Socio-Economic and Food Security Survey

West Bank and Gaza Strip, occupied Palestinian territory

2011

Alessio Romenzi / FAO

A survey carried out by:

Food and Agriculture Organization (FAO)
United Nations Works and Relief Agency for Palestine Refugees in the Near East (UNRWA)
World Food Programme (WFP)
Palestinian Central Bureau of Statistics (PCBS)

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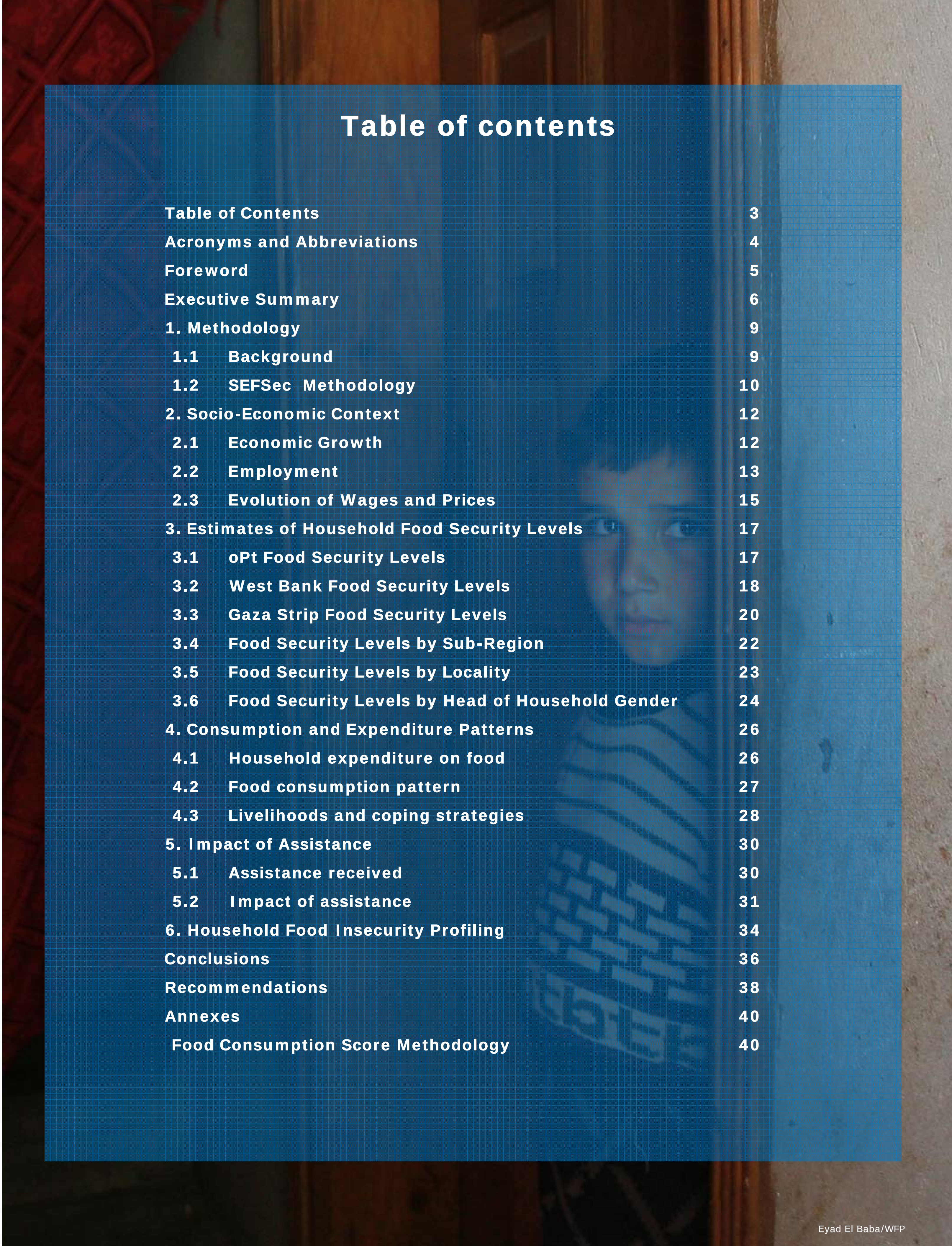

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Acronyms and Abbreviations

CPI	Consumer Price Index
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
FCPI	Food Consumer and Soft Drink Price Index
FCS	Food Consumption Score
GDP	Gross Domestic Product
GS	Gaza Strip
HH	Household
ILO	International Labour Organization
IMF	International Monetary Fund
MoSA	Ministry of Social Affairs
NGO	Non Governmental Organization
NIS	New Israeli Shekel
OCHA	United Nations Office for the Coordination of Humanitarian Affairs
oPt	occupied Palestinian territory
PA	Palestinian Authority
PCBS	Palestinian Central Bureau of Statistics
PECS	Palestinian Expenditure and Consumption Survey
PMTF	Proxy Means Test Formula
SEFSec	Socio-Economic and Food Security Monitoring System
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
UN	United Nations
USD	United States Dollar
WB	West Bank
WFP	United Nations World Food Programme

The present Socio-Economic and Food Security (SEFSec) survey report provides an overview of the socio-economic and food security situation and trends affecting Palestinians over the last three years.

