Vulnerability Analysis and Mapping (VAM)
FOOD SECURITY and MARKET MONITORING Report
April 2007: Report 8

Occupied Palestinian territory –oPt.

World Food Programme

WFP Food Security and Market Monitoring Report provides up-to-date information on access and availability of basic food commodities in the occupied Palestinian territory (oPt). This report examines food security and markets analysis determinants in the occupied Palestinian territory (oPt), addressing: (i) the market in terms of price fluctuations and differentials (ii) economic access to food by the poorest households and food availability in rural and urban areas; (iii) areas and populations most affected by food insecurity; and, (iv) recent food security studies.

This information, coupled with other socio-economic indicators, will enable WFP and other key actors to monitor trends and changes regarding the food security sector, and contribute in strengthening the targeting process of the most food insecure geographical areas and population.

The Food Security and Market Monitoring Report aims to support WFP and other key actors to monitor trends and changes in the food security sector, and to strengthen food assistance targeting to prioritize the most food insecure areas and target groups.

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1. Recent socio-political and economic events:

Despite some political progress in March 2007 with the formation of the National Unity Government; to date the socio economic situation in the occupied Palestinian territory remains stagnant and the humanitarian situation of the lowest income quintile is cause for grave concern.

The recent results of the joint WFP/FAO Comprehensive Food Security and Vulnerability Assessment highlighted decreasing purchasing power amongst Palestinian households coupled with high consumer prices for basic commodities. This forced many households to reduce the share of the total expenditures devoted to food (as documented by the report) indicating a decline in food consumption. Furthermore, continued movement restrictions reinforced the 'islandisation' of economic activity in the West Bank and Gaza Strip. This was illustrated by "closure" induced food availability problems, price trends and markets' fragmentation, as well as marketing constraints affecting small traders and producers.

In addition, the economic decline in 2006 worsened the terms of trade for most oPt traders and agricultural producers involved in food production, marketing or trade. With steadily increasing prices of commodities, traders and retailers are left absorbing the price increases in order to keep retail prices at affordable rates for consumers. Despite these efforts, market surveys' analysis shows a decline in consumer purchases of food and other basic commodities both in terms of quantity and quality.

2. Relation between closure days and import/export of commodities at terminals in Gaza Strip:

There are 4 crossing points to exchange goods between Gaza Strip and Israel: Karni/Al montar terminal, Nahel Oz, Sufa and Karem Shalom. Karni is the largest commercial crossing point; nevertheless the export transit capacity remains well below the 400 trucks per day agreed in the November 2005 AMA, thus curbing the potential exchange of goods.
For example, in February 2007 the average exports totaled only 56 trucks per day, in March the figure was even lower at 45 trucks per day (considering the average over the operational

days only). Food, including basic commodities, contributes 7% of the total volume of imports at Karni, fruits and vegetables contribute 6%, dairy and frozen products 4% and live animals 2%[1].

While Karni remains the main transit point for basic commodities and food items; humanitarian aid has also been dispatched through Karem Shalom (from Egypt) since 21 March 2006 on an exceptional basis (no commercial transfers are permitted despite the AMA which made provisions for goods to pass through Rafah- due to the lack of International monitors and agreement between the parties). Sufa terminal has also been used in emergencies to transit live animals and basic commodities (this terminal has been closed for past months due to security problems).

Gaza's high dependency on one main terminal through which to bring essential staple food commodities and conduct trade, means that any disruption or delays at this crossing has major repercussions on transport and storage costs, final consumer costs, food availability and revenues for traders (especially in the case of perishable goods).

Furthermore, extended restrictions on the transit of commodities at Karni crossing has a significant impact on the livelihoods of farmers and workers. While the number of closure days of Karni has been greatly improved in 2007 (see table 1 below); this indicator is misleading to measure the economic and food security situation during this period as the opening hours per working day vary from 3 to 8.5 hours per day (affecting the actual number of trucks crossing), and the maximum load per truck also varies (according to security conditions). For example whilst the number of closure days in January 2007 was marked as zero, the wheat imports (see table 3 of availability section)in this month were the lowest in the past 6 months (according to Paltrade records).

