World Food Programme
oPt

Rapid Food Security Needs Assessment in Gaza Strip

Effect of Import Restrictions and Freeze on Exports on the Food Security in Gaza Strip

Survey Report
December 2007

Children collecting materials, Gaza City.

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Executive summary

In the wake of the June 2007 events and the tightened closure regime imposed on the Gaza Strip, WFP and Al Sahel carried out a survey on the humanitarian situation with a view to assessing the impact of the current crisis on the non refugee population. The analysis is based on two components: 1) a quantitative survey on a subset of 422 non-refugees households and 2) a qualitative study entailing focus groups interviews.

The overall conclusion of the study is that the restriction on imports and freeze on exports have significantly reduced the livelihood viability of Gazas population, bringing larger segments of the population into the vulnerability circle. Amidst an environment of rapidly increasing prices, loss of employment, and significantly reduced cash income, economic access to food has become a serious concern for a growing proportion of the population in Gaza since June 2007.

Since June 07 there has been a sharp decline in food security levels affecting all areas and socio-economic livelihoods groups equally. The non refugee population have also witnessed a significant increase in food prices and poverty leading to a concerning rise in the proportion of their expenditure spent on food, Finally there has also been a worrying decline in nutritional indicators for underweight and anemia in children 9-12 months witnessed since June, All these indicators point towards an alarming situation in the status of Gazas non refugee population.

If the *status quo* is maintained, the economic disintegration will continue and wider segments of the Gazan population will be become vulnerable. The unemployment levels will most likely increase to include the overwhelming majority of private sector workers. If this scenario materializes virtually all Gazan population will become highly or totally dependant on humanitarian assistance in the form of food aid as well as non-food interventions (i.e. cash assistance, health subsidies, job creation and labor support).

The following paragraphs summarize the main finding of the study:

Quantitative findings

Socio economic

- Labor force Q3 data report that the overall economic dependency[1] of the Gazan population increased sharply from 5.9 to 7.4 between June and September 07.
- The survey findings show that 14.2 percent of households have at least one member who lost their job since June 2007. 58.3 percent of those who lost their jobs are the main breadwinners for their households.
- 52.4 percent of households reported a decrease in monthly income
- The mean household monthly income decreased by 22 percent since June 2007, from 1358 NIS before June 2007 to 1,058 NIS while the median income dropped by 30 percent from 1,000 to 700 NIS.
- 69.9 percent of the households earn less than NIS 1000 per month now, compared to 54.5 percent before June 2007. This is equivalent to less than 1.2 USD/person/day.
- The CPI in the Gaza Strip for September 2007 registered a 4.2 percent increase over the previous month, owing largely to the significant increase in the food and beverages and tobacco CPI, which registered a 5.7 and 17.7 percent increase respectively

Food security

- The findings show that 62 percent[2] of the households' expenditure is spent of food, this result shows a worsening trend and brings the food expenditure in Gaza in the range of the least developed countries (such as Somalia).
- 62 percent of the households reported that their monthly expenditure decreased in conjunction with their decrease in income

[1] Economic dependency ratio: the number of total population divided by the number of employed person.
[2] PECS 2004 report food expenditure over total at 37 percent in Gaza Strip

- Out of those households that reported a decrease in expenditures, 96.6 percent decreased their expenditure on clothing and 93.5 percent on food

- 71 percent of the surveyed households have reported decreased ability to produce or to purchase enough food to eat since June 2007

- **61 percent (301,823) of the non refugee** population of the Gaza Strip is food insecure, 11 percent (54,427) is vulnerable to becoming food insecure, 10 percent (49,479) is marginally secure and 18 percent (89,063) is food secure. An increase of 3 percent (approximately 22,000 individuals) food insecure non refugees compared to 2006 CFSVA findings.

- Underweight (children 9-12 months) increased from 2.5 percent to 4 percent and anemia increased from 70 percent to 77,5 percent compared to June-September 2006 records[3]

Qualitative findings

Impact of the June 2007 export freeze and import restriction

- All of the households visited during this assessment revealed that their consumption levels of many food items has been significantly reduced as a result of the loss of purchasing power and increasing prices. The most frequently mentioned food items which have been cut by the households visited are: meat, fruits and sweet products.

- Reportedly, retailers (especially smaller retailers) reduced their carrying capacity of certain food items due to the increasing prices and limited their stock of highly perishable foods (especially frozen and refrigerated foods) in fear of losses should electricity outages become more frequent.

- Approximately 30 percent of the fishing boats are currently not being used due to the lack of feasibility of fishing, the reduction in the permitted fishing distances, and/or the lack of spare parts and maintenance equipment.

- Anecdotal evidence suggests that fishermen's income has decreased by half since June 2007

- Cash crop farmers reported that the productivity per *dunum* has decreased by 25-35 percent due to the lack of essential fertilizers, pesticides and plastic sheeting

- Local production/supply farmers income is said to have dropped by 40 percent since June 2007 due to increasing cost of production and excess supply of cash crop produce

- Interviews with local cooperatives suggest that the percentage of layoffs is in the realm of 40-50 percent, with most layoffs taking place in the cash-crops sector.

- Approximately 209,800 individuals (farmers, workers, private sector, petty trade, fishermen etc) are currently being affected by the import restrictions and export freeze.

[3] Nutrition Surveillance System (NSS) / Nutrition Department / MoH October 2007

Part I Introduction

1.1 Rationale

Following Hamas take over of the Gaza Strip in June 2007 an economic blockade was imposed on the Gaza Strip; there was a drastic reduction in the amount of commodities imported to Gaza (restricting imports to a list of fifteen basic items,[4] preventing the import of raw materials and suspending the customs code for all goods bound to Gaza), furthermore all exports originating from Gaza were frozen.

This report includes a quantitative and a qualitative assessment of the impact of the import restrictions and export freeze on the food security of Gazas population since June 2007. It gauges the effect of the restrictions on the population and quantifies the extent to which their food insecurity has been affected.

In an attempt to complement and add value to previous assessments and studies, this assessment focused on examining the impact of recent events on the overall vulnerability and food insecurity of the non refugee population. Particular attention was given to verifying the vulnerability of the different livelihood groups identified though the United Nation's Consolidated Appeals Process, as well as identifying other vulnerable groups that may have been overlooked. In order to achieve the stated objective, an integrated survey was carried out, composed by:

- Literature Review: A comprehensive review of the most recent reports covering the humanitarian, food security, nutritional status, and market conditions in the Gaza Strip was carried out to get a snapshot of the situation in Gaza.
- In-depth, Semi-Structured Interviews: More than sixty in-depth, semi-structured interviews were conducted with key informants and organizations
- Group Interviews: Based on the findings of the literature review and the semi-structured interviews, five group interviews were conducted with the following groups to validate and discuss the findings of the literature review and the semi-structured interviews: Cash-crop farmers; Small farmers for local consumption, small Wholesalers and Retailers; and staff of Municipalities.
- Quantitative: A Rapid survey was administered to 422 non-refugee households. The surveyed households were identified using a stratified cluster systematic random sample in which 42 clusters were formed using two variables, namely: Governorate (5 Governorates), and locality type (urban and rural).

Part II Quantitative Survey findings

The total survey sample was 422 non refugees households, distributed over 42 cells (area segments) on the basis of a rapid assessment questionnaires designed by WFP in order to grasp the changes since June 2007 and including sections based on the Impact questionnaire so as to update the CFSVA food insecurity levels. The questionnaire was field tested and revised before the teams were fully deployed. The survey took place during the first two weeks of October 2007.

2.1 Changes since June 2007

2.1.1 Changes in employments status

According to the PCBS Labor Force Survey report for the third quarter of 2007, the unemployment rate in the Gaza Strip increased from 26.4 percent in the second quarter of 2007 to 32.9 percent in the third quarter 2007 (an estimated 13,000 people lost their jobs[5]). With this significant increase in unemployment, the economic dependency ratio increased sharply from 5.9 to 7.4 (a 25.4 percent increase in the three months following the June 2007 events).

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[4] Wheat and flour; sugar, frozen foods (including frozen meats), dairy products (Tnuva); rice; vegetables and fruits; vegetable oil; drugs , and fuel supplies.

