

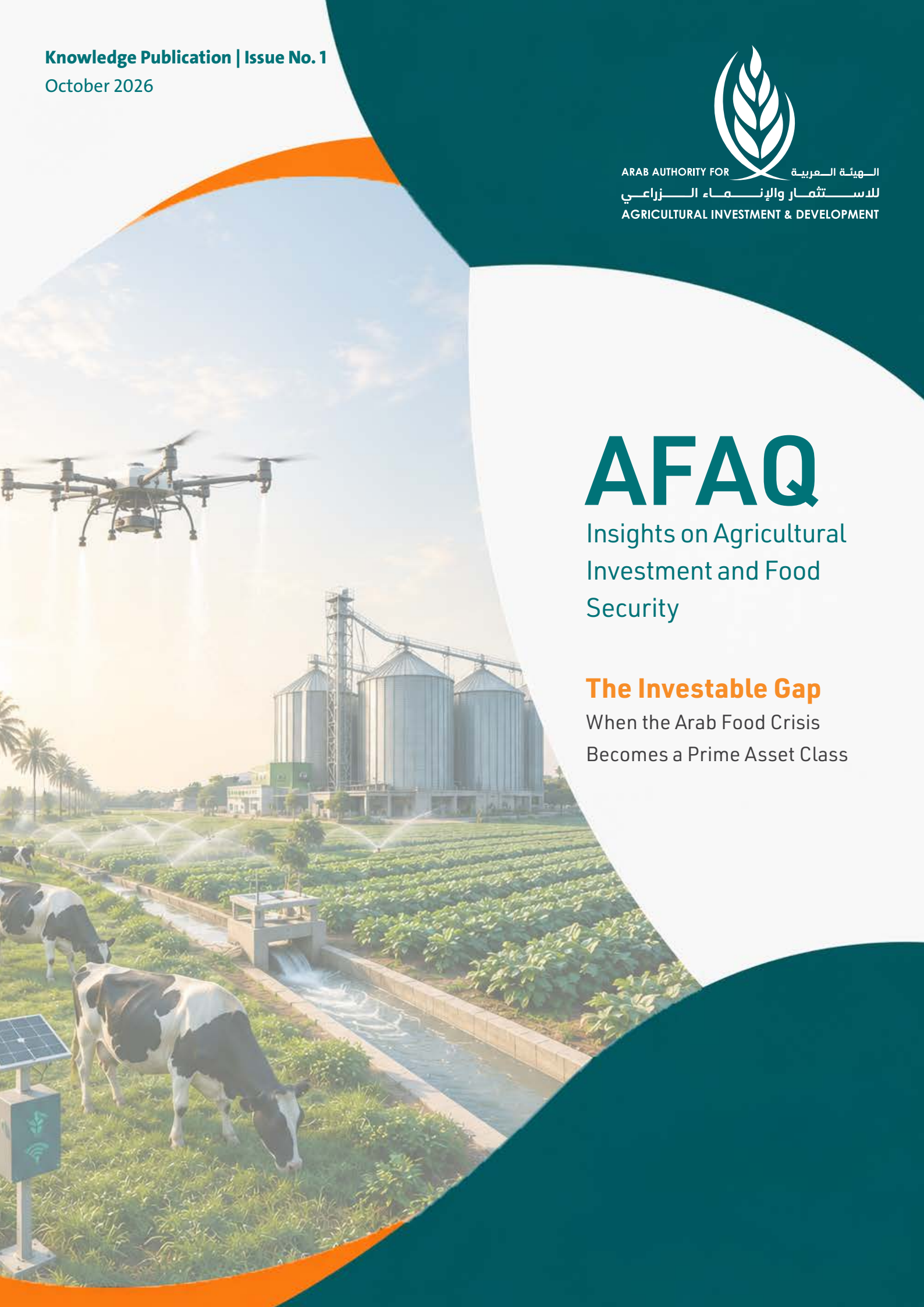


AFAQ

Insights on Agricultural
Investment and Food
Security

The Investable Gap

When the Arab Food Crisis
Becomes a Prime Asset Class



About AAAID

The Arab Authority for Agricultural Investment and Development (AAAID) is an independent Arab financial institution established in 1976 under an agreement among Arab countries. With a membership of 21 Arab states, AAAID works to strengthen Arab food security by investing in the agricultural and food sectors and by developing projects and partnerships capable of generating sustainable economic returns and delivering tangible development impact.

AAAID adopts an integrated approach that brings together investment, development, and specialized services. Through its investment role, the Authority identifies, assesses, and develops investment opportunities and contributes to the establishment and development of companies and projects across agricultural and livestock production, food processing, and agricultural services. It also builds strategic partnerships and mobilizes capital and financing for projects that contribute to food security. In parallel, AAAID works to enhance the performance of its investment portfolio and continuously develop its investment instruments in line with the principles of sustainability, governance, and risk management.

This investment mandate is complemented by AAAID's development role, which focuses on supporting small-scale producers and rural communities, facilitating the transfer of modern agricultural technologies and practices, building capacities, and disseminating knowledge. These efforts contribute to improving productivity and strengthening the sustainability of natural resources and agricultural and food value chains.

AAAID also provides specialized technical and advisory services to support the development of investments and projects. These services include the identification, assessment, and evaluation of investment opportunities; feasibility studies; due diligence; the evaluation, rehabilitation, and expansion of existing projects; and support for the structuring of investments and companies. Through the integration of these roles, AAAID seeks to transform food security challenges into viable and implementable investment opportunities, while promoting investment flows, partnerships, and greater integration across value chains, thereby contributing to a more efficient and sustainable Arab food system.