*Table 1: Karni Number of closure days in 2006**

Months/ year	**Jan**	**Feb**	**Mar**	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Tot**
Number of closure days (2005)	**14**	**5**	**1**	**1**	**1**	**3**	**1**	**1**	**5**	**8**	**2**	**0**	**42**
Number of closure days (2006)	**15**	**10**	**14**	**10**	**2**	**6**	**11**	**16**	**1**	**1**	**2**	**2**	**90**
Number of closure days (2007)	**0**	**2**	**2**										**4**

* Source: Paltrade – note Paltrade data for Karni terminal does not reveal the exact daily tonnage imported/exported, nor the type of commodity carried per truck, nor the amount of tonnage loaded on the truck as it only records the average number of truck loads passing through the terminal and an estimate of the daily tonnage.

In brief, despite the recent ease of Israeli restriction on closure days during the last quarter of 2006 and in the first trimester of 2007, the total imports are still below the requirements as explained in the following section.

2.1 Availability of basic food supplies in the Gaza Strip:

Table 2 illustrates the trends for food availability in the Gaza Strip over the period January-March 2007. It is important to note the column "Stock days" which shows the remaining number of days of food stock before its exhaustion, in order to understand the direct relationship between closure, imports and availability of food at the local level. The data illustrates that availability of basic food staples is very erratic, especially for wheat flour, with 11,700 MT imported in January 2007 compared to 8,400 MT in March 2007.

[1] Source: Paltrade Karni movement Report, March 2007

The required amount of wheat flour needed daily to cover the needs of Gaza's population is 450 Mt[2], whereas in the West Bank, the need is around 780 Mt per day.

Table 2: Availability of basic commodities in the Gaza Strip[3]

		Jan-07		Feb-07		Mar-07	
Commodity	**Daily consumption need (mt)***	**Available quantity in mt**	**Stock days**	**Available quantity in mt**	**Stock days**	**Available quantity in mt**	**Stock days**
Wheat flour	450	11700	26	10,865	24	8400	19
Sugar	111	1750	16	1995	11	2045	18
Rice	72	1535	21	1665	23	1725	24
Oil (olive & vegetable)	44	1050	24	1240	29	1220	28

*these figures do not include population growth

To understand the full picture, table 3, below reviews import trends for wheat flour over the past 6 months. The lack of capacity for wheat production in oPt, especially Gaza results in a high reliance on imported wheat flour/grains (100 percent imports in the case of Gaza).

The sum of actual available wheat (table 2) and the monthly imports (table 3) barely reaches the level of monthly consumption needs (13,688 mt per month). This precarious balance doesn't allow for any buffer stock with which to cover sudden emergencies; nevertheless, despite the availability/import figures, WFP market visits at field location reveal that so far food commodities are present –although at high prices- on the markets.

Table 3: Comparison between monthly wheat consumption needs and monthly imports[4]

Monthly wheat consumption needs	**Oct 06 Imports**	**Nov 06 Imports**	**Dec 06 Imports**	**Jan 07 Imports**	**Feb 07 Imports**	**Mar 07 Imports**
13,688mt/month	5,686	7,517	10,159	3,348	7,244	6,208

Fishing

The fishing catch during the month of March 2007 increased by 73.6% compared to March 2006. According to the MoA/fishing department the increase is due to a un-sustainable fishing practices involving the use of "Jarafah nets" -discouraged by the PNA- pulled by fishermen from the beach (a method developed to overcome the fishing restrictions imposed). Over fishing of shallow waters and use of intensive fishing methods that catch small and breeding fish seriously disrupt the food chain and fish population growth. This fishing practice will, on the long run, jeopardize vulnerable inshore habitats that are key for the reproduction and nursery of many fish and invertebrate species.

Another factor to consider is that the higher tonnage is composed of mainly pelagic fish whose low monetary value on the market causes revenue losses to the livelihoods of poor fishermen (approximately 35,000 people in Gaza rely on fishing as the sole source of income).
Limited access to deeper water fish (highest rate of fish abundance is between 100 and 200 meters whilst approximate depth within 6 nautical miles is 50 meters), also prevents poor fishermen from fully exploiting diversified fish varieties thus curbing the potential revenues from higher quality fish catch.

