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Наций

Organización  
de las  
Naciones  
Unidas  
para la  
Agricultura  
y la  
Alimentación

## THIRTIETH FAO REGIONAL CONFERENCE FOR THE NEAR EAST

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**The Implications of Soaring Food Prices and the Global Financial and Economic Crisis for Agricultural Development and Food and Nutrition Security in the Near East**

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## 1. INTRODUCTION

1. The Near East Region is extremely prone to world food commodity price instability and financial turbulence. The majority of the Region's countries are net food importers. This document discusses the vulnerability of the Region and assesses the implications of the spikes in international food commodity prices and the recent financial and economic crisis for agricultural development and food security and nutrition. It examines the actions taken by countries in response to the crisis, including recent policy trends, in particular that of promoting external investments in agriculture for securing national food supplies. Short-term as well as medium- and long-term measures are reviewed in the context of the Comprehensive Framework of Action (CFA) prepared by the UN High-Level Task Force on the Global Food Security Crisis.

2. The document is organized as follows: Sections 2 and 3 discuss, respectively, the causes of vulnerability and the recent challenges to food security. Section 4 reviews government measures in support of improved food security and nutrition, while section 5 assesses opportunities for improved food security in the context of regional trade and international land acquisitions. The final section presents some recommendations.

## 2. VULNERABILITY AND KEY CONCERNS OF THE REGION

3. The Near East Region's vulnerability to food insecurity stems from structural factors such as the limited natural resource base and the high population growth. These characteristics, together with recent developments in international and local food markets, have given rise to serious food security concerns.

### 2.1 Major Structural Factors behind Vulnerability

4. The agricultural resource base of the vast majority of the Region's countries is fragile and limited, thus a fragile system of food production. Despite the efforts of various governments, water scarcity and land constraints remain particularly challenging for agriculture in most countries, the majority of which are situated in arid to semi-arid areas. Agricultural production is constrained by limited water resources, extremely low and variable precipitation, loss of biodiversity, unsustainable use of natural resources, high population pressures, excessive exposure to extreme weather events and land degradation and desertification. About two-thirds of the land in Central Asia is dry and is used predominantly as rangelands for grazing cattle and goats.

5. The Region is also characterized by increasing dependence on food imports. Indeed some countries in the Near East lead the world in terms of food import dependency. Most countries import at least 50 percent of the food calories they consume. The GCC (Gulf Cooperation Council) countries import 90 percent of their food needs. Forecasting models predict that the demand for food (especially in the Arab countries) will grow at a faster rate than production, leading to an even greater dependence on world grain markets which are becoming increasingly unpredictable. By contrast, Turkey is the largest producer and exporter of agricultural products in the Near East and North Africa.

6. The Region's economy is characterized by a pronounced reliance on primary products. With high dependency on oil and gas exports (which represent nearly 60% of GDP), the Region's oil exporting countries are especially exposed to the boom and bust cycles in international petroleum demand and prices. Only a few oil producers, such as Bahrain and the United Arab Emirates, have managed to reduce their dependency on hydrocarbons to a significant degree. The Region's non-oil producers, though more diversified than oil exporters, are also highly dependent, in their case on the export either of primary commodities or of products of low technological structure, such as clothing and textiles.

## 2.2 Key Food Security, Nutrition and Macroeconomic Concerns

7. Export bans and restrictions by some exporting countries and skyrocketing food commodity prices during 2007-08, combined with projected rising demand in a Region characterized by a slow agricultural supply response, have fuelled fears that food shortages might worsen in the future.

8. Given that a large share of the average household budget is devoted to food consumption and that the Region imports about 50 percent of its food needs, recent changes in the international price of grains has had a significant macro and microeconomic impacts on net food importing countries. At the macro level, high food prices led to increased inflation, a deterioration of the trade balance and strained national fiscal balances. The budgetary burden of high food prices is also significant given that many countries in the Region subsidize food products. The ability to absorb food-price shocks was further reduced as a result of the global financial and economic crisis.

9. At the micro level, food price shocks led to an increase in the number of people living below the poverty line. The population groups that stand to lose most from high food prices are the rural landless and small and marginal food producers, all of whom are net purchasers of food. The urban poor are also at risk of becoming poorer and so are those who had emerged from poverty in recent years, with their chances of falling back into poverty increasing sharply.

