

Regional Market Matters: Policy analysis, institutional development and capacity building (The case of Mashrek agriculture)

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Abstract

People in the Mashrek are losing their local traditional outlets and regional markets for products. Consumers in the city are similarly challenged to find affordable sources of healthy local food. The problem of poverty in the Mashrek exacerbates the tensions created by the conflicts in the Middle East, drains the young of hope for their future and creates ill will towards wealthier countries. The huge gap between high-income consumers and low-income consumers and their spending power in the internal markets is adding to this problem. Additionally, the recent significant increases in the food prices and agro-production inputs have assisted in increasing insecurity rates of vulnerable people and enforce many of small rural farmers to migrate their agricultural activities.

At the same time, the available outlets for the produce of the low-income consumers are shrinking as the wealthier urban citizens turn to large scale

supermarkets and hypermarkets, where imported goods from large scale suppliers has supplanted their former position in the market. While supermarkets grow, souks are returning to the fore in the guise of experience marketing – revived, refurbished and fostering a personal shopping and cultural experience. But the extent to which small farmers and processors retain access to the new upmarket souks is as yet unknown. In addition, souks are challenged in terms of standardization, food safety and hygiene, legal and financial environment hinder the rehabilitation of such local traditional food wholesales and retailer markets, and poor lobbying power of the food sector businesses result in their needs not being addressed by governments and local authorities.

Moreover, small producers see their local and regional commercial outlets cut off by the frequent conflicts. The food distribution system in the Mashrek has been seriously damaged by the border controls. Trade stroke by small producers is severely hampered, and farmers are losing their main important markets. Additionally, significant part of their fresh agricultural commodities production used to spoil or loss its quality due to the delay on borders and the lack of post harvest infrastructure (e.g. grading, packaging, cool storage and transportation systems) in addition to the limit access to abroad markets.

Furthermore, The principles of isonomy and the right to development -in view to examine the roots of the problems, the current challenges and opportunities for the capacity of generating peace, socio-political transformation, and endogenous, competitive and sustainable economic development- didn't embark up till now. A governance of impediments reduces considerably the possibilities of decentralisation, free competition, equal rights and opportunities. The nature of the current regimes turns into a high level of insecurity, social injustice, and political economies of inequalities leading to marginalisation and severe rural and underprivileged livelihood.

This situation requires more than ever the ability to promote national and regional policy analysis, institutional development capacity building, and actions to improve the situation. This research project provides a view of

actual experiences and plans within Mashrek regional networking and cross-border cooperation, an overview of wholesale and retail markets, and finally a review of a regional institutional framework for region-wide joint action on education and capacity building, enhancement of agricultural production and rebuilding governance for food supply system to support food security and sustainable rural development.

Key words

Mashrek, cross-border cooperation, sustainable economic development, food distribution and security, markets re-governing

Outline

Following the call for papers' concept note, this paper is an introductory line of research project for a series of the following parts: Policy Analysis, Institutional development, Capacity building and Actions to improve the situation to support neighboural market, food security and sustainable rural development

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1. Mashrek regional cross-border development and cooperation

Regional exchanges and trade regimes are a traditional option for a smart scheme¹ to monitor trade trends and policies, governing markets, and guarantying a shared prosperity among neighbours. In the Mashrek, fair and free trade have to go hand in hand to open borders and to encourage technology transfer, logistics and transportation, rising opportunities and standards of living. Mashrek countries gain more in terms of social progress and eradication of poverty when they engage further openly in neighboural exchanges, while countries that do not do so get left behind. The role of regional regimes and cross-border cooperation in conflicts resolution, promotion of democracy and shared prosperity is undebatable.

Lebanon, Syria, Iraq, Jordan, Palestine and Egypt share a privilege position, not just for geography, but primarily in respect to their future role in the moments of peace and stability. They are members of the League of the Arab States and they reinforce their brotherhood bonds on the basis of respect in order to direct their efforts towards the goal of the welfare of their people, their shared prosperity, and the guarantee of their future and the realization of their aspirations (Pact of the League of the Arab States, 1945). Regardless their common traumatism and intestinal conflicts (most import problems are Israeli occupation and the shaky peace, public debts, unemployment, financial and administrative corruption, local-regional economic crisis)², they aspire an area of dialogue, exchange and cooperation for a better governance, environmental citizenship and sustainable human development in a knowledge-based society (Arab Human Development Reports, 2002, Arab Initiative for Sustainable Development, 2002)

1.1 Centre of origin: governing agro-biodiversity

Mashrek Region belongs to the Near East Centre of Origin or Fertile Crescent. Archaeological evidence shows that wheat-barley agriculture

¹ S.M.A.R.T. Scheme: **S**pecific, **M**easurable, **A**ttainable, **R**ealistic, and **T**imely

² Centre for Strategic Studies, University of Jordan (2001) "Al-takamul al-iqtisadi al-iqlimi fi al-Mashreq al-'arabi"

originated in the Near East and then spread around the Mediterranean, first into southern Europe and then into Western Europe, the British Isles, Scandinavia and Russia (ICARDA). Other crops such as lentil, chickpea, and pea were attached to this agriculture which first appears to have domesticated and cultivated previously wild plants around 10,000 years ago. Barley was probably the first grain plant to be domesticated followed by wheat, the pea, lentil, vetch, faba bean, flax, tree and vine fruits. Prof. Nicolai Ivanovich Vavilov (1926) attributed some 83 agricultural species to the Near East Centre of Origin. While a limited number of improved varieties have come to dominate most cropping sectors in agriculture in developed countries, many farmers in the Mashrek continue to plant and harvest local varieties or landraces, although severe genetic erosion has started (ICARDA).

