

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. Report prepared by Caterina Galluzzi, oPT VAM Unit

This report focuses on the food security situation in the West Bank and Gaza Strip as of 13 March 2008.

1. Recent developments in West Bank and Gaza Strip:

As a result of the increased animosity originating from both stepped up IDF incursion and air raids in Gaza Strip and qassam rockets and mortars being launched from the Strip, demonstrations and clashes have mounted up in the West Bank as well and are posing serious concerns on the social stability and civilians' safety in the occupied territories.

Years of reduced rainfall combined with changes in the rainfall distribution patterns have added on the effects of the recent weeks' cold spells (heavy snowfall and frost, both in West Bank and Gaza Strip) which have affected the productivity of the winter crops and pushed vegetables prices up. Moreover, poor farmers and livestock herders livelihoods -impacted by recent climatic factors- had already been suffering from high cereals and fodder market prices as well as reduced access to water (both economic and physical). In order to address the climate crisis in the south of the West Bank, OCHA led an inter-agency response appeal with WFP leading the Food Security Sector (submitting a joint food security proposal with interventions ranging from immediate to the mid term). WFP (contributing with food) and UNRWA (contributing with logistics) successfully partnered in occasion of the one month immediate food distribution to the communities affected by the water and climate crisis in Hebron and Bethlehem governorates.

The shortage of fuel and power-cuts in the Gaza Strip -which peaked in the past weeks- has caused widespread distress to the Gaza population and -beside the immediate negative effects on functionality of hospitals and

other social services facilities- has negatively impacted the viability of the shattered local economy such as 1) limited the mills' output capacity, 2) hampered the productivity of bakeries, 3) reduced the use of pumps for the agricultural sector and for sewage discharge and 4) affected people's mobility to report to work and schools as well as traders' market distribution mechanisms.

Since the 4 days of total closure (18-21st January), leading to the opening of Rafah border from the Egyptian side, the Nahal Oz pipeline and Kerem Shalom goods crossing have been operating intermittently, with frequent days of closure, reduced working hours and consequent limited number of trucks for humanitarian and commercial imports accessing the Gaza Strip.

The amount of imported commercial and humanitarian foods entering the Gaza Strip reached **only 61%** of basic needs during the reporting period 21 January-9 March 2008, with imports as low as 5 % against requirements in the week 21-27 January 2008.

2 Socio Economic Update

According to the latest Labour Force Q4 2007 release by PCBS, the socio economic situation is declining in West Bank and Gaza Strip as follows:

- Labour force Participation rate declined by 2% in the West Bank and 6% in Gaza Strip during 4th quarter 2007
- Hebron governorate registered the highest unemployment rate among the West Bank governorates (30.5%), while in Gaza Strip, Khan Younis governorate registered the highest percentage of unemployment (34.2%)

The uncertainty and the backdrop in the economic situation is curbing the volume of investments and spending by Palestinian households who, in turn, prefer to opt for liquidity as cash flow is limited.

3 Stocks versus requirements of basic food supplies in the Gaza Strip:

The continuation of the 9 months' old economic blockade is impacting the availability of the most basic food items, with low/depleted stock levels for basic commodities such as wheat flour, fresh meat and frozen goods.

The import of West Bank dairy products –which include affordable and preferred brands for consumers in Gaza Strip- have been replaced by more expensive Israeli products pushing Gazans to reduce purchase as they cannot afford the higher price. Negotiation with import traders and authorities at the crossing points resulted in the resumption of Palestinian dairy products being imported however; this precedence should be used in advocacy so as to curb the directed imports of selected food commodities' brands.

A further procrastination of the lifting of the economic embargo will only contribute to deepening the poverty levels in Gaza Strip and might lead to increased social unrest and use of detrimental coping mechanisms or depletion thereof.

Moreover, traders' movement stopped during the incursions hence disrupting the distribution of commercial commodities. No severe food shortages were reported also due to limited population movements as result of the curfew.