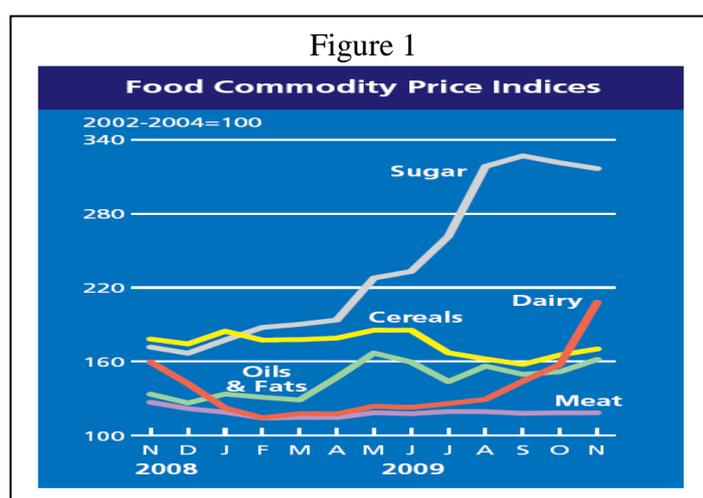
10. The price hikes were reported to have had serious consequences on nutrition as well. In such circumstances, the main coping mechanism for many people is to reduce their food intake and shift consumption away from healthy foods to cheaper and less nutritious foods. This increases health risks such as malnutrition among the poor. It is estimated that the recent food price shock led to an increase of some 4 million undernourished people in the Arab countries alone.

## 3. RECENT CHALLENGES TO FOOD SECURITY AND NUTRITION

### 3.1 The Challenges of Soaring and Volatile Food Prices

11. Prices of food commodities and fuel on the international markets peaked in 2008. FAO's Global Food Consumption Price Index – covering a global basket of food commodities that are weighted by their contribution to total calorific intake – increased even more than FAO's global food price index. The index dropped to a 25-month low in September 2009, before subsequently rising to almost 180 basis points in November. This means that in November 2009, the cost of the typical food basket was 80% higher than it was in 2002-04 (base period).

12. Countries severely affected by the food crisis are low-income food deficit countries (LIFDCs) such as Mauritania, Yemen and the Sudan and major food and fuel importers like Morocco, Jordan and Lebanon. The GCC and other countries such as Libya are also highly dependent on cereal imports, but as they have strong fiscal balances and strong resource bases they are less vulnerable to price risks. However, nearly all the countries in the Region are dependent on food imports and their main concern is that export bans and other export restrictions could cause new sharp price increases such as those seen at the height of the recent shock.



13. The threat of a prolonged food-price shock began to recede in the second half of 2008 because of declining energy and commodity prices and an overall weakening of the global economy. However, many of the factors underlying the volatility of food prices appear to be here to stay and thus will require careful management if the world is to avoid future food-price shocks.

### **3.2 The Challenges of the Financial and Economic Crisis**

14. The global financial and economic crisis, which began with a financial meltdown in the United States and Europe in early 2008, led to a general economic slowdown that was transmitted to the Near East through several different channels: the financial markets, the crude oil market, Arab investments in global asset markets, tourism, the remittances of immigrant workers and the Region's non-oil exports. Coming on the heels of the 2007–08 global food crisis, the financial and economic turmoil is thought to have worsened the plight of the food insecure and the malnourished by slowing down economic growth and increasing unemployment.

15. For oil-exporting countries in the Region, slow economic growth is partly the result of a decision by OPEC (effective in January 2009) to cut back oil output by 2.2 million barrels per day in response to the sharp decline in prices relative to 2008. In the oil-importing countries, the tourism and export sectors also have suffered as a result of the weakness in global demand. But the projected slowdown in these countries is not expected to be as severe as in oil-exporting countries.