In this way, Mashrek countries co-fund and implement jointly a key regional cooperation design for the "1.1.1. Conservation and Sustainable Use of Dry land Agrobiodiversity of the Fertile Crescent" involving local farmers in conservation and management of their biodiversity through a participative approach and strengthening national institutions to support the protection of agro-biodiversity and livelihood. According to ICARDA/CBD, FAO and the Arab Organisation for Agricultural Development (AOAD): "Agro-biodiversity includes all the components of biological diversity as well biophysical resources relevant to food and agriculture, and refers to interactions between agricultural management practices and farmers' resource endowments which are necessary to sustain key functions of the agro-system, its structure, and processes in support for food production. It occupies a unique place within the biological diversity and is essential to satisfy basic human needs for food and livelihood security". Saying this, agro-biodiversity is actively managed by farmers because biological resources comprise crop and animal species that relate directly to investment, production and trade. However, the importance of agriculture in food processing and promotion is recognised and documented. History makes clear the constructive role of trade as a means to alleviate poverty and food insecurity. The Mashrek countries have a long history in fostering agricultural trade and economic cooperation accompanied by national and international regulations and calendars. In addition, they take

advantage of their informal, internal, interregional trade (traditional trade and knowledge) associated with the ancient route and markets, souks and bazaars, etc.

1.2. Trade and trade agreements

Arab Mashrek countries share a number of characteristics that favour their cooperation, expansion of trade and direct investment. For instance, short distances between main ports and long common borders favour a large volume of exchange. Goods, Services and Infrastructure are the most classical and all-important domain of economic cooperation, in the early stages, both of economic development and reparation of economic relations. One of the characteristics of the Mashrek is the common Arabic language. It greatly create preferential linkages, reduces the transaction costs associated with gathering information, making contacts, and conducting negotiation and partnerships (Economic Research Forum). Arabs have a history of trying to foster trade and economic associations with several initiatives in the 1950s and 1960s. The creation of the League of the Arab States in 1945 is an attempt to develop an Arab Common Market.

Now the emergence of large trading blocs and regional trade and integration agreements encouraged the Arab countries to move toward a "1.2.1. Greater Arab Free Trade Area (GAFTA)³", passing through the "Agreement to Facilitate and Develop Trade Exchange between Arab countries" ratified in 1982, and its relative Implementation Plan, "Pan Arab Free Trade agreement (PAFTA)" approved in 1997.

Syria and Lebanon have always worked as a part of the same economic space. In 1950, the divergence between social groups who ruled the two countries led to the announcement of the customs scission. Syria was focusing on agriculture and craft-industry. Meanwhile, Lebanon bourgeoisie was concentrating on commerce, services and external markets. Free trade

³ In March 2001, it was decided to speed up the liberalisation process, and on 1st January 2005 the elimination of most tariffs on agricultural products among the GAFTA members was enforced.

between Syria and Lebanon before the scission in 1950s explains the story of the economic relationship between them stressing on the mutual benefits of cooperation. This was an intermediary exemplar on the way to build a Common Arab Market. Little markets can not resist in front of challenges of globalization, the cooperation between Syria and Lebanon is nowadays described by the reputable "Treaty of Fraternity, Cooperation and Coordination" (Consultation and Research Institute). Before the 1967 occupation, the West Bank of the Palestinian Territories was politically and economically unified with Jordan and Gaza Strip was under the Egyptian political administration. The occupation has restricted the trade relationships between the Palestinian Territory and the neighbouring countries⁴. Despite that, the occupation authorities allowed for certain agricultural commodities to be exported from Palestine to the other Arab countries with very limited amounts. Thus Jordan used to be the bridge for the Palestinian commodities to pass whether to Jordan or to other Arab countries and the Palestinian agro-commodities and cement from West Bank and Gaza used to be marketed in most of Arab countries with out tariffs to support the economy of Palestinian people under occupation. Following Oslo agreement and the establishment of the Palestinian Authority, the Palestinian trade witnessed improvement with Arab, European and other countries. But always the Palestinian economical activities used to face crises due to the occupation constraints on the movement of commodities through borders, which are completely controlled by occupation authorities, closures, and high taxes imposed by the Israeli authorities on the Palestinian commodities. The signed free trade agreements between the Palestinian Authority and most of the Arab countries are supporting the Palestinian trade movement to be sustained and to absorb all shocks created due to the political context. This is right for the West Bank but for Gaza Strip and sine the siege imposed Israel in the year 2006, trade activities has been stopped totally till today (The Applied Research Institute - Jerusalem, ARIJ)

⁴ Abdullah, Samir (2004) "Reconnecting the Palestinian-Arab economy relations", Ramallah

