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EDITORIAL

It is our pleasure at the Palestine Economic Policy Research Institute (MAS) to publish the fifteenth issue of the biannual Food Security Bulletin. This is the second edition for the year 2016 and generally covers the second half of the year. As we write this issue, the food insecurity situation in Palestine remains grave, with 27% of all households estimated as food insecure. The prospects are not positive either. In this Bulletin we present the full report on the Socio-Economic and Food Security Survey (SEFSec) with data from 2014, prepared by a number of partners in the Palestinian Food Security Sector (FSS). The report's publication was delayed due to changes in the methodology and a deeper level of analysis of the results than usual. As a result, this report produced some rich analysis, highlighting that the main reason for food insecurity in Palestine is the lack of economic access to food. Since the root causes of poverty are entrenched in the occupation, high unemployment, and insufficient economic growth, the situation is unlikely to improve in the near future.

In recognition of its established track record in work on food security, MAS has recently been commissioned by the United Nations World Food Programme (WFP) to implement a "Strategic Review of Food and Nutrition Security in Palestine". A designated expert team is currently conducting consultations with the main national and international stakeholders in the food security and nutrition sector in Palestine in addition to reviewing existing documentation and literature. The Strategic Review is expected to be finalized by the end of April 2017, which means that we will be able to present its results in the next issue of the Food Security Bulletin.

Meanwhile, the state of affairs in the rest of the world and in the Middle East and North Africa (MENA) region in specific also remains worrisome. The main determinants of food insecurity in the region are the ongoing conflict and the extraordinarily high degree of civil insecurity – in particular Syria, Iraq, Yemen, and Libya – leading to mass population displacement, trade disruptions, and agricultural production instability. In other parts of the world, conflict is also one of the driving forces behind food insecurity, but extreme weather conditions also play a major role.

HIGHLIGHTS

- In 2014 26.8% of all Palestinian households were food insecure (either moderately or severely), with the rate of food insecurity reaching 46.7% in the Gaza Strip. The only way to address this problem in a sustainable manner is to eliminate the root causes, namely the Israeli restrictions in the West Bank and blockade on Gaza;
- The FSS requested a total of $300 million from international donors for implementing 61 food security projects across Palestine in 2017. This is $22 million below the 2016 appeal and $63 million above the 2016 disbursements;
- Food prices in Palestine remain volatile. Between May 2016 and November 2016, they did not change, while between November 2015 and November 2016 they underwent a drop of 4.6%;
- According to a recent FAO report, 37 countries currently require external assistance for food. Of them, 28 are located in Africa;
- After some significant declines, world food prices are back on an upward slope. The FAO Food Price Index (FAO) went up by 10.0% in May-November 2016 and by 10.4% in November 2015-November 2016;
- In the period 2000-2016, the Global Hunger Index (GHI) decreased from 31.0 to 21.3. However, some countries continue experiencing high levels of hunger, and the developing world as a whole has not been able yet to depart from the "serious hunger" category.

DEFINITIONS

Food Security: The World Food Summit (1996) established that "Food security exists when all people, at all times, have physical and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life". This widely accepted definition points out to the following dimensions of food security:

- Food Availability: The availability of sufficient quantities of food of appropriate quality, supplied through domestic production or imports (including food aid);
- Food Access: Access by individuals to adequate resources (entitlements) for acquiring appropriate foods for a nutritious diet. Entitlements are defined as the set of all commodity bundles over which a person can establish command given the legal, political, economic and social arrangements of the community in which they live (including traditional rights such as access to common resources);
- Utilization: Utilization of food through adequate diet, clean water, sanitation and health care to reach a state of nutritional well-being where all physiological needs are met. This brings out the importance of non-food inputs in food security;
- Stability: To be food secure, a population, household or individual must have access to adequate food at all times. They should not risk losing access to food as a consequence of sudden shocks (e.g. an economic or climatic crisis) or cyclical events (e.g. seasonal food insecurity). The concept of stability can therefore refer to both the availability and access dimensions of food security.

Food Security in Palestine: The Food Security Sector (FSS) in Palestine, co-led by the Food and Agriculture Organization (FAO) and the World Food Programme (WFP) in close cooperation with the United Nations Relief and Works Agency for the Near East (UNRWA) and the Palestinian Central Bureau of Statistics (PCBS), classify Palestinian households within four categories with respect to food security (2014):

- Food Secure: Households that have sufficient food consumption, which they will be able to maintain without use of coping strategies while meeting their essential food and non-food needs;
- Marginally Food Secure: Households that risk not being able to maintain sufficient food consumption, and households that have adequate financial means but did not adapt their diet to an acceptable level;
- Moderately Food Insecure: Households that face issues with either the quantity or quality of food consumed, which they cannot address due to their limited financial means or without resorting to irreversible coping options;
- Severely Food Insecure: Households with a severe or significant consumption gap that they cannot counter through economic means or coping mechanisms.

Poverty in Palestine: The PCBS defines poverty using the budget of a standard household (five members: two adults and three children). There are two poverty lines:

- Poverty Line: A standard household with a monthly budget below NIS 2,293 (2011) covering food, clothing, health care, education, transportation, and housekeeping supplies;
- Deep Poverty Line: A standard household with a monthly budget below NIS 1,832 (2011) covering food, clothing, and housing costs.