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Enhancing Investment Readiness and Strategic Partnerships in the Agricultural and Food Sector

Executive Summary

The release of the first issue of AFAQ coincides with a pivotal moment in the history of Arab food security, in which accumulated structural pressures intersect with genuine investment opportunities that rarely converge at once. The Arab world today faces a food gap approaching USD 50 billion annually (USD 49.98 billion in preliminary estimates for 2025), within a food market exceeding USD 430 billion and growing at an annual rate of 8.6%. In plain terms, the region consumes what it does not produce, and imports what it could produce itself.

Key Messages

- The Arab food market exceeds USD 430 billion, growing at 8.6% annually, with projections to surpass USD 560 billion by 2029.
- The Arab food gap, approaching USD 50 billion a year, is not merely a crisis—it is a structural investment opportunity for investors capable of developing integrated projects.
- The highest economic value is not captured in primary production alone, but in storage, processing, and logistics chains.
- The Arab region does not suffer from a shortage of agricultural opportunities, but from a shortage of investment-ready projects.
- The Arab Authority for Agricultural Investment and Development (AAAID) possesses an integrated model combining equity participation, project development, and technical expertise.

Food security indicators reveal the scale of fragility: 77.5 million people suffer from hunger, 197.7 million face food insecurity, while 186 million cannot afford a healthy diet [2]. What distinguishes this stage, however, is that these figures are increasingly being translated – in the corridors of governments, development institutions, and investment fund managers – into a clear investment agenda: who finances production? Who builds grain storage facilities? Who develops cold chains? Who structures agricultural projects to make them bankable?

This first issue of AFAQ presents an integrated analytical framework linking food security analysis, agricultural market analysis, and investment opportunity assessment through a multi-criteria methodology, while highlighting the pivotal role of The Arab Authority for Agricultural Investment and Development (AAAID) in converting these opportunities into implementable projects. The publication highlights eight priority investment areas and six strategic directions for strengthening agricultural investment, together with a six-pillar action agenda aimed at key stakeholders across the investment and development ecosystem.

Key Findings

- The Arab food gap is concentrated in a limited number of strategic commodities, chiefly grains, feed, and vegetable oils.
- Integrated investments across value chains generate higher returns and opportunities than investment in primary production alone.
- Agricultural infrastructure and logistics services are among the most important enablers of sustainable agricultural investment.
- Investment partnerships and financing institutions are playing a growing role in accelerating the development of investable agricultural projects.
- Multi-criteria evaluation methodologies help direct capital more effectively toward the highest-impact, most investment-ready opportunities.

1. Food Security Analysis in the Arab World

1.1 Overview: Structural Challenges with an Investment Dimension

- Arab countries face mounting structural challenges in achieving food security, linked to limited natural resources, climate change, and rising dependence on food imports, alongside significant disparities in production capacity and agricultural infrastructure among Arab states. This inherent disparity, in fact, opens a genuine window for regional integration in agricultural production and investment.
- Recent data point to a continued rise in food insecurity indicators across the Arab region. What warrants reflection is that these figures are rising in a region endowed with vast, underutilized production potential — from expansive agricultural land in Sudan, Iraq, and Algeria, to water resources that could be managed and utilized more efficiently, to a growing human capital base. The equation, then, is not one of scarcity, but one of resource management and investment structuring. Table (1) presents the key food security indicators for Arab countries.

Table (1): Key Food Security Indicators in Arab Countries – 2024

Indicator	Value	Investment Significance
People suffering from hunger	77.5 million	
Moderate or severe food insecurity	197.7 million	Urgent need to increase production and access to food
Unable to afford a healthy diet	186 million	Opportunity to develop food distribution and processing chains
Cost of a healthy diet		Massive latent demand for affordable food
	USD 4.26/person/day	Up 40% since 2019 – pressure on consumption

Source: Food and Agriculture Organization of the United Nations (FAO) et al., Regional Overview of Food Security and Nutrition in the Near East and North Africa 2025: Statistics and Trends, 2025 [2].

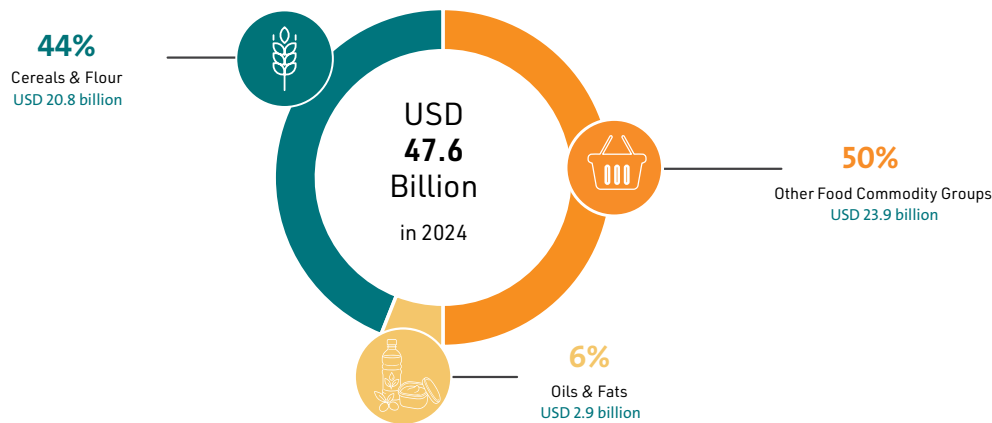
These indicators suggest that food security challenges in Arab countries are no longer linked solely to increasing production, but also to improving value chain efficiency and economic capacity to access food – making agricultural and food investment an integral part of addressing the region’s developmental and economic challenges.