1.3. Logistics and transportation in Mashrek agriculture

Intra-Mashrek trade is an opportunity, because increased trade between countries creates a demand for better roads, railways, seaports and airports, and provides the wealth to build and maintain them. Rail network is key to keep the Region moving and growing. As local roads suffocate with traffic and heavy goods vehicles crawl along the highways, a modern railway networks are designed to ease the growing pains. Increasing number of ambitious plans and projects, already underway in the region building railway networks capable of supporting the growth of the region, is imperative and vital but it won't be easy. The railway system shows good potential. The Economic Development and Globalization Division of ESCWA supports member countries in their efforts in the development and implementation of the "1.3.1. Integrated Transport System in the Arab Mashrek (ITSAM, 1999)". As part of the process of developing ITSAM, ESCWA has concluded agreements on "International Railways and Roads in the Arab Mashrek" in 2003 and 2006 respectively, with the aim of strengthening thereby the links between the countries of the region. The Agreement on International Railways in the Arab Mashrek entered into force on May 2005 in view of facilitating cross-border flows of goods, achieving "regional integration and enhancing participation in the multilateral trading system" (ESCWA)

The "Plan for Arab Rail Network" of *Union Arabe des Chemins des Fers* (UACF) was presented before the League of the Arab States claiming that: "Existing Arab railways are poor infrastructure, they miss link or connectivity, they witness poor trade partnerships, they lack integration with ports and wholesales, and they lack of fund for development and human development" (UACF⁵, 2007). With the "Vision 2025 – Strategy for the development of Middle East Railways" (approved by Organisation Mondiale du Secteur Ferroviaire, Assemblée Régionale du Proche Orient (UIC/RAME, 2008), Mashrek countries are set to get back on a new track. This strategic

⁵ Formed in 1979, the UACF stimulates co-operation between railways in Arab countries and co-ordinates their activities to ensure exchanges with each other and with international rail networks. Membership comprises of railways in Algeria, Egypt, Iraq, Jordan (Aqaba and Hedjaz railways), Lebanon, Libya, Mauritania, Morocco, Saudi Arabia, Sudan, Syria (CFS and Syrian Hedjaz railways) and Tunisia, as well as a number of manufacturers, associations and railway-related organisations in several Arab countries.

document integrates national railways' development plans and represents a useful basis for the further planning of new cooperation links and partnerships with decision makers and with key economic actors and business partners towards new business opportunities to financing railways development (Investment Forums), new partnerships with shipping lines and ports (optimization), joint projects in the fields of rail infrastructure maintenance and railway safety management, use of smart technologies, developing industrial competence and educational programs for railways, etc.

1.4. Agriculture and rural development

The Tunis declaration on "Sustainable Agriculture Development and Food Security in the Arab World (2004)" urges for synergy and inter-linkage between Arab national existing agriculture policies through a framework for strategic action. The first "1.4.1. Strategy for Sustainable Arab Agricultural Development for the upcoming two decades (2005-2025)" was elaborated by the AOAD (2006) and approved by the Arab Economic and Social Council (AESC) in 2007 to support the "Arab agricultural integration processes reaching Arab economic integration": Availability, access, quality and competitiveness of agriculture products⁶. Farmers, activist and scholars evaluate and analyse existing challenges and opportunities, they believe a decentralised plan, leader with political will, systemic vision (policies analysis, institutional development, capacity building, partnership and practical steps), is an utmost need for peace, social equality and prosperity (Agriculture and Rural Development Initiative, ARDI). They trust in cooperation and mutual supportive partnerships of multiple fields of science and technology, facilities and infrastructure, information and communication, human resources recruitment, entrepreneurship and social cohesion, and integrated resources management (Mediterranean Sustainable Development Agreements, MSDA-ARDI)

⁶ Low-income consumers need to have easy access to a wide variety of healthy food items. This means that they not only need the required financial resources but also that food is available within reasonable distances at acceptable prices and sanitary conditions

Box1. Problems of agriculture: Governing Agro-biodiversity

- Plant genetic diversity is vital for the breeding of food crops and thus one of the central preconditions for food security. However, food crop genetic erosion is reportedly a serious problem, and for several major crops the variety losses have been up to 80-90% over the past century. At the same time, the interest in the commercial use of genetic resources has increased in line with the growing economic stakes of the biotechnologies, followed by demands for intellectual property rights. As patent systems are costly institutions, the capacity of developing countries to develop and effectively use such systems is limited. For this and other reasons, there have been many protests from the South against intellectual property rights to plant genetic resources. The international community has responded with regimes fully or partly pertaining to the management of plant genetic resources for food and agriculture: The Convention on Biological Diversity (CBD), the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA), the WTO Agreement on Trade Related Intellectual Aspects of Intellectual Property Rights (TRIPs), and the International Convention on the Protection of New Varieties of Plants (UPOV). Therefore, it is recommended to analyse the effects of overlapping of these international regimes for the domestic management of plant genetic resources for food and agriculture security. Source: GRAIN