[5] Employed persons according to defined according to PCBS as: "All persons 15 years and over who were working at a paid job or business for at least one hour during the reference week, or who did not work, but held a job or owned a business from which they were temporary absent during the reference week." Due to definition particularities, the estimates of the number of unemployed persons reported by representatives of the different sectors is higher than that reported by PCBS.

Table 1 Percentage of Employed Labor Force in Main Economic Activities

Economic Activity	2nd Quarter 2007	3rd Quarter 2007	% Change
Agriculture and fishing	17.3	12.7	-26.6
Mining, quarrying and manufacturing	12.6	5.8	-54.0
Construction	11.1	3.7	-66.7
Commerce, restaurants and hotels	19.1	18.7	-2.1
Transportation, storage and communication	5.1	6.9	35.3
Services and other branches	34.8	52.2	50.0

Source: PCBS Labor Force Survey (2nd and 3rd Quarter 2007)

Keeping in mind that the Gaza Strip industrial and agricultural sectors' outputs have traditionally been dependent on the Israeli market for export opportunities, the above statistics support the anecdotal evidence that the **restrictions on imports and the freeze on exports are the main reasons for the increase in unemployment and the decline in productive activities, which consequently caused a decline in households' purchasing power and general livelihood.**

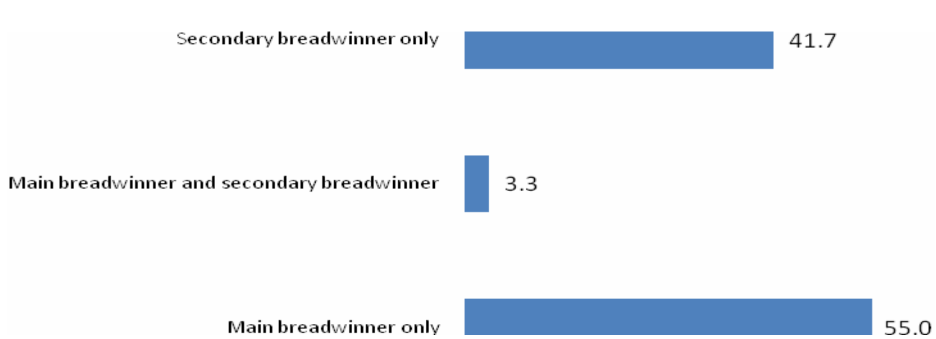
Survey results show that 68.5 percent of households have at least one household member who is employed. The majority (58.3 percent) of the households however have just one employed person. The overwhelming majority of the households have no female employed persons.

Table 2: Percentage distribution of households according to the number of employed and unemployed household members

Number of employed persons in the household	Male (%)	Female (%)	Both (%)
0	34.1	95.3	31.5
1	57.6	4.7	58.3
2	6.6	0	8.5
3	1.4	0	1.2
4	0.2	0	0.5
Total	**100.0**	**100.0**	**100.0**

The survey findings show that **14.2 percent of the households have at least one member who lost his/her job** since June 2007. 58.3 percent of those who lost their jobs are the main breadwinners of the household. The governorate with the highest rate of job losses is Gaza (19 percent) followed by Rafah (16 percent). All (100 percent) of those that lost their job in Deir al Balah were the main breadwinner, followed by 80 percent in Khan Yunis.

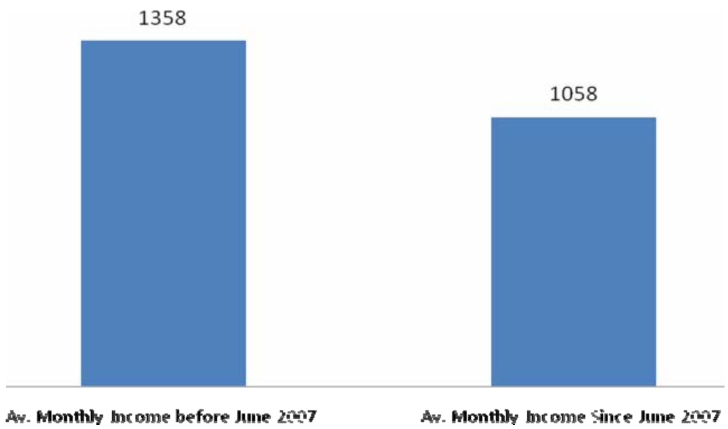
Figure 1: Percentage of households reporting loss of the jobs of their main or secondary breadwinners in the last three months



2.1.2 Changes in Household Income

Notwithstanding respondents' tendency to underestimate their income, survey results show that there has been a decreasing trend in household income since June 2007. According to the survey findings, the mean household monthly income (from all sources) decreased by 22 percent since June 2007, as shown in the figure below. When looking at the median household income (which seems to be more stable when the distribution is skewed) we see a **drop by 30 percent from 1,000 NIS to 700 NIS,** and should give a better idea of the general tendency.

Figure 2: Mean household monthly income before and after June 2007 events (in NIS)



The governorates with the highest drop in income are Deir Al Balah (-31 percent) followed by Rafah (-30 percent) and Gaza (-28 percent). Rafah is also the governorate with the lowest monthly average HH income (828 NIS).

When the changes in income are cross-tabbed with the households sources of income, the survey findings show that the households' whose main source of income is derived from emergency assistance (cash assistance, job creation) are the ones that have sustained the highest percentage decrease in income (58.1 percent decrease on average) probably as a result of the suspension of UN employment projects due to the lack of raw materials.

Moreover poor households and those reliant on emergency assistance generally have fewer income opportunities as well as reduced capability to withstand shocks hence they show a steeper drop in their income. Households whose main source of income is derived from own business, self employment, and remittances also sustained high percentage decreases in income as shown in the below table. This finding proves the closing down of private businesses as a result of the import restrictions on raw materials as well as increased difficulties in receiving remittances due to the enhanced security measures on financial transactions.

Table 3: Percentage decrease in household income according to the main source of household income

Source of income	**% Decrease in the mean household income**
Paid work (wages, salaries, overtime….etc.)	16.8
Self employed (Non-Agriculture)	32.2
Plant production	23.6
Animal production	19.2
Own business (business owner)	38.5
Rent/Lease of assets (land, buildings, etc…)	4.3
Sale of property	31.3
Interest and Dividends (from savings, stocks, etc..)	50.0
Income from Social Security Payments (social insurance, pe	9.3
Regular financial aids	23.3
Transfers (internal remittances	19.1
Emergency aids	58.1
Remittances (from abroad	27.8
Others	37.1

It should be noted here that the decrease in monthly income for the households that depend on paid work (the majority of Gazan households) is mostly attributed to households whose main source of income is derived from wages rather than salaries, since most of the PA salaried employees have been receiving their salaries relatively regularly since late July 2007.

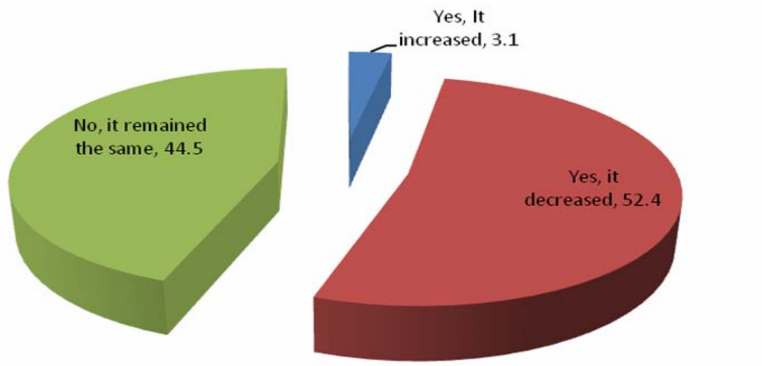
Survey results also show that the proportion of households existing on a lower income has increased since June. As the table below shows, 70 **percent of households earn less than NIS 1,000 per month now, compared to 55 percent before June 2007.**

Table 4: Household monthly income

Income groups	Before June 2007		During past 3 months	
	Count	%	Count	%
Up to 1000	230	54.5	295	69.9
1001-1500	76	18.0	42	10.0
1501-2000	55	13.0	39	9.2
2001-2500	20	4.7	17	4.0
2500+	41	9.7	29	6.9
Total	422	100.0	422	100.0

Moreover, **52 percent of households reported a decrease in monthly income**, while 45 percent reported income stability. A mere 3 percent of the surveyed households reported an increase in their monthly income as shown in the figure below.