16. Reduced remittances and rising unemployment have also created problems. Remittances are an important source of income in many countries of the Region. For instance, in 2006–08, remittances represented the equivalent of half the gross domestic product (GDP) in Tajikistan, 25 percent in Kyrgyzstan and Lebanon, 19 percent in Jordan and more than 10 percent in Morocco. Reduced global and regional economic growth prospects also have led to a reduction in the use of migrant labour, which in turn has resulted in a decline in remittances and a consequent drop in disposable incomes. Tens if not hundreds of thousands of migrant labourers from Tajikistan and Kyrgyzstan have lost their jobs in the Russia Federation and Kazakhstan as a result of the economic crisis.

17. The impact of the global economic crisis on employment has been considerable in other countries of the Region as well. According to the International Labour Organization (ILO), the unemployment rate in the Middle East and North Africa is estimated to have increased by 25 percent and 13 percent, respectively, in the period from 2007 to 2009.

### **3.3 Other Emerging Issues**

18. A number of other emerging factors are likely to affect the food situation in the Region. On the demand side, strong population growth, urbanization and income growth can be expected to increase demand for food. The Region's total population is expected to increase from 776 million in 2009 to nearly 1.3 billion in 2050 (Annex 1). Income is also growing at a fast rate in the region as a whole. With a rise in income, consumption tends to shift in favour of a diet based on higher-protein foods such as meat, dairy products, eggs and fish.

19. On the supply side, climate change and the risk of trans-boundary animal and plant pests and diseases are expected to have an adverse impact on the food supply. This is because food production is expected to face an increased threat from climate changes such as higher temperatures, lower rainfall and alteration in the span of seasons. Droughts and heat waves are expected to become more frequent in Mediterranean countries and in the Islamic Republic of Iran. The climate of Central Asia where 46 glaciers have already begun melting, is expected to warm up significantly. In addition, transboundary animal diseases and plant pests are major threats to animal and crop production in the Region. The great majority of the Near East countries are animal protein-deficit regions, which means they are vulnerable to the introduction of diseased animals imported from abroad. Protecting animals from transboundary diseases such as FMD and Peste des Petits Ruminants (PPR) already is a major challenge in Central Asia. Furthermore, countries that depend on industrial livestock production (poultry and in some cases dairy) are faced with the risk of the introduction into their areas of the highly pathogenic Avian Influenza (HPAI).

## 4. RESPONSES IN SUPPORT OF FOOD SECURITY AND IMPROVED NUTRITION

### 4.1 International Responses: FAO and the UN Comprehensive Framework for Action (CFA)

20. Anticipating the widespread impact and grave consequences of soaring food prices, FAO launched the Initiative on Soaring Food Prices (ISFP) in December 2007 to assist member countries put in place urgent measures to boost the supply response and to give support to improve access to food in the most affected countries. The focus has been on most vulnerable countries, many of whom are already suffering from food emergencies, other Low Income Food Deficit Countries (LFIDCs), and a few more particularly menaced by the soaring food prices who have requested assistance from FAO. As a result of the initiative, FAO has assisted small farmers in over 90 countries to boost their food production, largely through the supply of inputs and technical assistance. Five countries from the Region, namely Djibouti, Kyrgyzstan, Mauritania, Pakistan and Yemen have benefited from the ISFP.

21. In April 2008, the UN System Chief Executives Board (CEB) decided to establish a High-Level Task Force (HLTF) on the Global Food Crisis, under the leadership of the United Nations' Secretary-General and with the Director-General of FAO serving as Vice-Chair, to elaborate priorities for a plan of action to address the food crisis and coordinate implementation. This task force came up with a Comprehensive Framework for Action (CFA) that is in essence a "road map" for actions required to address the current threats and opportunities resulting from food prices, create policy change to avoid future crises, and contribute to country, regional and global food security. It emphasizes a **twin-track approach** designed to address both immediate hunger and malnutrition and to promote longer-term food production and productivity.

22. The twin-track approach includes both short-term quick-impact measures and longer-term actions that are implemented simultaneously to: (i) meet the immediate food and nutritional needs of vulnerable people while helping them find a smooth transition period to rehabilitation; and (ii) address the underlying causes of food and nutrition insecurity. Over the last few years it has become apparent that without a twin-track approach improvements in the food security and nutrition of vulnerable populations will be hard to achieve. At the 2009 meeting of the G-8 in L'Aquila, Italy, world leaders committed USD 20 billion over three years for sustainable agriculture development and safety nets for vulnerable populations in developing countries.