Standard of Living: The Standard of Living is defined as a household's food consumption relative to its total consumption. The PCBS has divided the Standard of Living into three categories:

- Higher Standard of Living: Food consumption to total consumption is less than %30;
- Middle Standard of Living: Food consumption to total consumption is %3044-;
- Lower Standard of Living: Food consumption to total consumption is more than %45.

Global Hunger Index (GHI): The GHI (2015) measures hunger and malnutrition through four weighted indicators: undernourishment, child wasting, child stunning, and child mortality. The index ranks countries on a 100-point scale and divides them into five categories:

- Low Hunger: 0.09.9-;
- Moderate Hunger: 10.019.9-;
- Serious Hunger: 20.034.9-;
- Alarming Hunger: 35.049.9-;
- Extremely Alarming Hunger: 50.0100.0-.

Undernourishment: FAO defines undernourishment as being unable to acquire enough food to meet the daily minimum dietary energy requirements, over a period of one year.

Sustainable Development Goals (SDGs): In 2015, the UN countries adopted a set of 17 goals with 169 targets to end poverty, protect the planet, and ensure prosperity for all to be achieved between 2016 and 2030 under the 2030 Agenda for Sustainable Development.

Human Development Index (HDI): The HDI is a summary measure of average achievement in key dimensions of human development: enjoying a long and healthy life; being knowledgeable; and having a decent standard of living. It is calculated based on four indicators: life expectancy at birth, mean years of schooling, expected years of schooling, and GNI per capita (Purchasing Power Parity $).

Consumer Price Index (CPI): The CPI is mostly used as a tool for measuring inflation and increases in the cost of living. It is calculated by taking price changes for the items in a predetermined basket of goods and averaging them. There are 568 items (goods and services) used by the PCBS in calculating the Palestinian CPI, and the items are weighed according to their importance. Food weighs around %40 of the total CPI, transport and communication %13, and textiles, clothing and footwear %10.

Food Price Index (FPI): The FPI compiled by FAO represents international prices of food commodities. It is calculated by taking the weighted average of five commodity group price indices: meat, dairy, cereals, oils, and sugar.

Food Security in Palestine

In mid-2016 the Palestinian Central Bureau of Statistics (PCBS) together with the Palestinian Food Security Sector (FSS) released the full report on the Socio-Economic and Food Security Survey (SEFSec) for the year 2014. The survey, initiated in 2009, aims at identifying and characterizing trends and changes in the food security status of Palestinian households. The delay in the publication was necessitated by major changes in the methodology used for assessing food security and insecurity in Palestine. The new methodology reflects the multidimensional determinants of food insecurity in Palestine, through the development of a three-pillar structure based on:

1) Asset-based poverty;
2) Qualitative and quantitative aspects of food consumption;
3) Resilience – measuring the capacity of households to adapt, transform, and cope with shocks.

The final draft report conveys a food insecurity rate of 26.8% across Palestine in 2014, which means that 1.6 million Palestinians were severely or moderately insecure that year. This rate marks an improvement in the food insecurity situation since 2013 when 29.7% of Palestinian households lacked food security. In addition, in 2014 15.0% of households were moderately food secure, while 58.3% enjoyed food security.

Regional Differences

The stark contrast in the food security situation between the West Bank and the Gaza Strip continued for another year. In the West Bank, 70.4% of households were food secure in 2014, an improvement of 3.6 percentage points from 2013. The proportion of severely food insecure households dropped from 8.2% in 2013 to 5.5% in 2014. Overall, a total of 556 thousand people were food insecure (severely or moderately) in the West Bank in 2014, compared to 681 thousand in 2013.

It is important to highlight that occupational status is a major determinant of food security in the West Bank. Households headed by skilled, high-salary professionals enjoyed the highest rate of food security, while households with heads employed in elementary or artisan occupations suffered from food insecurity most frequently. Restrictions to the freedom of movement also had a significant impact on food security status. Naturally, those who faced more limitations experienced higher food insecurity rates.

The prevalence of food insecurity in the Gaza Strip in 2014 was more than two-fold the West Bank rate. In Gaza 46.7% of households were food insecure, compared to 16.3% in the West Bank. The results are alarming as more than a quarter (28.4%) of households in Gaza are severely food insecure, while only a little bit more than a third (35.1%) are food secure. In total, nearly one million people in Gaza are food insecure, almost double the number in the West Bank despite the smaller population there.

The food security paths of the West Bank and the Gaza Strip are actually diverging as the food security situation in Gaza worsened between 2013 and 2014, while the opposite was true for the West Bank. The main reasons for this deviation are the closure of illegal trade tunnels with Egypt in 2013, recurrent conflict, and long-standing economic development difficulties resulting from the blockade. For comparison, the proportion of food insecure households increased from 44.5% in 2013 to 46.7% in 2014, while the proportion of food secure households declined from 55.5% to 53.4% over the same period.

In Gaza the occupational status of the household head also played a major role in determining food security. Households employed in the construction sector faced the highest levels of severe food insecurity, whereas those working as skilled professionals enjoyed the most food security.

Resilience to Food Insecurity

The new methodology for measuring food insecurity in Palestine introduced the concept of resilience. A large proportion of Palestinian households reported having faced traumatic shocks in 2014. In both the West Bank and the Gaza Strip the high cost of food supply was the most prevalent shocks, for 88.8% and 93.2% of households, respectively. While less than 18% of West Bank households faced any other major shock, shocks were very frequent in Gaza. In specific, 72.3% of Gaza households suffered from shortage of water; 45.8% were incapable of paying treatment cost; 35.8% were unable to receive health care; and 35.4% experienced delays in the payment of salaries.