The survey is the result of a close partnership between the Palestinian Central Bureau of Statistics (PCBS) and the United Nations through the Food and Agriculture Organization of the United Nations (FAO), the United Nations Works and Relief Agency for Palestine Refugees in the Near East (UNRWA) and the World Food Programme (WFP).

In 2011, as detailed in the report, more than 40 percent of Palestinian households are classified as food insecure or vulnerable to food insecurity. The closure egime in place in the West Bank, and the on-going blockade of the Gaza Strip are major contributors to the high level of food insecurity. While food security levels have improved across the occupied Palestinian territory in the past three years, the SEFSec clearly highlights the uneven nature of these gains.

The PCBS and the UN will continue to work closely together to monitor the food security situation of Palestinians and to identify chronic, unmet needs within the framework of the Palestinian Statistical Monitoring System under development. Through the provision of sound and timely statistical information, the survey will facilitate informed policy and decision making processes.

We hope the survey continues to serve as a tool for collective food security monitoring, allowing for more transparency and accountability, as well as facilitating the delivery of assistance to the Palestinian people.

Maxwell Gaylard
UN Humanitarian Coordinator
for the oPt

Ola Awad
President of PCBS

Background

The 2011 Socio-Economic and Food Security (SEFSec) survey is the third in an annual series of surveys jointly conducted by the Palestinian Authority via the Palestinian Central Bureau of Statistics (PCBS) and the Food and Agriculture Organization of the United Nations (FAO), the United Nations Refugee and Works Agency for Palestine Refugees in the Near East (UNRWA) and the World Food Programme (WFP).

Food security exists when all people, at all time, have physical, social and economic access to sufficient, safe and nutritious food that meets their dietary needs and food preferences for an active and healthy life. Estimations of the occupied Palestinian territory (oPt) food security levels are primarily based on economic access to food and essential non-food items, hence food prices and household income (i.e. employment, own production and external assistance) are key determinants of food security. Other dimensions of food security, including food availability and food consumption, are generally less problematic in the current context although, given the high dependence on staple food imports and the small size of the local food productive sector, these remain vulnerable to ongoing Israeli restrictions on access to international markets and volatile global food prices.

Food Security in the oPt

In 2011, after assistance, 1.3 million Palestinians (27 percent of the Palestinian households) were living in food insecurity and unable to meet their basic food and household expenses. This represents an improvement in food insecurity by 9 percentage points from 2009 (36 percent of the population) and by 6 percentage points from 2010. A further 14 percent of Palestinians were able to cover their basic food and household expenses but remained vulnerable and at-risk of falling into food insecurity. Twenty-two percent of Palestinians were marginally food secure and 37 percent of Palestinians were food secure.

Overall, recent economic growth, high levels of social assistance, regular payment of Palestinian Authority (PA) salaries, informal tunnel trade (in the Gaza Strip) and some relaxation of Israeli movement and access restrictions in 2010 were found to have contributed towards improvements in post-assistance food insecurity rates. Furthermore, 6 percent of Palestinians reported a decrease in household expenditures in 2011 as compared with 16 percent in 2010. Still, the number of households with ‘poor and borderline’ levels of food consumption remained high in both the West Bank and the Gaza Strip, at 20 percent and 26 percent respectively.

While food security levels have improved across the oPt, the SEFSec clearly highlights the uneven and ephemeral nature of these gains. Food security in the oPt remains high and vulnerable to the ongoing closure regime, as well as to the more recent and projected reductions of external assistance and extra-budgetary support to the PA. It is clear that the Palestinian private sector cannot sustain or maintain the current economic growth led by the PA public sector, the foreign assistance and the tunnel trade economy for the Gaza Strip in particular.

Food Security in the West Bank

In the West Bank, post-assistance food insecurity has dropped by 5 percent between 2009 and 2011 and reaches 17 percent. Food security levels also improved steadily between 2009 and 2011 to reach 45 percent of West Bank households. Food security gains are most apparent in the Northern and Southern West Bank where food insecurity levels have dropped by 5 percent. The Central West Bank continues to show the lowest levels of food insecurity (12 percent), but at a lower rate of improvement as the productive capacity of the private sector remains stifled due to the restrictions on movement and access within and outside the West Bank.

Food insecurity in Area C was estimated at 24 percent as compared to 17 percent in Areas A and B. Vulnerability is higher in Area C, with only a third of the population classified as food secure compared to 46 percent in Area A and B.