### 4.2 National Responses

#### 4.2.1 Short-term Pro-consumer Responses

23. At the height of the global food price crisis, the myth of food as an affordable, non-strategic commodity irrevocably exploded. Government officials were hard pressed to come up with policy interventions to quickly mitigate the impact of the food price crisis within their national borders. The immediate response of countries in the Near East to the 2007–08 food crisis has varied considerably but can be grouped into two basic types: (i) country-wide consumer support schemes; and (ii) targeted safety net programmes.

24. Country-wide consumer support schemes which include country-wide food subsidies, salary increases and trade policies aimed at increasing domestic supply and reducing prices, have been among the most popular short-term measures. For example, the GCC countries responded to the crisis by doubling wages for civil servants. Some other countries (e.g. Egypt, Jordan, Algeria and Syria) also offered an increase in public sector wages. Others provided country-wide food subsidies which, though often popular with the public, are criticized as being unnecessarily expensive and benefitting other groups rather than the truly poor. Several countries reduced domestic taxes (VAT) on food

items, while others attempted to bring about a calming effect on prices by releasing government-owned produce onto the open market. Trade policies in support of consumers included reducing tariffs on food imports and banning or restricting grain exports. Several countries restricted exports in an attempt to increase domestic food supplies. Much has been written about the escalating effects such export bans had on prices at the peak of the 2008 global food price crisis and on the damaging effects on low-income food-deficit countries (LIFDCs).

25. Targeted social safety nets are intended to provide assistance only to the most vulnerable groups in both urban and rural areas. Cash-based transfers, food transfers and school feeding are among the most common targeted programs in the region (Annex 2). Food aid can play a critical short-term, life-saving role in emergency situations and in areas where food markets are thin or underdeveloped. However, the cost of food transfers is reported to be very high (USD 1 value of food delivered costs USD 2 by the time it reaches the beneficiaries). Cash transfers are a popular policy measure and most countries that have used transfers have done so without setting conditions (e.g. sending children to school). School feeding programmes have become an important component of food assistance and income support in a number of countries.

#### **4.2.2 Medium and long-term responses**

26. Short-term pro-consumer measures have eased the impact of soaring food prices. The recent decline in food and fuel prices has also reduced the urgency of such measures in the non-oil producing countries in the region. However, unless long-term solutions on the supply and demand sides are implemented, the food security problem is likely to persist and trigger an even more serious crisis in the future.

27. Experiences in the Region indicate that production support measures deserve priority as a medium- and long-term response to deal with shocks. There are four major areas in which these measures can be effective: (i) efficient water use; (ii) integrated and sustainable use of natural resources; (iii) expanded use of new technology; and (iv) greater use of traditional and non-conventional production techniques. However, the extent to which these measures have been implemented leaves much to be desired and consequently “forgone output and nutritional benefits” often are estimated to be very high (Table 1). In Egypt, for instance, integrated water and other resource management would save a total of 4.4 billion cubic meters that, if effectively utilized, could make possible the reclamation of an additional 253,000 ha and lead to the production of an additional 2.5 million tonnes of wheat and of 3.8 million tonnes of maize. Studies indicate that by so doing the country’s self sufficiency ratio in both commodities could be increased – respectively – to 76 percent and 100 percent.

28. Efficient use of irrigation could also make possible the improvement of yields and the increased cultivation of crops for domestic and export markets. There are also opportunities in urban farming, which has an ancient history in a number of cultures in the Region. Greater support and promotion of traditional methods of water harvesting and water management would also contribute to sustainable agriculture and enhance food security.

29. Agricultural research and development, together with effective extension services, are known to have a significant impact on yield, particularly where farming communities are responsive. Egypt ranks first in the world in rice, sugar cane and sorghum productivity per unit of area thanks to the efforts of its National Agricultural Research System. There is gross underinvestment in agricultural research and development in the Region.