Naturally, families in both regions had to adopt coping strategies in order to mitigate the effects of these shocks on their food security situation. Buying and consuming fewer types of and less expensive food items was the leading coping strategy in both regions but was more prevalent in the Gaza Strip, where 81.7% of households were forced to take such measures, compared to 44.0% of West Bank households. In Gaza purchasing food on credit was also widely practiced (65.9% of households), followed by purchasing from low quality markets (58.5%) and eating preserved food (56.6%).

Recommendations

The 2014 SEFSec report concludes with some important recommendations targeted at various stakeholders in the Palestinian food security situation. First and foremost, the report emphasizes that the only way to address the challenge of food insecurity in the Palestinian context in any sustainable manner is to address the root causes, namely the access restrictions in the West Bank and the blockade of Gaza.

The second set of priority actions aims at promoting inclusive and equitable economic growth through reviving the productive capacity of the Palestinian economy. Such measures are needed since the lack of economic opportunities – meaning poverty and unemployment – are the main constraints to access to food in Palestine.

In the face of shrinking donor resources, food aid interventions should be designed based on targeted needs. Special attention should be paid to vulnerable population groups including female-headed households, refugee households, camp residents, and households with persons with disabilities or chronic illnesses. Similarly, more efforts are needed in terms of protecting livelihood groups such as the urban poor, farmers, herders, fishers, and female-headed households through resilience-enhancing programs.

Table 1: Number of Food Insecure Individuals by Region, 2013-2014

	West Bank		Gaza Strip	
	2013	2014	2013	2014
Severely food insecure	288,704	210,737	600,438	664,416
Moderately food insecure	392,659	344,876	311,283	333,613
Marginally food secure	326,542	416,973	272,471	292,889
Food secure	1,776,345	1,887,393	578,925	531,101
Total	2,787,250	2,859,979	1,763,118	1,822,020

Source: SEFSec, 2014.

Food Security Sector Funding

The main tool for fundraising for the FSS in Palestine is through the Humanitarian Response Plan (HRP). The HRP allows for a high degree of coordination among the various actors in the FSS in order to avoid duplication of actions, to ease partnerships, and to facilitate submissions to donors. The HRP is not limited to food security only but is comprised of seven sectors: education, coordination and support services, water, sanitation and hygiene (WASH), health and nutrition, protection, shelters, and food security.

FSS Funding Appeal 2016

In 2016 the Palestinian FSS funding needs totaled $322 million. The largest share was for projects related to food assistance, 57% of the total, followed by cash based programs (26%) and livelihood support actions (18%). However, the FSS in Palestine received only $137 million in funding for the year 2016, which means that the funding ratio was 47%. This funding ratio is relatively low compared to other countries in the region: namely, 85% in South Sudan, 84% in Iraq, 59% in Yemen, and 56% in Sudan (although higher than Libya at 37%). The lower rate in Palestine can be explained by the shifting donors' priorities in the region as a result of the humanitarian emergency situations in these countries. With regards to sectoral distribution coordination and support services (74%) and protection (68%) enjoyed higher funding rates in 2016, health and nutrition (40%), shelters (39%), education (35%), and WASH (30%) were less successful in attracting funds.

Per type of project, food assistance attracted the most funding in 2016, or 79% of the total amounted allocated to the FSS, followed by cash based programs (13%) and livelihood support (8%). While the funding ratio for food assistance was well above the average for the FSS at 60%, cash based programs and livelihood support faced significantly lower funding ratios, a 22% and 18%, respectively.

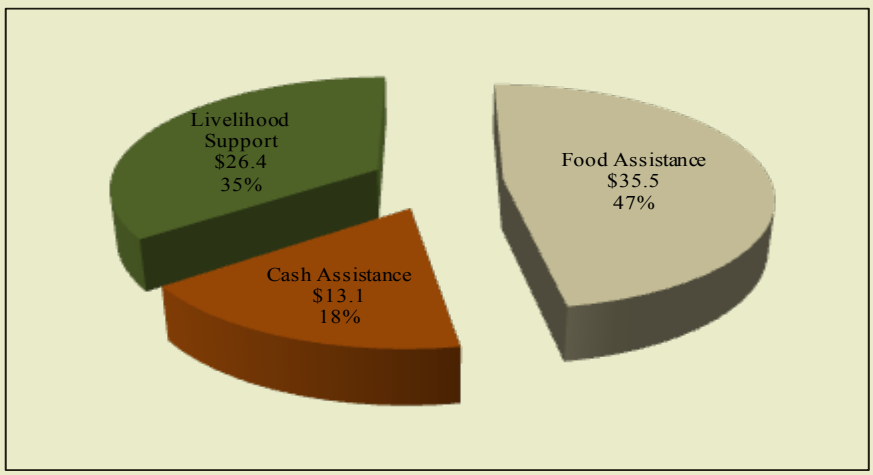
Vast differences are observed in the appealed and received funds based on the type of applicant. From the total amount appealed, as much as 90% was requested by United Nations (UN) agencies. Only 8% of the total was requested by international non-governmental organizations (iNGOs), while the appeal from national partners reached 3%. Similarly, UN agencies received the largest share of the funds, at 93% of the total, followed by iNGOs (7%) and national actors (less than 1%). The funding ratio was the highest for UN agencies (44%) and a bit lower for iNGOs (39%), whereas national agencies succeeded at attracting only 3% of the requested funds.