Figure 3: Changes in Households' income in the past 3 months (%)



The majority of surveyed households (**72 percent) rely on one source of income only** which stresses the economic vulnerability of the Gazan population. Paid work is the main source of income for 43 percent of the surveyed households, followed by remittances (13 percent) and self employment (12 percent). For households who reported having a second source of income, emergency humanitarian aid is the most important source of secondary income followed by local transfers.

2.1.3 Changes in Household Expenditure

When examining the households' reported expenditures during the month preceding Ramadan, the survey findings show that the median total expenditure was 1,997 NIS while the median food expenditure was 800 NIS.

Considering the percentage contribution of food to the total household monthly expenditures (utilizing Engel's Law[6]), calculations found that most households fall within the "worse off" category. The findings show **that, on average, 62 percent[7] of households' total expenditure is spent on food** stressing a worsening trend. This should be compared to the findings of the Palestinian Expenditure and Consumption Survey (PECS) 2004 survey which reported an average of 37 percent food expenditures in Gaza. The new figures bring the food expenditure percentage among non refugees in the Gaza Strip to a level comparable with the least developed countries such as Somalia (which has a 60 percent food expenditure ratio).

[6] "Engel's Law is the observed phenomenon that when a household's income increases, the proportion of money they spend on food decreases".
[7] PECS 2004 report food expenditure over total at 37 percent in Gaza Strip

In regards to changes in the total expenditures, the survey shows that **62 percent of households reported that their monthly expenditure decreased** in conjunction with their decrease in income in the past 3 months.

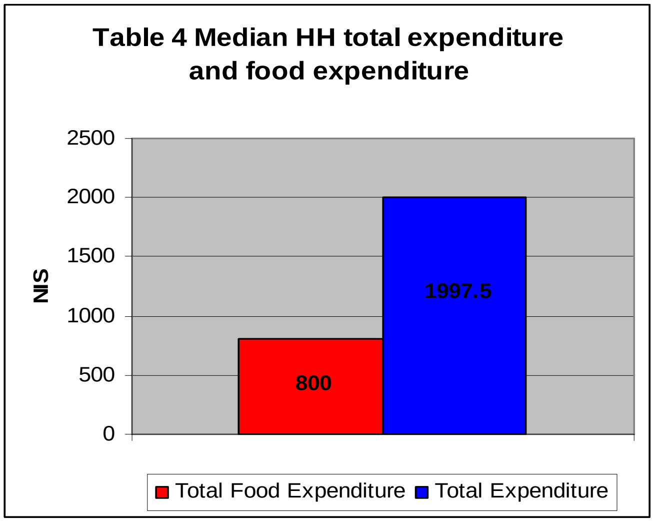
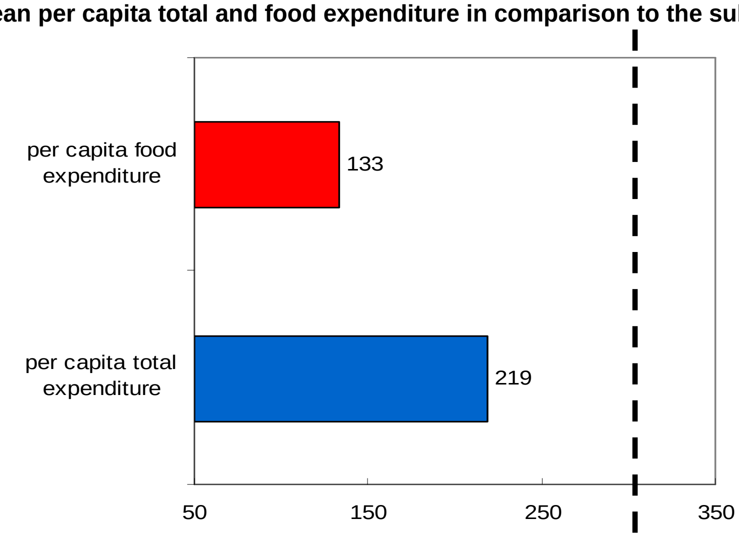


Figure 5 Mean per capita total and food expenditure in comparison to the subsistence line



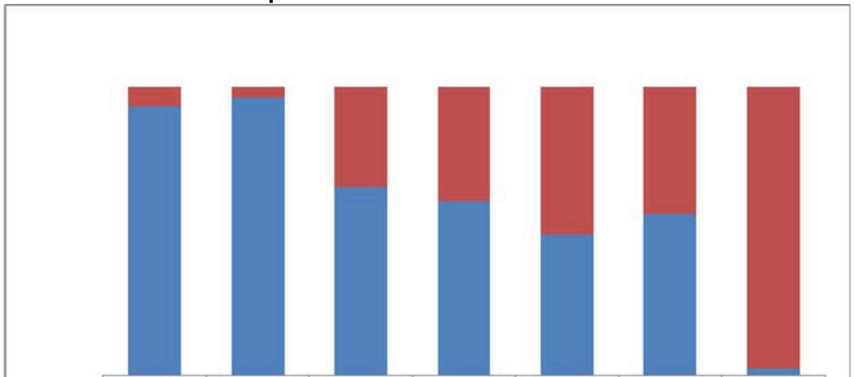
Subsistence poverty line 306 NIS per capita per month[8]

Moreover, Figure 5 (pg. 10) outlines the mean per capita expenditure on food and non-food item in comparison to the subsistence poverty line of 306 NIS that was set by Palestinian Central Bureau of Statistics (PCBS) in 2006. The **mean total expenditure per capita among non refugees in the Gaza Strip lies well below the subsistence poverty line**; in fact it is 87 NIS short of it.

As shown in the figure 6 below, the overwhelming majority of households that reported a decrease in expenditures have **decreased their expenditures on clothing and food**. More than half of these households decreased their expenditures on education, health, housing and recreation. The majority of the households (57.8 percent) consumed less fish, meat and chicken; 52 percent of the households consumed less fruits; and, 40 percent of the households consumed fewer vegetables.

[8] The subsistence poverty line of 306 NIS per/capita/month was set by PCBS in 2006

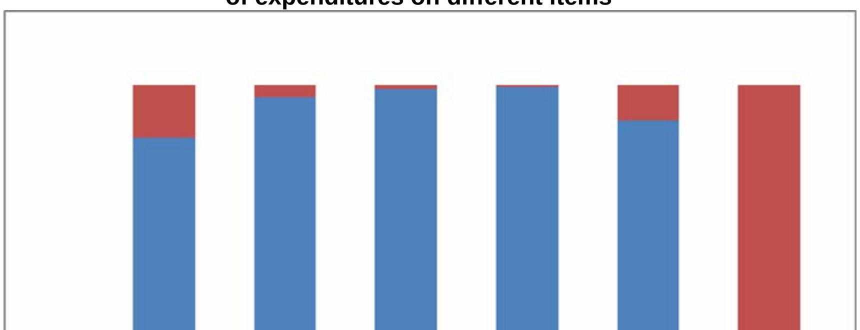
Figure 6: Percentage distribution of households (who reduced their exp.) with respect of the decrease of expenditures on different items[9]



	Food	Clothing	Education	Health	Housing	Recreation	Others
NO	6.5	3.4	34.9	39.5	51.3	44.1	97.7
YES	93.5	96.6	65.1	60.5	48.7	55.9	2.3

With regard to those households who reported a reduction in expenditure on food (244 households), almost all of the households surveyed reduced the quality and about four fifths of them reduced the quantity of the food they consume. More specifically, they reported a specific **reduction in meat, fruit and milk consumption** as shown in the figure below.