**Table 1: Rough Estimate of Potential Impact, Actual Impact and Forgone Output of Various Medium and Long-term Response in the Region**

Strategic Response Areas/ Measures	Potential Impact on Food Security and Nutrition*	Current Use Rate**	Forgone output and nutrition benefits***
<b>A. Increasing domestic production</b>			
1. Rationalize and improve efficiency of water use	5	2	VH
2. Enhance sustainable use of natural resources	5	2	VH
3. Expand use of new technology ( R & D)	5	2	VH
4. Promote traditional and non-conventional production techniques (traditional, organic, urban agr.)	4	2	H
<b>B. Improving markets and developing value chains</b>			
5. Develop value chains and improve market infrastructure and institutions	5	2	VH
6. Modernize procurement systems	4	1	VH
7. Introduce supply and price risk management tools	5	1	EH
8. Support FDI in value chain development (within and outside the Region)	5	1	EH
<b>C. Regional trade and cooperation</b>			
9. Utilize Regional Trade Agreements (RTAs) and collaboration be/n RTAs	4	1	VH
10. Promote regional cooperation in agricultural research, information, etc.	4	1	VH
11. Support collaboration with regional organizations outside the Region (e.g. LAS and AU)	3	2	H
<b>D. International investment in agricultural lands</b>			
12. Promote investment within the Region	5	Not relevant	
13. Support investment outside the Region	3	Not relevant	
<b>E. Improving nutrition and managing food demand</b>			
14. Promote dietary diversification	5	2	VH
15. Develop nutrition strategies and institutionalize safety net schemes	5	1	EH
16. Expand family planning services	5	3	H

Source: Based on FAO's assessment and consultations with experts.

\* This estimate is based on the extent to which the measure has been adopted by different countries.

The scale is 1 to 5, with 5 representing the maximum impact.

\*\* This is the difference between potential impact and current use rate. (5 on the scale means the measure has been adopted by nearly all countries).

\*\*\* Extremely high (EH); VH (very high); High (H).

30. Market development, value chain development and risk management are of great importance. Medium- and long-term programmes to improve marketing systems have taken different forms, including measures such as reducing pre- and post-harvest losses, improving market facilities and infrastructures and promoting food processing and value addition. In general, the absence of an effective strategy to improve the marketing system, develop the value chain and hence reduce exposure to market and price volatility, has resulted in very high levels of forgone output and nutrition benefits in the Region (see Table 1).

31. Despite an increasing dependence on imports, methods such as the modernization of procurement systems through the use of electronic tendering, bidding, credit and transaction-risk mitigation have not figured prominently in the Region's medium and long-term responses. For the most part, many marketing and risk management options available to help achieve food security remain underutilized in the Region. For example, most countries are yet to begin using the potentially-beneficial financial risk-hedging instruments that could act as a cost-effective complement to physical stockpiling. The two most important financial instruments used to establish virtual stockpiles – futures contracts and options – are rarely used in the Region<sup>1</sup>. Likewise, food-import dependent countries have yet to show interest in bonded warehouses<sup>2</sup>, which are known to be effective in mitigating supply risks. Little attention also seems to have been paid by food importing countries in the Region to the potential benefits that could accrue from investments in agribusinesses and infrastructures to produce, store, and transport food in poor countries with high agricultural potential.

32. Supply-side management alone will not ensure sustainable food security and improved nutrition, especially when countries are faced with volatile international food prices and the fallout from a global financial and economic crisis. The potential impact of managing food demand, controlling population growth, improving nutrition through effective interventions and the diversification of food sources and institutionalizing safety nets and other forms of social protection can be very high (Table 1). With one of the highest population growth in the world, the Region is likely to face a rapid increase in population that will add to the current growing need for food imports. Providing family planning services in countries that continue to have high population growth rates could have significant long-term food security and nutrition benefits.

33. In terms of nutrition and nutrition-related problems, the Region includes both countries with high levels of overweight and obesity and countries with a significant incidence of undernutrition. All countries are, however, characterized by varying degrees of nutritional transition where undernutrition and micro-nutrient deficiencies coexist with overweight, obesity, diabetes and cardiovascular diseases, depending on their socio-economic development. A particularly worrying observation is the recent reversal of the gains that some middle-income countries had realized in combating child malnutrition.

34. Another problem is that the already limited accessibility of vulnerable groups to well-balanced and diversified diets has been exacerbated further by the rise of food prices and by the decrease in income. This is particularly true in the case of households whose livelihoods depend in large part on remittances sent by migrant family members who were affected by the global economic crisis.