With a 7 percent improvement in food insecurity from 2010, refugees in the West Bank showed significant food security gains. However, food insecurity amongst refugees remained higher than amongst non-refugees, and refugees were 5 percent less food secure than non-refugees. The only deterioration in food insecurity levels were found in West Bank refugee camps that had the highest food insecurity rates at 29 percent in 2011 as compared with 25 percent in 2009.

Food Security in the Gaza Strip

Food insecurity rates in the Gaza Strip remain significantly higher than in the West Bank. Post-assistance food insecurity dropped by 16 percentage points from the 60 percent peak following the 2009 conflict in Gaza, reaching 44 percent in 2011. Food insecurity levels appear consistent across the sub-regions at 44 percent, with the Southern Gaza Strip experiencing the fastest rate of improvement, most likely due to the tunnel trade economy.

Improvements between 2009 and 2011 result in part from the recovery of the employment market (especially in the previously dormant construction sector) and from the continuation of external assistance ensuring access to food, combined with some easing of restrictions on entry of goods from Israel starting from mid-June 2010 and uninterrupted imports from Egypt through tunnels – especially construction material. However, the dependence on external food assistance and the low-waged nature of recent employment gains, preventing any significant increase of purchasing power, have resulted in food security levels that have remained virtually unchanged over the past three years at 23 percent. Substantive improvements in food security levels in the Gaza Strip are dependent on the growth of the productive private sector that would require the lifting of the strict blockade (including for exports) and the flow of products, services, and people between the Gaza Strip and the West Bank, as well as with the rest of the world.

Continued Vulnerability

The three year trends provided by the SEFSec survey between 2009 and 2011 clearly indicate that recent economic and employment recovery – especially in the Gaza Strip – has translated in a significant reduction in food insecurity in the oPt. The 2011 SEFSec however shows that food insecurity remains considerably high, and that improvements in food security – while partially due to a marginal recovery of the private sector, a slight relaxation of the closure regime in 2010, and reforms to social assistance programmes – are largely dependent on external assistance, informal tunnel trade (in the Gaza Strip) and the public sector.

As experienced in past years, by dedicating nearly half of their total cash expenditure on food, the food insecure households remain highly vulnerable to any food price increase and have limited options to cope with any decline to household incomes. The recent fuel price increases, expected to continue, are likely to translate into higher transport and food commodity prices, bringing adverse consequences and potentially pushing vulnerable households towards greater food insecurity.

Declining levels of external assistance without a corresponding growth in the productive private sector poses a greater threat to food security gains as any significant decline in the public sector will result in job losses and a slowing of the oPt's economic growth. Eighty percent of households in the Gaza Strip and 25 percent in the West Bank reported receiving assistance, with external assistance reportedly preventing 7 percent of Gazan and 5 percent West Bank households from falling into food insecurity.

Recommendations

The closure regime in place in the West Bank, and the ongoing blockade of the Gaza Strip continue to be a major driving force to the high level of food insecurity, requesting continuous advocacy from all stakeholders to lift restrictions and ensure a productive and sustainable economic growth in the oPt. Further measures to ease the movement and access of people and goods – including exports from the Gaza Strip – are required to enable a shift to sustainable, private sector-led recovery which would generate greater employment opportunities, thus reduce the need for social expenditures (including humanitarian assistance) and allow the PA to generate sufficient domestic revenues to cover its own programme in a mid to long term perspective.

In the meantime, the key recommendations in the current context are:

- Maintain support to the Palestinian Authority and Social Assistance Programmes until the productive private sector is able to sustain economic and employment growth.
- Restrict unconditional assistance to the most food insecure / poorest Palestinian households.
- Devote greater efforts in protecting livelihoods and creating sustainable employment opportunities when access conditions are sufficiently available.
- Support the development of an oPt Social Safety Net as a key assistance reform.

1.1 Background

The Socio-Economic and Food Security (SEFSec) survey is part of a broader monitoring system in the occupied Palestinian territory (oPt) that is led by the Palestinian Central Bureau of Statistics (PCBS).[1] The purpose of the SEFSec is to identify changes in the living conditions of Palestinian households by annually monitoring key socio-economic and food security indicators. The SEFSec addresses a need for annual monitoring information to complement the less frequent but more detailed Palestinian Expenditure and Consumption Survey (PECS).[2] This initiative is supported by the Food and Agriculture Organization of the United Nations (FAO), the United Nations Works and Relief Agency for Palestine Refugees in the Near East (UNRWA) and the World Food Programme (WFP) in close partnership with PCBS.