1.2 The Food Gap in Strategic Commodities

- The Arab food gap stood at approximately USD 47.6 billion in 2024, down 4.6% compared with 2023. Cereals and flour constituted the largest component of the gap, valued at around USD 20.8 billion, equivalent to approximately 44% of the total. The gap in oils and fats amounted to about USD 2.9 billion, or roughly 6%, while the remaining value of approximately USD 23.9 billion (50%) was distributed across the other food commodity groups. This distribution reflects the continued concentration of the food gap in essential commodities for which the region remains heavily reliant on imports. The gap is expected to remain relatively stable at around USD 49 billion by 2027 [1].
- This concentration reflects high import dependence, particularly in grains and vegetable oils, alongside persistent gaps in sugar and livestock products driven by rising demand and uneven production. This exposes the region to global price volatility, supply chain disruption risks, and pressure on the trade balance – reinforcing the case for localizing agricultural production as a strategic choice rather than a political luxury. This reality translates into direct investment opportunities across value chains, particularly in grains, meat, and dairy, where most of the missed value is concentrated.



Details of the Arab Food Gap

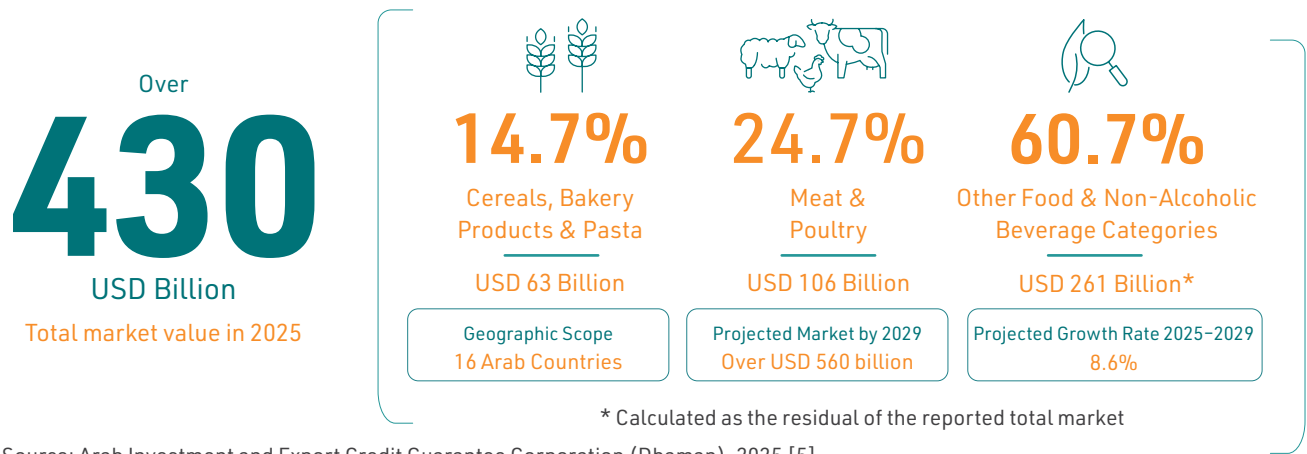


The Arab food gap stood at approximately USD 47.6 billion in 2024, down 4.6% compared with 2023.

Source: Unified Arab Economic Report 2025 [1]

Figure (1a): Distribution of the Arab Food Gap by Main Commodity Groups – 2024

Food and Non-Alcoholic Beverages Market Indicators in Arab Countries – 2025



Source: Arab Investment and Export Credit Guarantee Corporation (Dhahan), 2025 [5]

Figure (1b): Food and Non-Alcoholic Beverages Market – 2025

1.3 Natural Resources and Production Challenges

Agricultural production efficiency in Arab countries is affected by natural resource limits, with a portion of available agricultural land still underutilized relative to its actual potential, due to infrastructure and financing challenges and limited adoption of modern technologies. Around 70 million hectares of land have been degraded due to human activity, of which more than 46 million hectares are agricultural land [3].

Water scarcity represents one of the most prominent structural constraints on agricultural production in the Arab region, which is among the most water-stressed regions in the world. Agriculture accounts for around 80% of freshwater withdrawals in the region, making water-use efficiency a decisive factor in the operational and investment feasibility of agricultural projects [4].

Recent disruptions in global markets have exposed the fragility of agricultural supply chains; shipping disruptions in 2026 led to sharp increases in fertilizer, freight, and energy prices, once again highlighting the sensitivity of food security to geopolitical risks and international supply chains – making investment in local production and food source diversification an increasingly strategic-return option.

2. Analysis of Agricultural Markets in the Arab World

2.1 Market Size and Growth Outlook

Food markets in the Arab world form an interconnected system in which production, trade, consumption, and public policy factors intersect, creating a clear disparity between the breadth of the food market and local production capacity to meet growing demand. Studying these markets is the primary entry point for identifying viable investment opportunities, by linking market structure with the food gap and value chains.

The Arab food market exceeded USD 430 billion in 2025, growing at an annual rate of 8.6%, representing about 4.2% of the global market, with projections to exceed USD 560 billion by 2029 [5]. The market is characterized by high geographic concentration; Egypt, Saudi Arabia, Algeria, the UAE, and Iraq together account for about 77% of total sales, reflecting the weight of a limited number of markets in driving regional food demand. Table (2) shows Arab world foreign trade in food and beverages.

Table (2): Arab World Foreign Trade in Food and Non-Alcoholic Beverages – 2024

Indicator	Value / Statement
Total foreign trade	USD 195 billion
Imports	USD 139 billion
Exports	USD 56 billion
Share of top five Arab countries in trade	70%
Largest external supplier to the Arab region (Brazil)	USD 16.5 billion
Largest Arab market for the sector's Arab exports (Saudi Arabia)	USD 6.6 billion (about 12%)

Source: Arab Investment and Export Credit Guarantee Corporation (Dhahran), 2025 [5].

This trade concentration reflects the region's dependence on a limited number of partners and markets, increasing the food sector's sensitivity to international trade fluctuations, global supply chains, and geopolitical risks. At the same time, it highlights a genuine opportunity for investors capable of building more resilient and diversified regional supply chains.