Figure 7: Percentage distribution of households (who reduced their exp. on food) with respect of the decrease of expenditures on different items[10]

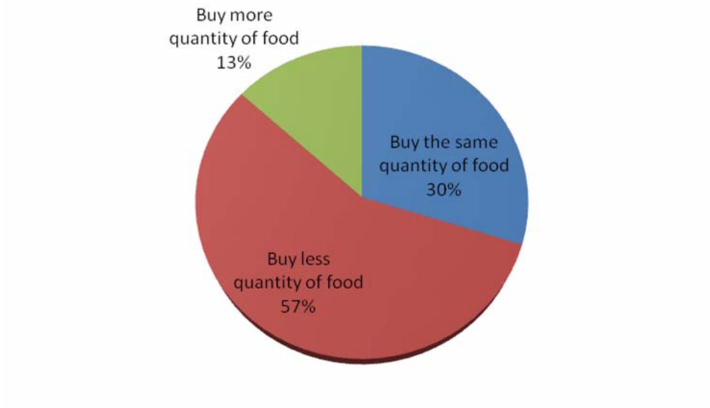


	Quantity of food	Quality of food	Quantity of meat	Quantity of fruits	Quantity of milk	Others
NO	20.9	4.9	1.6	0.8	13.9	99.2
YES	79.1	95.1	98.4	99.2	86.1	0.8

In comparison with the levels of purchased food in month of Ramadan 2007 and Ramadan 2006, the majority of the households (56.9 percent) reported buying a lower quantity of food in 2007 than in 2006.

[9] It is important to notice that the nominator is the number of households who reported decrease on expenditure on each item, while the denominator is the number of households who reported general decrease on their expenditure (261 households)
[10] The nominator is the number of households who reported decrease on quantity or quality of each item, while the denominator is the number of households (244 HH) who reported decrease on their expenditure on food

Figure 8: Percentage distribution of households in relation to their purchase levels of food



Moreover, it is noteworthy that **71 percent of the surveyed households reported a reduction in their ability to produce or purchase enough food to eat since June 2007**. At the same time, 28 percent of the surveyed households reported that their ability to purchase or produce subsistence food was not affected, while only one percent reported that the question was not applicable to them. A deeper analysis of the survey data reveals that about **35 percent of the households purchased more than 50 percent of their food on credit,** which is yet another indicator of vulnerability.

Part III Food security status

3.1 Update of food insecurity levels

The 2007 updated rapid assessment in the Gaza Strip concluded that **61 percent (301,823) of non refugees in the Gaza Strip are food insecure,** 11 percent (54,427) are vulnerable to becoming food insecure, 10 percent (49,479) are marginally secure and 18 percent (89,063) are food secure.

In comparison, the CFSVA 2006 study concluded that 58 percent of non refugees were food insecure and 12 percent were at risk of becoming food insecure, given the conditions at that time.

An **increase of 3 percent compared to 2006 food insecurity levels** shows that, despite the relatively short time span since the onset of the most recent crisis, the humanitarian consequences of the import restrictions and export ban are starting to show visible impacts which are being felt by the population. The economic blockade of the Gaza Strip is in effect a covariate shock that is gradually eroding all livelihoods sectors indiscriminately, leaving no alternative coping strategies available.

Table 5 Food Security Groups: Percentages and Description

Food Secure	Marginally Secure	Vulnerable to Food Insecurity	Food Insecure
18%	**10%**	**11%**	**61%**
-Households with income and consumption above $2.2/capita/day -Households with income or consumption between $1.6 and $2.2/capita/day but show no decrease in total, food and non-food expenditure	-Households showing either income OR consumption above $2.2/capita/day (not both) -Households with both income and consumption between $1.6 and $2.2/capita/day but show no decrease in expenditure patterns	-Households showing both income and consumption below 2.2$/cap/day EXCEPT households showing no decrease in expenditure patterns (categorized as marginally secure)	-Households with income and consumption below 1.6$/cap/day -Households showing decrease in total, food and non-food expenditures, including households unable to further decrease their expenditure patterns

As shown in table 6, there is an increase in both the food insecure (by 3 percent) and the food secure (by just 1 percent). This means that **the gap between the worst off and the better off is widening** –as while the most resourceful households are still able to cope, the poorest segments are plunging deeper in poverty and people falling in the middle groups (vulnerable and marginally secure) are gradually moving towards food insecurity.

Table 6 Food insecurity levels

Profile	2006	2007	Changes	Population 2006	Population 2007	Change
Food Insecure	58%	61%	+ 3%	279,658	301,823	+22,165
Vulnerable	12%	11%	-1%	57,860	54,427	-3,433
Marginally Secure	13%	10%	-3%	62,682	49,479	-13,203
Food Secure	17%	18%	+1	81,969	89,063	+7,094
Total				482,169	494,792	

Table 7 and 8 show a comparison between 2006 and 2007 food insecurity levels by governorate. However, given the small sample size of the survey (422 households) the breakdown by governorate should be taken as indicative of a trend only as it is not statistically representative at this level of disaggregation.

Nonetheless, the comparison helps to identify the governorates most affected with Gaza and Khan Younis showing the greatest deterioration, most likely due to the fact that the factories/outlets of the large construction and manufacturing sectors most hardly hit by the import restrictions are located in these governments.

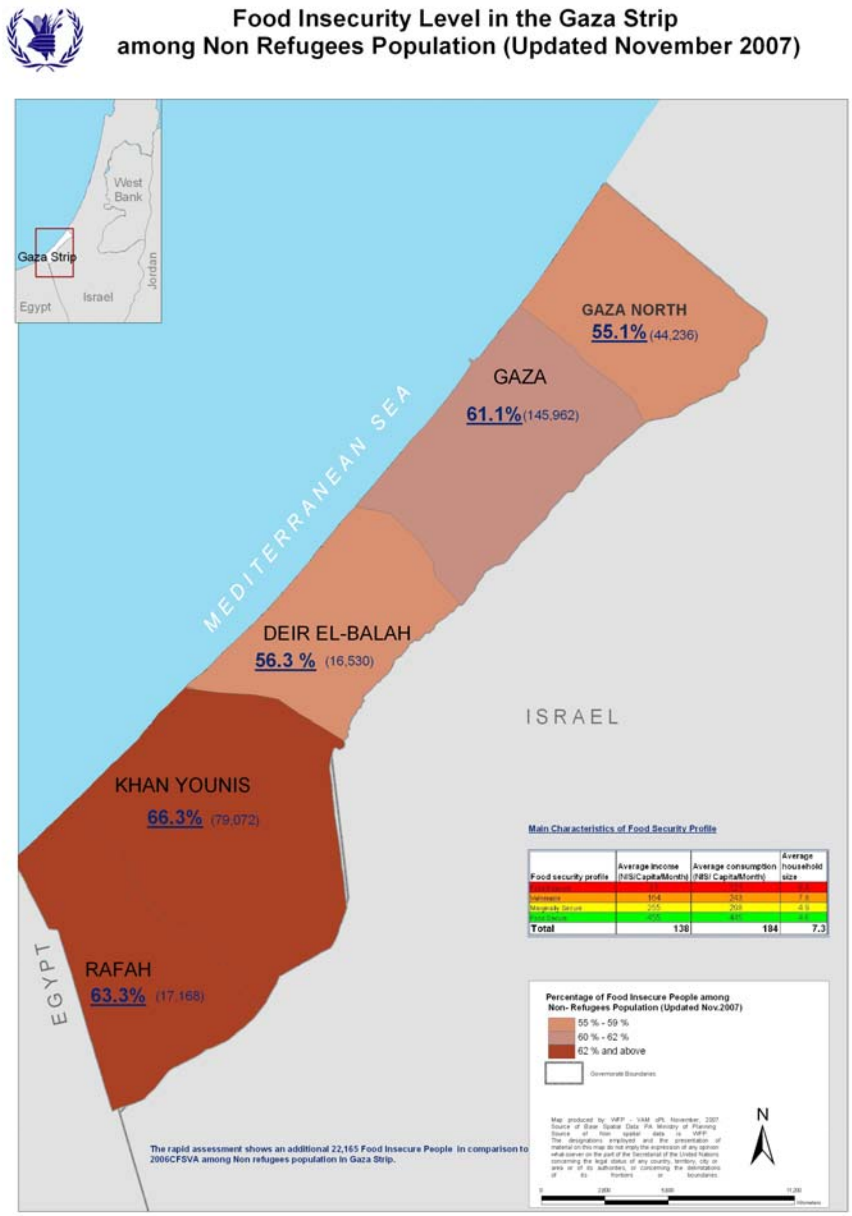
Moreover, the comparative tables also highlight that the rate of food insecurity is leveling out across the governorates indicating that governorates that used to have higher economic resilience (Gaza, Khan Younis) are now sliding towards lower productivity. The apparent reduction in food insecurity in Northern Gaza, Deir Al Balah and Rafah governorates does not mean an improved status, on the contrary, it is a worrying indicator that the bar has been lowered hence the leveling of food insecurity across the Gaza Strip.