The 2009 and 2010 SEFSec surveys allowed for the methodology to be developed, field-tested, reviewed, finalized and endorsed as a standard methodology by the different stakeholders.[3]

Similar to the first two SEFSec rounds, the third SEFSec survey conducted in 2011 provides an update on a series of indicators including:

- Food security (food acquisition[4], dietary diversity, household food insecurity access scale);
- Income and consumption/expenditure patterns;
- Coping mechanisms;
- Assistance by type, value and source;
- Socio-economic characteristics of households;
- Complementary information to compile analysis of households on the basis of the Proxy Means Testing Formula; and
- Complementary information on household resilience levels through analysis based on the resilience model designed by FAO.

The following report provides a summary of the basic socio-economic and food security findings of the SEFSec survey conducted in 2011 with comparisons to data available from the 2009 and 2010 SEFSec surveys. Note that macro-economic data are extracted from secondary data sources.[5]

[1] PCBS is relying on 3 pillars for its National Statistical System: Census, Surveys and Administrative data. The SEFSec is part of the survey pillar and the key indicators are to be mainstreamed in PCBS National Monitoring System currently being developed.

[2] The PECS is the basis for the establishment of the Palestinian Poverty Lines. Given its length and cost it cannot be carried out on a yearly basis.

[3] In addition to PCBS, FAO, UNRWA and WFP, the main food security sector members (Food, Agriculture & Cash for Work) have been closely involved in the development of the household questionnaire.

[4] Food acquisition includes food purchased, self-production and gifts (both formal and informal assistance).

[5] Secondary data rely mainly on PCBS reports related to labour force survey and economic performance.

As in the previous SEFSec 2010 report, the cost of living in East Jerusalem is significantly greater than in the West Bank and the Gaza Strip and therefore cannot be effectively reflected using existing poverty methodologies. For this reason, references made to the West Bank in this report exclude the annexed area of East Jerusalem.

As far as the actual data collection is concerned, the SEFSec survey data was collected on a sample of 7,898 households (5,323 in the West Bank and 2,575 in the Gaza Strip) between October and November 2011. The reference period for the survey was the first two quarters of 2011. As in the previous two rounds, the sample is representative at the level of governorate, locality type, and refugee status. Analysis by type of area (Area C and other areas) is possible in the 2011 round of the SEFSec survey. The food security analysis was carried by FAO, UNRWA and WFP.

1.2 SEFSec Methodology

As per standard definition, food insecurity exists when people lack secure access to sufficient amounts of safe and nutritious food for normal growth and development and an active and healthy life. In the oPt, the indicators used to define food insecurity combined income and/or consumption levels and trends in food and non-food expenditures as detailed below. As such, the estimation of the oPt food security levels is primarily based on economic access to food and essential non-food items. Indeed, other dimensions of food security, including food availability and food consumption, are generally less problematic in the current context.

The SEFSec estimates food security levels by looking at aspects of household income, expenditure and socio-economic vulnerability. Socio-economic vulnerability is first determined by clustering households against seven indicators based on which three population subgroups are formed (high, medium and low vulnerability).[6] These are then cross-tabulated with household income and expenditure on a per adult equivalent basis in order to generate the food security classification. Adult equivalency is used by PCBS to control the different consumptions levels of adults and children. As such, the adult equivalency rate is a higher rate at the individual level but more accurate at the household level than the broadly used per capita measures.[7]

Note that the latest PCBS poverty thresholds issued by PCBS were used to develop the food security thresholds. However, the poverty threshold which was calculated on a per capita per day basis was re-calculated to reflect the adult equivalence formula adopted by PCBS Standards of Living department. The calculated PCBS average deep poverty threshold stood at USD 5.39 and the relative poverty threshold stood at USD 6.76 per household.

The following table provides a description of the four food security groups identified:

Food Insecure	Vulnerable to Food Insecurity	Marginally Secure	Food Secure
Households with income and consumption below USD 5.39/ adult equivalent/day AND Households showing a decrease in total, food and non-food expenditures including households unable to further decrease their expenditure patterns	Households showing both income and consumption below USD 6.76 /adult equivalent/ day EXCEPT Households showing no decrease in expenditure patterns (categorized as marginally secure)	Households showing either income OR consumption above USD 6.76/adult equivalent/ day (not both). OR Households with both income and consumption between USD 5.39 and USD 6.76 but show no decrease in expenditure patterns	Households with income and consumption above USD 6.76/adult equivalent/day OR Households with income or consumption between USD 5.39 and USD 6.76 but show no decrease in total food and non food expenditures

[6] The seven indicators to determine socio-economic vulnerability levels are refugee status, household size, assistance received, future expectations on financial resources, and changes to food, non food, and total expenditures.