2.2 Analysis of Strategic Commodities

Investment opportunities vary in nature across major agricultural commodities; structural opportunities are concentrated in grains and vegetable oils, while value-added opportunities are more prominent in poultry, food processing, and fruits and vegetables.



Table (3): Comparison of Major Agricultural Commodities by Gap and Opportunity

Commodity	Gap Level	Import Dependence	Key Investment Opportunities
Grains (wheat/maize)	Very high	High	Local production + strategic storage
Vegetable oils	High	Very high	Oilseed cultivation + processing
Sugar	Medium	Medium	Production improvement + processing expansion
Red meat	Variable	Medium	Integrated livestock projects + feed
Poultry	Relatively low	Limited	Vertically integrated production-processing projects
Dairy	Variable	Medium	Modern dairy farms + cold chains
Fish	Low	Limited	Marine and inland aquaculture + export
Fruits and vegetables	Low	Limited	Protected agriculture + export + processing

Source: Arab Authority for Agricultural Investment and Development (AAAID) analysis, based on [1], [5], [7].

2.3 Wheat: A Mirror of the Gap and Import Dependence

Wheat reflects a clear model of the structural gap in the Arab region, making it one of the commodities most closely tied to long-term investment opportunities in production, storage, logistics services, and supply chains. Import data show the continued high dependence on external markets in a number of key Arab countries, foremost among them Egypt, Algeria, Morocco, and Saudi Arabia – reflecting the scale of demand and providing investment opportunities across the wheat value chain.

Table (4) shows wheat imports in the leading Arab importing countries (2025–2026).

Table (4): Leading Wheat Importers Among Arab Countries (2025–2026), million tonnes

Country	Wheat Imports (Million Metric Tonnes) 2025 / 2026
Egypt	15.5
Algeria	9.5
Morocco	6.5
Saudi Arabia	4.2
Yemen	3.8
Sudan	2.7

Note: Import data are presented according to the wheat marketing year (July 2025–June 2026).

Source: United States Department of Agriculture (USDA), Foreign Agricultural Service (FAS), Grain: World Markets and Trade, June 2026 [6].

2.4 Agricultural Value Chains: Where Does the Added Value Lie?

- The comparison shows that the highest economic return in food chains is generally not achieved in primary production, but in activities linked to processing, logistics, and distribution – reinforcing the importance of investing in integrated value chains rather than focusing solely on increasing production. Table (5) shows the distribution of added economic value across the food chain.

Table (5): Distribution of Added Value Across the Food Chain

Chain Stage	Nature of Activity	Relative Level of Added Value	Investment Significance
Agricultural production	Cultivation and primary production	Limited to moderate	Depends on resources and productivity
Storage and transport	Preservation and supply of products	Moderate	Reducing losses and improving efficiency
Food processing	Product transformation and manufacturing	High	Highest value-added opportunities
Distribution and retail	Marketing and consumer access	Moderate to high	Linked to market size and consumption

Source: Arab Authority for Agricultural Investment and Development (AAAID) analysis [7].

2.5 Foreign Investment in the Food Sector

Table (6): Foreign Direct Investment in the Food Sector (2003-2024)

Indicator	Value / Statement
Number of projects	516 foreign investment projects
Total investment volume	USD 22 billion
Jobs created	93,000 direct jobs
Leading recipient countries	Egypt, Saudi Arabia, UAE, Morocco, Qatar

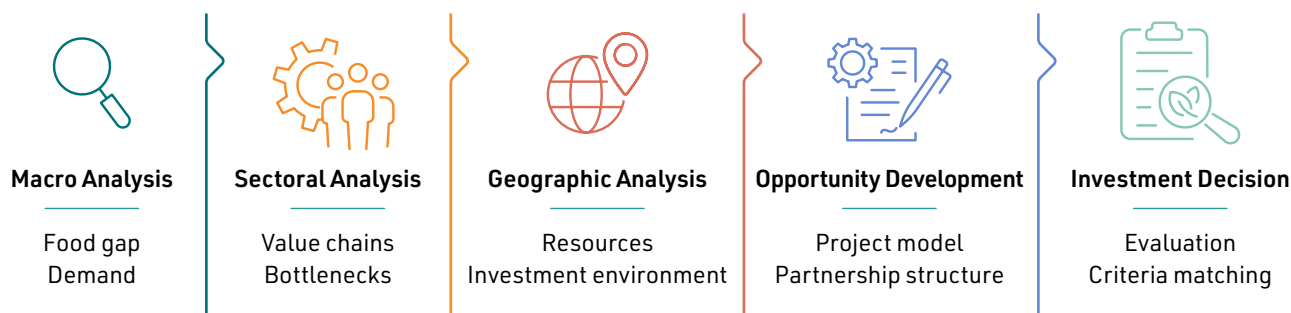
Source: Arab Investment and Export Credit Guarantee Corporation (Dhaman), 2025 [5].

The data indicate that foreign investment in the food sector has been concentrated in a limited number of Arab markets during the period 2003–2024, reflecting disparities among countries in their ability to attract investment. At the same time, this disparity creates room to develop investment opportunities in other markets that possess agricultural resources or productive and logistical advantages with potential for development, supporting the diversification of investment destinations and strengthening integration across food value chains at the Arab level.



3. From Gap to Opportunity: What Makes an Agricultural Project Investable?

Methodology for Analyzing and Developing Investment Opportunities



Source: Prepared by the Arab Authority for Agricultural Investment and Development (AAAID), 2026 [7].