Wheat stocks:

Table 1 (below) shows the remaining stock at mills in Gaza Strip

Table 1 Stocks at Gaza Strip Mills as of 10 March:

Gaza Strip Mills	Quantity In Stock for commercial(MT)	Quantity in stock for humanitarian	Milling Capacity/Day
Al Falastenia mills	1000 MT		250 MT
Al Bader mills	400 MT		150 MT
Al Eman Mills	1000 MT	1000 MT	120 MT
Al Salaam Mills	1800 MT	1700 MT	120 MT
Al Huda Mills	1000 MT		50 MT
Al Faiyhaa Mills	1200 MT		50-60 MT

Given that commercial wheat requirements in the Gaza Strip amount to 450 Mt of wheat flour per day, the above stocks will last approximately **14 days** assuming there is fuel to operate the machines. Considering the unpredictability of the crossings' opening and the consistently low import levels, a mere 2 weeks of commercial stocks at Gazan's Mills is insufficient to cover any sudden emergency or prolonged closure.

3.1 Shortages of basic commodities in the Gaza Strip markets

Traders' commercial distribution network has been disrupted as a result of the Israeli incursions and aerial bombing in the past days. Nonetheless, people had been able to stock pile food reserves at home in anticipation of the imposed curfew so as to limit outdoor movements.

Despite the import of livestock from Rafah border in the past weeks, the local production of fresh milk is still very limited due to 1) the livestock imported from Egypt was mainly composed by goats/sheep and chicken, 2) the cattle imported from Egypt was either slaughtered for consumption or discarded under suspicion of non-confirmed diseases, 3) suspension of screened and healthy cattle imports from Israel (since mid December) and reduction in feed quality and quantity (linked to import restrictions and inflated fodder costs).

To recap, the following commodities were found to be unavailable or in shortage as of 10 March 2008 (based on WFP market observation):

- **Frozen meat and lentils available in small quantities in North Gaza and Gaza City**
- **Shortage of fresh meat, frozen fish and garlic in Middle and South Gaza**
- **No cattle imports were allowed in Gaza Strip since mid December**

4. Food Imports

As mentioned in the previous Food Security and Market Report, WFP and UNRWA need 553 Mt of food per day combined (16,590 Mt/month) to meet beneficiary food needs (WFP provides 66% of basic daily food needs whereas UNRWA provides a partial ration representing 61% of daily needs). The remaining basic daily food needs of the Gaza population are 21,000 Mt per month or 700 Mt of commercial basic commodities (wheat flour, sugar, rice, oil and beans). Imports of both WFP and UNRWA included in this report have been checked and confirmed by the respective agencies.

To recap, during the past 7 weeks, only 61% of humanitarian and commercial food import needs were met, dropping to 5% during the week 21-27 January (refer to bar chart 1 below) but gradually reaching 89% of needs

during the week 3-9 March. Besides WFP and UNRWA food distributions, one off food donations from various donors (such as Jordanian and Egyptian donation) are also filling some the shortfall in the food requirements however, the food security of the Gazan population will continue to be at risk mainly due very high market prices, cash availability crisis, increased indebtedness and localized food shortages.

