Vulnerability Analysis and Mapping (VAM)

FOOD SECURITY and MARKET MONITORING Report

July 2008: Report 19

occupied Palestinian territory –oPt.

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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This report focuses on the food security situation in the West Bank and Gaza Strip as of 14 July 2008

Recent developments in West Bank and Gaza Strip:

The truce between Israel and Hamas brokered by Egypt on 19 June is still holding despite attempts to break the ceasefire by militants groups resulting into the temporary closure of the crossings for both humanitarian and commercial imports. Likewise, there is increased animosity between Palestinians and settlers in the West Bank, leading to stricter closure regime and reduced mobility for people and goods.

In order to update the food insecurity levels in oPt, especially in the aftermath of the global hike in food prices (oPt ranks among the 30 countries most affected by rise in prices according to a WFP watch list) as well as dry spell and frost early in the year, a joint WFP/FAO/UNRWA rapid survey was carried out in March/April. Findings show that, despite humanitarian aid, food insecurity is on the rise and almost two thirds of the household income is spent on food only. The survey result also report that extension of credit is shrinking, consumers buy smaller quantity of food while retailers adjust their stocks according to lowered demand and increased prices, leading to an overall slump in the economy.

The protracted rationing of fuel and recurrent power-cuts in the Gaza Strip over the past few months have contributed to the deterioration of the living standards of the Gazan population adding to their social distress but above all the shortage of fuel continues to affect the viability of the productive sectors as well as the functionality of health infrastructures. It is of utmost importance to curtail the current discharge of sewage into the sea along a densely populated shoreline such as the Gaza Strip in order to prevent serious health conditions.

Since the day of the bombing of Eretz on 22 May 2008, the crossings have been operating intermittently, with frequent days of closure, disruptions and, consequently, limited number of trucks for humanitarian and commercial imports accessing the Gaza Strip. As a consequence of the heightened security at the Eretz crossing, the capacity of tracking and compiling imports by COGAT has been hampered to the point that the current report will focus only on the period 19 June (start of truce) up to 2nd July 2008.

The amount of imported commercial and humanitarian foods entering the Gaza Strip reached **only 57.5%** of basic needs during the reporting period from 19 June to 2 July2008, **with imports as low as 29% against requirements** in the week 26 June-2 July 2008 –crossing closed down in retaliation of the shooting of rockets- down from an **height of 86%** in the preceding week of 19-25 June. This trend once again highlights that there is a potential to import the required food goods into Gaza Strip hence the importance of keeping the crossing operational at all times in order to ensure the flow of commodities and avoid shortages and price hikes.

2 Rapid Survey Highlights

The joint WFP/FAO/UNRWA rapid food security survey shows that 38 percent of the Palestinian population is food insecure (compared to 34 percent in 2006), with food insecurity in the GS more widespread, reaching 56 percent while in the WB it stands at 25 percent.

The rapid survey shows that Palestinians are eating less. Many parents reduce their intake to allow for their children to eat. Half the surveyed population has decreased their spending on food, 89 percent reduced the quality of food they buy while 75 percent reduced the quantity since January 2008 and almost all people have reduced their consumption of fresh fruit, vegetables and animal protein to save money. Families find it hard to compensate for the lack of protein and vitamins. Considering the high prevalence of anaemia and other micro-nutrient deficiencies, this will have health consequences in the long term especially affecting children.

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

One year after the Hamas take over of the Gaza Strip in June 2007, the economic slump triggered by the import restrictions and the export freeze is exerting a covariate impact on the Gazan population, affecting all productive sectors indiscriminately and offsetting any gains in the economic development by pushing more and more people back into poverty and destitution. While food becomes more expensive and occasionally scarce, HH's resources are dwindling and job opportunities fade. This has led poor HHs to reduce the quantity/quality of food purchased and reportedly pushed retailers to curtail their stocks.

