provides an additional motivation for examining the difficult trade-offs between economic growth, on the one hand, and environmental sustainability, on the other.

16. The discussions stressed the importance of the topic, in particular for employment opportunities in the future. There was also some questioning whether, from the perspective of ensuring the livelihoods of poor people, there is a trade-off or whether, in fact, there is no way of reconciling growth and environmental sustainability (the example of horticulture in Tanzania was cited, which had been a success economically but was leading to the degradation of land and water courses).

17. Regarding the best way to organise the work, there was some support for the idea of arranging a seminar with the key players in this field, as a step towards closer collaboration with them. One ambition for this work stream is to bring a POVNET pro-poor growth perspective into other work on related themes. In the specific case of the OECD's Green Growth Strategy, Secretariat staff representing the Network on Environment and Development advised POVNET that its contribution would have to be made quickly because timetables were already in place with deadlines set for late 2010/early 2011.

V. Briefings on major up-coming events

a) *G20 Seoul Summit, November 2010*

18. Jin-kyu Jeong (DAC Delegate for Korea) briefed POVNET on the up-coming G20 Summit where development will be a major item. The G20 Toronto Summit in June 2010 established a Working Group on Development which had subsequently prepared two important documents, the "G20 Development Framework for Shared Growth" and the "G20 Multi-Year Action Plan on Development". The latter is based on 9 pillars (several of which are of relevance for POVNET): infrastructure, private investment and job creation, human resource development, trade, financial inclusion, growth with resilience, domestic resource mobilisation, knowledge sharing and food security. The activities of the Working Group on Development are expected to continue beyond the Seoul Summit while the action plan will be implemented through around 100 projects and programmes. The Seoul Summit is expected to clarify in which pillars the OECD will be actively involved. This potentially gives POVNET an entry point into future G20 activities, alongside the national entry points which individual G20 members already have.

b) *Preparations for the 4th High-Level Forum on Aid Effectiveness*

19. Elisabeth Sandor (representing the Working Party on Aid Effectiveness) provided an overview of the preparations for the fourth High-Level Forum on aid effectiveness which will take place in Busan, Korea, from 30 November to 1 December 2011. It was highlighted that POVNET was welcome to suggest themes to be discussed at this event and that the deadline for this is January 2011. Two possible issues were mentioned: results-based financing and predictability in promoting food security. It was also emphasised that DAC members' individual inputs into the preparatory process for the Busan meeting could also stress POVNET issues (such as food security and social protection), which would help generate demand for more attention in these areas.

VI. Delivering POVNET's 2009-10 Work Programme

a) Implementation

20. At its meeting in October 2009, POVNET agreed to focus on a limited number of specific activities in order to pursue its objective of encouraging more effective implementation of the POVNET messages on promoting pro-poor growth. Good progress has been made with each activity. The preparation of a pro-poor growth input to the DAC paper for the UN MDG Summit in September 2010 had already been completed [see: DCD/DAC/POVNET(2010)5].

Pro-Poor Growth in DAC Peer Reviews

21. The DAC approved a new Content Guide for the Peer Reviews at its meeting on 24 September 2010. This includes several entry points for raising and discussing take up and experience with pro-poor growth guidance as part of the peer review process. To support these discussions, POVNET was asked to prepare a short note which the examiners and OECD Secretariat can use when looking at implementation of the POVNET guidance. POVNET members were invited to join the established Interest Group to complete this task over the following few months.

“Joint Learning Events” organised by the Train4Dev Network [DCD/DAC/POVNET(2010)8]

22. POVNET has been collaborating with the Train4Dev Network since 2006 to organise joint learning events on themes related to promoting pro-poor growth. One series of events addresses issues at a more general level around promoting pro-poor growth. Following a proposal prepared by POVNET, the Train4Dev Network agreed at its annual meeting in 2010 to launch a new series of events focused more specifically on social protection. POVNET members were invited to help identify possible locations to organise these developing country-based joint learning events in the future, as well as to contribute to and help fund the new programme of events on social protection.

