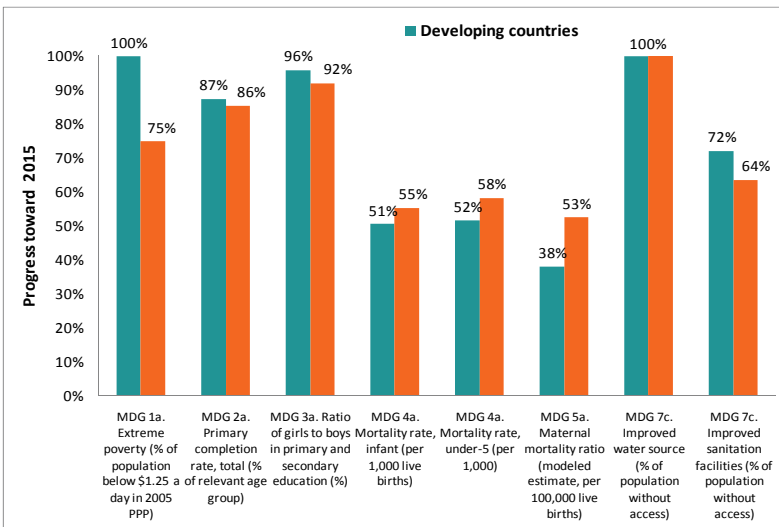


Progress toward the MDGs

South Asia has reached the target on access to safe water and will most probably eliminate gender disparity in primary and secondary education by 2015. Progress has also been made with respect to primary completion and, to a lesser extent extreme poverty reduction. Faster progress is required in terms of reducing child and maternal mortality and improving access to sanitation facilities, if the region is to reach these goals by 2015 or soon after (figure 1).

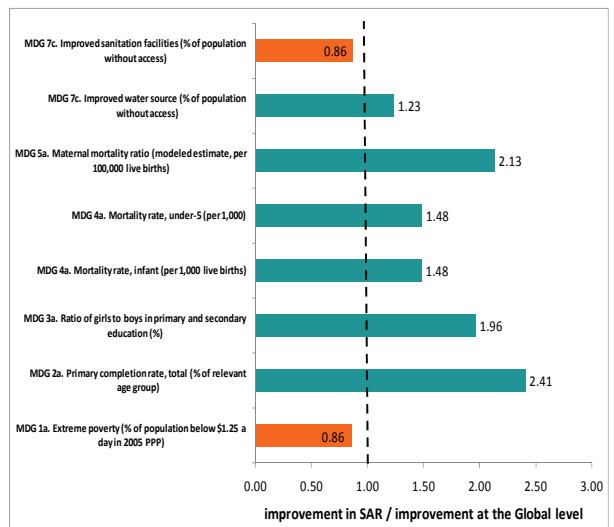
Progress toward halving the proportion of people who suffer from hunger is significantly lagging. All countries for which data are available are off track or seriously off track. Most of them will not reach the hunger target by 2015 (figure 2).

Figure 1. Global and regional performances



Note: A value of 100% means that respective MDG has been reached. Values denote present progress as illustrated by most recent available data: Extreme poverty—2010; Primary completion rate—2009; Ratio of girls to boys in primary and secondary—2009; Mortality rate, infant—2010; Mortality rate, under-5—2010; Maternal mortality ratio—2008; Improved water source—2010; Improved sanitation facilities—2008.
Source: World Bank staff calculations based on data from the World Development Indicators database.

Figure 2. Improvement in MDG indicators relative to global



Note: Chart depicts the ratio of absolute regional improvement to global improvement by MDG. Improvement is measured as the difference between latest available value (see note figure 1) and starting value circa 1990.
Source: World Bank staff calculations based on data from the World Development Indicators database.

Food price spikes and nutrition

South Asia is self-sufficient in rice. Nevertheless, some countries are net food importers, and the share of food in household expenditures remains about 40 percent. Despite a mix of trade measures and buffer stock policies designed to slow the transmission of international to local prices, the 2008 food price spike significantly reduced household incomes in South Asia. At the same time, higher food prices increased fiscal deficits, because of increased expenditures on food subsidy programs and safety nets. A dual approach of raising agricultural productivity and earned income, coupled with targeted safety nets, is needed to deal with hunger in the region.

Recent food price spikes had a very negative impact on the poorest. For instance, an assessment of livelihood and nutrition security in Kurigram village, Bangladesh, by Save the Children in 2005 and a follow-up assessment in November 2008, shows some of the effects of the price hike. The richest households benefited from the price hike, as rice producers, whereas, the poorest households were no longer able to afford a diet that provided them with their energy and micronutrient needs. Children ate fewer meals, had less diverse diets, and received few nutrient-rich foods. Stunting among children in the poorest households was twice as high as in the richest households. A seven percentage point improvement in stunting rates (probably linked to improvements in women's status and better road infrastructure) was lost during the crisis—a loss that will have permanent consequences for the children's mental and physical development.