Figure (2): The Authority's Methodology for Analyzing and Developing Agricultural Investment Opportunities

The difficulty of agricultural investment in the Arab world lies not in a shortage of opportunities, but in diagnosing which opportunities are genuinely implementable, distinguishing them from those that appear promising but lack an implementation foundation. This report relies on a Multi-Criteria Decision Analysis (MCDA) framework inspired by World Bank and International Finance Corporation (IFC) practices, with weighting criteria adapted to reflect the specificities of the Arab region. Table (7) shows the evaluation criteria and relative weights used, while Figure (3) presents the comparative results of applying this framework to the main investment sectors.

Table (7): Criteria for Evaluating and Prioritizing Investment Opportunities

Criterion	Sub-indicators	Weight
Market attractiveness	Demand size, growth rate, supply-demand gap	25%
Comparative advantage	Availability of natural resources, relative costs, geographic location	20%
Investment readiness	Land availability, infrastructure, regulatory framework and business environment	20%
Economic viability	Potential for sustainable return, operational efficiency, expansion opportunities	20%
Risk (inverse weight)	Political, operational, market, and climate risks	15%

Note: Weights are adjusted to reflect the Arab context – particularly water scarcity, supply chain fragility, and regional risk factors.

Source: Prepared by the Arab Authority for Agricultural Investment and Development (AAAID), 2026 [7].

Multi-Criteria Evaluation Matrix for Agricultural Investment Sectors

This scoring illustrates an indicative evaluation under the AAAID's analytical multi-criteria framework and is not a precisely calibrated measurement.

	Average/100	Market Attractiveness 25%	Comparative Advantage 20%	Investment Readiness 20%	Economic Viability 20%	Inverse Risk 15%
Strategic Crops	69	90	75	55	70	45
Livestock	73	85	70	65	80	55
Food Industries	83	95	80	75	90	65
Aquaculture	72	75	85	60	75	60
Protected Agriculture	82	80	85	80	90	70

More than 85 
 70-84 
 55-69 
 Less than 55 

Total Score = (Score of each criterion × its relative weight) The results represent an indicative assessment under the Authority's Multi-Criteria Analysis (MCA) framework, and do not constitute a financial estimate or an independent investment rating.

Source: Prepared by the Arab Authority for Agricultural Investment and Development (AAAID), based on internal multi-criteria analysis and the data and references cited throughout this report, 2026 [7].

Figure (3): Multi-Criteria Assessment of Five Selected Agricultural Investment Sectors

The evaluation results show that food industries lead in market attractiveness and economic viability, while protected agriculture combines strong comparative advantage with high economic viability, particularly in Gulf markets. Aquaculture stands out as an integrated opportunity in coastal countries, while strategic crops rank first in terms of impact on food security [6].

3.1 What Traditional Frameworks Overlook: Five Factors Determining Investability in the Arab World

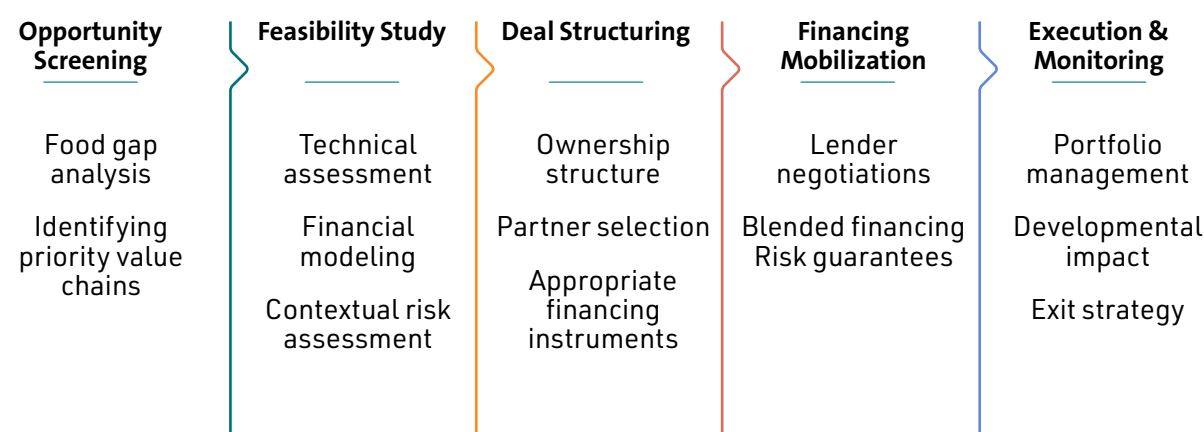
Standard evaluation tools operate in an abstracted context. What distinguishes evaluation in the Arab context is understanding the structural factors that fundamentally modify a project's economic viability – factors that may not be fully reflected in traditional financial evaluation models, but which often determine the difference between a successful project and a struggling one.

3.2 The Five Structural Factors Determining Agricultural Investability in the Arab Region

- Water scarcity as a distinguishing criterion: 15 Arab countries rank among the most water-scarce globally, and agriculture consumes about 80% of water use. Any project that does not present a clear model for water-use efficiency – drip irrigation, protected agriculture, aquaculture – carries operational and regulatory risks that traditional financial evaluation does not adequately capture.
- Price distortions and subsidy risk: Food subsidy policies in a number of Arab countries significantly alter market signals. Any evaluation based on market prices without testing a subsidy-reform scenario overlooks fundamental risks. Conversely, the gradual phase-out of subsidies creates latent demand for efficiency investments and food alternatives.
- The gap between revenue and cost currencies: Many Arab agricultural projects operate with local-currency revenue while their key inputs – equipment, fertilizer, genetic assets – are imported in US dollars. This makes actual cash flow more volatile than basic financial models suggest, requiring financial structuring that addresses this mismatch through hedging instruments or blended financing structures.