[7] The adult equivalent measure takes into consideration that the family does not consume all of its expenditure and that children consume less than adults. As such, the adult equivalent measure standardizes the estimate of the household's consumption needs according to the demographic structure of the various households against the standardized thresholds. For example the adult equivalence of a standard Palestinian family of 5 members (2 adults and 3 children) is equal to 2.956214 and is calculated using the formula (adult equivalence = adults + $(0.46*\text{children}))^{0.89}$

2. Socio-Economic Context

The ability of households to access food in the oPt is mainly determined by their economic situation. In the current context, food availability is not particularly an issue as a diverse range of food commodities are available in local markets and in satisfactory quantities, although food availability is largely the result of an over dependency on imported staple food commodities.[8] As such, the problem of persistently low food security results from a lack of economic access to food. Palestinian households' food acquisition mainly depends on household purchasing power, which in turn mainly depends on income (hence employment) and prices levels.

2.1 Economic growth[9]

During the first half of 2011 (reference period for the SEFSec survey), GDP per capita in the oPt was USD 794 over the six-month period. However, large disparities existed between the West Bank and the Gaza Strip, as GDP per capita was estimated at USD 944 and USD 572 respectively over the six-month period.[10] In Gaza, real GDP per capita in the first two quarters of 2011 grew by 19.4 percent compared with the same period in 2010. In the West Bank, it was only 1.7 percent higher and it reached a growth of 7 percent for the overall oPt.

Economic growth in the oPt continues to be mostly "confined to non-tradable sector and reflects the importance of donor aid in driving the Palestinian economy rather than rebounding on a private sector which remains stifled by Israeli restrictions on access to natural resources and markets."[11] Given the strong association between employment, income, and food insecurity, any further reductions in food insecurity can only be achieved with sustainable, inclusive economic growth and job creation, which in turn requires further easing of restrictions that currently hinder Palestinian private sector activity.

Despite visible improvement, the current economic gains in the West Bank are slowing down compared to the growth in previous years. This slow down is attributed mainly to falling donor support, uncertainty in private sector investments due to the PA fiscal crisis, and an insufficient ease in access and movement restrictions. As a result, growth has relied mainly on the public administration and remains unsustainable. In the Gaza Strip, economic growth has been largely driven by resurgence in a long dormant construction sector[12] and is reflective of an extremely low baseline over the past four years.[13] This recovery has been fuelled by a combination of aid injections, a slight easing of the restrictions on goods entering from Israel, and most importantly by intense tunnel trade activity. In both the West Bank and the Gaza Strip, the private sector – a necessary driver of sustainable growth – would thrive at a steady rate should Israeli restrictions to trade, movement, and access to land, sea, water and other resources be fully lifted. According to the International Monetary Fund (IMF), real GDP growth per capita would have been 88 percent higher in 2010 if there had been no conflict or restrictions in the oPt.[14]

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[8] Food availability can however be significantly hampered in periods of tightened closure, both in the West Bank and in the Gaza Strip, and may be affected by the volatility of the peace process and the high dependency on the Israeli market.

[9] GDP data exclude East Jerusalem. All figures in the paragraph are estimated at constant prices, base year 2004.

[10] PCBS, December 2011, Preliminary Estimates of Quarterly National Accounts (Fourth Quarter 2011).

[11] World Bank, September 2011. Sustained achievements in Palestinian institution-building and economic growth, Economic monitoring report to the Ad-Hoc Liaison Committee.

[12] Between January and June 2011, the public administration and defence sector expanded by US$27.3 million in the West Bank compared to the same period in 2010, accounting for 28.8% of overall GDP growth in the 6-month period. In Gaza, the construction sector grew by US$75.2 million in the first two quarters of 2011 compared to the same period in 2010. This implies that construction accounted for 43.6 % of overall GDP expansion in Gaza during that period.

[13] In Gaza, GDP per capita in 2011 remained 17 percent below its 2005 level.

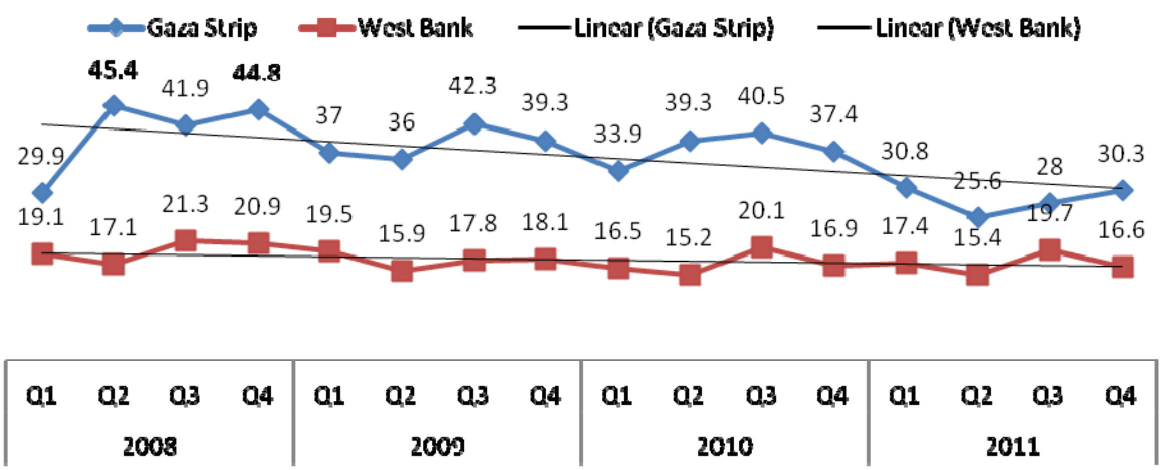
[14]IMF. April 2011. Macroeconomic and Fiscal Framework for the West Bank and Gaza: Seventh Review of Progress.