35. Effective and sustainable safety nets are crucial to preventing the impact of inadequate nutrition. In the wake of the financial crisis, attempts have been made to improve the efficiency of social programmes. In Morocco, for instance, two well targeted social programmes were launched in 2008: (i) a health insurance coverage scheme for the poor and vulnerable; and (ii) a conditional cash transfer programme. The objective of these two programmes was to progressively phase out inefficient universal subsidy programmes and reduce fiscal risks while enhancing the effectiveness of assistance for vulnerable populations. Countries with no safety net programmes need to institutionalize effective social protection schemes with the aim of avoiding starvation and malnutrition among poor and vulnerable population groups in both urban and rural areas.

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<sup>1</sup> *Futures Contracts* require the purchaser to buy at a fixed price during a predetermined period and commonly involve some sort of credit or guarantee. Options contracts give the purchaser, who has to pay for up front in cash, the right, but not the obligation, to purchase a fixed quantity of a commodity at a fixed price during a given period.

<sup>2</sup> *Bonded Warehouses* are secure facilities supervised by custom authorities, where dutiable landed imports are stored pending their re-export or released on assessment and payment of import duties, taxes and other charges.

## 5. REGIONAL COOPERATION AND INTERNATIONAL INVESTMENT IN AGRICULTURAL LANDS

36. There are limits to what a national government can do to achieve food security within its borders. That is why regional trade and international investment in agricultural lands have become among the major responses in this sector to the recent global food crisis.

### 5.1 Regional Trade and Cooperation

37. Countries in the Region have signed a large number of Regional Trade Agreements (RTA). Some North and East African countries have also developed close ties to African regional economic communities. Although all share the common objective of promoting trade and cooperation, intra-regional agricultural and food trade remains limited in scope and largely focused on a few countries and a few products. It is worth noting that the recent food, financial and economic crisis has not been followed by any noticeable expansion of intra-regional trade in food and agriculture in the Near East. By allowing the free movement of food commodities from surplus to deficit areas, intra-regional trade could compensate for domestic production shortfalls and, by absorbing external or internal price shocks, would contribute to reducing the volatility of food prices. Among the major constraints and challenges of intra-regional food trade are: underdeveloped value chains, the continued existence of various non-tariff barriers, inadequate trade-support services and divergent political and economic interests. Many agreements – both bilateral and regional – have not been effectively implemented.

38. The potential benefit of regional cooperation in agricultural research, in market information or with regard to foreign direct investment is very high (Table 1). Even though many countries share the same agricultural goals (primarily food security) and challenges (such as water scarcity and climate change), so far joint regional research undertakings have not received great consideration. The Association of Agricultural Research Institutions in the Near East and North Africa (AARINENA) offers a good opportunity for regional cooperation. The recent move to forge closer collaboration between the Arab Organization for Agricultural Development (AOAD) and the African Union also provides another good opportunity for collaboration with regional organizations outside the Region.

### 5.2 International Investment in Agricultural Lands

39. Among the Near East countries, Saudi Arabia, UAE, Kuwait, Qatar, Libya and Egypt have acquired, or are negotiating to purchase, agricultural land in other countries within the Region as well as outside of it (in Africa, for example). It should be noted that the Gulf and North African countries are not the only players in international land acquisition. Asian countries such as China, Japan, South Korea and India are involved in land deals, especially in Africa where land prices are cheap and natural resources are abundant. Encouraged by the recent surge in demand for biofuels and other raw materials and by relatively cheap land prices, European and North American companies have also been buying large tracts of land in Africa. The 2007-08 global food crisis and skyrocketing prices have contributed to turning agricultural farmland into a new strategic asset.

40. Farmland acquisition or leasing by international investors can offer several benefits for the countries of the Region. These include technology transfers that stimulate innovation and productivity increases, job creation, backward and forward linkages and multiplier effects through local sourcing of labour and other inputs and, finally, infrastructure development. In addition, the food supply to local markets may increase and with it the opportunity to achieve greater food security. However, such transactions carry high risks for both parties. In the first place, land rights may not be clearly defined (something that is particularly true in most parts of Africa) and often they are based not on documents but on

#### Box 1

The Daewoo Logistics Corporation of the Republic of Korea proposed a land lease in Madagascar of 1.3 million hectares, but the plan fell down in January 2009 due to civil protests. Through other deals, however, the Republic of Korea has acquired over one million hectares in the Sudan, Mongolia, Indonesia and Argentina. Indian farm companies, backed by government loans, have bought hundreds of thousands of hectares in Ethiopia, Kenya, Madagascar, Senegal and Mozambique for growing rice, sugar cane, maize and lentils to supply their domestic market.