- **Iraq:** CPA/Order 81 on "Patent, Industrial Design, Undisclosed Information, Integrated Circuits and Plant Variety" in http://www.trade.gov/static/iraq_memo81.pdf. This order amends Iraq's original patent law of 1970 and unless and until it is revised or repealed by a new Iraqi government, it now has the status and force of a binding law with important implications for farmers and the future of agriculture in Iraq. For generations, small farmers in Iraq operated in an essentially unregulated, informal seed supply system. Farm-saved seed and the free innovation with and exchange of planting materials among farming communities has long been the basis of agricultural practice. This is now history. The CPA has made it illegal for Iraqi farmers to re-use seeds harvested from new varieties registered under the law. Iraqis may continue to use and save from their traditional seed stocks or what's left of them after the years of war and drought. The purpose of the law is to facilitate the establishment of a new seed market in Iraq, where trans-national corporations can sell their seeds – genetically modified or not, which farmers would have to purchase afresh every single cropping season ("Iraq's new patent law: A declaration of war against farmers" (Against the Grain series, Focus on the Global South and GRAIN, 2004-2005)

Box2. Problems of agriculture: Trade Agreements

- Good neighbors don't close their borders. During a show of power between Mashrek countries, severe restrictions by countries' customs leave hundreds of trucks stranded on the borders. Countries officials claim that the painstaking inspection procedures are a security measure to prevent militants and arms passing through their respective country (agricultural inspections should not be a security issue). Prices go down by nearly 50 per cent as exporters cannot buy agricultural produce. (Lebanese Farmers Syndicate)

- Mashrek farmers are suffering from excessively low prices for their crops due to smuggling. Respective Agriculture Ministries promise that the problem would be solved. "The situation is unbearable" and farmers accuse governments of fighting to destroy tons of crops and livelihoods. Lebanon: The Qaa plains in the Bekaa Valley, the Sarada and Wazzani plains in the south and some plains in the Adloun area, are famous for cultivating watermelons. In the Sarada plain large surfaces are covered with watermelons. More than 5 million square meters are planted with the fruit every year and between 300 and 500 tons of watermelons are picked every day in the harvest season, which runs from May to November. Dozens of truck drivers flock to watermelon fields every day to transport the fruit to watermelon vendors, many of whom spread their stalls out along the coastal road. As a result of smuggling, farmers have to sell 1 kilo of watermelon for LL200. (Lebanese Farmers Syndicate)

- Factors to explain the weakness of Arab trade and failures of current intra-Arabe trade agreements can be summarized by -the differences in economic regimes, -the similarities in the production and commercial material, -the lack of infrastructure for the transport sector, - protectionism, - high dependence on trade taxes, -the lack of market information, and the limited capacity of competitiveness of their products (ERF)

- Producers and exporters suffer from unequal competition due to the trade agreements reached and the abolition of import duties on agricultural goods from countries supporting production and export, services and raw materials (subsidies). This requires the adoption of a permanent agricultural calendar and the adoption of criteria other than customs duties, to fight dumping and prevent access for products of minor quality to the domestic market. (Lebanese Farmers Syndicate)

- Arabs must move beyond free trade in goods toward harmonization of institutions and regulations, institutional financing for investment at local and regional levels, with interregional, social cohesion and structural funds (ERF).

1.5. Mashrek Economic Integration

Cross border cooperation and socio-economic development are a vital basis in any venture to coordinate collective Arab efforts in the field of agriculture and rural development. There are many points of agreement in the Arab Mashrek citizens' judgment on the factors that are likely to leave their impact, in a positive or negative way, on the development of local-regional economies in the future:

<p>Positive influence on the Mashrek economy in the next decade:</p> <ul style="list-style-type: none"> • Economy relations with the Arab countries • Arab mutual investments, Arab grants and aids • Governments support to small enterprises • Donor aid, Foreign Direct Investment (FDI), and private sector investments • Great Arab Free Trade Area (GAFTA) • Partnership agreements with the EU 	<p>Negative influence on Mashrek economy in the next decade:</p> <ul style="list-style-type: none"> • Foreign loans and borrowing • Governance and corruption • Privatization • Peace and security • Israel occupation • Free trade agreements with USA (Mediterranean Free Trade Area (MFTA)) • International Monetary Fund (IMF) and World Bank adjustment programs • Foreign aid and grants conditionality <p>Palestine: restrictions imposed by the Israeli occupation forces on the movement of persons and goods between the West Bank and the Gaza Strip and the present political situation the Oslo Agreement and the Palestinian – Israeli economic accord, the economic relation with Israel and the economic policies of the Palestinian Authority.</p>
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(Adapted), source: Centre for Strategic Studies, Amman (November 2002)

The success of cooperation between Arab Mashrek countries calls for access to information and dialogue, ownership and co-decision, participation and partnership, transparency and accountability. The subsequent bilateral and multilateral agreements, protocols, memorandums of understanding, meetings, etc. often represent general principles. Their execution needs detailed organizational texts in harmony with respective local legislations. The lack of this harmony and the shortage of statistical rules and technical human resources make it difficult to establish obvious and practical texts or implementation plans.

Again, Arab Mashrek citizens are extremely in favour of consolidating economic cooperation and integration. They recognize that elements of integration often prevail over conflicting views and competitive tendencies.