FSS Funding Appeal 2017

In 2017 the total value of the HRP appeal reached $547 million, 55% of which has been requested by the FSS. Meanwhile, shelters required 19%, protection – 10%, WASH – 7%, education – 4%, coordination and support services – 3% and health and nutrition – 2%. The total FSS appeal is equivalent to $300 million, including both the West Bank and the Gaza Strip. Due to the very different situations in the two regions with respect to food security needs and programs, the appeal for the West Bank accounts for a quarter of the total ($75 million), while the remaining $225 million was requested for Gaza. At the national level, just above half of the requested funding is planned for food assistance projects (52%), while 28% are allocated to cash based programs, and 20% – to livelihood support. The total number of beneficiaries would reach 1.57 million people, the vast majority of whom are located in Gaza, due to the direst food insecurity situation there.

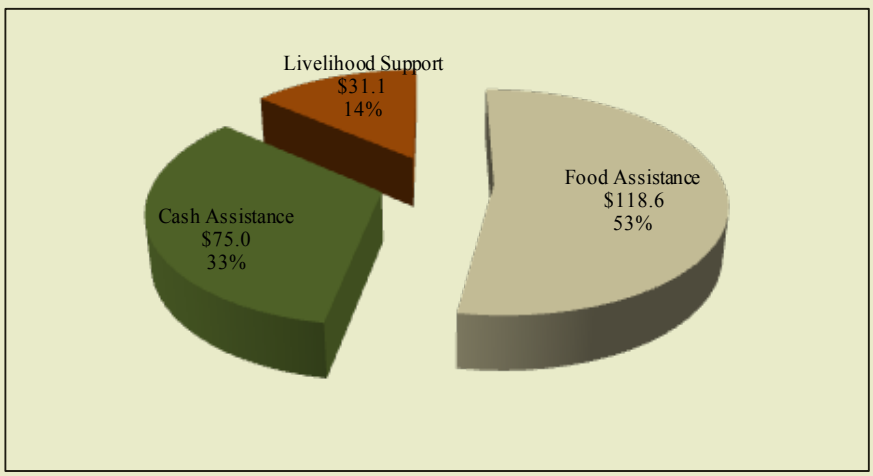
Similar to previous years, the majority of the funds appealed are requested by UN agencies (85%), while the shares of iNGOs (8%) and local partners (7%) are nearly the same this time. It is important to note that 40% of the funds are allocated for projects to be implemented by different types of

Figure 1: Appeal by Project Type in the West Bank, 2017 (in million $)



Source: FSS

Figure 2: Appeal by Project Type in the Gaza Strip, 2017 (in million $)



Source: FSS

partnerships within the FSS. About half of those funds requested for partnership initiatives envision collaboration between a UN agency and an INGO; 24% between a UN agency and a national NGO; 16% between an INGO and a Palestinian NGO; 6% among UN agencies; and 5% among local NGOS.

In the West Bank the requested $75 million would be used to target 370 thousand food insecure individuals. There are 17 partners working in the FSS in the West Bank: 7 Palestinian and 10 international. These 17 stakeholders plan to implement 27 food security projects: 13 Palestinian projects and 14 international ones. Respectively, $9 million have been appealed for by Palestinian partners and $66 million by international partners, which means that national projects are significantly smaller than international ones. By project type, 47% of the funds are requested for food assistance, 35% or livelihood support, and 17% for cash assistance. In terms of governorates, the highest amount of funds has been requested for projects in the Hebron governorate ($23 million, or 37% of the total West Bank appeal), and the lowest – for the Salfit governorate ($2 million, or 2% of the total West Bank appeal). The average per capita investment planned in the West Bank is $24.90.

Meanwhile, the FSS partners plan to benefit 1.2 million food insecure people in the Gaza Strip, with the requested $225 million. The distribution of funds per project type in Gaza is different from in the West Bank. More than half of the funds have been planned for food assistance (53%), a third for cash assistance, and 14% for livelihood support. In Gaza 26 partners work in the FSS: 11 Palestinian organizations and 15 international ones. The 37 planned food security projects are distributed as follows: 16 by Palestinian partners and 21 by international ones. However, international projects required 95% of the total funds appealed, because of the larger scale. At the governorate level, the most funds were requested for Gaza, and the least for Rafah. The overall per capita investment planned in the Gaza Strip amounts to $115.60, or nearly five-fold the West Bank level.

Food Prices in Palestine

Food prices in Palestine, as measured by the Food Price Index (FPI) reported by the Palestinian Central Bureau of Statistics (PCBS), remained volatile. Food prices went up in June (0.9%), July (0.4%), and August (2.8%) before declining in September (0.8%), October (2.9%), and November (0.2%). As a result, between May 2016 (the last month reported in Food Security Bulletin 14) and November 2016 (the latest month currently reported by the PCBS), the Palestinian FPI marked a minor overall increase of 0.1% and amounted to 105.2 points at the end of the period. Over the course of a year – between November 2015 and November 2016 – food prices in Palestine dropped by 4.6%. The reasons for this drop are explained below.