In the Gaza Strip, despite more consumption goods, animal feed and construction materials – namely for international projects – coming through the official crossings, the private productive sector remains at a standstill. With only one official commercial crossing operational (Kerem Shalom), the 1.5 million people in Gaza are especially vulnerable to fluctuations in prices of food and fuel, as well as to any sudden, prolonged closure. As highlighted later in the assistance chapter, eighty percent of the population still rely on assistance. Additionally, a continuation of power cuts, unreliable access to raw materials through the official crossing, and the insignificant relaxation on exports create major obstacles for jumpstarting the productive economy, a key driver for sustainable growth. The productive economy requires substantial quantities of raw materials and access to traditional West Bank and Israeli markets in order to create the steady and good-paying jobs required to lift families out of poverty and food insecurity.

2.2 Employment[15]

Overall unemployment has decreased in the oPt year-on-year since 2008. Over the first half of 2011 compared to the first half of 2010, unemployment in the West Bank remained in the same range, while in the Gaza Strip it dropped from 36.6 percent to 28.2 percent.[16] The long term trends show unemployment rates stabilizing in the West Bank while in the Gaza Strip unemployment rates show deterioration after a brief period of improvements.

Figure 1: Unemployment Trends 2008 - 2011



Despite the improvement in unemployment figures during the first half of 2011, unemployment rates in the Gaza Strip remain high and disguised by the reality of low wages and high dependency on humanitarian assistance. Over 86,000 Palestinians in the Gaza Strip and 109,400 in the West Bank are unable to find employment and remain without means to support themselves or their families.[17] The average unemployed person spends 12 months looking for work (8 months in the West Bank and 17 months in the Gaza Strip), which highlights the difficulty to find even temporary or seasonal work. Women are more affected by unemployment in the oPt, with 29 percent of them being jobless, compared to 16 percent of men.[18]

[15] All references made to unemployment rates and labour force figures refer to ILO standard definitions and exclude annexed areas of East Jerusalem unless otherwise stated.
[16] PCBS. Labour Force Survey.
[17] PCBS. In the Gaza Strip, just 336,800 people are part of Gaza's labour force per 2nd quarter of 2011. Out of a population of 1.5 million in Gaza, only 228,500 people are employed on a full-time basis. In the West Bank, 711,100 people are part of West Bank's labour force per 2nd quarter of 2011, and 539,400 people are employed on a full-time basis.
[18] PCBS. Labour Force Survey – 2nd Quarter 2011.

National figures show that refugees and non-refugees alike experienced lower unemployment rates, although unemployment rates of refugees remain higher compared to non-refugees.[19] Broad unemployment rate amongst refugees in the second quarter of 2011 was about 8 percentage points higher than that of non-refugees. Youth unemployment (among ages 15-29) remains very high with 37 percent in the Gaza Strip and 23 percent in the West Bank (2nd quarter of 2011). While in the West Bank youth unemployment rates have stagnated, in the Gaza Strip, it has dropped by one-third over a one year period (between the 2nd quarters of 2010 and 2011).[20]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The reduction in Gaza's unemployment rates are likely caused by a combination of a slight relaxation in import controls on goods coming from Israel, the continuation of illegal tunnel trade from Egypt, and continued large scale funding of aid projects. Nearly all sectors (including agriculture, manufacturing, construction, transportation, and commerce/restaurant/hotel), showed employment gains. Construction, commerce and agriculture accounted for the vast majority of all new job opportunities over a one-year period. While it is clear that the jump in growth and jobs is in part due to the reactivation of the long-dormant construction sector,[21] the public sector continues to be the main job provider in the Gaza Strip.

Table 1: Gaza Percentage Distribution of Employed Persons Aged 15 Years and Over by Economic Activity (ILO Standards)

Economic Activity	2010 - Q2 in %	2011 - Q2 in %	Change in %
Agriculture, fishing and forestry	7.8	9.5	22
Mining, quarrying and manufacturing	3.8	5.7	50
Construction	2.5	6.2	148
Commerce, restaurant and hotels	16.9	19.4	15
Transportation, storage and communication	6	7.2	20
Services and other branches	63	52	-17

The partial recovery in Gaza employment opportunities should be put in perspective given the persistently high unemployment rate (more than 30 percent in the last quarter of 2011), as well as the very low labour force participation rate in the Gaza Strip.[22] Similarly, new job opportunities are mainly in low pay jobs, meaning that more people are finding work but earning less than during the pre-blockade period.