Source: Daniel, S. and A. Mittal, *The Great Land Grab: Rush for World Farmland Threatens Food Security for the Poor*, The Oakland Institute, 2009

traditional customs and practices. Such deals also involve political risks for investors (see Box 1) since subsequent expropriation can be easy to justify on the basis of historic wrongs that are viewed as socially unacceptable.

41. International land acquisition, which is a relatively new strategy for achieving national food security, deserves special consideration because of its potential far-reaching social, economic, environmental and political implications. It has the potential of contributing to the food security of both investing and host countries (Table 1). However, the beneficial effects are not automatic and several problems can emerge. To realise the desired goals and protect the interests of local populations, the development of investment contracts and the selection of management models should be made with a lot of care. A win-win strategy is required and this would entail careful evaluations of all possible outcomes based on a detailed and comprehensive cost-benefit analysis (including environmental impact assessments), accurate economic feasibility studies and legal transparency.

42. Also a proper institutional and legal framework needs to be put in place. A code of conduct on agricultural investments in developing countries, negotiated at the global level, could offer a reference framework for national regulations and individual contracts. FAO is working in collaboration with the World Bank, IFAD and UNCTAD for the development and negotiation of such a code of conduct. For it to be legitimate and benefit from large support, it must be discussed in the framework of a broad consultative process allowing the participation of all relevant stakeholders, with government, regional institutions, farmers' organizations, civil society, NGOs and the private sector.

## 6. RECOMMENDATIONS

### 43. A. Immediate and Short-term Measures

1. Seek targeted solutions to the immediate food and nutrition needs of vulnerable groups who have neither the capacity to produce their own food nor the means to buy it;
2. Review country-wide consumer support schemes such as non-targeted subsidies, VAT or domestic tax policies and tariff and non-tariff measures with a view to minimizing negative consequences for food producers and to saving resources for safety nets and productive activities.

### 44. B. Medium and Long-term Measures: Governments in partnership with the private sector

3. Adopt technical and economic policies that accord priority to water conservation, developing and implementing clear strategies in sustainable water governance and management;
4. Increase investment in agricultural research to the recommended level of 2 percent of agricultural production (from its current level of only 0.66 percent), while developing strategies that encourage private-sector investment in agricultural research and development;
5. Improve market and supply-chain efficiency, modernize grain procurement systems, invest in bonded warehouses, and put in place a supportive business environment that will encourage food processing companies and suppliers to invest in contract farming schemes that include farm assistance programmes;
6. Promote and support risk management tools such as futures contracts and options and strengthen information systems for food security;
7. Support foreign direct investment in agribusinesses as well as value-chain and infrastructure development in poorer countries with high agricultural potential;
8. Improve family planning services in countries that continue to have high population growth; at the same time, diversify food sources to minimize the risk of dependence on one single staple crop or commodity;
9. Develop nutrition strategies and plans of action;
10. Invest in community-based projects designed to improve the livelihoods of the most vulnerable by integrating income-generating activities with nutrition education and by targeting women in particular;