Food Prices versus General Consumer Goods Prices

The FPI is a major component of the Consumer Price Index (CPI) measured by the PCBS, with a relative weight of about one third. This explains why the FPI and the CPI for Palestine followed more or less the same path in the second half of 2016. The only month in which there was a discrepancy between the two indices was September, when food prices went down by 0.9%, while commodity prices increase by 0.1%. In the period May 2016-November 2016, the CPI declined by 0.3%, while the FPI rose by 0.1%. Year-on-year, overall consumer prices declined by 1.1%, whereas the drop in food prices was more pronounced at 4.6%.

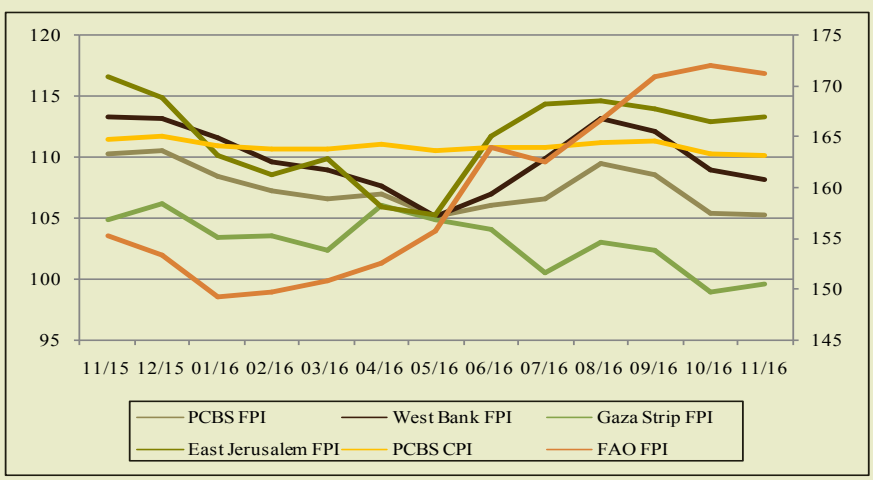
Domestic Food Prices versus World Food Prices

Figure 3 compares Palestinian food prices, measured by the PCBS FPI, with world food prices, measured by the Food and Agriculture (FAO) FPI. The two indices continued following rather distinct paths because of the large proportion of locally produced items in the Palestinian FPI, which makes it relatively immune to changes in the global food price levels. Over the course of just six months (May 2016-November 2016), world food prices increased by 10.0%, compared to only a minor rise of 0.1% in Palestine. Between May 2015 and May 2016, the FAO FPI went up by 10.4%, whereas the PCBS FPI dropped by 4.6%.

Domestic Food Prices by Region

The Palestinian FPI is the weighted-average of three separate indices: for the West Bank (0.59), the Gaza Strip (0.34), and East Jerusalem (0.07). As expected, food prices at the country level follow most closely the changes in the West Bank, which has the highest relative weight. In May 2016-November 2016, the World Bank FPI increased by 2.8%, while it marked a decline of 4.6% year-on-year. The FPI for Gaza dropped by 5.0% in both studied periods. Food prices in East Jerusalem rose the most in recent months (by 7.6%), and they fell the least over the course of the last year (by 2.8%).

Figure 3: PCBS FPI by Region, PCBS CPI (Base Year 2010=100) and FAO FPI (Base Year 2002-2004=100), November 2015-November 2016



Source: PCBS, 2016 and FAO, 2016.

Table 2: Prices of Basic Food Items in Palestine, November 2015-November 2016 (NIS)

Items	Unit (Kg)	Nov 2015	Dec 2015	Jan 2016	Feb 2016	Mar 2016	Apr 2016	May 2016	Jun 2016	Jul 2016	Aug 2016	Sep 2016	Oct 2016	Nov 2016	Change Oct 2015-May 2016 (%)	Change May 2015-May 2016 (%)
Rice	25	135.9	135.3	133.6	134.4	135.7	134.1	134.1	134.7	135.6	134.5	134.0	133.8	130.3	-2.8	-4.1
White Flour	60	146.8	150.2	145.7	146.8	146.0	144.3	144.5	140.2	140.0	138.7	144.5	137.8	137.5	-4.7	-6.3
White Bread	1	3.8	3.8	3.8	3.8	3.7	3.7	3.8	3.8	3.8	3.7	3.7	3.7	3.7	0.0	-2.6
Fresh Beef	1	55.5	55.9	55.1	54.2	53.6	53.3	52.8	53.6	53.8	53.0	52.7	52.4	50.8	-4.7	-8.5
Fresh Chicken	1	14.4	15.9	15.1	15.5	15.1	13.7	13.8	13.7	13.0	15.9	14.6	13.6	13.8	0.7	-4.2
3% Milk	1	7.5	7.5	7.5	7.5	7.4	7.4	7.4	7.4	7.4	7.4	7.3	7.4	7.4	0.0	-1.3
Chicken Eggs	2	13.9	14.6	13.4	13.2	12.4	11.1	11.0	11.7	11.9	14.4	15.2	14.1	15.0	35.1	7.9
Olive Oil	1	30.9	30.8	31.5	31.0	31.5	31.5	31.4	31.4	31.6	31.3	31.7	30.8	31.0	-1.6	0.3
White Sugar	50	127.6	127.2	126.5	126.7	126.9	128.3	130.1	134.3	146.9	148.0	146.1	149.0	151.4	18.0	18.7

Source: PCBS, 2016.

Prices of Basic Food Items

Table 2 shows the monthly prices of nine basic food items in Palestine between November 2015 and November 2016 in addition to the changes in them between: 1) May 2016 and November 2016 and 2) November 2015 and November 2016.