The instability of the crossings' opening, as a result of the precarious ceasefire, is hampering the full resumption of commercial goods imports into Gaza Strip. Humanitarian imports (mainly WFP and UNRWA covered under this report) are being affected by delays as well.

Wheat stocks:

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

Table 1 Stocks at Gaza Strip Mills as of 9 July 2008:

Gaza Strip Mills	Milling Capacity/day	Quantity In Stock(Mt)	Quantity reserved for humanitarian
Al Falastenia mills	250 Mt	3000 MT	
Al Bader mills	150 Mt	6000 Mt	
Al Eman Mills	200 Mt	0	6000 Mt
Al Salaam Mills	150 Mt	2200 Mt	1470 Mt
Al Huda Mills	50 Mt	500 Mt	
Al Faiyhaa Mills	60 Mt	1200 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 25 days **assuming there is fuel to operate the machines.** Considering the unpredictability of the crossings' opening and the consistently low import levels, a mere 3,5 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

Basic food commodities are generally available in the Gaza Strip however -despite food availability- consumers are priced out of the market. Traders and retailers in Gaza Strip report that the volume of sales is mainly concentrated during the first week of the month, in conjunction with the payment of salaries.

To recap, the following commodities were found to be unavailable or in shortage as of 9 July 2008 (based on WFP market observation):

- Frozen meat available in small quantities in North Gaza
- Bananas are not available in most markets across Gaza Strip
- Shortage of fresh meat in Middle and South Gaza
- Frozen fish shortage in South Gaza

4. Food Imports

Based on the current humanitarian requirements for Gaza Strip -revisited in May 2008 to take into account either reduction in caseload (UNRWA) or shrinking availability of funds (WFP), the WFP and UNRWA need 388 Mt of basic food[1] per day combined (11,640 Mt/month) to meet beneficiary food needs. The remaining basic daily food needs of the Gaza population stand at 21,000 Mt per month or 700 Mt/day of commercial basic commodities. Imports of both WFP and UNRWA included in this report have been checked and confirmed by the respective agencies.

To recap, during the two weeks following the truce on 19th June up to 2nd July, only 57.5 per cent of humanitarian and commercial food import needs were met. Despite WFP and UNRWA food distributions, complemented by other smaller sized food security projects, the food security of the Gazan population will continue to be at risk mainly due to intermittent imports, very high market prices compounded by cash availability crisis, increased indebtedness and localized food shortages.

[1] Wheat flour, rice, beans, sugar, oil

Table 2

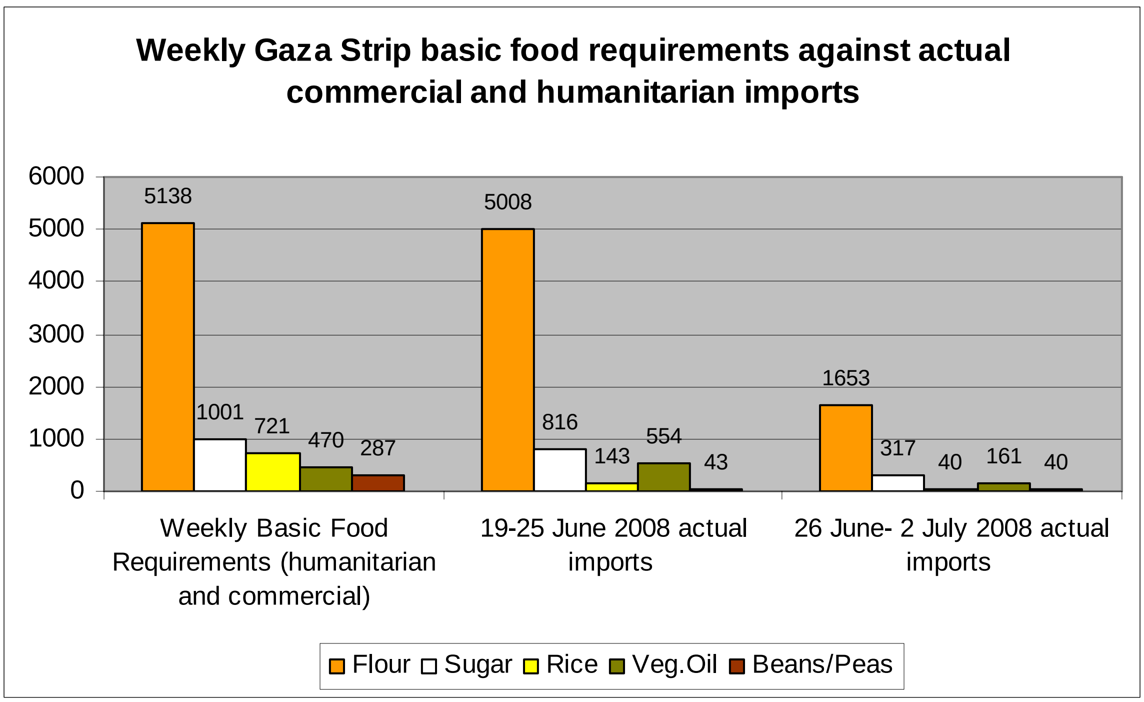
Quantities imported in Gaza during the week 26 June-2 July 2008

