DAC Network on Poverty Reduction

CROSS-CUTTING TEAM ON RISK AND VULNERABILITY

Summary Record

Meeting held on 13 April 2005

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1. This second meeting of the risk and vulnerability team aimed to:

- Review two new background papers (on *instruments and case studies* and *managing risk and overcoming vulnerability*) and the revised paper on *concepts and approaches*.
- Explore possible synergies with the World Bank, in particular with their work program on Risk and Growth and the upcoming workshop on Social Protection strategies in Africa.
- Agree on next steps, including the type and timelines of products.

**Summary of discussions and outcomes**

2. Mr. Voipio (Finland) welcomed new members and highlighted that the team has made significant progress since its last meeting [DCD/DAC/POVNET(2005)5] and is on target with activities and timing outlined in the original Terms of Reference.

3. Mr. Nicol (DAC Secretariat) provided an overview of the timeline and scope of the POVNET overarching paper, a 20-page framework and policy document. The current outline [DCD/DAC/POVNET(2005)7] was drafted to probe discussions on the key policy messages and structure of the report during the April 14-15 POVNET meeting. Participants encouraged greater emphasis on i) the multidimensionality of poverty; bringing in Klasen's paper on the non-income dimensions of poverty; ii) other task teams' work (beyond that of the private sector); iii) the heterogeneity of the poor; vi) World Bank drawn-lessons from the growth experience of the 1990s; and v) the benefits to the poor from altering the spread/variability of risk and the rewards-risk ratio.

4. Mr. Holzmann (World Bank Director for Social Protection) outlined the Bank’s new research programme laying ground for the Bank’s new labour market strategy. One of the main ideas there is to protect the income of the poor rather than their jobs. Risk management directly affects output levels through impacts on factor productivity. Yet he argued that more literature and evidence is needed to support evidence based policies on the relationship between risk and growth. The World Bank and DFID are working on this together. African strategies for Social Protection will be discussed in a peer review during the Tunis workshop on June 27-30 2005. There is also an increasing interest within the Bank in joining up poverty and vulnerability assessment frameworks, a draft methodology on how to do this will be released in June.

5. Mr. Haddad (Consultant, Director of IDS Sussex) presented the paper on *Risk and Vulnerability: Case studies of Practical country Led Instruments and Approaches*. The discussion confirmed that i) the section on health insurance should be strengthened by drawing on GTZs’ and Juettings’ work; ii)
examples of production related risk and instruments (weather, price etc) should be included in the paper and typology; iii) the relative pros and cons of different instruments should be included to the extent that they are available. Attention should also be given to activating “trampoline” measures that help people overcome obstacles to moving out of poverty (e.g. via employment, production etc.) as well as the rights-based safety-net measures seeking to alleviate the worst symptoms of poverty.

6. The meeting revisited the conceptual approaches to risk and vulnerability (based on the revised Actions to Address Risk and Vulnerability: Differences and Approaches first discussed at the London meeting). A literature review of the three POVNET task teams showed that only the private sector and agriculture teams have so far incorporated risk and vulnerability issues. It will be important for the R&V team to connect up better to the task teams and vice versa, e.g. to see whether and how infrastructure or removing barriers to formality might help tackle R&V impediments to moving up and out of poverty. The diagram provided by Ms. Brown (WFP) showing mean income levels and income variability should be incorporated into the conceptual paper and expanded upon (i.e. different scenarios could be developed for protected and unprotected income streams and the role of private and public protection providers). Participants also suggested that macro shocks should form part of the conceptual analysis. The Consultant agreed to take account of these additional issues for the concepts and instruments papers, link them up into one single more streamlined document (i.e. slimming down the main texts and using annexes).

7. Mr. Van Ginneken (ILO) presented a paper on Managing Risk and Overcoming Vulnerability, and proposed a rights based approach as a basis for a common framework. Furthermore, he highlighted the i) existence of medical poverty traps among vulnerable populations (particularly those affected by HIV/AIDS); ii) potential for broad-based contributory social protection schemes; and iii) the role of technical assistance in broadening insurance schemes initiated by microfinance providers. The group expressed interest in exploring these themes further, in particular broad based contributory social protection schemes.

8. Mr. Krech (Germany, GTZ) provided a brief overview of the existing Terms of Reference for a hot topic paper on cash transfers. The evidence on cash transfers is strong: even small sums have shown to enable some chronically poor to become economic agents. However, political issues and long term feasibility of such measures (including their financing) also need to be addressed. The group agreed that unless GTZ can contract someone sufficiently familiar with the cash transfer debate (such as Mr. Farrington from ODI) a longer background paper should be commissioned first and a five page hot topic paper synthesized later. As a first step the existing ODI note on Cash Transfers should be revised closely to identify what else is needed.

9. Mr. Juetting (Development Centre) briefly outlined his health insurance findings, emphasizing that while direct economic costs of illness (time, drugs, transport etc) and non-economic costs (pain, low leisure etc) are well reported, indirect economic costs (sale of livestock/assets, reduction in labour supply) are not. Yet indirect economic costs significantly impact on the productivity and the incomes of the poor.

Outputs and next steps

10. The following products are envisioned:

   • Policy Proposals and Donor Guidance: This paper, the main contribution of the Task Team, would draw on all existing papers. The following people committed to being closely involved in overseeing and guiding this process: Ms. Wiebe, Ms. Brown, Mr. Van Ginneken, Mr. Ridout, Mr. Voipio and the DAC Secretariat. The existing IDS concept paper as well as revised instruments paper will be the starting point. The background paper should serve two functions: (i) to help better situate practitioners, including those at field level, on the issues and their relevance to pro-
poor growth and (ii) to provide policy guidance to donors (and other stakeholders) on ways and means to tackle R&V related impediments to pro-poor growth.

- **5 page hot topic paper on cash transfers**: A first draft should be available in time to be discussed at the June Tunis meeting.

- **Inputs into the overarching POVNET paper**: All comments and text proposals for subsequent drafts will be circulated to Mr. Voipio, who will represent the group in the informal steering group managing the overarching paper. As the draft outline is presently being reworked following its discussion in Povnet, the R&V team could, in the first instance, start to think about the policy messages and proposals it would wish to see reflected in the overarching paper and how/where they might fit in the broader storyline.

11. The next meeting is planned back to back with the World Bank organized Tunis workshop on June 27-30 and will include a presentation by JICA on human security. A second meeting this year may take place in London in the autumn, back to back with a DFID organized “trade fair” on social assistance (which may include side events organized by other donors and partners).
### FINAL PARTICIPANTS LIST FOR POVNET CROSS CUTTING GROUP ON RISK AND VULNERABILITY

13 April 2005

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