

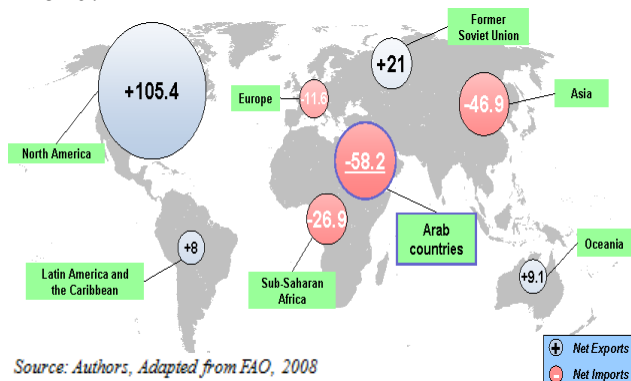


IMPROVING FOOD SECURITY IN ARAB COUNTRIES

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Introduction: Arab countries, more so than countries in any other region, are extremely vulnerable to food-price shocks. Furthermore, current projections indicate that they will be unable to meet demand with production, which will steadily increase their vulnerability to food-price shocks. There is therefore, a need to develop policies to improve food security for all Arab countries.

Reliance of Arab countries on food imports: The graph below illustrates that Arab countries are the largest net importers of cereal in the world.



Source: Authors, Adapted from FAO, 2008

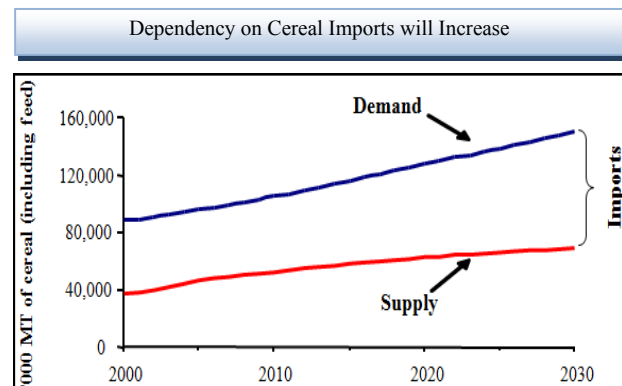
While Arab countries are extremely reliant on cereal imports, they can more effectively assess their exposure to food security risks and employ appropriate strategies to address demand, increase production, and mitigate risk.

Factors that heighten Arab countries' vulnerability to food-price shocks: A combination of global and regional factors is responsible for heightening Arab countries' vulnerability to food-price shocks. The following global factors critically affect the availability of food and the region's access to it:

- Declining growth in agricultural productivity;
- Thin international cereal markets and low stock levels which increase price sensitivity;
- Climate change, which results in unstable global production;
- Biofuel subsidies that encourage shifting land away from food production;
- Potential decoupling of petroleum and food commodity prices.

There are also regional factors which may not affect world prices but do contribute to increasing food security risks within the region. First, factors such as high population and income growth and rapid urbanization that increase the demand for food are higher in the region than the world at large. Second, key food production inputs- water and land- are more constrained in the region than elsewhere.

Projections indicate that vulnerability will increase: Arab countries are more vulnerable to global food-price shocks than countries in other regions and projections indicate that their vulnerability will increase in the years to come.



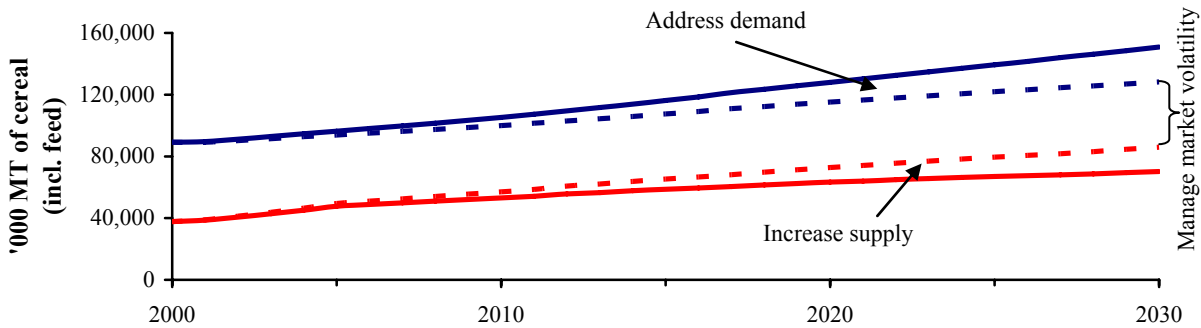
Source: Authors, Adapted from IFPRI, 2008

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Improving food security: Improving food security requires a three pillar approach: as seen in the table below, pillar one consists of strengthening safety nets, while providing people with access to family planning services, and promoting education; pillar two centers around the need to enhance domestic food sources; and pillar three consists of managing

market volatility. These three pillars will emerge as key factors in improving food security.