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South Asia

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Policy responses

The chosen policy mix at the country level depends critically on how much of a country's food needs to be imported, how much the poor spend on food, and the socio-economic characteristics of the poor affected. The policy mix also depends on a country's integration with regional and world markets, its level of productivity compared to what is achievable, and on its government's capacity to target the poor and vulnerable through mitigating interventions. In addition, much is contingent on a country's initial macroeconomic condition and thus its ability to expand public expenditure programs or to provide tax incentives without jeopardizing fiscal sustainability.

In terms of policy responses, short-term measures should aim at mitigating the immediate adverse impact on the poor and vulnerable. In India, government initiatives such as the Integrated Child Development Scheme aim at reducing malnutrition levels in infants. There are signs of progress—one in every five children has reached an acceptable healthy weight over the past seven years in 100 focus districts, which were particularly badly off. But current figures point to inadequacies and inefficiencies in terms of: government actions, scale of the needs of India's child population (the largest in the world), and lack of awareness about nutrition.

Long-term measures should seek to address demand and supply side imbalances at the regional and local levels. Actions undertaken in the region include: trade measures, such as reductions of tariffs and customs fees on imports and export restrictions; along with domestic market measures based on the release of stocks at subsidized prices, production support for farmers and food assistance programs.

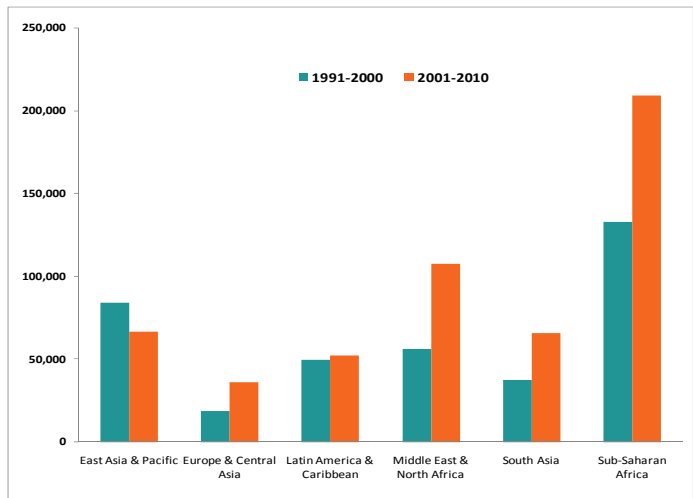
Support from international development partners

In South Asia, real ODA disbursements to Afghanistan increased from a decadal average \$1.6 billion in the 1990s to \$27.9 billion in the 2000s, whereas Bangladesh and India experienced a decrease in real ODA disbursements of about 20 percent to \$8.1 billion and \$10.9 billion respectively. Afghanistan accounts for 41 percent of real ODA to South Asia, followed by Pakistan (17 percent), India (16 percent), and Bangladesh (12 percent) (figure 3).

ODA commitments from all donors to agriculture, food, and nutrition increased as a share of total ODA between 2000 (12 percent) and 2010 (14 percent). Aid commitments to Sub Saharan Africa from DAC bilateral ODA and multilateral developmental assistance to agriculture, food, and nutrition increased from \$3 billion in constant terms in 2000 to near \$6 billion in 2010. Assistance for nutrition represents only 3 percent of total agriculture, food, and nutrition commitments, despite widespread evidence that improved nutrition and gains in early childhood development are key in making long-term progress in development (figure 4).

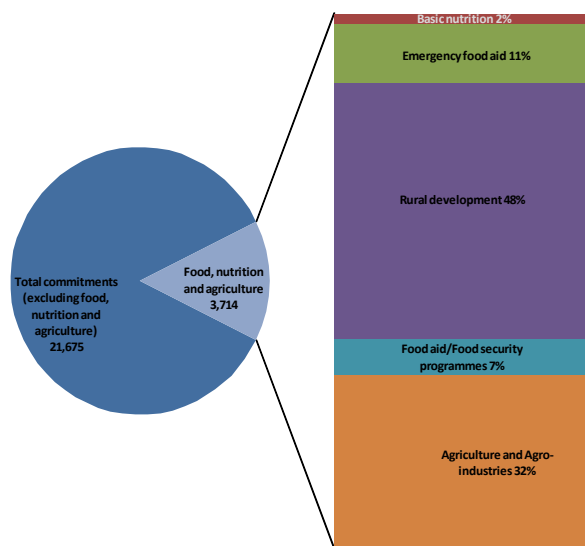
Looking ahead, the region is expected to post the strongest gains in CPA inflows over the 2011–13 period, with average annual real growth of 7.7 percent. Three of the projected top four country aid recipients among developing countries during 2011–13 are in this region: Bangladesh, India, and Pakistan. Projected CPA represents a 4.7 percent per capita annual increase to South Asia and largely reflects strong growth in flows to Bangladesh, India, and Pakistan, more than offsetting declines in planned flows to Afghanistan and, to a lesser extent, Sri Lanka.

Figure 3. Net ODA disbursements to developing regions (US \$ million, 2009 prices)



Source: World Bank staff calculations based on data from OECD.

Figure 4. composition of committed ODA to South Asia in year 2010 (constant 2009 million \$)



Source: World Bank staff calculations based on data from OECD.