- Logistics infrastructure, the weakest link: The main bottleneck in Arab agricultural value chains is not production, but storage, cooling, and transport. Projects that integrate production with a comprehensive logistics system achieve significantly higher economic value than pure agricultural projects, and reduce losses that reach 30%-40% of production in some sectors.
- From evaluation to structuring, value lies in execution: The real difference between one opportunity and another is not revealed at the evaluation stage, but at the development and structuring stage: selecting the operating partner, drafting contracts with target markets, identifying suitable financing instruments, and preparing the project to attract institutional financing. This is the stage that transforms an opportunity from an idea on paper into a bankable project.

From Opportunity Assessment to Bankable Project



Source: Agricultural Investment Development Framework, Arab Authority for Agricultural Investment and Development (AAAID), 2026 [7].

Figure (4): The pathway from opportunity assessment to bankable project

4. Agricultural Investment Opportunities in Arab Countries

4.1 Priority Opportunities: Eight Investment Areas

Based on food security and agricultural market analysis and the application of the multi-criteria evaluation methodology, eight priority investment areas have been identified (see Figure 5), providing a framework for developing agricultural and food investment opportunities into investment-ready projects.

4.2 Sectoral Analysis: Nature of Opportunity and Conditions for Success

The identified investment opportunities fall within these priority areas and are presented below under six broad sector groupings for organizational and analytical purposes.

- **Strategic crops:** Investment in wheat and feed production stands out as a long-term strategic opportunity, driven by growing import dependence. Sudan, Algeria, and Iraq possess untapped production potential, particularly when production is integrated with strategic storage solutions and improved water efficiency.
- **Protected agriculture:** A highly efficient option in water-constrained countries, enabling production stability and reducing water consumption by over 70%, with opportunities for expansion in domestic and export markets.
- **Livestock:** Rising demand for dairy and meat creates opportunities for investment in integrated production-processing projects. The poultry sector is among the most attractive in terms of capital turnover speed and scalability, particularly with the adoption of vertical integration models.
- **Aquaculture:** One of the fastest-growing sectors in the region, driven by rising demand and export potential, particularly in coastal countries such as Oman, Saudi Arabia, and Mauritania.
- **Food industries:** A key pillar for maximizing added value; processing helps reduce losses, improve quality, and increase competitiveness. Cold chains and storage represent one of the most attractive high-return investment areas.
- **Agricultural services:** Investment opportunities in modern irrigation technologies, agricultural inputs, and logistics services stand out as enabling elements for raising productivity and value chain efficiency.

Table (8): Illustrative Investment Opportunities by Sector Grouping

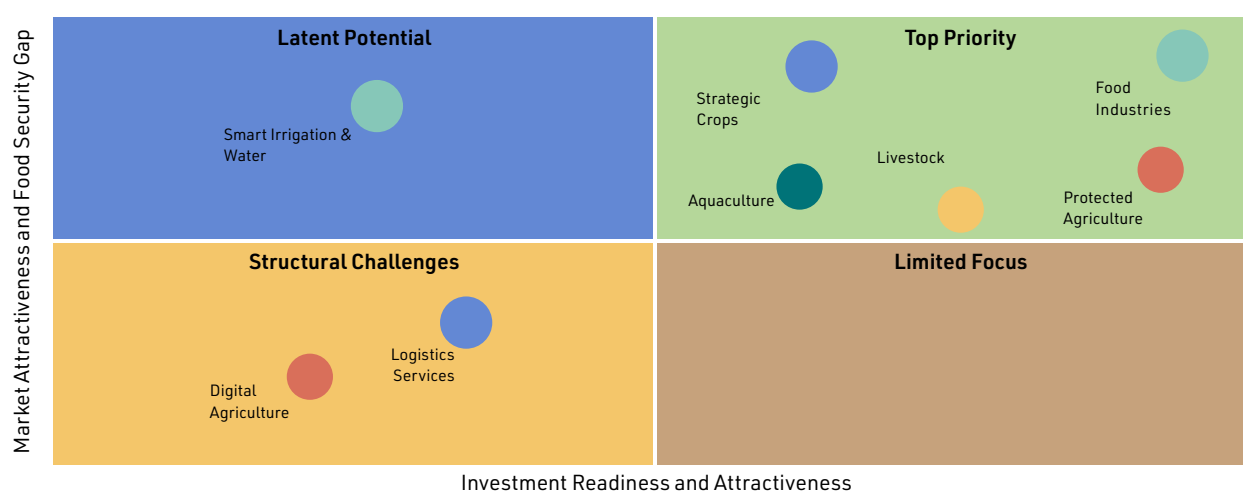
Sector	Opportunity	Countries with Potential	Success Requirements	Priority
Strategic crops	Wheat production	Sudan, Algeria, Iraq	Land and water availability + strategic storage	Strategic
	Feed production	Sudan, Mauritania, Saudi Arabia	Natural resources + integration with livestock	Strategic
Protected agriculture	Hydroponics / greenhouses	Saudi Arabia, UAE, Jordan	Technology + water and energy efficiency + markets	Strategic
Livestock	Dairy production	Egypt, Saudi Arabia, Algeria	Feed + technical management + cold chains	Strategic
	Red meat	Sudan, Mauritania, Iraq	Rangeland resources + value chain development	Promising
	Integrated poultry	Egypt, Saudi Arabia, Morocco	Biosecurity + integration of production and processing	Strategic

Sector	Opportunity	Countries with Potential	Success Requirements	Priority
Aquaculture	Marine aquaculture	Saudi Arabia, Oman, Mauritania	Coastal sites + infrastructure + marketing	Strategic
	Inland aquaculture	Egypt, Sudan, Iraq	Water management + modern technologies + feed	Promising
Food industries	Food processing	Egypt, Morocco, Tunisia	Raw materials + added value + market proximity	Strategic
	Cold chains and storage	Saudi Arabia, Egypt, Morocco	Logistics location + connectivity + loss reduction	Strategic
Agricultural services	Modern irrigation services	Most Arab countries	Modern technologies + resource management efficiency	Promising
	Agricultural inputs	Egypt, Saudi Arabia, Morocco	Distribution networks + technical services	Promising
	Logistics services	UAE, Saudi Arabia, Egypt	Infrastructure + linking production and markets	Promising

Source: Arab Authority for Agricultural Investment and Development (AAAID) analysis, 2026 [7].