Table 7 Percentages of Food Security Groups by Governorate (2006)

District	Food Insecure	Vulnerable	Marginally Secure	Food Secure
North Gaza	74.74	10.92	7.51	6.83
Gaza	53.11	11.84	15.25	19.8
Deir Al-Balah	67.01	10.16	17.82	5.01
Khan Younis	49.67	14.04	11.86	24.44
Rafah	77.41	7.89	10.76	3.95
Total %	**57.87**	**11.89**	**13.02**	**17.21**

Table 8 Percentages of Food Security Groups by Governorate (2007)

District	Food Insecure	Vulnerable	Marginally Secure	Food Secure
North Gaza	55.1	10.3	7.7	26.9
Gaza	61.1	9.4	11.7	17.8
Deir Al-Balah	56.3	15.6	12.5	15.6
Khan Younis	66.3	15.1	7.0	11.6
Rafah	63.6	4.5	11.4	20.5
Total %	**61.0**	**10.7**	**10.0**	**18.3**



3.2 Food utilization

In an attempt to cope with the increasing cost of living and a fall in purchasing power, many Gazan households interviewed reported that they are foregoing meals and/or reducing the quantity and quality of food consumed. This is a strategy that has been reported for a protracted length of time as mentioned in earlier studies. Some households interviewed reported living on just one meal per day, while most households reported that they rarely consume meat and fruits.

While the potential impact of these coping strategies should be further investigated to objectively and more accurately assess whether the June 2007 events have indeed worsened the food security situation from a utilization perspective, the Ministry of Health (MOH) National Surveillance System data reveals a deterioration in key nutrition indicators. Underweight is a key indicator to describe short term deficiencies in a chronic situation, this matches with the deterioration in availability of quality food showed through the report. **Both anemia and underweight show an increase compared to 2006** data of the same period.

Table 9: Comparison between 2006 & 2007 in Gaza Strip for months June-September

Nutrition Indicator	2006	2007	Rate of change (%)
Underweight among children (9 – 12 months)	2.5%	4.0%	+60%
Anemia among children (9 - 12 months)	70.1%	77.5%	+11%

Ref.: Nutrition Surveillance System / Nutrition Department / MoH October 2007

It should be noted that nutritional status is not only determined by adequate food intake, but also by disease patterns, hygiene, care practices, public health environment and water and sanitation conditions. Thus, when considering the fact that water supplies have been cut daily for 15 percent of Gaza residents since June due to limited availability of fuel, and that the availability of drugs at central drug stores in the Gaza Strip has been continuously decreasing, the nutritional status of the Gaza Strip residents is under threat.

Any further measures to limit fuel supplies entering Gaza will put the entire public health and nutritional status of the population will become at risk. With reduced fuel supplies, the providers of water and sewage disposal utilities will be forced to reduce water wells discharge further to maintain sewage disposal capacity so as to prevent a humanitarian crisis.

Part IV Qualitative survey findings

The qualitative survey was carried out during the month of October 2007 through a series of approximately 60 focus group interviews and meetings with key stakeholders. The information in the following sections refers to both the refugee and non refugee population living in the Gaza Strip.

4.1 Changes in access, availability and utilization of food

Field observations and interviews confirm unequivocally that the Gaza Strip has been facing unprecedented and continued economic losses in all productive sectors and a reduction in livelihoods since June 2007 due to the restrictions on imports and exports. Amidst an environment of rapidly increasing prices, loss of employment, and significantly reduced cash income, economic access to food –identified as the most significant food security concern in the West Bank and Gaza Strip in the 2007 Comprehensive Food Security and Vulnerability Analysis (CFSVA)- is believed to have become a more serious problem for a growing proportion of the population in Gaza since June 2007.

4.1.1 Economic access to Food

A review of the Consumer Price Index (CPI) for the months June-October 2007 reveals that prices in the Gaza Strip have been systematically higher than in the West Bank, continuing the diverging trend between the two regions which began in January 2006. The CPI in the Gaza Strip for the month of September 2007 registered a 4.2 percent increase over the previous month, owing largely to the significant increase in food and beverages and tobacco CPI, which registered a 5.7 and 17.7 percent increase respectively.[11] The increase in the CPI outpaced the increase of both the Wholesale Price Index (WPI) and the Producer Price Index (PPI), which increased by 2.1 and 1.5 respectively in the third quarter of 2007 over the previous quarter.

Field interviews and focus group discussions confirmed that the prices of basic commodities and food items are prohibiting their purchase by most Gazan households. All retailers interviewed believe that price increases combined with the loss of employment and purchasing power are pushing the consumption patterns of their clients towards cheaper food commodities and an overall reduction in quantity of food purchases. This strategy, however, is not effective to ensure sufficient access to food as most currently available foods on the market are not classified as “cheap substitutes” by poor households, -due to the limitations on imports and the lack of local production of cheap local alternatives-

All of the households visited during this assessment revealed that their consumption levels of many food items have been significantly reduced as a result of the loss of purchasing power and increasing prices. The most frequently mentioned food items which have been cut by the households visited are: fruits, sweets, and meat products. This trend is confirmed by the quantitative survey findings.

[11] The CPI increased by 0.77 percent in October 2007, with a 0.76 and 0.81 increase in the Gaza Strip and West Bank CPI respectively. The developments of the CPI for October reveal a 1.01 percent increase in the food expenditure group (largely due to price increase in Gaza), 1.41 percent increase in the housing expenditure group, and 1.1 percent increase in the miscellaneous goods and services expenditure group.

Field interviews show that credit sales of food are still being extended by retailers to their regular customers despite relatively low repayment. The retailers interviewed explained that although credit sales pose a risk to them (especially since prices are rapidly increasing), they find themselves forced to extend it in fear of losing their clients. To minimize this risk some retailers reported stopping extending credit to customers who do not pay at least 80 percent of their total monthly debt and/or reducing the number of items that could be purchased on debt to "essential commodities" they identify.

Although consumers feel the effect of increasing prices the most, the retailers also feel the brunt of price increases as they tend to absorb the price increase in fear of losing their customers or simply in fear that their products would spoil, if perishable.

4.1.2 Availability of basic food and non-food items

While Gaza has local production of fruits, vegetables, and poultry, it is highly dependent on imports for staple foods such as wheat, flour, legumes, rice, meat and oil. Thus, the availability of basic food and non-food items in Gaza is determined by the inflow of food imports through the two currently open crossings (Karni conveyor belt and Karem Shalom) of the Gaza Strip (see map 2 below). In the aftermath of the June 2007 events and the new closure regime, food imports into Gaza have been severely restricted and gradually confined to fifteen basic items -with only occasional import of other non-food items (such as animal feed)- brought into Gaza through Kerem Shalom.

Notwithstanding the fact that the monthly inflow of imports[12] has been declining over the period June-October 2007 field interviews with retailers and wholesalers suggest that basic food items remain generally available in the local market, albeit stocks are limited and the rate of stock replenishment relatively infrequent[13]. Retailers and wholesalers interviewed confirmed that they had been indeed out of stock of the following commodities in at least three different instances since June 2007.

- Sugar;
- Powdered milk;
- Dairy products;
- Frozen foods;
- Vegetable oil; and
- Cleaning supplies and personal care products.

Generally, baby food, olive oil, nuts, chocolate, spices, juices and carbonated drinks have been missing from the Gaza markets since late July 2007 due to restrictions on imports.

Reportedly, retailers (especially smaller retailers) reduced their carrying capacity of certain food items or stopped carrying them in stock altogether due to the increasing prices of these items and/or the risk entailed by carrying them. In workshop discussions, retailers highlighted that they have reduced their carrying stock of flour due to its increasingly high prices, and limited their stock of highly perishable foods (especially frozen and refrigerated foods) in fear of losing these perishable foods should electricity outages become more frequent. Market visits confirmed that the stock of frozen and refrigerated foods at the retail level in all Gaza governorates is very low. Several retailers indicated a shift in their procurement practices towards low price commodities (and lower quality whenever available), which are commensurate with their customer's dwindling incomes.