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*	1653	35%	5138	32%
Sugar	317	0%	1001	32%
Rice	40	0%	721	6%
Oils	161	0%	470	34%
Beans/Peas	40	0%	287	14%
Total	2211	26%	7617	29%

During the reporting period UNRWA imported 126 Mt of w/milk. UNRWA imports wheat* flour only received as donation otherwise procures wheat from local mills.

*including 1,360 mt grain crossing Karni (conversion rate grain to wheat is 0.75)

Bar chart 1

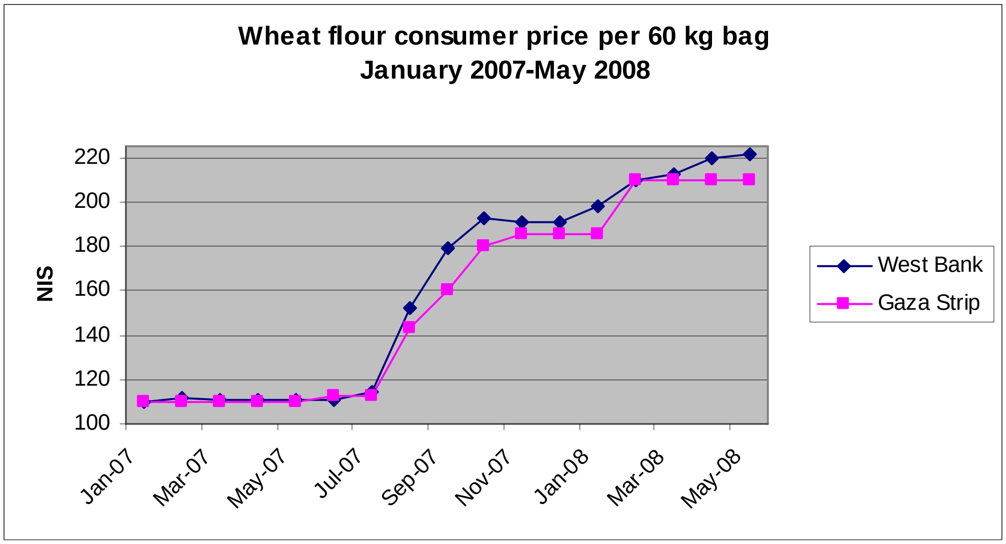


The Bar Chart 1 above depicts Gaza's weekly basic commodity food imports through the 3 terminals versus needs between 19 June and 2nd July 2008.

5. Market price analysis

Due to the concurrence of high international prices, record freight prices and closure regime, market prices in the West Bank and Gaza Strip have reached record digits during the course of 2007 and 2008. The oPt food CPI increased substantially over the first half of 2008, with an increase up to 21 per cent in April 2008 compared to the same month in 2007. The oPt food CPI recorded the highest increase among all main groups of expenditure over the past year.