They realize in all cases that there are existing obstacles that impede or abort attempts to achieve an appropriate level of Mashrek regionalism and multilateralism (Centre for Strategic Studies):

- Domestic political instability, bureaucratic complications and financial and administrative corruption
- Lack of steady and consistent government policies in the cooperation issue
- Absence of participative governance and discrepancies in legislations and regulations
- Lack of skilled human resources

Additionally, a "structural and infrastructural dysfunction" dominates. It needs a global treatment in each country pledging wide policies analysis, reforms in administration and public sector, and development in social and economic spectrum. The global treatment means also the coordination in logistics, transportation and infrastructure as a whole, organized within bilateral and/or regional perspectives. Mashrek Economic Integration (goods, services and infrastructure at early stages) is not just an economic exercise, economic welfare of people in Mashrek helps stem extremism and promotes social liberal market, political reforms and peace.

"There once was an integrated system of trade and commerce in the area until the British and French divided it into separate states, put up border crossings and initiated cumbersome customs restrictions among them. However, despite their common history, common historical economic and commercial practices, the countries of the Mashrek never regained the necessary and sufficient elements to integrate among themselves to take advantage of an era, which in other areas of the world have shown the benefits of cooperation and association with such examples as the European

Union. Therefore, Mashrek countries have long been suffering from a negative integration syndrome"⁷.

"Trade regionalization can be defined as the tendency of trade flows to grow more intensely among neighbouring countries belonging to the same region (intra-regional trade) than among countries belonging to different regions (extra-regional trade)".

Intensity of trade among the Mashrek countries (intra-Arab trade imports are low) depends not only on the existence and effectiveness of a Regional Integration Agreement (RIA). It is mainly depending on fundamental reasons such as political instability, conflicts and distance (domestic political uncertainty, the case in Lebanon and Palestine), over-appreciation of domestic currencies, overall trade policy orientation, trade restrictions, security and peace.

The process of regional integration and further trade liberalization in the Mashrek (possibly in the context of Arab greater integration) has the potential to augment the production of transnational public goods and solve many difficult problems in the governance of cross-border relations, as the tendency of SMEs and SMIs to develop their activities more intensely within the borders of regions than on a global scale (market-driven regionalization). It could contribute to growth not only by increasing trade and allowing local-regional producers to benefits from economies of scale, but also by encouraging FDI and cross border cooperation. More specifically, the integration level that can be achieved on a regional scale is believed to be deeper than what could be feasible at the multilateral level⁸⁹

⁷ Tovias, Alfred et al. (2003) "Economic Cooperation Potential between the Mashrek Countries, Turkey and Israel" Conference FEMISE, Marseille

⁸ Al-Atrash, Hassan and Youssef Tarek (2000) "Intra-Arabe Trade: is it to little?", IMF Working Paper

⁹ Iapadre, Lelio and Luchetti, Francesca (2009) "Trade Regionalization and Openness in Africa"

2. Wholesale Food Suppliers and Retail markets: Rebuilding and Regoverning

2.1. Stakeholders in agriculture and food security

Mashrek countries have a long history in fostering agricultural trade and economic cooperation accompanied by trade agreements and calendars. They take advantage of their interregional trade associated with the ancient commercial routes (Silk Road, Incense Road, King's Highway, etc.), and traditional wholesale markets "where all kinds of goods are bought, sold and exchanged for daily consumption" - and retail markets "which unite a variety of commercial establishments and retail entrepreneurs that provide a wide commercial offer of food products of daily consumption complemented by non-food products" (World Union of Wholesale Markets, WUWM).

Food supply and distribution have to be highlighted because local and regional wholesale food suppliers and retail markets are stakeholders in agriculture, food security and rural development (FAO), (Global Donor Platform for Rural Development, Sector Wide Approach, GDPRD/SWAp), (ARDI). All parties involved, from the farm to end product, have to do their part to ensure the safety and security of the food that ends up on consumers' plates. "Cities need sound food supply and distribution policies, strategies and programs, spanning urban, peri-urban and rural areas, formulated in collaboration with all concerned stakeholders"¹⁰ (FAO)

More than ever, their vital role to the overall domestic and regional market matters and gives them a strong voice along major regional assets -described above- for market oriented agriculture development and economic integration, such as agro-biodiversity conservation, land-territorial based approach, water for irrigation, agriculture and rural development, agro-processing facilities, trends and trade policies, farm to market roads and rails, logistics and transportation, etc.