[2] Source: Ministry of National Economy and Supply. The figure was not updated in consideration of population growth.
[3] Source: Paltrade raw data
[4] Source: Paltrade raw data

Pre *Intifada* yearly average fish landings ranged between 3,800 and 4,000 tons of mixed fish varieties (pelagic and high valued demersal species) compared to 2,322 tons in 2005 and 1,604 tons in 2006 (mainly pelagic fish).

Table 4: Tonnage of fishing catch in Gaza (Mt)

Fishing catch in the Gaza Strip

	2005 average	Jan-06	Feb-06	Mar-06	Apr-06	May-06	Jun-06	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	2006 average	Jan-07	Feb-07	Mar-07
mt	**2322.9**	50.3	57.8	142.8	226.5	243.0	291.0	n/a	101.0	203.2	158.6	130.0	n/a	**1604.0**	46.0	121.0	247.8

2.2 Market prices trends and access to food:

Price data shows that the consumer price index (CPI) increased by 3.8% during 2006 compared with 2005. When looking at the nature of goods and services and the change in prices we find that transport and communication services showed the highest increase in prices among goods and services with an increase of 5.0% in 2006 compared with 2005. The second highest rise was in food with an increase of 4.6%[5]. As shown in the CFSVA, there is a direct correlation between increased transport cost and final consumer price increases. Wheat flour prices in WBGS remain high due to the increase of wheat prices on the international market and as a result of high internal transport costs.

Gaza Strip Markets:

Despite import restrictions, basic food commodities were available in Gazas markets during February and March 2007. Traders in Gaza import main staple foods from abroad, either Israel or other countries, and sell it on directly to local wholesalers who, in turn, distribute to retailers in the respective governorate, as indicated in the MAS Trader and Market Behavior study.

Despite a steep rise in the Consumer Price Index in Gaza which overcame West Bank CPI during 2006, wheat prices are still lower than in the West Bank due to the: i) lower purchasing power in the Gaza Strip, which channels poorer wheat quality on the Gazan markets whereas higher quality and pricier wheat is dispatched to the West Bank and ii) added cost due to transportation increases – linked to movement restrictions which affect final wheat consumer prices in the West Bank.

The Market survey in Gaza Strip shows a slight decline in the prices of sugar and olive oil during March 2007 compared to the previous month and vegetable prices remained stable.

The price of chicken in Gazan markets increased by 40% in February (from 7.5 NIS/Kg to 10.5 NIS/Kg) as traders are concerned over the resurgence of avian flu in Gaza.

West Bank Markets:

The market survey in West Bank showed that all basic food commodities were available on the market during the reporting period and prices remained stable, although high.

[5] PCBS

Table 5: Average prices of Basic commodities in selected governorates in GS and WB (March 2007-NIS)[6]

Governorate	Wheat Flour	Olive Oil	Rice	Veg. Oil	Chick peas	Refined Sugar	Milk powder
Hebron	94.75	17.75	3.875	5.75	4.05	3.375	23.5
Ramallah	95	19	3.8	5.5	5.25	3.5	24
Nablus	98		4.5	6.25	5.75	3.5	24
Tulkarm	101	15	3.5	5.65	6	3	25
Average WB	**97**	**17.25**	**3.9**	**5.78**	**5.25**	**3.3**	**24**
North Gaza	80	23	3.8	5.8	5.3	3.1	34.11
Gaza	80	22.5	3.5	5.75	5.5	4	32.35
Middle	83.5	22.6	3.1	5.6	5.3	3.1	33.23
Khan Younis	87	22.3	3.25	5.75	5.57	3.1	29.41
Rafah	86	22.25	3	6	5.7	3.1	29.41
Average GS	**83**	**22.53**	**3.33**	**5.78**	**5.47**	**3.28**	**31.7**

When comparing food insecurity levels and market prices, the recorded market prices for July 2006-March 2007 time series show that Tubas, Tulkarem and Nablus, which have scored among the most food insecure in the latest CFSVA (respectively 38%, 29% and 37% food insecure people)[7] are also the governorates with highest wheat prices since July 2006. Ancillary reasons for high wheat prices in these areas is linked to closures/barrier, difficulties to route the food to the local markets and isolation from urban markets. Given this, access to basic food for the most food insecure governorate can become more and more difficult as the time series data does not show a decline in the price trends.