[12] WFP Market monitoring reports

[13] Infrequent replenishment of stock is believed to be a major problem for small retailers who indicated that they some wholesalers opt to delay delivery until the orders placed are large enough to justify the transport cost.

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4.2 Effect of the closure on the main productive sectors

The following bullet points[14] summarize the effect of the closure on Gazas main productive sectors on the basis of evidence gathered through interviews with business associations and farmers groups. It should be noted here that most (90.4 percent) of economic establishments in the Gaza Strip employ less than five people, and a meager proportion (one percent) employs more than twenty people.[15]

4.2.1 Construction, Mining and Quarrying Sector

According to the Gaza Chamber of Commerce figures, the construction sector ceased production in late July 2007 due to the lack of raw materials (imported through and from Israel). PalTrade estimates that some 18,000 jobs have been lost as a result of the halt of construction sector activities in the Gaza Strip since June 2007[16], noting that work on vital and large infrastructure projects have been stopped completely[17]. Field observations confirmed that work on the Salah A'Deen Corridor, A'Nasser Street and the Movenpick Hotel, considered among the largest infrastructure project in the Gaza Strip, have indeed been stopped[18]

4.2.2 Garments and Textile Sector

An estimated 600 textile and garment factories, employing some 16,000 workers, were operational in Gaza on the eve of the June 2007 events. PalTrade estimates that 95 percent of these factories have shut down completely and laid off their workers due to the unavailability of raw materials and inability to export. The remaining five percent of the sector's establishments are currently operating at very low capacities due to their previous stock of raw materials. About 90 percent of the garments sector production is destined for Israeli companies, which provide the raw materials and designs to these factories to tap the comparative advantage of cheap labor costs Gaza has to offer. Gaza Chamber of Commerce estimates that the freeze on exports that ensued the June events has cost the textile and garments sector some US$ 10 million in direct losses due to the inability of the garment factories to export 10 million pieces produced for the summer and fall seasons.

- ### 4.2.3 Wood and Furniture Sector

Like the garment and textile sector, the majority of the production of the wood and furniture industries sector is export-oriented, where an estimated 75 percent of the industry's output is destined for Israeli and the West Bank markets. According to the Wood Industries Union, the freeze on exports has prevented the export of some 400 containers of custom-made furniture to Israel and the West Bank, causing an estimated US$ 8 million of sales losses to factory owners. Due to non-existent local demand for these products, lack of essential raw materials, and no prospects for a resumption of exports all large and medium sized furniture factories (26) have shut down and laid off their workers (estimated at 1,500). The great majority of small furniture workshops and wood wholesalers have also either shut down their business and laid off their workers or significantly reduced their operating capacity.[19]

4.2.4 Food and Beverages Industries Sector

According to the Palestinian Food Industries Association (PFIA), 16 of its 32 member food and beverage manufacturing companies had shut down completely and laid off all of their employees by the end of October 2007. Among the factories that closed down are the three largest employers within the food and beverages sector[20], which employed a total of 900 workers. The remaining 16 factories are operating at 30 percent of their usual operational capacity. The downturn in the food and beverages sector is caused by a combination of three factors, namely: limited availability of raw materials due to import restrictions, the freeze on exports which prevented many of the companies for exporting their products to the West Bank and regional markets, and contracting local demand due to the reduction in consumers' purchasing power. Reportedly, the total direct losses sustained by the food and beverage industries sector until the end of October 2007 exceeds US$ 3 million.

4.2.5 Commercial Transport Sector

Since the outbreak of the second Intifada, the survival of the commercial and transport sector in the Gaza Strip, which employs some 450 truck drivers and about 1,000 workers, has mainly relied on the movement of goods to and from Gaza's commercial crossings. The restrictions on imports and the freeze on exports, was thus immediately felt by the sector. Commercial truck drivers estimate that the number of loads they transport on daily basis has decreased from

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[14] It should be noted here that what has been highlighted in the above points are the immediate effects of the closure on the different sectors. The long term effects on the export oriented sectors in particular, in the opinion of the assessment team, are more serious as it is unlikely that these companies will be able to restore the confidence of their Israeli clients once the closure is lifted.

[15] PCBS, Establishments Census 2004, January 2006.

[16] These include jobs in construction as well as jobs in construction sub-sectors suck as cement blocks, tiles, ready cement, etc…

[17] Including UNRWA and UNDP's projects.

[18] According to PCBS, the percentage of the labor force in the Gaza Strip working in the construction and manufacturing sectors decreased by 40.3 and 35 percent respectively.

[19] An estimated 5,000 people work in the wood and furniture sector and its related sub-sectors.

[20] These are beverage factories that used to produce carbonated drinks and have shut down due to their inability to import CO_2, which is an essential ingredient in the majority of their products.

an average of two loads per day in May 2007 to one load per week in September 2007 with huge fluctuations due to the unpredictability of the closure of Kerem Shalom and Sufa crossings.[21]

4.2.6 Agricultural Sector

The current restrictions seriously threaten the entire agricultural sector, which is the main source of income for more than 40,000 workers[22]. This is largely due to the loss of export opportunities, lack of agricultural inputs, and increased restrictions on fishing. The next section will analyze the specific impact of the closure on the sector.

4.3 Closure effect on fishery and agriculture sector

4.3.1 Fishing Sector

Albeit relatively small by regional and international standards and in the wake of restrictions on fishing within the framework of the Israeli closure policies, the Gaza Strip fishery sector's contribution to the Palestinian GDP has remained in the realm of 4 percent between 2000-2005. The Fishermen Union, a membership-based organization, estimates that there are some 737 fishing boats of different sizes belonging to its 3,089 members who depend on fishing for their livelihoods. A further 2,000 individuals' livelihoods are dependent indirectly upon the fishing industry through the servicing and maintenance of the fleet of vessels.[23]

Table 10: Number of fishermen and ownership of fishing boats by governorate

Region	No. of Registered Fishermen	Type of Fishing Boats			Total No. of Boats
		Trawler and Launch[24]	Feluka and Hasaka (hooks and gillnet)	Feluka and Hasaka (no engine)	
Gaza	1,500	71	60	300	431
Deir Al-Balah	524	3	4	97	104
Khan Younis	640	9	36	53	98
Rafah	425	7	21	76	104
Total	**3,089**	**90**	**121**	**526**	**737**

All fishing inputs (nets, floaters, engines, gears, sonar and GPS systems, etc…) are imported from Israel due to the absence of net making and small production facilities. Routine maintenance services, however, are done locally. According to Fishermen Association, the fisheries catch largely consists of "low-value" species (mostly sardines, consumed in the local market), with most high value catch being destined for export to the Israeli market.

Both the restrictions on imports and the freeze on exports have been having a devastating effect on the fisheries sector as a whole and on the livelihoods of the fishermen and those depending on the sector in particular. Anecdotal evidence from several fishermen suggests quite clearly that the closure that ensued after the June 2007 events was coupled with an "undeclared" reduction of the range permitted for fishing from six nautical miles to a maximum of four. As a result, fishermen say, both the quality and quantity of the fishing catch has been far below the seasonal average.

With their reduced sales, low profits due to low local demand, inability to export any of their "high quality" catch, and high cost of fishing (the average cost of one fishing trip can vary between NIS 500 and NIS 3,500 depending on the size of the vessel, nets and crew), many fishermen have been opting to remain on shore. Reportedly many others have been forced to keep their boats in their landings due to the lack of the needed spare parts and maintenance materials.

[21] Sufa crossing was closed on 28 October 2007, with all commercial traffic redirected to Karem Shalom. This poses a serious concern from a food availability perspective as Karem Shalom is not sufficiently equipped to maintain the needed –even the current- import or export needs of the Gaza Strip. Moreover, commercial transport through Karem Shalom will most likely have additional cost repercussions, thus exacerbating the problems with the price increases highlighted above.

[22] Including 5,000 workers employed in the fishing sector.

[23] Assuming that the average household size in Gaza is 6.9 persons, it can be said that some 35,000 people depend upon the industry for their livelihood.