¹⁰ FAO (2001) "Feeding Asian Cities, Proceedings a regional seminar" Food Supply and Distribution to Cities, Rome

Nowadays, Food wholesale and retail markets are facing solemn threats summarized as follows:

- Hypermarkets and supermarkets are growing at an unparalleled rate and they are sourcing from global marketplace, and large-scale farming. Almost all cereals and frozen animal produce have followed the growth of hypermarkets weakening local production and commercial networks based primarily on smallholders and SME-SMI's (Mediterranean Commission on Sustainable Development, MCSD)
- The available outlets for the produce of local farmers/smallholders and SME-SMI's are shrinking as the wealthier urban citizens turn to modern distribution where imported goods from large scale suppliers have supplanted their former position in the market (*La Xarxa Consum Solidari, XCS*).
- Employment created by modern food distribution is limited compared with traditional markets. Larger-scale farming is preferred and many smallholders, traders and Low-income consumers are excluded from the modern food marketing system (XCS)
- People are losing their local traditional outlets and regional markets for products and challenged to find affordable sources of healthy local food (FAO)
- They are challenged in terms of standardization, food safety and hygiene, infrastructure, legal and financial environment hinder the rehabilitation of the food supply chain (ARDI)
- The food distribution system has been seriously damaged by the border controls. Trade stroke by small producers is severely hampered, and farmers are losing their main important markets (ARDI)
- Fresh agricultural commodities production used to spoil or loss its quality due to the delay on borders and the lack of post harvest infrastructure (e.g. grading, packaging, cool storage and transportation systems) (ARDI Palestine)
- Small producers see their local and regional commercial outlets cut off by the frequent Middle East conflicts (AOAD)

- Food prices increase in the Mashrek and agro-production inputs have assisted in increasing insecurity rates of vulnerable people and enforce many of small rural farmers to migrate their agricultural activities (ARIJ)
- Poor lobbying power of the food sector businesses and socio-economic councils result in their needs not being addressed by governments and local authorities (ARDI)

Box3. Problems of agriculture: Food safety

- "Why are there no standards and no controls over the quality of the imported food products: fruits, vegetables, milk and milk products? Arab Free Trade agreement was implemented on 1/1/05. The agricultural calendar was almost eliminated, and subsidized food imports flowed freely. The anti-dumping laws are not implemented. Administration does not operate any inspection or control on quality of food imports at the borders. The consumer's office is inexistent. There is no way to know the origin of products sold in the market" (A.H, Arab activist)

- "I invited a small group representing the farming supply chain: One food industrialist, one medium scale farmer, and one large farmer/trader. I asked them: what is the single most important action the ministry could take to support agriculture without giving direct subsidies? They all agreed it was the control of the quality of the imports at the borders. There are no facilities at any of the borders for inspection, no staff (qualified or not), and no system. There needs to be serious investment in staff recruitment, training, and in the creation of facilities. There is no consumer bureau in my country. I mean there is one and the director is my friend, but it is inoperative. It does not have enough staff to check the quality in 1 shop a day. So they just let it go, waiting for things to change. A project for capacity building of the consumer office has been implemented in 2007, but without resources to recruit and operate, this is all money wasted on consultants" (R.Z, Arab activist)

2.2. Food sovereignty, safety and security

Food security exists "when all people, at all times, have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life" (FAO/WFS 1996). A household is considered food secure when its occupants do not live in hunger or fear of starvation. FAO's report "State Of Food Insecurity in the World (SOFI, 2008)", reports 31 million of hungry people in the Arab countries (10 percent of total population). Arab countries import more than 50% of the food calories they consume, and the disparity in availability, access and quality among the 22 countries of the Arab League is wide, and the conflict zones in the region, notably in Iraq, Palestine, Lebanon, Somalia and Sudan,

are grounds for serious concern (WB, IFAD and FAO)¹¹. Rising food and oil prices and the adverse climatic conditions in the last years have further aggravated the food situation for the region¹²

"Arab countries import at least 50 percent of the food calories they consume. As the largest net importers of cereal, this makes these countries vulnerable to any volatility in food prices and food availability especially in with strong population growth, low agricultural productivity, and their dependence on global commodities markets. Thus, Arab countries need to act urgently to improve food security. (WB, IFAD, FAO). Demand and supply factors are increasing the risks of food insecurity in Arab countries. Urbanization, population and income growth are strong in these countries and will increase the demand for food. Demand for food in Arab countries is projected to grow substantially to the year 2030 and beyond, but production is not expected to keep pace: Demand for cereals is projected to increase by 48 percent, meat by 104 percent and milk by 82 percent" (SOFI, FAO).

One of the real examples is Food Insecurity status in the Occupied Palestinian Territory which has greatly increased since the outbreak of the second Intifada (in the year 2000), which brought about severe and long term economic downturns, movement and access restrictions, and health problems. Several food security assessments in the Occupied Palestinian Territory were conducted, starting from the year 2003 till the year 2009¹³. Tracking the food security situation in the Palestinian territory according to the conducted surveys since the year 2003, it appears that incidence of food insecurity fell by 6% between 2003 (40%) and 2006 (34%). However, the

¹¹ WB, IFAD and FAO (2009) "Improving Food Security in the Arab World"

¹² Siam, Gamal (2009) "Food supply crisis and the role of agriculture in the MENA region" Med-2009 Barcelona

¹³ ARIJ (2009) "Food Security Database, Final draft", West Bank Palestine

number of food insecure rose again by 2008, to 38% of the Palestinian population and slightly worsened in 2009 with 38.5%.

Agricultural production, food self-sufficiency and food quality are the main challenges facing the developing countries where the natural resources are limited, poverty rates are high, population growth is high and unemployment rate is growing, livelihood is deteriorating and political conflicts are exist. Therefore in the hot spots of the world like the Mashrek, the conflict on natural reoccurrences, borders and militarization absorbing lots of the available financial resources and enhancing instability and insecurity which encourage many people to leave their countries, capitals and brain drain occurs due to these circumstances and remains people without income and even developmental visions.