Graph 1

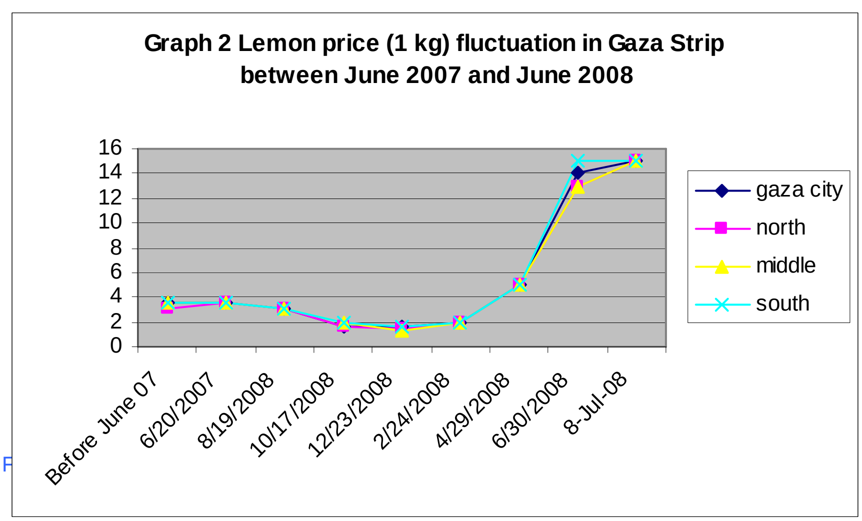


The graph 1 shows a comparison between of wheat flour price in West Bank and Gaza Strip over 2007 and first half of 2008 (PCBS data). The time series highlights that international market prices are the main inflationary factor to push prices upwards, with prices doubling over the past 18 months. Although wheat flour prices remain slightly lower in Gaza Strip due to lower demand as a result of availability of food aid as well as dwarfed economy, its price increase is exerting more pressure on the consumers' ability to purchase due to collapsing purchasing capacity as a result of the livelihoods crisis since June 2007. Despite expectations of better harvests in 2008–09 have already led to significant easing in wheat prices on the international markets, the local markets (especially West Bank price still on the rise) has not yet responded to this trend underlining that net importer countries like oPt –which is also affected by transportation constraints as imposed by the closure- are still bearing the brunt of the price surge.

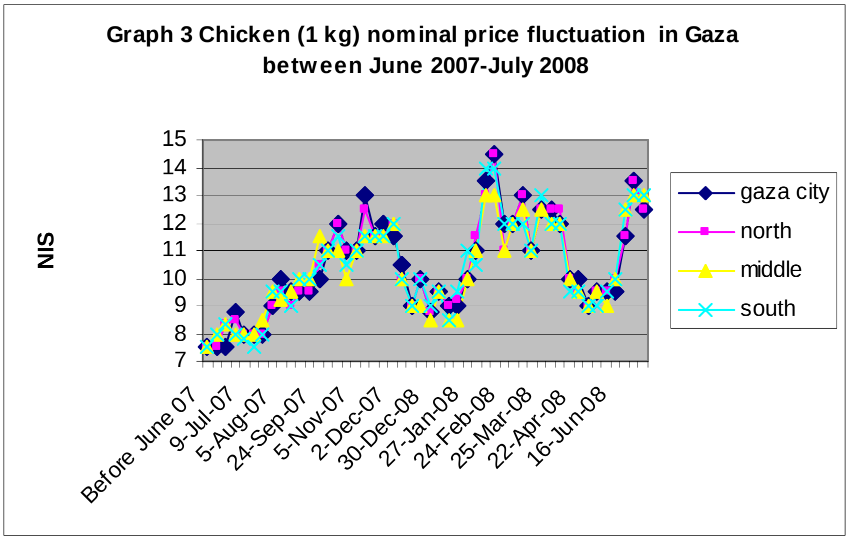
This report will mainly focus on Gaza Strip market prices in order to track trends in relation to the recently announced ceasefire and gauge its effect on market prices.