Countries need to consider the way in which they can combine these three pillars to create a comprehensive and integrated strategy.

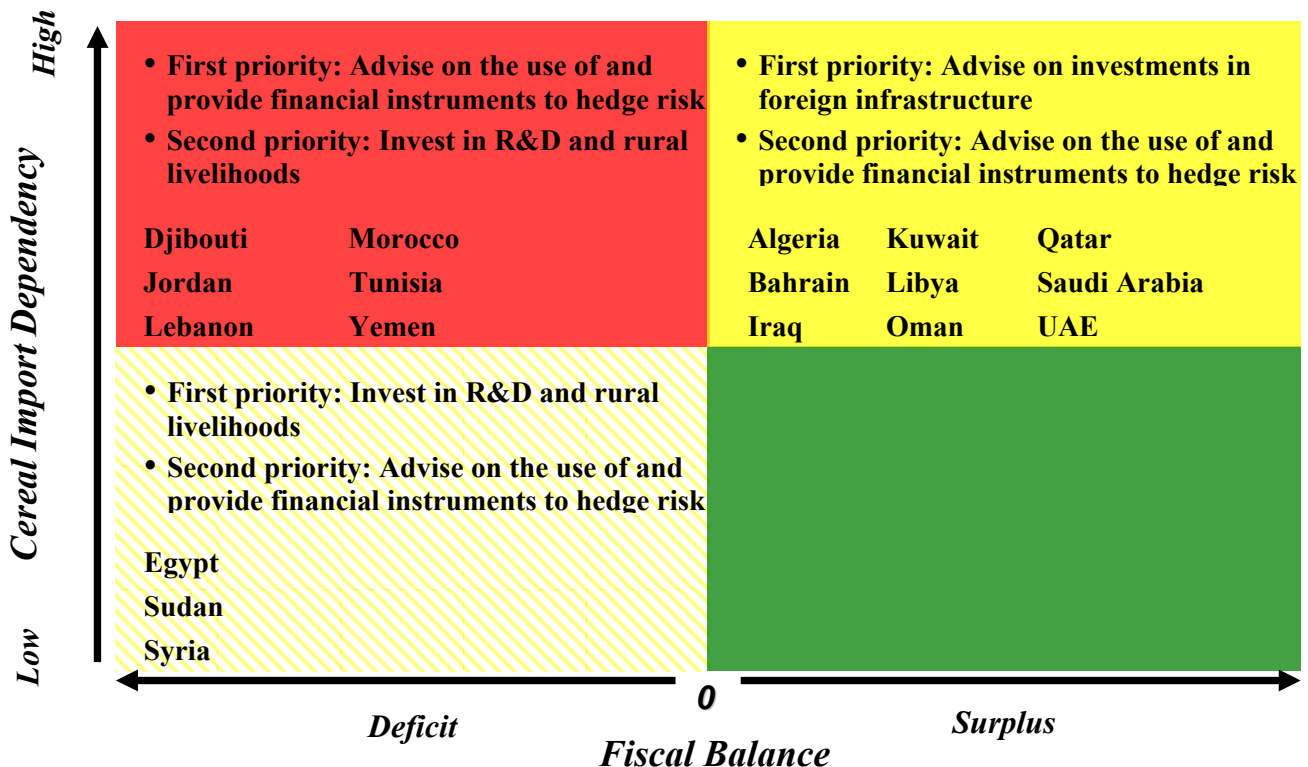


Note: Dashed lines were generated by decreasing demand by an additional 0.5 percent each year and increasing production by one percent each year. These lines are purely demonstrative and do not come from the model.

Source: Authors. Adapted from IFPRI, 2008.

Strategy Matrix- Priorities for Arab Countries: The following base priorities allow Arab countries to tailor viable strategies to deal with their price and quantity risks.

2007 Fiscal Balances (percentage of GDP) and 2005 Cereal Balances (metric tons)



Steps toward implementation: Given that Arab countries are extremely vulnerable to food-price shocks and that current projections indicate their vulnerability will steadily increase; there are some critical steps to be implemented as mitigation measures. First, the countries will need to undertake a long-term national food balance projection². Second, and as noted before, the countries will also need to explore actions that strengthen safety nets, provide family planning services, and promote education. Third, they will need to identify potential investments that increase domestic productivity to narrow the trade gap and that increase farm profitability to improve food security at the household level. Fourth, countries will also have to determine their tolerance to cereal market volatility and employ risk mitigation strategies that ensure they are not overexposed.

Last, strategies for addressing demand, increasing productivity and profitability, and managing risk all have budgetary consequences that individual MNA countries need to consider when mapping out a comprehensive food security strategy

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² A food balance sheet presents a comprehensive picture of the pattern of a country's food supply during a reference period. The food balance sheet shows for each food item - i.e. each primary commodity and a number of processed commodities potentially available for human consumption - the sources of supply and its utilization (FAO).