Generally speaking, in the period May 2016-November 2016, the prices of four items decreased, of two items increased, and of two items stayed unchanged. The prices of both white flour and fresh beef dropped by 4.7%, while the price of rice fell by 2.8%, and the price of olive oil declined by 1.6%. The prices of white bread and milk remained the same despite some minor fluctuations throughout the period. The most significant price increase was experienced by fresh eggs, the price of which went up by 35.1%. The price of fresh chicken also increased in August but went back down, for an overall rise of 0.7%. The increase in the price of white sugar was also considerable,18.0%.

On annual basis, most food items prices went down, with the exception of white sugar (+18.7%) and chicken eggs (7.9%), whereas the price of olive oil remained about the same.

Global Food Situation

A recently released report by FAO, titled "Crop Prospects and Food Situation", warns that currently 37 countries around the world are in need of external assistance for food. Countries requiring external assistance for food are such which lack the resources to deal with reported critical problems of food insecurity. While food crises are complex phenomena resulting from a combination of factors, for the purpose of response planning it is important to establish the nature of the crisis as predominantly related to lack of food availability, limited access to food, or severe localized problems. Based on these criteria, FAO organizes countries in need of external food assistance in three broad categories:

1. Countries facing an exceptional shortfall in aggregate food production/supplies, resulting from crop failure, natural disasters, interruption of imports, disruption of distribution, excessive post-harvest losses, or other supply bottlenecks;
2. Countries with widespread lack of access, in which a majority of the population is unable to procure food from local markets due to very low incomes, exceptionally high food prices, or inability to circulate within the country;
3. Countries with severe localized food insecurity, due to influx of refugees, concentration of international displaced persons, or areas with combinations of crop failure and deep poverty.

According to this classification, severe localized food insecurity is the main driver of countries' inability to provide for their own food. Out of the 37 countries in need of external assistance, 19 fall within this category, while 14 suffer from widespread lack of access, and the remaining four face exceptional shortfall in aggregate food production/supplies.

Regional Distribution

Africa is the region hosting the highest number of countries which require external food assistance, a total of 28. The reasons for these food crises are as diverse as the countries themselves: from tight cereal supply and higher food prices in Malawi, through economic downturn, steep appreciation of the local currency, population displacements and severe civil insecurity in Nigeria, to lingering impact of the Ebola Virus Disease (EVD) outbreak in Guinea, Liberia, and Sierra Leone.

In Asia, a total of eight countries require external assistance for food: Syria falls within the first category; the Democratic People's Republic of Korea and Yemen within the second; and Afghanistan, Iraq, Libya, Myanmar, and Pakistan within the third. Ongoing civil conflict, civil insecurity, and population displacement are the prevailing causes of food crises in Asia, in addition to low agricultural outputs and high prices.

Finally, Haiti is the only country in Latin America and the Caribbean in need of external food assistance. This is the consequence of recurrent droughts and hurricane damage.

Countries with Unfavorable Prospects for Current Crops

In addition, FAO has identified two countries which face unfavorable prospects for current crops. Namely, these are countries where prospects point to shortfalls in the production of current crops as a result of a reduction in the planted area and/or a drop in the yields due to adverse weather conditions, plant pests, diseases, and other calamities. The first country is the Central African Republic, which suffers from widespread conflict, leading to large-scale displacements, loss and depletion of households' productive assets, and input shortages. The other such country is Sri Lanka, which is facing prolonged droughts,

affecting 1 million people in 23 out of the 25 districts.

Regional Reviews

The report also provides short descriptions of the crop prospects and the expected food situation around the globe, by region and sub-region. In North Africa, despite favorable prospects for 2017 winter crops, FAO expects above-average import requirements for the 2016/2017 marketing year due to a below-average 2016 cereal harvest. The prices of coarse grains are stable or declining and at relatively low levels throughout West Africa, expect in Nigeria, where the food crisis in Nigeria is forecast to continue deepening, as a result of the continuing civil conflict and the internal displacement of 2.6 million people. In Central Africa the 2016 cereal harvest was below the average. Prospects in the Central African Republic remain uncertain because of persistent civil insecurity. There the 2016 aggregate production of food crops increased by 16% from the 2015 output but still remained 17% below the pre-crisis average level (2008-2012). Meanwhile, the situation in East Africa is rather worrisome as drought is severely affecting secondary season crops in Somalia, Kenya, Uganda, and northern Tanzania, as well as pasture condition. The already high prices of cereals continue to rise further to record levels in the sub-region. Famine has been declared in parts of South Sudan, where food insecurity has escalated during the past three years of conflict, violence, macro-economic collapse, and exhaustion of households' coping mechanisms. The food insecurity crisis in Somalia continues, where 3 million people are severely food insecure, more than double the number of people six months ago.

In the Far East, the aggregate cereal production for 2016 is estimated at a record level, mostly owing to a strong increase in India. At the same time, cereal imports in the 2016/2017 marketing year are forecast to decline by 3%, due to declining purchases of barley, maize, and sorghum by China.

In the Near East, the outlook for the 2017 winter crops is favorable in the main producing countries. The 2016 winter cereal crops harvest was above average, leading to lower import requirements. However, agricultural activities remained suppressed in Syria, Yemen, and Iraq as a result of the continuing conflict and the consequent lack of inputs. Yemen, in specific, is currently at risk of famine. According to data from November 2016, a total of 17 million people are food insecure in Yemen, an increase of 3 million from June 2016. At the moment 65% of Yemeni households are food insecure, compared to 41% before the security crisis. Meanwhile, in Iraq 2.4 million individuals are food insecure (1.5 million severely food insecure), in Syria – 7 million people, and in Afghanistan 9.7 million are moderately food insecure, in addition to 1.6 million severely food insecure.