According to WFP market visit basic food items are generally available in Gaza Strip markets. The truce announced on 19th June is still holding despite some violations by militant groups leading to temporary closures (up to two days in a row) of the crossings. As a consequence – and in order to exploit the market distortions triggered by erratic imports- some traders are withholding the sale of certain food item in anticipation of price hikes.

Graphs 2 and 3

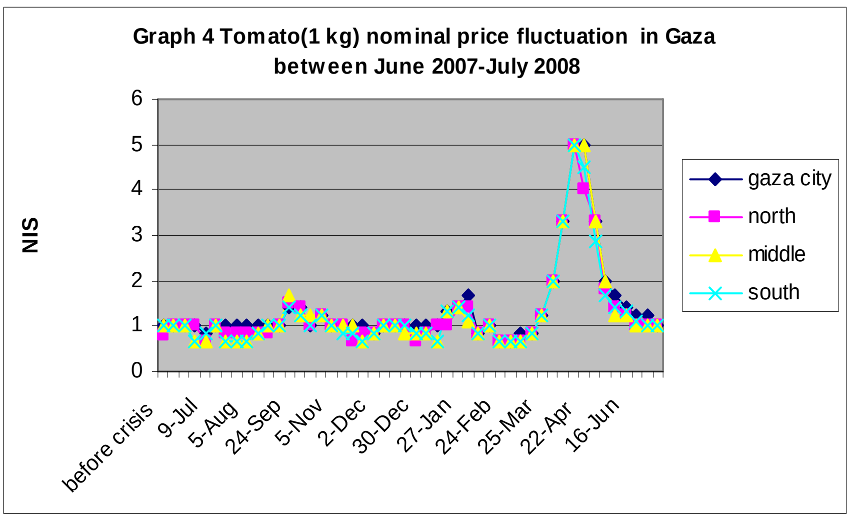


The graphs 2, 3 and 4 display the price trends –linked to either natural or man made shocks- for three common commodities namely tomato, lemon and chicken, showing a particularly steep increase (lemon) or fluctuation (chicken) as a result of 1) the razing of lemon trees groves and chicken farms by IDF incursions during the weeks preceding the truce and a hike in price (tomato) for 2) the dry spell associated with frost resulting into reduced harvest.



It should be noted that, despite the truce, farmers and agricultural laborers are still prevented from accessing the arable land in the buffer zone (which runs along the whole Gaza Strip with a width of circa 300 meters).

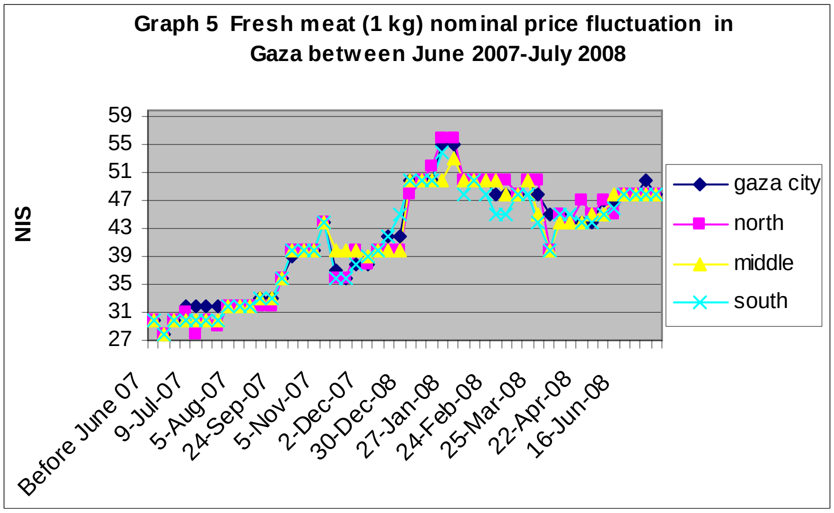
The price of chicken is also being affected by Gazan' poultry farmers' lack of control over imports and hatcheries being razed during past incursions.



