



Linking Young Minds Together

Volume 2 Issue 59 | March 9, 2008 |

GDLN Videoconference discussion held at BRAC University

A two-hour, multi-country videoconference discussion on "Impact of Macro-level Shocks on South Asia Poverty Reduction Efforts" was held at BRAC University on February 26, 2008. Participants from six South Asian countries were connected through a program organized in collaboration with GDLN (Global Development Learning Network) and the World Bank. The countries were Afghanistan, Bangladesh, India, Nepal, Pakistan, and Sri Lanka.

The session began at 6:00pm with a presentation from the World Bank HQ in Washington by Dr. Shantayanan Devarajan, Chief Economist, South Asia Region of the World Bank. South Asia is the largest net importer of oil and food relative to its GDP. Between 2002 and 2007, global crude prices have increased by 185%, metal and mineral prices by 236%, and agricultural prices by 68%. The major two inputs to agriculture energy and fertilizer costs have increased in recent years, leading to a rise in food price. Besides, certain countries are using a substantial portion of their food crops, like wheat, maize and sugar for producing bio-fuels. On top of that, hostile climatic conditions and export bans by several countries have attributed to a global shortage of food. The bad news for SA countries is that global demand for bio-fuel will increase in coming years, and so food prices are expected to remain high and there is no sign of relief in the foreseeable future.

The presentation was followed by a cross-country discussion, moderated by Mr. Ejaz Ghani Economic Adviser, South Asia PREM, World Bank, while the whole session was coordinated by Mr. Juan Blazquez, GDLN South Asia. The discussants were trying to address the fundamental questions (i) how have the external price shocks (in oil and food) affected domestic prices in your country?, (ii) what have been the effects on inflation, the fiscal deficit, and balance of payments?, and (iii) how can governments cushion the impact of these shocks on the poor?

Discussant from the participating countries volleyed questions to the presenter and sometimes came up with answers themselves. In order to cushion the impact of price shock on the poor, participants suggested that SA Governments should take both short term and long term measures. This include providing smart subsidies on essentials, especially oil, and building up buffer stocks as short term measures, while pooling up resources among SA countries for using them to expand supply in the long run was also considered.

Among others, Dr. Salehuddin Ahmed, Pro VC, BRAC University, representatives from World Bank Dhaka Office, Planning Commission, Financial Express, SABINCO, and teacher and students of the University of Development Alternative (UODA) took part in the discussion.