The crop production and food security situation remains significantly more stable and predictable in Latin America and the Caribbean, South America, North America, Europe, and Oceania.

World Food Prices

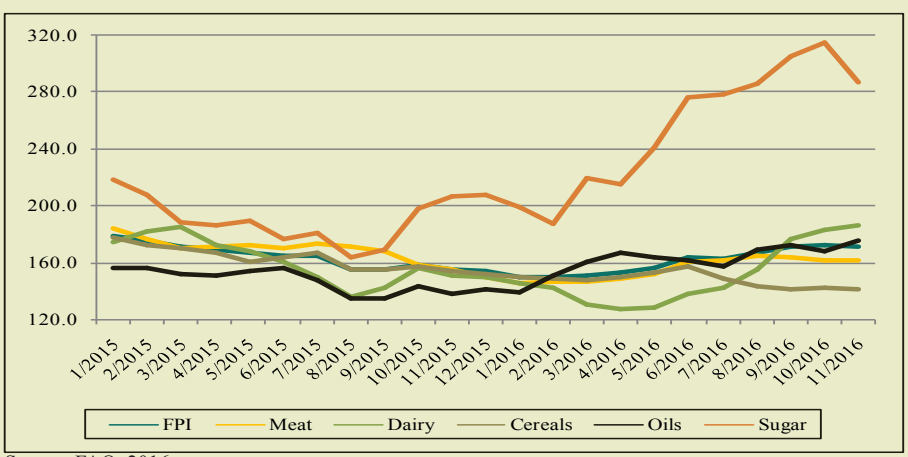
World food prices continued their upward path in the second half of 2016, which started at the beginning of the year, after major declines in 2014 and 2015. Between May 2016 (the last month reported in Food Security Bulletin 14) and November 2016 (the latest month currently reported by FAO), the FAO FPI increased by 10.0%, while it went up by 10.4% year-on-year. In October the index reached 172.0 points, the highest level since February 2015 (175.8 points).

According to the most recent edition of the FAO "Food Outlook: Biannual Report on Global Food Markets", world food markets are expected to remain well-balanced due to large export availabilities and relatively low and stable prices, particularly for cereals. The world food import bill is forecast to reach a six-year low while remaining above the $1 trillion mark.

World Food Prices of Basic Food Commodities

Figure 4 below shows the movements in the FAO FPI over the course of the last two years in addition to the trends in the prices of the five basic food commodity groups which make up the overall index: meat, dairy, cereals, oils, and sugar. Following is a description of the changes in the prices of these items in the past few months.

Figure 4: FAO Overall FPI and for Five Basic Food Commodities, January 2015-November 2016 (Base Year 2002-2004=100)



Source: FAO, 2016.

Meat Price Index

The global price of meat continued going up, a trend which started in April 2016. Between May and November 2016, the meat FPI increased by 6.3%, while the year-on-year rise was 4.5%.

According to FAO, world mean production stagnated in 2016 at 320 tons. Whereas production grew in the US, the EU, Brazil, India, Mexico, Canada, and Russia, the reduction in China and Australia offset this growth.

Dairy Price Index

After May 2016, the world price of dairy products increased significantly. The rise up to November was 45.6%, bringing the year-on-year increase to 23.4%. The November 2016 dairy FPI (186.4 points) was the highest since September 2014 (187.8 points).

FAO explains this price increase with a reduction in export supplies. Meanwhile, in 2016 milk production went up by 1.1% worldwide.

Cereals Price Index

Cereals was the only food commodity the price of which continued going down in the second half of 2016. Between May and November 2016, the cereals FPI declined by 7.1%, while it decreased by 7.9% year-on-year. Actually in September 2016 the cereals FPI reached its lowest level (140.9 points) since October 2016 (132.4 points).

According to FAO, the reasons for this drop in cereal prices include: a record world production of wheat accompaned by ample inventories, a record output in coarse grains production in the US, and an expansion in the global production of rice for the first time in the past three years. Generally cereals prices in the global markets are expected to continue going down in 2017 due to extensive trade.

Oils Price Index

The FPI for oils continued increasing in the second half of 2016. Between May and November, global oils prices went up by 7.5%. The increase between November 2015 and November 2016 was significant at 27.0%. The November 2016 level of the oils FPI (175.6 points) was the highest since July 2014 (181.1 points).

FAO forecasts the global demand-supply situation in meals and oils to remain balanced in 2016/2017. Oil and meal output is expected to rebound due to a recovery in soybean and palm oil production, while global demand will continue steadily growing.

Sugar Price Index

The upward trend in the global price of sugar continued in 2016. Between May and November, the sugar FPI went up by 19.4%, the second most substantial increase by dairy products. Year-on-year, sugar prices rose by 39.1, the highest increase across all basic food commodities. The sugar FPI reached its highest level in October 2016 (315.3 points) since July 2012 (324.3 points).

According to FAO, the reason for this major rise in the price of sugar in the global market was unfavorable weather conditions in Brazil, the world's largest sugar producer and exporter.