[24] Including purse seiner (launches and and hasaka)

In summary, and based on anecdotal evidence and field observations, the effect of the closure on the fisheries sector has manifested in the following:

- Reduction in the number of operating fishing boats:

Reportedly, some 30 percent of the fishing boats are currently not being used due to the lack of feasibility of fishing, the reduction in the permitted fishing distances, and/or the lack of spare parts and maintenance equipment. Of the 18 trawlers owned by Gaza fishermen, only 2-3 operate daily; while most of the purse seiner[25] boats (used mostly to catch "high quality" fish at long distances off shore) have not operated since June 2007

- Reduction in fishing income:

The sharp decrease in domestic demand for fish (as result of the loss of purchasing power among consumers and the freeze on exports) combined with a lower catch has considerably reduced fishing income, which is also being squeezed by increasing fuel prices. Anecdotal evidence suggests that fishermen's income has decreased by half since June 2007, where owners of fishing boats who were used to making anywhere between NIS 1,500-2,500/month are now making no more than NIS 1,000/month; whereas workers who used to make anywhere between NIS 900-1,200/month are now making NIS 500/month at best. Market visits revealed that "high quality" fish prices have dropped by more than 50 percent, while "low quality" fish (such as sardines) has somewhat maintained its pre-June price. For example, Luxus, which usually sells for NIS 100-120/kg, is now being sold for NIS 50/kg; and a kilogram of shrimps now costs NIS 40-50 compared to NIS 90-110 before June 2007.

- Increase in the price of fishing inputs:

Due to the restrictions on imports, the prices of fishing inputs have sky rocketed, prohibiting a significant proportion of fishermen from carrying out essential maintenance to their boats. Examples of price increases obtained through the field interviews include the following:

Table 10 Price increase of fishing inputs

Input	Previous price	Current Price
Rope	NIS 35	NIS 50
Engine pistons	NIS 500	NIS 1500
Engine	NIS 20,000	NIS 30,000
Lead for fishing nets	NIS 8/kg	NIS 15/kg

- Increased indebtedness among fishermen:

Analysis of the credit reports of Al-Tawfiq Cooperative Society of Fishermen, a cooperative that has a membership of 185 fishermen, reveals that slightly more than 94 percent of the fishermen have a total debt of NIS 729,402 to the cooperative for boat fuel they bought on credit. The overwhelming majority of these debts have been accumulated during the past four months.

- Proliferation of unsustainable and internationally-prohibited fishing practices:

The additional restrictions imposed on fishing rights of Gaza fishermen have been increasing the intensity of close-shore fishing -which began emerging in 2006- and leading to the emergence of both unsustainable, environmentally unfriendly and unhealthy fishing practices.

Fishermen interviewed reported coping with the difficulties they face by resorting to organizations that provide humanitarian assistance, reducing their household expenditures, and seeking other jobs after they return from their fishing ventures.

4.3.2 Agricultural Sector

For the purposes of this report, plant production in the Gaza Strip could be divided into two main types of crops, namely[26]: cash crops, and traditional crops. Under the cash crops category are export-oriented crops that mainly comprise cherry tomatoes, strawberries, cut flowers, and to lesser degrees green peppers and certain potato and cucumber species. Crops under the traditional crops category include all types of crops (vegetables and fruits) not intended for the export market; i.e. produced for local consumption. An estimated 21,000 people worked in the cash crops sub-sector, while some 37,000 people worked in the traditional farming sub-sector prior to the June 2007 events.[27]

[25] FAO: Purse seiners are the most important and most effective vessels to catch aggregating species near the surface. The vessel surrounds the shoal with a deep curtain of netting and then the bottom of the net is pursed (closed) underneath the shoal by hauling a wire which runs from the vessel through rings on the bottom of the net and back to the vessel.
[26] Field crops have been excluded for the purposes of this report due to their limited and highly fluctuating cultivation. Moreover, they are not considered a main source of livelihood.
[27] OCHA, Needs Assessment Framework, July 2007.

The effect of the closure has been felt by both categories of farmers, and manifested in the following:

- Reduction in productivity:

Almost all farmers interviewed during the assessment confirmed that while the land under cultivation increased in 2007 from the preceding year[28], the productivity of cultivated lands has decreased since June 2007 compared to the same period last year due to the lack of needed agricultural inputs. This was mostly felt by cash-crop farmers (and especially strawberry farmers), who reported that the productivity per dunum has decreased by 25-35 percent due to the lack of essential fertilizers, pesticides and plastic sheeting as a result of the import restrictions imposed following the June events.

Many of the cash crop farmers reported using lesser quality inputs and reducing the frequency of use of certain inputs to cope with the lack of availability of the needed inputs in the local market. Other farmers reported that they resorted to using pesticides and chemical fertilizers that are prohibited under the EurepGap regulations simply because they could not find and/or afford the needed pesticides. Several other farmers are being forced to reuse the plastic sheeting and other inputs that are intended for one-time use due to their unavailability.

Table 11 Examples of Price Increases in Agricultural Inputs

Item	**Pre-June 2007 Price (NIS/Unit)**	**Current Price (NIS/Unit)**
Plastic sheets	480	600
Ammonia	50	100 (when available)
Fertimik (fertilizer)	400	600
Tractor blades	600	1,000-1,200 (when available)
Seedlings	5	6.5
Iron supplements	45	80
Gas	1,600	2,500

- Reduction in agricultural income:

Local production farmers reported that their agricultural income has been shrinking significantly since July 2007 due mainly to the increasing cost of agricultural inputs and their inability to pass on price increases to consumers amidst low local demand and excess in supply. In interviews, local production farmers claimed that the main reasons why they are unable to raise prices is because cash crop farmers are dumping their products in the local market at cheap prices in an attempt to recuperate some of their losses due to their inability to export, and also because some of these farmers have shifted to producing local varieties that are considerably cheaper to cultivate. Based on several farmers' interviews the reduction of income of local production farmers could be said to have dropped by 40 percent at least since June 2007 due to increasing cost of production and excess supply. This drop in income is likely to decline further in the future as the production of local varieties increases as a result of the entry of cash crop farmers into the local production cultivation market.

Unable to export since June 2007 and with export resumption prospects dwindling, cash crop farmers have begun selling their crops in the local market at one third of the export prices (and sometime less). For example, strawberries were being sold at NIS 4/kg in Gaza City in mid November 2007 compared to their export price of NIS 14/kg, while cherry tomatoes were on offer in the local market for NIS 1.5/kg compared to their export price of NIS 4/kg. During market and field visits, the assessment team observed high-grade carnations and cherry tomatoes being thrown by farmers into the street and fed to animals as they could not be sold in the local market at acceptable prices to farmers.

- Reduction in the area of land under cultivation (in both cash-crop and traditional varieties):

Interviews with farmers and farmers' associations confirmed that several farmers have reduced the areas of land they cultivate to mitigate their losses that are resulting from diminishing income and limited marketing opportunities. The assessment could not ascertain the extent of reduction in areas under cultivation, however anecdotal evidence suggests most of the reduction is in the cash crops sector:

[28] Farmers brought more lands under cultivation in 2007 expecting to have increased exports since 2007 is a "year of rest" for religious Jewish farmers, in which lands owned by these farmers are not cultivated for religious reasons.

While several cooperatives interviewed have indicated that many of their members have laid off their workers, the number of those laid off could not be determined. Anecdotal evidence suggests, however, that the percentage of layoffs is in the realm of 40-50 percent, with most layoffs taking place in the cash-crops sector.

Table 12
Area Under Cultivation (dunums) in the Gaza Strip, by Governorate, 2005/2006

Crop	North Gaza	Gaza	Deir Al-Balah	Khan Younis	Rafah	Total
Fruit Trees	4,878	16,612	14,032	14,854	7,194	57,570
Vegetables	10,201	3,662	9,090	15,183	15,089	53,225
Field Crops	6,390	3,418	5,620	30,783	11,500	57,711
TOTAL	**21,469**	**23,692**	**28,742**	**60,820**	**33,783**	**168,506**

Main Crops by Governorate, 2005/2006

Governorate	Main Crops (in order according to dunums under cultivation)	
	Fruits	**Vegetables**
North Gaza	Orange and lemon	Strawberries, maize, Jew's mallow, water melon, kidney been and eggplants (mostly surface tunnel irrigated)
Gaza	Olive, lemon, orange and grape	Tomato, hot pepper, squash, cauliflower and cabbage
Deir Al-Balah	Olive, orange, date and grapes	Cucumber, cauliflower, tomato, white cabbage, eggplant and squash
Khan Younis	Olive, aloe, guava and date	Tomato, squash, water melon, peas, cucumber, okra, Jew's mallow and cut flowers (30 dunums)
Rafah	Olive, hard almonds and orange	Tomato, cucumber, squash, peas, white cabbage, cauliflower and cut flowers (304 dunums)

Part V Identification of vulnerable groups

5.1 Groups affected by the import restrictions and export freeze

The resumption of payment of salaries to the public sector employees (estimated at 40.2 percent of the Gaza labor force) in late July 2007 and the continued provision of humanitarian assistance to the Gaza population through UNRWA, WFP and other international and local organizations are believed to have prevented the collapse of the Gazan economy.