A three-pillar strategy to address food security in the Arab Mashrek countries includes education and extension, enhancing agricultural production and rural livelihoods, food processing through cost-effective investments, and rebuilding the regional governance of food system (ARDI, 2004)¹⁴, (WB, IFAD and FAO, 2009), (AOAD, 2007)¹⁵. Therefore, it is crucial that governments raise the share of agriculture in total expenditures, and together with Socio-Economic Committees and other stakeholders develops innovative strategies to encourage private sector investment and foster public-private-partnerships (FAO)¹⁶.

2.3. Mashrek Food Governance

Furthermore, food crisis is also a crisis of governance. The principles of isonomy and the right to development -in view to examine the roots of the problems, the current challenges and opportunities for the capacity of generating peace, socio-political transformation, and endogenous, competitive

¹⁴ ARDI (2004) "Meeting the challenge of Free Trade for Agriculture and Rural Development Lebanon, Palestine, Jordan, Egypt, Syria and Europe: Local responses", Workshop 17-19 December 2004, Great Amman Municipality, Amman

¹⁵ AOAD (2007) "Strategy for Sustainable Arab Agricultural Development for the upcoming two decades (2005-2025)" Khartoum

¹⁶ Diouf, Jacques (January 2009) "Food Security in the Arab World" Arab Economic, Social and Development Summit, Kuwait

and sustainable economic development- didn't embark up till now in the Mashrek. A governance of impediments reduces considerably the possibilities of decentralisation, free competition, equal rights and opportunities. The nature of the current Mashrek regimes turns into a high level of insecurity, social injustice, and political economies of inequalities¹⁷ leading to marginalisation and severe rural and underprivileged livelihood.

This situation requires more than ever local and regional stakeholder's who need to be involved in agriculture and food governance (including water). Participation and partnership are required to promote new social and civil contract (access to information and dialogue, ownership and co-decision, participation and partnership, transparency and accountability), and social cohesion in the framework of a regioness policy¹⁸. The role of regional regimes and cross-border cooperation in conflicts resolution, promotion of democracy and shared prosperity is undebatable¹⁹:

- Appropriate institutional framework for region-wide joint action and a common management of resources towards regional agricultural co-operation may help reduce the widening food deficit in the region and enhance food security at local and regional level
- Mashrek countries are urged to develop a common agenda and strategy to promote intra-regional trade and serve for furthering food security objectives in the region.
- Existing regional and sub-regional groupings can play a vital role for positions in a wide range of negotiations at regional and multilateral levels.
- Common regional stand will carry a weight in trade negotiations. It opens perspectives for cooperation (south-south, south-north from a developmental angle rather than a political angle) in different

¹⁷ Abdel Gadir Ali, Ali (2008) "The Political Economy of Inequality in the Arab Region and Relevant Development Policies", API/WPS 0904

¹⁸ Hettne, Björn (2008) "Regional Actorship and Regional Agency: Comparative Perspectives", Garnet Network of Excellence, Brussels

¹⁹ Kennedy, Graham (2006) "The Role of Regional Organizations in Promoting Democracy", The 6th International Conference of New or Restored Democracies (ICNRD-6) " "Building Capacity for Democracy, Peace and Social Progress" Qatar

crucial fields such as education, research and development, infrastructure and transportations, trends and trade policies, agriculture and rural development, water and energy, SME and SMI, and cooperatives development, civil society organizations promotion and capacity building.

- Regional socio-economic organisation (for illustration: "Mashrek Food Governance Fund") is encouraged to formulate and implement regional Programs for (building public awareness of the critical importance of food and nutrition security; formulating regional food and agricultural trade strategies and policies; aligning border issues and safety standards that affect food and agricultural trade; promoting investment in regional communication infrastructure and market information; supporting national efforts to help small farmers become more efficient and find new markets for their produce; and including natural resource management, control of animal and pest diseases, trade (ARDI), (Council of Arab Economic Unity, CAEU), (GDPRD/SWAp), (FAO/RPFS), (UNDP), (EUROMED Regional Partnership)

(Adapted) Three-pillar strategy to address food security in the Arab Mashrek countries source: (ARDI), ESCWA, (WB, IFAD and FAO, 2009), (AOAD, 2007)

Education and extension (Right-Based Approach for Development)	Enhancing agricultural production and rural livelihoods	Rebuilding governance of food system
<p>Focus on Agrobiodiversity, land deterioration and combatting desertification. Fertile Crescent is rapidly degrading because of urban expansion, soil erosion and salinization.</p> <p>Focus on integrated water resource and water demand management. Irrigation is the largest consumer of water. access to safe drinking water and sanitation. strengthening of</p>	<p>Focus on smallholder producers, vulnerable groups by improving their access to essential inputs - seeds, fertilizers and animal feed.</p> <p>Focus on farming and food supply chain small scale food providers and SME domestic markets food processing through cost-effective investments, safety, logistics, etc.</p>	<p>Focus on national marketing systems that would enable movement of goods to the regional markets. This includes transportation facilities, packing and packaging facilities, information on foreign markets and post harvest technologies. Production, handling, marketing, transportation, processing, as well as wholesaling and retailing activities - which constitute food supply and</p>