[19] Comparing 2nd quarter of 2010 with the 2nd quarter of 2011, the unemployment rate of refugees in oPt decreased from 29.4 percent to 23.8 percent, while for non-refugees it decreased from 19.1 percent to 15.7 percent. PCBS Labor Force Survey (ILO definition).

[20] It is worth noting that the PCBS Labor Force Survey show an upward trend in both regions over the last quarter of 2011; youth unemployment in the Gaza Strip particularly reached as high as 47 percent.

[21] Employment in the construction sector grew by 252 percent between the first half of 2010 and of 2011. UNRWA, 2011, Labor Market in the Gaza Strip.

[22] 38.1 percent as a Labour Force participation rate. PCBS Labor Force Survey 2nd quarter of 2011.

The Palestinian public sector continues to be the main source of employment in the oPt. By mid-2011, more than a fifth of the oPt labour force was employed in the public sector (15 percent in the West Bank and 40 percent in the Gaza Strip), highlighting the stagnant nature of the economy as well as its fragility given its dependence on foreign aid to stimulate job growth, meet basic consumption needs, and provide relief.[23] In mid-2011, the PA placed a cap on hiring new public sector employees at 3,000 per year in an attempt to better control its large wage bill.[24] However, the PA continues to face a major budget shortfall. In July 2011, the PA reduced and delayed the payment of salaries to civil servants[25] owing to failed commitments from donors, which threatened the public sector and the aid dependent economy. The PA fiscal crisis could become protracted given the recent and projected decline in donor assistance.[26]

2.3 Evolution of Wages and Prices

In the second quarter of 2011, average nominal daily wage in the West Bank was NIS 85 compared to NIS 62 in the Gaza Strip.[27] For those able to obtain a permit and secure a job in Israel or in settlements, the wages of NIS 161 per day are up to 3 times higher than in the Gaza Strip and 2 times higher than in the West Bank.[28] As for new job opportunities in the Gaza Strip, the workforce employed in agriculture, manufacturing, construction, commerce and communication earns approximately NIS 35 per day on average compared to NIS 80 per day in services and other sectors. Comparatively, in the West Bank, the same group earns on average NIS 72 per day.[29] In fact, the median net wage in the second quarter of 2011 in the Gaza Strip was just NIS 48 per day, which is less compared to what it was before the blockade (NIS 58 in 2nd quarter 2007, and NIS 67 in 2nd quarter 2006).

Over a one-year period, the daily wage increased slightly for those employed in the Gaza Strip (6 percent) or in Israel/settlements (3 percent), and very marginally for those in the West Bank (1 percent). However, taking into account the inflation rate, trends in real wages provide a more realistic perspective on the degradation of the purchasing power over the last five years. In the Gaza Strip, there was a 22 percent decrease in real wages between the 2nd quarter of 2007 and the 2nd quarter of 2011, while there was a 6 percent decrease in the West Bank.[30] This decrease reflects the overall rise in prices over the last 5 years and signals a decline in the purchasing power of workers in the oPt.

The Consumer Price Index (CPI) is the official measure of inflation in the oPt and is used to monitor the cost of a basket of food and non-food goods and services.[31] Food makes up almost 39 percent of the CPI, making it a key determinant of inflation in the oPt.[32] The sharp rise in the CPI between 2007 and 2011 in the oPt, reflects the impact of international food and fuel prices in the domestic market. From 2007 to the end of 2011, the CPI rose by 22 percent in the Gaza Strip and by 19 percent in the West Bank.

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[23] PCBS. August 2011. Labour Force Survey, 2nd quarter of 2011.
[24] IMF, April 2011. Macroeconomic and fiscal framework for the West Bank and Gaza. Ad-Hoc Liaison Committee Report.
[25] The PA issued half-payments at the beginning of July and the second half at the end of the month. With threats of a union strike looming in August, the PA regularized payments. This came at a difficult time for Palestinians who typically spend more during Ramadan / Eid Al-Fitr and in preparation for the new school year.
[26] The World Bank, March 2011, Stagnation or Revival? Palestinian Economic Prospects,Economic Monitoring Report to the Ad Hoc Liaison Committee.
[27] 1 USD = 3.7 NIS.
[28] This job opportunity is not granted to Gaza populations due to the restriction on people's movement. Source: PCBS Labor Force Survey.
[29] Palestinians in Gaza have not been allowed to work in Israel/Settlements since the start of the Second Intifada.
[30] Data based on PCBS figures.
[31] The basket includes food and beverages, clothing and footwear, housing, furniture and household goods, medical and health care, transportation, communication, recreation, education and other miscellaneous goods and services.
[32] PCBS. Relative Weights of Major Groups of Expenditure Used for Producing the Revised Consumer Price Index Numbers.