Table 2

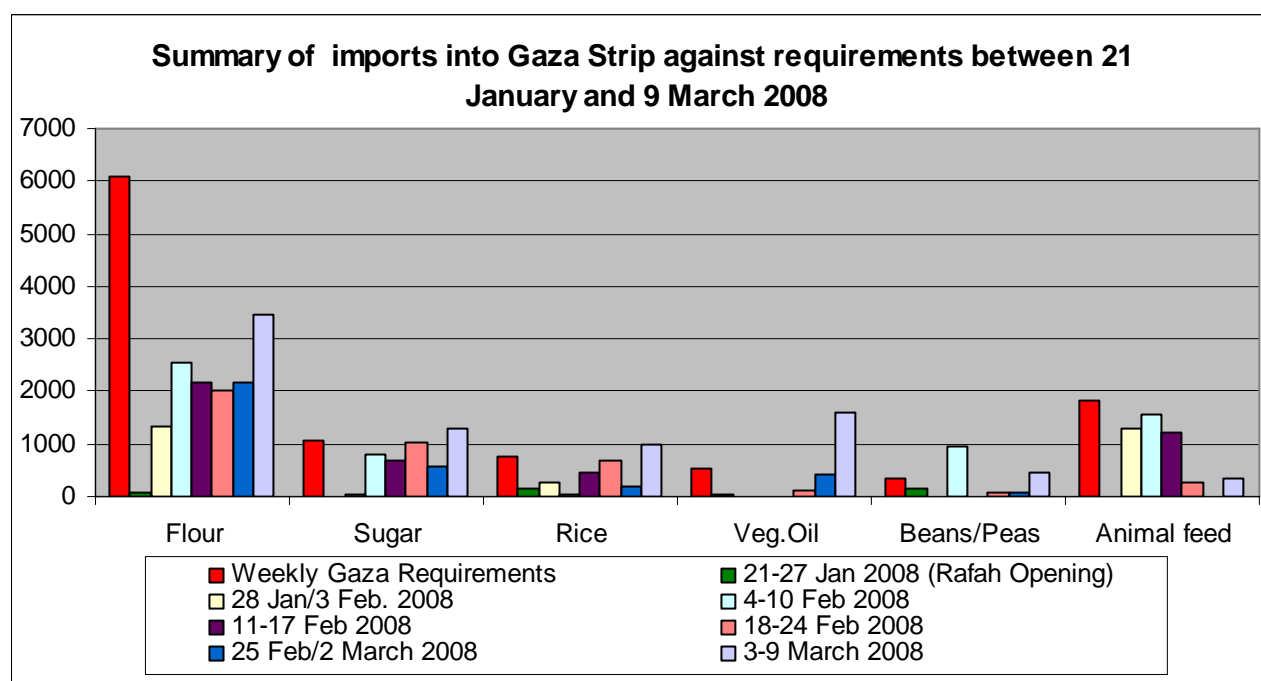
Quantities imported in Gaza during the week 3-9 March 2008

Commodity	Total imports (Mt) both commercial and humanitarian	% of Humanitarian (WFP and UNRWA) imports out of total	Weekly Gaza Requirements	% of total imports against requirements
Flour*	3466.2	45%	6069	57%
Sugar	1275	28%	1071	119%
Rice	979	53%	770	127%
Oils	1609.5	52%	525	307%
Beans/Peas	445	51%	343	130%
Total	7774.7	45%	8778	89%

*including 2160 mt grain crossing Karni (conversion rate grain to wheat is 0.75)

The imports don't include 32 trucks of Egyptian donation mixed goods (wheelchairs, basic food stuff, flour, sugar and blankets)