In the Consolidated Appeals Process, OCHA highlighted that the key features of food insecurity in the West Bank and Gaza Strip are reflected in "livelihood erosion, low daily wage rates and the associated decline in cash income." These features still hold today. As the previous sections of this report have shown, the import restrictions and the export freeze that followed the June '07 events in the Gaza Strip have been having detrimental effects on the manufacturing and construction sector with reduction in imports and consequent unavailability of raw materials. It also showed the effect on the various agricultural sub-sectors, highlighting the negative consequences of the exports and import restrictions on both cash crop farmers and traditional farmers whose incomes have drastically declined due to their inability to market and export their produce.

The qualitative survey shows that approximately 210,000 individuals (refugees and non refugees) have been directly affected by the embargo following June 2007 events, this figure could mean that a staggering 1,449,800 people –almost the entirety of the Gaza Strip population- (considering the household size of 6.9 members) is currently being affected directly and indirectly by the closure considering that only 10 percent of the Gazans families have more than one breadwinner and the large majority (90 percent) either have one breadwinner or none.

The table 13 shows a recap of the effect of closure on these groups as well as additional vulnerable groups that have been identified through the field work.

Table 13: Summary of vulnerable groups, estimated number, and recommended action to mitigate their vulnerability

Vulnerable Groups	Affected number (individuals)[29]	Governorates	Recommended action
Fishermen	5,100	Gaza, Khan Younis, Deir Al-Balah and Rafah	- Lifting of closure - Subsidies to fishermen - Food aid (through FFW)
Agricultural Workers	30,000 (estimated), of whom about 20,000 are mainly dependent on agricultural income.	All, but mostly concentrated in North Gaza, Rafah, and Khan Younis	- Lifting of closure - Food aid (through FFW)
Small Cash Crop Farmers	6,000	All, but mostly concentrated in North Gaza, Rafah, and Khan Younis	- Lifting of closure - Provision of agricultural inputs - Provision of labor support (to cut cost)
Local Production Farmers	12,000	All but mostly concentrated in North Gaza, Rafah, and Khan Younis	- Lifting of closure - Provision of agricultural inputs - Provision of labor support (to cut cost)
Livestock Owners	1,100	All	- Lifting of closure - Provision of feed/inputs - Marketing support
Petty Traders/Street Vendors	20,000 (estimated)	All	- Lifting of closure - Employment/Income generation activities - Food aid through FFW/FFT
Suitcase traders	3,000	All	- Lifting of closure - Employment/income generation activities - Food aid through FFW/FFT
Manufacturing and Construction Sector Employees	70,000	All, with the largest concentration in Gaza and Khan Younis Governorates	- Lifting of closure - Food aid through FFW/FFT, preferably in the same business from which they were laid-off
Small Retailers	50,000	All	- Lifting of closure - For food retailers, FFW/FFT coupon cashing
Municipal workers	2,600	All	- Food aid through FFW
PA contract staff	10,000	All	- Reinstatement - Food aid through FFW/FFT
Total	**209,800**		

[29] The numbers in this column include all those who are or could be vulnerable to food insecurity should the closure persist.

Part VI Recommendations

No improvement in the humanitarian situation is foreseen without a rapid resolution of the current crisis, particularly in relation to the current severe restrictions on trade and movement. Humanitarian assistance will remain necessary, and potentially have to be increased, both food and non-food responses may be appropriate.

If the *status quo* is maintained, the economic disintegration will continue and wider segments of the Gazan population will be become vulnerable. The unemployment levels will most likely increase to include the overwhelming majority of private sector workers. If this scenario materializes virtually all Gazan population will become highly or totally dependant on humanitarian assistance in the form of food aid as well as non-food interventions (i.e. cash assistance, health subsidies, job creation and labor support).

The findings of this rapid survey point out clearly that the current closure enforcement is unsustainable and is eroding all vital sectors of the economy leaving no alternative livelihood options hence, the lifting of the import restrictions and export ban is the *conditio sine qua non* for the resurrection of the Gazan economy.

If the current embargo persists, humanitarian aid should be geared towards preservation of the economic fabric and be directed to support employees laid off by the construction and manufacturing sectors (which seem to be the largest group) through job creation opportunities preferably in the same profession (humanitarian aid agencies should hence use their leverage in order to allow the import of raw materials needed for the interventions).

The second mostly hit sector is agriculture and fishing. The export of strawberries and carnation flowers, whose season has started in mid November, should be unhindered in order to keep alive a productive branch of the agricultural sector. Humanitarian interventions should be designed in view of providing agricultural inputs (mainly safe fertilizers and plastic sheeting) and labor support to those farmers that can't afford to pay for the harvest of their fields.
The fishing sector should be supported through fishing inputs, fuel subsidies and exporting options combined with increased advocacy to allow safe and unhindered access to deep waters.

Petty traders and street vendors form a sizable portion of the informal sector with as much as 20,000 individual currently suffering from the economic recession of the Gaza Strip. As households tend to spend on essential items only, as a result of the contraction in their disposable income, most of the revenues of street vendors/petty traders has shrunk and many have been forced to quit the business. As a result, assistance in form of employment generation interventions should be targeting this group.

In regards to food security, the survey findings show a declining trend for both socio-economic and nutritional records and a rise by 3 percent of food insecurity for non refugees, meaning that an additional 22,000 non refugees are eligible to receive food aid. This is a worrisome trend given the relatively recent onset of the closure enforcement. Despite the continued import of basic food commodities, the purchasing capacity of the Gazan population has been severely reduced to the point that access to food could become unfeasible for larger amounts of the population as findings show high dependency on food aid and high purchase of food on credit. Hence, in the absence of other humanitarian interventions geared at lifting the economic fabric of the poorest sectors, food aid might become the only resort to avoid large scale human suffering.

Given the deterioration in food insecurity combined with sharp increase in food prices and cash crisis leading to 62 percent of HH total expenditure being devoted to food only as well as an increase in underweight and anemia for children (9-12 months) WFP programme response will reflect the following recommendations:

In the short term

- Expand the food aid outreach in order to expand the caseload of vulnerable groups feeding by re-allocating food aid earmarked for FFW/FFT activities. Nevertheless a reduced FFW/FFT activity should be kept running in order to be easily expanded in case of an ease in the situation. In the event that the situation continues to deteriorate, this remaining FFW/FFT can be switched to General Food Distribution.

In the long term

- Continue General Food Distribution to the most vulnerable groups with an embedded flexibility so as to increase the caseload to cover additional individuals that might fall in the SHC group and other vulnerable groups not covered under the FFW program.

- In respect to food aid interventions, Food For Work will only be appropriate and valid if materials are provided. Short of that FFW could be used as an incentive for workers in the different productive sectors to report to work and carryout the minimum that is needed to prevent the collapse of these sectors, and expedite the period needed for their recovery once the situation improves. FFW should be offered to municipal workers under this scenario.

- Survey findings did not allow insight on the education sector and whether drop out rates have increased as a consequence of the June crisis as schools reopened in September, just few weeks before the field work for this study. However, anecdotal information shows that absenteeism is on the rise and children are less likely to receive pocket money for buying snacks during classes. In this regards, school feeding projects should be started with the aim of keeping children at school, avoid short term hunger and increase their attention span by providing nutritious snacks.

<u>Other food sector actors</u>

- Small food retailers forced out of business could be included as beneficiaries in the framework of food and cash interventions through the establishment of food vouchers and their shops could be selected as locations for cashing food vouchers.

- Support activities to farming livelihoods designed to purchase agricultural produce from poor farmers and distribute it to poor food insecure should be fostered and similar projects could be explored in view of supporting the fishermen.