Table 6: Price data (NIS) and % change in WB and GS, past 14 months[8]

Share of change in prices for Basic Commodities in West Bank (WB) and Gaza Strip (GS)						
	Jan.2006		**March.2007**		**Percent change (%)**	
Product	**WB**	**GS**	**WB**	**GS**	**WB**	**GS**
Wheat Flour (50 Kg)	91	69.3	97.2	83.4	6.8	20.4
Olive Oil((1lt)	22.7	23.1	16.7	22.5	-26.6	-2.5
Rice (1 Kg)	3.3	3.6	3.9	3.3	17.0	-6.9
Vegetable Oil ((1lt)	5.75	5.4	5.8	5.8	0.7	7.3
Chickpeas (1 Kg)	5.46	5.4	5.3	5.5	-3.5	1.4
Refined Sugar(1 Kg)	3.00	2.9	3.3	3.3	11.5	11.8
Milk Powder (1Kg)	24	31.7	24.1	31.7	0.5	0.2

During the past 14 months, the price of two basic commodities (wheat flour and sugar) has increased drastically both in Gaza and West Bank pushing the poorest and most food insecure HHs to reduce the quantity and quality of food purchased and consumed. As an example, the price of wheat flour increased by 7% and 20% in West Bank and Gaza Strip respectively as

[6] WFP Monthly Market Price Collection. West Bank data refers to only 4 Governorates.
[7] WFP 2006 Map of Food Insecurity levels by governorates annexed to this report.
[8] WFP VAM analysis: the price of Wheat flour is for 50 Kg bag .

compared to January 2006.

Overall, table 7 shows the time series for wheat flour in WB and GS for the past year. Considering that wheat flour is not subject to seasonal price fluctuations in WBGS, the variation in price is mainly attributed to supply and demand, transport and closure polices. Higher prices in West Bank show a steady increasing trend, with a 7% upward change as compared to January 2006.

Figure 1 Wheat flour price time series[9]

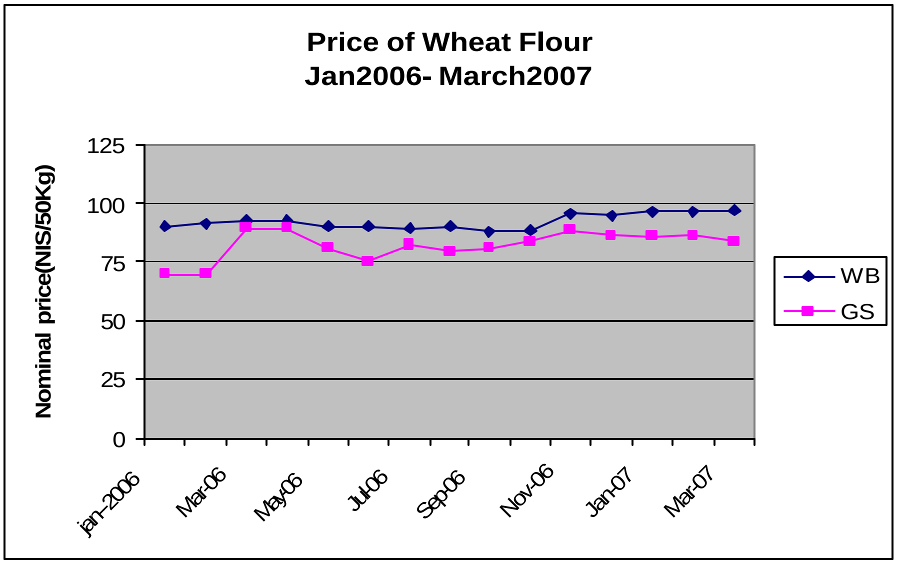


Figure 1 shows Gaza strip wheat flour prices peaking in March-April 2006 in conjunction with the results of Hamas political victory which triggered uncertainty over the political and humanitarian outlook and an increase in closure policies and closure days at Karni port as shown also in Table 1, with an upwards effect on wheat prices. Wheat and other basic staple prices in Gaza strip are still well above the purchasing power ability of the poorest quintiles of the population.