Bar chart 1

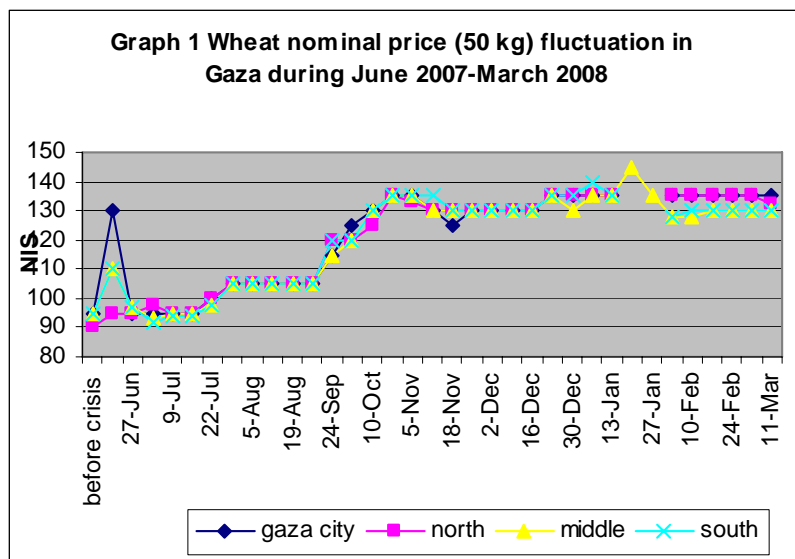


The Bar Chart 1 above depicts Gaza's weekly basic commodity food imports versus needs over the past seven weeks up to 9 March. Imports levels consistently well below requirements for the past 8 months have led to high market prices and to the flourishing of hoarders and black markets which in turn depleted Gazans' ability to purchase basic good at affordable prices and pushed consumers to buy on credit and reduced households' and retailers' stocks. The prolonged economic siege ultimately led to the opening of Rafah border with Egypt allowing Gazan to purchase direly needed food supplies, livestock, raw materials and fuel. As clearly shown on the chart, Israel tightened the security at the crossings –hence limiting imports- during the period of Rafah opening.

5. Gaza Strip market analysis

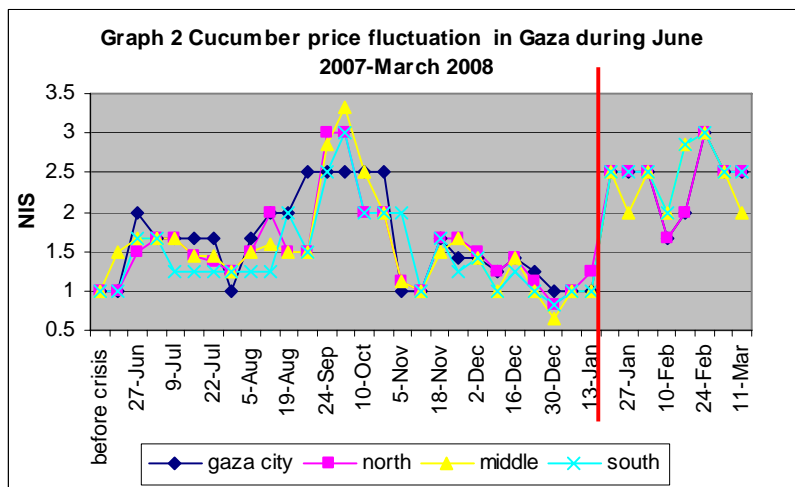
Due to the concurrence of high international prices, record freight prices and reduced food stocks, market prices in the Gaza Strip have reached unsustainably high figures during the course of 2007. Global cereal prices are expected to remain at high levels in 2008 due largely to problems in the production in several major exporting countries and very low world stocks, fuelling domestic food inflation as marked by the increase in food CPI.

Graph 1



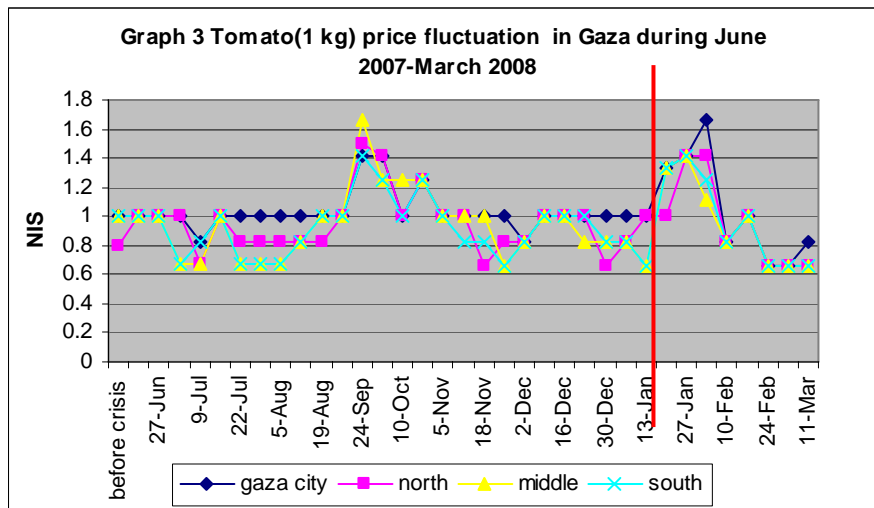
The graph 1 shows the time series of wheat flour price in Gaza Strip since the June 2007 events. Except the steep inflation in conjunction with the Hamas take over, the trend clearly highlights that international market prices are the main inflationary factor to push prices upwards. Despite the prices seem to have stabilized over the past 5 months, the impact of high wheat flour prices is particularly felt in the Gaza Strip due to lower purchasing capacity as a result of the livelihoods crisis since June 2007.