11. Reorganize and institutionalize social protection programmes in order to protect the most vulnerable from starvation and malnutrition on a sustainable basis;
  12. Invest in policy research and profound studies in order to identify effective policies to deal with international food price spikes and that will ameliorate food security in the Region.
- 45. C. Regional Trade and Collaboration: Governments and Regional Organizations**
13. Raise awareness about the potential role of regional trade as a collective response to the food, financial and economic crisis; make decision-makers and other groups aware that well-functioning regional markets can reduce the cost of food, minimize price volatility and overcome food supply uncertainties;
  14. Promote regional trade and collaboration through investment in infrastructure, regional food security information systems, institutions and capacity development to encourage joint-venture in agriculture, regional agricultural research and sanitary and phytosanitary (SPS) standards;
  15. Foster collaboration among regional organizations within and outside the region to ensure productive partnerships among countries and regions rich in natural resources and those richly endowed with capital and financial resources.
- 46. D. International Investment in Agricultural Land**
16. Encourage private and foreign agricultural investment that is responsible. To be socially and politically acceptable and economically durable, agricultural investment must be made on equal terms that are considerate of the interest of all concerned parties, and particularly local populations. It should aim to create jobs, generate incomes and improve access to food while providing adequate returns to the investors.
  17. Step up efforts to secure local land rights. This can help local people avoid being arbitrarily dispossessed of their land and, at the same time, obtain better investment deals. Countries where land rights policies are clearly defined (that is, with no ambiguity of ownership) and where the terms and conditions of land acquisition deals are negotiated fairly, transparently and amicably offer better opportunities for investment;
  18. Develop regulatory capacities in order to discourage purely speculative land acquisition; and
  19. Create capacity to undertake sound assessments of proposed investments.

### Annex 1: Basic Demographic Statistics of the Near East Countries

		Total population (millions) 2009	Projected population (2050) millions	Average population growth rate (%) 2005-2010	Urban population % (2009)	Urban growth rate (2005-2010)
1	Afghanistan	28.2	73.9	3.4	24	5.2
2	Azerbaijan	8.8	10.6	1.1	52	1.4
3	Algeria	34.9	49.6	1.5	66	2.5
4	Bahrain	0.8	1.3	2.1	89	2.1
5	Cyprus	0.9	1.2	1.0	70	1.3
6	Djibouti	0.9	1.5	1.8	88	2.3
7	Egypt	83.0	129.5	1.8	43	1.9
8	Iran (Islamic Rep. of)	74.2	97.0	1.2	69	2.0
9	Iraq	30.7	64.0	2.2	66	2.0
10	Jordan	6.3	10.2	3.0	79	3.1
11	Kuwait	3.0	5.2	2.4	98	2.5
12	Kyrgyzstan	5.5	6.9	1.2	36	1.7
13	Lebanon	4.2	5.0	0.8	87	1.0
14	Libya	6.4	9.8	2.0	78	2.3
15	Malta	0.4	0.4	0.4	95	0.6
16	Mauritania	3.3	6.1	2.4	41	3.0
17	Morocco	32.0	42.6	1.2	56	1.9
18	Oman	2.8	4.9	2.1	72	2.2
19	Pakistan	180.8	335.2	2.2	37	3.4
20	Qatar	1.4	2.3	10.7	96	11.3
21	Saudi Arabia	25.7	43.7	2.1	82	2.4
22	Somalia	9.1	23.5	2.3	37	3.6
23	Sudan	42.3	75.9	2.2	44	4.4
24	Syrian Arab Rep	21.9	36.9	3.3	55	4.0
25	Tajikistan	7.0	11.1	1.6	27	1.7
26	Tunisia	10.3	12.7	1.0	67	1.6
27	Turkey	74.8	97.4	1.2	69	2.0
28	Turkmenistan	5.1	6.8	1.3	49	2.3
29	United Arab Emirates	4.6	8.3	2.8	78	2.9
30	Yemen	23.6	53.7	2.9	31	4.9
	Total	776.0	1281.4			

*UNFPA: The State of World Population 2009, Facing a changing world: women, population and climate, 2009.*

**Annex 2: Details of Existing Social Protection Programmes (including international support) used in addressing the food price crisis for Selected Near East Countries**

Country	Cash Transfers	Food for Work	Food Ration/Stamps	School Feeding	Food Aid / Supplementary Feeding
Afghanistan		X		X	X
Djibouti		X		X	
Egypt	X		X		
Iraq	X			X	X
Jordan	X		X	X	
Lebanon			X	X	
Libya	X				
Mauritania					X
Morocco				X	
Pakistan		X		X	X
Saudi Arabia	X		X		
Somalia		X		X	X
Sudan		X		X	X
Syria	X			X	X
Tajikistan		X		X	X
Tunisia	X				
WBG	X	X	X	X	X
Yemen	X			X	X

Sources: WB, 2008 and FAO, 2008: Country responses and WFP, 2010: Website.