3. Agricultural and labour losses:

Small farmers and herders

The livestock herders in Eastern Slopes and Jordan valley are more vulnerable to become food insecure due to increased level of closure policy in West Bank especially in areas C and around Barrier. Small olive farmers faced problems in marketing their products in the last season due to high production costs and fragmentation in the market network.

Labour losses

Movement restrictions and the expansion of the barrier reduced the number of Palestinians in the work force in Israel and the settlements with a concurrent loss of high value salaries and remittances for the Palestinian people. As much as 53.4% of Palestinians workers have lost their jobs in Israel and the settlements since March 2000. During the last quarter of 2006, approximately 68,100 workers from West Bank and no Palestinians from Gaza had been working in Israel anymore. The reduction of the Palestinian labor force allowed to work in Israel was especially high for the Gaza Strip workers and for those without permanent permits. The loss of jobs in Israel and the settlement, combined with the cessation of payment for PA employees, has increased the economic dependency ratio to 7.9 in the Gaza Strip

4. Most Affected Social Economic and vulnerable groups:

Hardship Social Cases in the Gaza Strip and West Bank

Due to the PA financial crisis, 85% of the Social Hard Ship Cases have received only three cash payments (3500 NIS in total) since March 2006 through TIM. The last payment was disbursed during the first week of April 2007.

[9] WFP Market Price Monthly Collection

Particularly affected PNA Employees

Termination of the salaries for the PA employees has affected the economic situation and caused a 40% drop in sales of basic commodities in both urban and rural areas. People are purchasing food in smaller quantities and are relying on the most basic items only. The number of people purchasing food on credit has increased (compared to Nov-Dec). However, the recent resumption of salaries to some PA branches (Education, Health sector) might encourage the disbursement of salaries to a wider range of PA workers.

Bedouins

VAM Unit carried out a Rapid assessment mission of affected Bedouin Communities in Area C.

The exacerbation of the closure regime led to restricted access to grazing land for Bedouin herders, with inevitable harsh consequences on they precarious livelihood system. The combined effects of high fodder prices, restriction to access pasture, incidence of foot and mouth disease and lack of jobs forced the assessed Bedouin community to sell-off 29% of livestock.

Main report of the WFP Rapid Assessment is available upon request through the VAM unit.

Picture 1: Al Marajat Bedouin community

Children under 5 pregnant and lactating women:

Recent findings of the WFP nutrition desk review 2006 show the micronutrient situation in terms of Iron, Vit A, iodine and Vit D, to be a severe public health problem as described by WHO international standards . Vulnerable categories, such as children and pregnant/nursing mothers might be at higher risks of incurring in deficiencies. Key target groups: 1) Children under five with special emphasis in children >24 months. 2) Pregnant and nursing mothers. 3) School children in pre and primary age. Key geographic targeting: Gaza (all) and WB specifically South of Hebron and Jerico.