ODA for social protection [DCD/DAC/POVNET/RD(2010)2/RD2/REVI]

23. DAC Members have different perspectives and approaches on measuring ODA for social protection. There is a broad but not unanimous wish to explore the issues in more depth. The next steps will therefore be to integrate this theme into the 2011-12 PWB item on the global social protection floor, to look at setting out narrow and broader working definitions of social protection and related CRS codes and to discuss the issues with the DAC Working Party on Statistics.

China-DAC Study Group [DCD/DAC/POVNET(2010)9]

24. The China-DAC Study Group emerged from a POVNET initiative to engage with major developing countries on their experience of promoting growth and reducing poverty. The Study Group has now held 3 of its 4 planned policy dialogue events (i.e. on development partnerships, on agriculture, food security and rural development and on infrastructure) where POVNET guidance has been presented and discussed. A fourth event on the enabling environment for enterprise development is being planned, as well as a policy symposium with senior Chinese officials to bring together this work and identify next steps in strengthening dialogue and mutual learning between China and DAC donors.

b) Empowerment [DCD/DAC/POVNET(2010)7]

25. The Vice-Chair of the Task Team on Empowerment (Laurent Ruedin, Switzerland) provided a status report. Most of the stories of empowerment have now been gathered and sent to a consultant for editing. Five of the good practice notes are now finished, four are in their final stage of discussion

(including one from Gendernet on women's economic empowerment) and one is still to be developed. Work is advancing on the policy guidance note.

26. The consultant hired to help prepare the policy guidance note (Rosalind Eyben from IDS) then presented an outline of this paper, which was generally well received. In particular, its wide coverage of issues related to social development and poverty reduction was welcomed. Some suggestions were also made of points to take into account in its next iteration:

- Include cultural empowerment in the scope.
- Create more linkages to the aid effectiveness agenda.
- Relate the issue of dependency to powerlessness.
- Include transparency and good governance in the notion of the enabling environment.
- Add empowerment of women to the key messages.

VII. Involvement of developing country experts in POVNET: Stocktaking of experience in 2009-10 and plans for 2011-12

27. POVNET has benefited from the participation of three developing country experts in its activities during the 2009-10 biennium. The purpose of that involvement was to ground POVNET work in the realities of developing countries and provide a reality check that policies and guidance being proposed are likely to be relevant and needed. In general, this has been found to be a positive experience by all concerned and the developing country experts were thanked warmly for their contributions.

28. POVNET members were asked to consider the continuation of this experience during 2011-12. There was much support for this proposal. It was agreed that, providing the funding is available, the Secretariat would draw up a revised terms of reference with new profiles, that reflect the new work programme, and ask POVNET members to propose suitable people. In doing so, there is an interest in having experts with government experience. Involving representatives of developing country-led networks was another proposal made.

VIII. Other business and date of next meeting

29. The mandates of the DAC subsidiary bodies, including POVNET, have been submitted to the DAC for approval on a "no objections" basis. As at the time of the POVNET meeting, the deadline for raising any objections had not expired and so it was not yet known whether POVNET's mandate had been formally renewed. The proposal that had been put to DAC members was to renew the subsidiary body mandates for one year from 1 January 2011 while the DAC continues its discussion on structure and its relationship with subsidiary bodies. There would also be an option to review any of the subsidiary body mandates during that period should the DAC and the relevant subsidiary body deem that necessary.¹

30. Two possible dates have been retained for the next POVNET meeting, either 14 and 15 March 2011 or 17 and 18 March 2011. The exact dates will be determined in consultation with the new POVNET Bureau.

1. On 17 November 2010, DAC delegates were informed that "consensus has been reached to extend the mandates of the DAC subsidiary bodies for up to one year." See: DCD/DIR(2010)18.

IX. Election of the POVNET officers for 2011

31. With Pierre Jacquet stepping down as POVNET, there is a need to elect a new Chair for the network. Consultations with DAC delegations will continue with a view to identifying a suitable candidate to propose to the POVNET for election.

Participants list for DAC Network on Poverty Reduction (POVNET)

3/11/2010 - 4/11/2010

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UN High Level Task Force on the Global Food Security Crisis

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UN - High Level Task Force on the Global Food
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