Literature Review

Global Hunger Index 2016

Recently the International Food Policy Research Institute (IFPRI), Concern Worldwide, and Welthungerhilfe (WHH) have published the eleventh annual Global Hunger Index (GHI) report , for the year 2016, titled "Getting to Zero Hunger". The GHI is a tool for measuring hunger in a comprehensive manner in addition to tracking trends at the global, regional, and country levels.

GHI Composition

Hunger is a complex issue with numerous aspects. The authors of the report emphasize the importance of three different concepts needed to describe hunger in a complete manner:

1. **Hunger**: usually is associated with the distress resulting from the lack of food. FAO defines food deprivation – or undernourishment – as the consumption of fewer than 1,800 kilocalories a day, which is considered the minimum that most people require to live a healthy and productive life;
2. **Undernutrition**: looks at the aspects of hunger beyond calories and includes deficiencies in the energy, protein, and essential vitamins and minerals intake. Thus, undernutrition results from inadequate consumption of food in terms of either quantity or quality and/or poor utilization of nutrients;
3. **Malnutrition**: looks at both undernutrition (deficiencies in food intake) and overnutrition (unbalanced diets).

In an attempt to provide a comprehensive measure of hunger, the GHI is composed of four indicators:

1. Undernourishment: Measured by the proportion of undernourished people as percentage of the total population;
2. Child wasting: Measured by the proportion of children under the age of five who have low weight for their height, reflecting acute undernutrition;
3. Child stunting: Measured by the proportion of children under the age of five who have low height for their age, reflecting chronic undernutrition;
4. Child mortality: Measured by the mortality rate of children under the age of five, reflecting inadequate nutrition as well as unhealthy environments.

GHI Severity Scale

The GHI is measured on a 100-point scale, in which 0 signifies zero hunger (the best score), and 100 signifies the worst score. The GHI severity scale is divided into the following categories:

- Low hunger: 0-9.9;
- Moderate hunger: 10.0-19.9;
- Serious hunger: 20.0-34.9;
- Alarming hunger: 35.0-49.9;
- Extremely alarming: 50.0-100.

Global GHI

Significant progress has been made in reducing hunger in the developing world in recent years. Since the year 2000 the GHI score for the developing world has dropped from 30.0 to 21.3. However, this reduction of 29% has not been enough to take the developing world as a whole out of the "serious hunger" category. Importantly, achievements have been reported in all indicators. Undernourishment has declined from 18.5% in 2000 to 13.1% in 2016. Over the same period, child wasting decreased from 9.9% to 8.4%, child stunting from 37.8% to 28.1%, and child mortality from 8.2% to 4.7%.

Regional GHI

Major differences continue to exist among the regions of the developing world in terms of the prevalence of hunger. Hunger remains the most significant problem in Sub-Saharan Africa, with a GHI score of 30.1, followed closely by South Asia, which scored 29.0. In East and Southeast Asia the GHI is 12.8%, while it is 11.7% in the Near East and North Africa. The regions of Eastern Europe and the Commonwealth of Independent States as well as Latin America and the Caribbean achieved the lowest scores: 8.3 and 7.8, respectively. Progress in Sub-Saharan Africa, South Asia, and East and Southeast Asia since 2000 has been comparable: 17.8 points, 17.4 points, and 16.6 points, correspondingly. It is important to note that the contributions of the four hunger indicators vary majorly from one region to another, which means that different parts of the world face different challenges in their combat against hunger.

Country-Level GHI

Country-level differences in the GHI are remarkable both within and across regions. Although there are no countries suffering from "extremely alarming" hunger in 2016, seven countries still have "alarming" levels

of hunger. Other 42 countries face "serious" levels of hunger. The countries which scored the highest GHI in 2016 are: the Central African Republic (46.1), Chad (44.3), and Zambia (39.0), all located in the Sub-Saharan African region. These countries have been slow in their progress towards eradication of hunger as they have achieved relatively low percentage reductions in hunger during the two monitoring periods starting from 1992 and 2000. Overall, 22 countries improved their GHI score by 50% or more, while 70 countries experienced a drop between 25% and 49.9% from 2000 to 2016. Namibia and Sri Lanka are the two countries with the lowest percentage drops since 2000. The reason for this delay in Sri Lanka has been an increase in the prevalence of child wasting, most probably owing to multiple micronutrient deficiencies among children. In Namibia, meanwhile, undernourishment has gone up, due to rises in food prices resulting from erratic rainfalls including frequent droughts and flooding.

Policy Recommendations

The GHI 2016 report concludes with a set of policy recommendations for achieving Sustainable Development Goal (SDG) 2: End hunger, achieve food security and improved nutrition, and promote sustainable agriculture. The IFPRI connects progress in SDG 2 with progress in the remaining 16 SDGs. The chief recommendations proposed in the report include:

- Prioritize policy coherence for sustainable development at the national and international levels and coordinate across key sectors and programs to realize Zero Hunger;
- Integrate actions geared towards Zero Hunger including hunger, food security, nutrition, and sustainable development into national development plans;
- Prioritize agricultural production for food and nutrition security while improving infrastructure, technology, transportation, distribution, and policies to minimize food loss and food waste;
- Address the structural inequalities within the international trade and financial systems and target national and international policies and programs at improving the food and nutrition security of the most marginalized groups;
- Collect data at the country level and develop indicators at the global level to assess the impact of food and nutrition policies;
- Mobilize international organizations and civil society to hold governments accountable for the wellbeing of their populations.

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