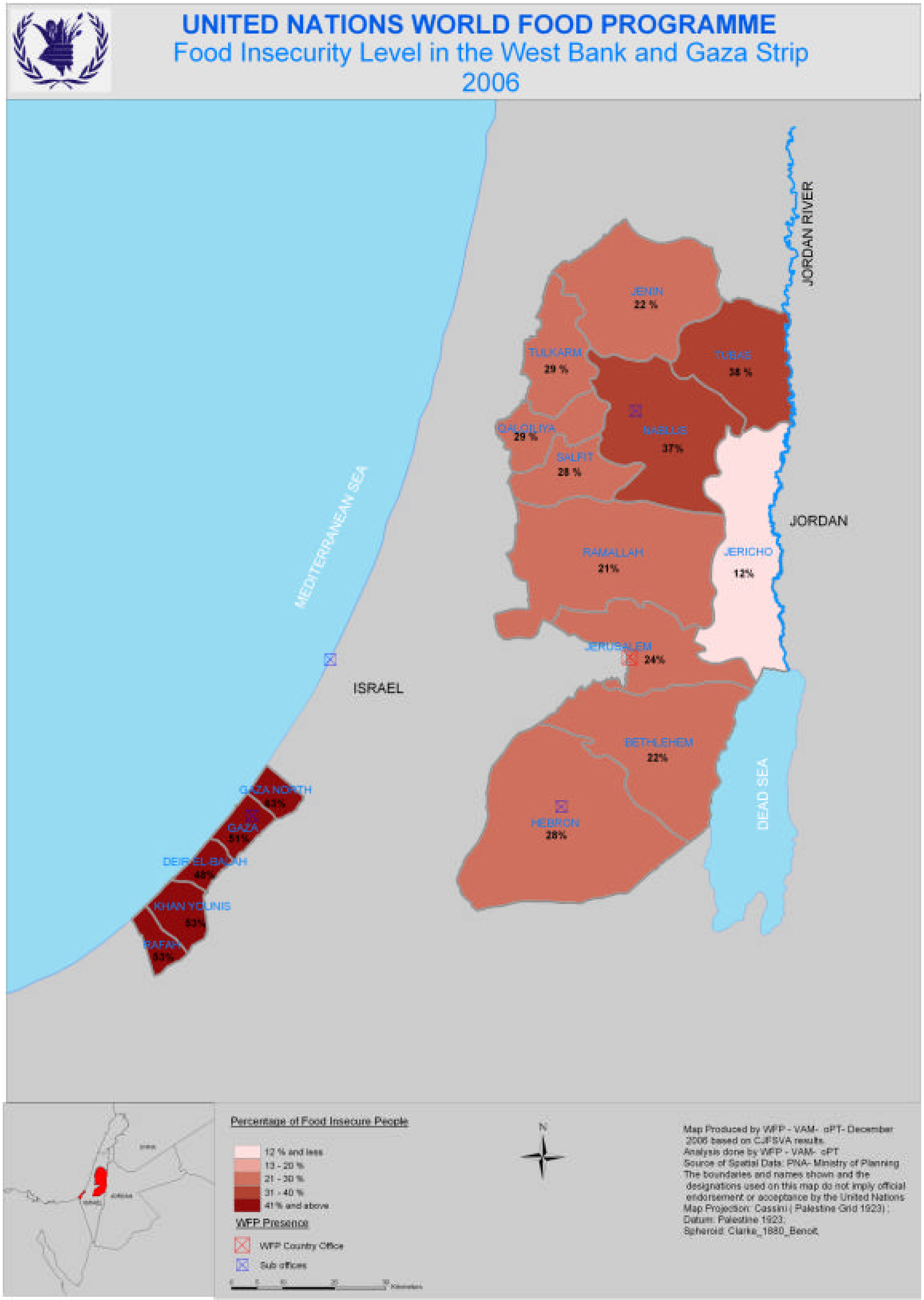
Small shop owners in the GS

Food insecure Palestinians have expanded their purchase on credit, as a coping mechanism to overcome the lack/limited cash availability. The reiteration of this coping mechanism is pushing people to stretch the credit period further which is affecting small shop owners stock and is in turn forcing them to close or minimize their business size. In fact, both credit periods and amounts of credit extended to customers have increased sharply in the West Bank and Gaza Strip by 77% and 89% respectively compared to the end of 2005.

Urban population

The CFSVA findings show an unexpected rise in urban food insecurity levels. This shows that urban population cannot be deemed more food secure as compared to the rural folk as the negative effects of the political and economic drawback encompass both urban and rural settings. Hence, it is envisaged to swiftly address the growing –and diversified- needs of urban population as high competition for jobs, urban confinement (i.e. Gaza) and impossibility to produce own food via backyard gardening could trigger unwanted socially detrimental coping mechanism that might push them further into destitution.

Annex 1: Map of Food Insecurity Level by governorates, 2006 CFSVA



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