Graphs 2 and 3



The Graphs 2 and 3 show the impact of the recent frost on the prices of cash crops commodities which are part of the productive economy of both the West Bank and the Gaza Strip.

In particular, the red bar marks the week when the cold spell hit, consequently prices soared as a result of reduced vegetables availability due to crops damage.

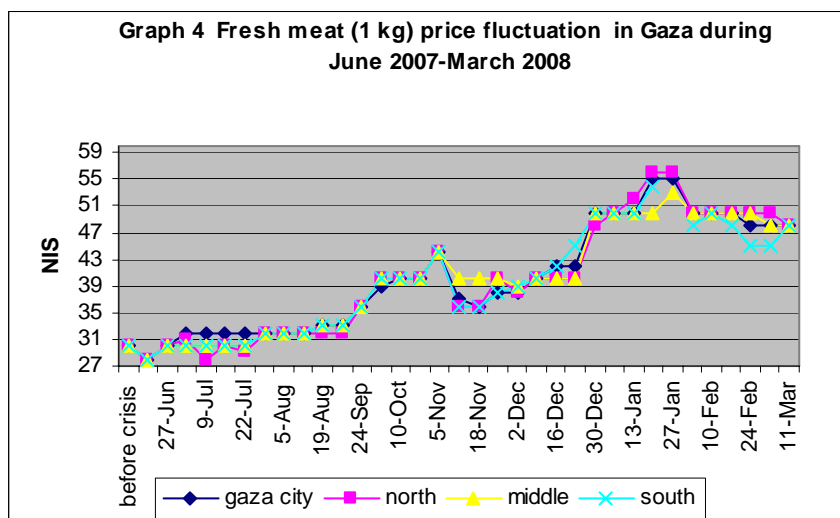


It should be noted that the military incursions and the insecurity have prevented farmers and laborers from accessing agricultural land for few days.

This might have caused losses to farmers as crops have not been harvested at the right time, as well as lead to reduced yields for the spring crops due to problems in tending to the land and loss of

labor days adding strain to the economic crisis.

Graph 4



Months of reduced cattle imports and high fodder prices have contributed to the soaring meat prices. Given the current market prices, very little fresh animal protein is consumed by the poorest household which mainly rely on frozen meat and/or local fish catch.

Hence fish represents the main source of animal protein for the

Gazans, however limited access to sea coupled by lack of fishing inputs and unavailability of fuel to operate the boats are curbing the potential fishing catch and putting at risk the viability of fishing livelihoods, as a result fish is becoming less and less an alternative option.

5. Recommended actions

- Allow unhindered opening of crossings 5 days/week and access to the agreed minimum number of trucks per day for both commercial and humanitarian imports
- Immediately stabilize the import of basic food commodities (to replenish stocks) and revamp the import of live animals especially cattle
- Most livestock that entered through Rafah has been vaccinated against F&M diseases however, vaccines are no longer available

For further information contact caterina.galluzzi@wfp.org

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