<p>partnerships with local water users and water management bodies and awareness-raising campaigns on how to save water. Promote participation, partnership, active cooperation and solidarity for the sustainable management of water, at local and national level.</p> <p>Focus on sustainable management of energy and mitigating of and adapting to the effects of climate change. Strengthening the regional cooperation and funding sustainable development projects. Increase access to electricity in rural areas, where necessary.</p> <p>Focus on sustainable mobility through the appropriate management of transport. Support regional and national initiatives to promote more competitive and sustainable transport systems and to improve transport linkages and networks; Encourage more integrated transport systems which ensure a better complementarity of road, rail and sea transport. Improve the integration of transport policies into economic planning. Support investment and incentive policies to stabilize or reduce the share of road transport and promote, after environmental impact assessments, alternative transport systems, in particular railways.</p>	<p>Mashrek region suffers from low productivity and weak competitiveness, which can largely be attributed to the inefficient use of resources, insufficient networking and clustering and poor use of technology. Small and medium sized enterprises (SMEs), which are among the primary sources of employment and income, are the most vulnerable groups facing these challenges.</p> <p>Focus on enhancing the productivity and competitiveness of the production sectors, particularly SMEs, by disseminating best practices and building capacities, networking and clustering, and harnessing technology and innovation.</p> <p>Focus on national and regional capacity-building in Modern –of trade negotiations and agreements of relevance to the Mashrek region. In addition to strengthening the capacity of SMEs to follow environmental norms and standards. Implementation of technology and management measures and initiatives aimed at enhancing SME productivity and competitiveness, upgrading their technologies, products and processes, and facilitating their access to food wholesale and retail markets, local and regional.</p> <p>Focus on higher yielding seeds for food production. Diversification of food production and <u>exports into newer</u>, and where possible higher value products.</p> <p>Focus on national capacities to update food standards and improve quality in a holistic approach extending from farm to fork (laboratory facilities for food safety to meet emerging</p>	<p>distribution systems (FSDSs) must be executed as efficiently as possible</p> <p>Focus on acceptable sanitary conditions and create minimal, if any, environmental damage.</p> <p>Focus on adequate market and storage infrastructure, inputs, appropriately enforced regulations</p> <p>Focus on meaningful collaboration between government, local government and socio-economic stakeholders. The role played by local authorities and private sector associations, chambers, etc., is of paramount importance, and constraints limiting their technical involvement must be addressed through institutional strengthening.</p> <p>Focus on Entrepreneurship to be stimulated to take advantage of the numerous income generating opportunities that come forth in satisfying growing food markets.</p> <p>Focus on local-regional policies and action plans facilitating the daily activities of producers, traders, transporters, etc.</p> <p>Focus on policy makers, at a central and local level, to highlight the complexity of FSDSs to urban areas and to enhance the synergies between central and local policies and programs.</p> <p>Focus on sound local approaches to food</p>
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	<p>threats of hazards and contamination of chemicals, microbial, or of physical origin) (update legislation and harmonize with the Codex) (modernize inspection service and harmonize inspection procedures).</p>	<p>security in view of the ongoing decentralization of responsibilities to local governments.</p> <p>Focus on information, sensitization and training activities, technical documentation and multimedia products to diffuse to policy makers, technical staff and researchers.</p>
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Box4. Financing for Development

(Monterrey Consensus: Investing in people centred development)

Investment in agriculture from both domestic and external sources remains low in most countries of the region. In the Near East, as in other developing regions. External assistance to agriculture for Arab countries fell from 1.6 billion dollars in 1994 to 0.6 billion in 2004 (1995 basis), which means a reduction of 62 percent in real terms. Aid from Arab donors, including OPEC, decreased by 28 percent over the same period (FAO)

- Domestic resource mobilization: In order to overcome dependence on external lenders, whether governments, banks or the International Finance Institutions, the countries of the South need to substantially increase revenue from domestic resources. Domestic resource mobilization is meant to prepare of local and regional food wholesale and retail markets feasibility studies, and finance institutional development, food safety, wholesale market infrastructure (component foresees the creation of favourable conditions for the promotion of international trade in agricultural produce) and rural development. It should aim at chasing support to SMEs in the rural sector, and building up an effective cooperative system for rural SMEs based on existing credit unions and developed the tools and instruments, necessary for the establishment of cooperative banking. Governments should also develop innovative strategies to encourage private sector investment in agriculture and to foster private-public partnerships. There is need for providing incentives to attract Arab agricultural financial resources for investment in a suitable agricultural production environment (ANND), (ARDI), (AOAD)

Foreign Direct Investment (FDI): A need to institute a holistic approach to foreign direct investment that includes, among others, the social development aspects and sustainable technology transfer. FDI should follow environmentally and socially sustainable production systems, and align its operations with local and regional economies (ANND)

Official Development Aid: Stronger efforts are urgently needed to further improve the quality of aid. Donors should encourage and financially support Economic and social committees engagement, and recognize the key role they play in implementing and monitoring programs and policies (ARDI)

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