Arab Agricultural Investment Priority Matrix

Sector classification by market attractiveness and food security gap versus investment readiness



Methodological Note: This classification illustrates a qualitative assessment of sector attractiveness and investment readiness, based on market analysis, the food security gap, and operational maturity; it is indicative rather than a precisely calibrated measurement.

Source: Arab Authority for Agricultural Investment and Development (AAAID) analysis, based on market data referenced in Section 2.

Figure (5): Prioritization framework for Arab agricultural investment opportunities

The results indicate that the attractiveness of investment opportunities in the agricultural sector is not linked solely to demand size or the size of the food gap, but also to the availability of success requirements related to natural resources, infrastructure, operational expertise, and value chain efficiency – underscoring the importance of adopting integrated investment models that account for each sector's specificities and leverage available comparative advantages.

5. The Agricultural Financing and Investment Ecosystem

Converting opportunities into bankable projects requires a financial and institutional ecosystem capable of mobilizing resources, managing risk, and raising project readiness. This ecosystem is built on the integration of roles among a number of regional and international entities, offering diverse instruments including equity participation, debt financing, loan guarantees, non-commercial risk insurance, and technical assistance. Table (9) shows the international and regional institutions supporting agricultural investment.

Table (9): International and Regional Institutions Supporting Agricultural Investment

Institution	Main Role	Key Financing Instruments
International Finance Corporation (IFC)	Private sector financing and investment development	Loans, equity participation, project structuring advisory
International Fund for Agricultural Development (IFAD)	Support for agricultural and rural development	Concessional loans, grants, rural development programs
Islamic Development Bank (IsDB)	Development financing under Islamic principles	Islamic financing (murabaha, musharaka), development loans, grants
Multilateral Investment Guarantee Agency (MIGA)	Mitigating foreign investment risk	Political risk guarantees, investment insurance in emerging markets
Arab Investment and Export Credit Guarantee Corporation (Dhaman)	Supporting intra-Arab investment and trade	Investment guarantees, credit guarantees, export insurance
Arab Authority for Agricultural Investment and Development (AAAID)	Developing, financing, and structuring agricultural investments	Equity participation, opportunity development, project structuring, partnership building

Note: The Authority is highlighted for its integrated investment and development role in a specialized Arab context.

At the heart of this ecosystem, the Arab Authority for Agricultural Investment and Development (AAAID) stands out as an integrated investment and development actor, through a model that combines equity participation (in the range of 25%-49%) with project development and structuring, and specialized advisory services—including preparing and evaluating feasibility studies, due diligence, and restructuring existing companies. This model gives the Authority the advantage of linking financing to technical and operational expertise, improving project quality and reducing execution risk.

The Authority also plays a pivotal role in building investment partnerships, by selecting strategic private-sector partners with operational expertise and financial solvency, and directing investments toward priority sectors and commodities, particularly those linked to the food gap and incomplete value chains.

Practical experience shows that this ecosystem's effectiveness is enhanced when financing, guarantees, and technical support roles are integrated – reducing the financing gap, improving project readiness, and strengthening investor confidence, which directly translates into accelerating the pace of agricultural project execution. The Authority's model in this context reflects an advanced approach based on moving from traditional financing to investment grounded in project and value chain development.

6. Strategic Directions for Strengthening Agricultural Investment

Based on the analysis of food security and agricultural markets and the implementable opportunities identified, a set of strategic directions emerges that could help raise the efficiency of agricultural investment and maximize its impact on food security in Arab countries.

First: Focus on Commodities with a High Food Gap

The first priority is to direct investment toward strategic commodities with a high gap and stable demand, foremost among them grains, feed, vegetable oils, and livestock products. This is not limited to increasing production alone, but requires linking these investments to more efficient storage, processing, and distribution chains, reducing losses and enhancing added value.

Second: Adopt an Integrated Value Chain Approach

The economic viability of agricultural projects is no longer linked to primary production alone, but to a project's ability to address bottlenecks in storage, cooling, processing, and market access. This approach is better suited to the nature of the region, where resources vary between countries and investment readiness levels differ.

Third: Target Countries with Comparative Advantage

Targeting countries with comparative advantage gains particular importance given the clear disparity in the availability of land, water, infrastructure, and operational capacity among Arab countries. This disparity enables a regional integration model: production activities concentrated in resource-rich countries, while countries with markets and financing capacity play a pivotal role in investment, processing, and distribution.

Fourth: Strengthen Private Sector Partnership

Strengthening partnership with the private sector is a decisive factor in improving execution efficiency and project sustainability, particularly when selecting partners with technical expertise, financial solvency, and operational capacity. There is also a need to develop more flexible financing instruments including direct investment, co-financing, credit lines, and guarantees, suited to the differing needs of new projects and existing companies.

Fifth: Invest in Infrastructure and Modern Technologies

Investment in agricultural infrastructure and modern technologies remains among the most important enablers of transformation, particularly in modern irrigation, cold chains and storage, protected agriculture, aquaculture, and digital solutions. These investments not only raise productivity but also enhance resource-use efficiency and support the long-term sustainability of value chains.

Sixth: Develop Agricultural Information and Data Systems

Developing agricultural and food information and data systems is important for supporting decision-making and improving the efficiency of investment targeting, particularly amid rapid changes in markets and climate and geopolitical risks – enhancing the ability of institutions and investors to respond early to challenges and improve risk management.