Bulk imports –imposed by the restrictions at the crossings- lead to periods of shortage and periods of surplus -i.e. eggs hatching at the same time- thus adding to the instability of chicken prices. Current price of 13.5 NIS/kg is 70 per cent higher compared to June 2007.

The three time series graphs above clearly show how little resilient Gazan markets are to external factors such as reduced imports, man made actions or natural calamities.

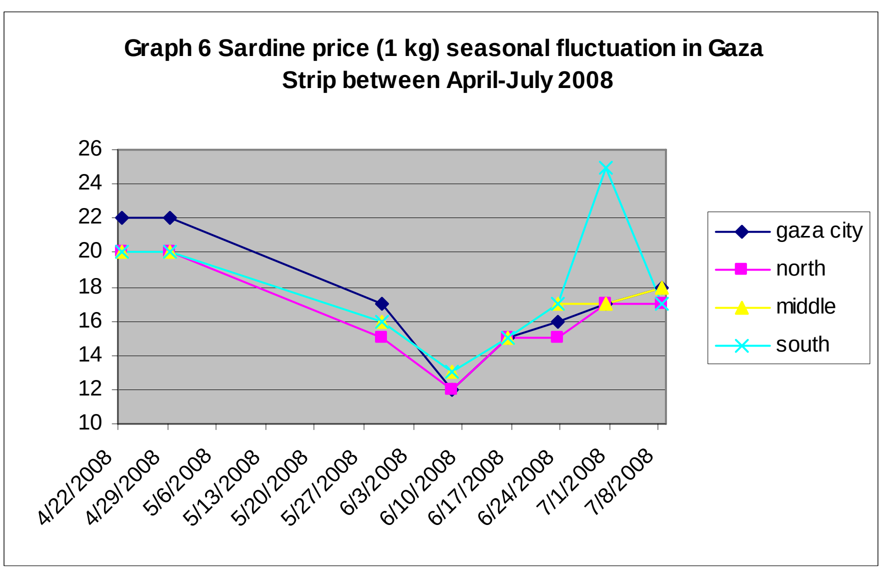
Graph 5



One year of limited cattle imports and prohibitive fodder prices have contributed to keep meat price very high, current price of 48 NIS/kg is 60 per cent higher than before June 2007.

As confirmed by the recent rapid Food Security survey carried out jointly by WFP/FAO/UNRWA, Gazans are increasingly cutting the intake of animal protein. Given that fish represents the main source of animal protein for the Gazans, the current discharge of untreated sewage into the sea compounded by the lack of fuel to operate boats and the limitation to access cleaner fishing grounds due to the fishing restriction imposed by IDF are putting more and more under threat the viability of the fishing livelihoods as well as the safety of the catch.

The graph 6 below shows the price of sardines since the start of the main season. Sardines make up for almost 90 per cent of the fishing catch in Gaza Strip as fishermen are prevented from accessing deeper water for higher fish variety. As shown in the graph, the cost of sardines is well below meat prices making it a cheaper alternative to supply animal protein; hence it is mandatory to protect this source of food. The spike of price in the last week is due to ending of the season as well as limited catch (i.e. Rafah, in the south).



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 restart import of sufficient amount of fuel and pipes in order to increase the sewage treatment plant capacity and prevent/contain further pumping into the sea
- Advocate for increased access to fishermen to more than 3-6 nautical miles in order to improve the fish catch variety and volume, especially now that the sardines season is coming to an end
- With the truce holding, reinstate as soon as possible the export of fishing and agricultural produce
- Protect the citrus economy by supporting farmers whose trees have been uprooted and prevent further razing of orchards
- Protect poultry farmers whose nurseries have been demolished and prevent further razing

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