7. From Opportunity to Bankable Project

The journey of transforming an agricultural opportunity into an implementable investment project involves successive stages requiring the integration of multiple parties; from government entities granting licenses and land, to investors and financing providers, to operational partners and market specialists. In this journey, the Arab Authority for Agricultural Investment and Development (AAID) plays a pivotal role spanning its core stages.

Stages of the Investment Journey

The investment journey begins with the opportunity-scouting stage, in which the Authority surveys available opportunities in member states and nominates priority opportunities according to a standardized methodology that accounts for climate, resource, market, and policy factors. At this stage, the Authority's model represents a competitive advantage thanks to its extensive regional network and deep knowledge of the Arab agricultural context.

This is followed by the development and structuring stage, which includes preparing feasibility studies and technical and financial analysis, structuring the investment package, identifying suitable partners, and allocating roles and risks. The Authority has built up accumulated expertise in this stage over its history, spanning a diversity of crops, countries, and operating models.

Then comes the financing and partner mobilization stage, aimed at attracting suitable investors, providing appropriate financing instruments, and raising the project's readiness for bank and institutional financing. Finally, the supervision and monitoring stage, which includes tracking project performance, protecting shareholder interests, and intervening to address imbalances when needed.

Equity Participation and Value-Added Model

The Authority is distinguished by its adoption of a limited equity participation model (25%-49%), which keeps operational management in the hands of the experienced strategic partner, while the Authority focuses on strengthening governance, decision quality, and minority interest protection. This is complemented by a set of specialized advisory services including opportunity assessment, study preparation, partnership building, and assistance in restructuring companies facing operational or financial difficulties.

This combination of financing, expertise, and execution follow-up constitutes an investment model that goes beyond the traditional role of an investment fund, approaching that of a project development institution capable of building an integrated value chain in the agricultural sector. This model has enabled the Authority to achieve a balanced presence across the various links of the agricultural value chain, from field production to processing and distribution.

8. From Recommendations to Implementation: A Proposed Action Agenda

Based on the analysis of the current situation and the diagnosis of opportunities and challenges facing agricultural investment in the Arab region, this study presents an integrated set of recommendations directed at various stakeholders, aimed at strengthening the investment ecosystem and accelerating the conversion of agricultural opportunities into bankable projects. Table (10) shows the proposed action agenda and recommendations.

Table (10): Proposed Action Agenda and Recommendations

Target Party	Recommendation	Proposed Details and Actions
Governments	Establishing an enabling environment	Developing the agricultural policy framework to enhance private investment attractiveness by simplifying licensing procedures, providing policy-stability guarantees, and developing public-private partnership mechanisms.
Investors and financiers	Directing capital toward the highest investment impact	Strengthening focus on clear priority sectors combining economic return with food security impact, while adopting innovative financing instruments such as value-chain-based financing and agricultural investment sukuk.
Agricultural businesses	Raising operational efficiency and governance	Investing in developing operational capabilities and improving governance standards and financial transparency to enhance investment readiness and eligibility for institutional financing.
International development partners	Strategic deployment of development capital	Strategically deploying concessional capital to attract commercial capital, through blended finance mechanisms that improve risk-return profiles for private sector investors.
Arab Authority for Agricultural Investment and Development (AAAID)	Strengthening the catalytic and integrative role	Expanding the Authority's role as a catalyst for regional investment by developing a specialized program for structuring and marketing investment opportunities, and building an Arab agricultural integration platform linking producing countries with investors and markets.
Information and data ecosystem	Developing agricultural investment intelligence systems	Establishing an integrated agricultural and food information and data system to support decision-making, including market, opportunity, and risk monitoring, project performance evaluation, and development impact measurement.

The Authority: From Participation to Investment Leadership

The Authority's accumulated experience suggests that the Arab region does not lack agricultural investment opportunities so much as it lacks the mechanisms needed to convert these opportunities into bankable, efficiently managed projects. Hence the importance of the Authority evolving from a direct investor into a regional leader of the agricultural investment ecosystem, combining financing, knowledge, network, and impact.

Achieving this transformation requires the Authority to develop its capabilities along three parallel tracks: first, strengthening its methodology for exploring and developing investment opportunities in a more systematic and comprehensive manner; second, building an information and investment platform providing access to agricultural and food data and market trend analysis; and third, developing specialized programs to support existing agricultural companies in reform, performance improvement, and restructuring, drawing on practical experience accumulated in this field.

9. Conclusion

The Arab region stands at a decisive crossroads in its food security journey. On one hand, structural challenges are intensifying – scarce natural resources, growing import dependence, and mounting demographic pressures. On the other hand, promising investment opportunities are opening up for those with the capacity to see them, structure them, and finance them optimally.

Neither these challenges nor these opportunities can be addressed with traditional tools alone; food security is no longer a purely governmental matter, but has become a genuine investment opportunity requiring the concerted effort of all concerned parties: governments, regional and international financing institutions, private sector partners, and specialized agricultural bodies.

The Arab Authority for Agricultural Investment and Development (AAAID) believes that the agricultural sector is no longer a refuge for high risk and low returns; rather – with the right approach – it is a strategic asset class capable of delivering solid returns coupled with significant development impact. This conviction guides the Authority's approach to selecting opportunities, structuring investments, and managing partnerships.

This study offers a comprehensive analytical vision of the agricultural investment landscape in the Arab region, drawing on the latest available data and an integrated analytical methodology for classifying opportunities and assessing their viability. The goal is not merely diagnosis and description, but to open a genuine strategic dialogue with investment partners to identify shared priorities and activate deeper, more impactful cooperation.

In closing this study, the Authority aspires to be a platform for dialogue and partnership, and a leader in transforming Arab food security from a pressing challenge into an opportunity for cooperation and sustainable growth – achieving prosperity for member states and durable food security for future generations.

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