In the Gaza Strip, rate of increase in the Food and Soft Drink CPI (FCPI) was faster than in the West Bank mainly due to the increased restrictions and the Israeli offensive at the end of 2008. The stabilization of soaring prices only began in January 2010. However, with the increased costs of staple food items (i.e. wheat and vegetable oil) and fuel, FCPI started to rise again in 2011. In the West Bank, the 2011 FCPI increased by 2.6 percent compared to the 2010 average while it rose by 1 percent in the Gaza Strip. In the oPt, the FCPI rose by 29 percent between 2007 and 2011 as a result of the rise in international food prices and import restrictions.

Table 2 –Consumer Price Index, Food and Soft Drink Price Index and Transport Index Trends between 2007 and 2011

	2007	2008	2009	2010	2011
Gaza Strip					
Consumer Price Index	108.9	124.1	129.6	131.79	132.55
Food and Soft Drink Price Index	115.3	140.6	147.5	147.01	148.6
Transport Index	112.8	124.2	124.3	126.22	126.97
West Bank					
Consumer Price Index	110	120.8	121.5	126.67	131.16
Food and Soft Drink Price Index	114	134.1	135.4	141.81	145.66
Transport Price Index	111	118.9	115.5	118.17	124.11

Source: PCBS—Base Year 2004 (Rounded figures)

Nominal price levels remain significantly high compared to the pre-2008 levels when there was a soar in food prices. The price of wheat flour remains 53 percent higher in the West Bank and 40 percent higher in the Gaza Strip than the average price in 2005.[33] Staple food commodities such as rice and sugar have followed the same trend over a 5 year period.[34] Bread and cereals represent 16 percent of the daily food consumption.

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High expenditures on food expose families, especially food insecure households, to risk of food price fluctuations. The impact of the food prices increase on consumer purchasing power is further aggravated by price fluctuations of other essential expenses: for example, the transportation cost index has increased by 13 percent and 11.5 percent in the Gaza Strip and the West Bank respectively since 2007.

33 Data from PCBS, prices from 2005 average to 2011 average (first six months) of Haifa White Wheat Flour (average price of a 60 kg bag of flour). In 2005, flour cost NIS 109.10/bag in the West Bank and NIS 104.61/bag in Gaza. In 2011, it has increased to NIS 166.72/bag in the West Bank and NIS 146.67 in the Gaza Strip.

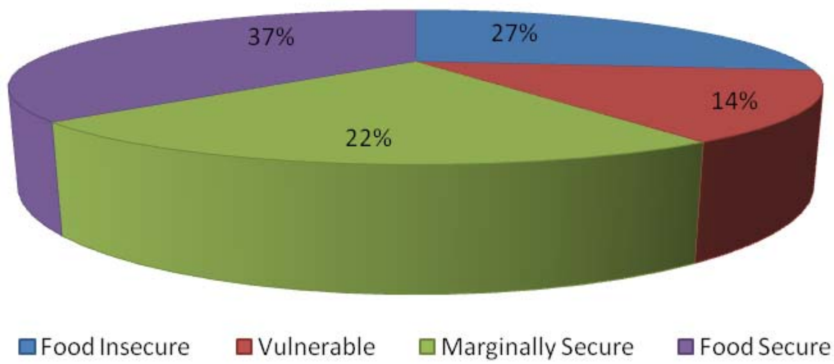
34 For the same reporting period, in the West Bank, rice increased by 40 percent and sugar by 85 percent. In the Gaza Strip, rice increased by 70 percent and sugar by 75 percent.

3. Estimates of Household Food Security Levels

3.1 oPt Food Security Levels

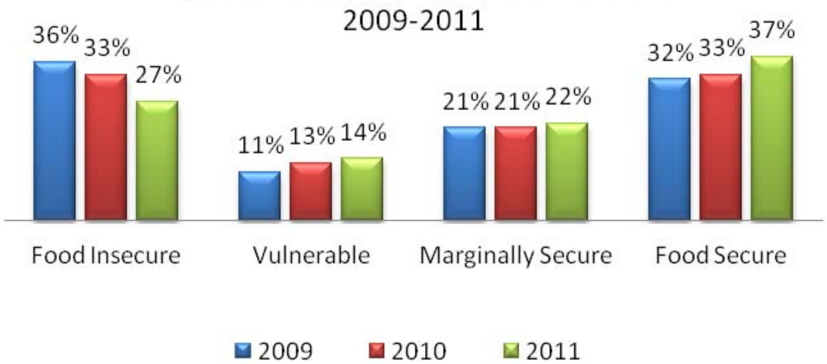
A total of 1.3 million people representing 27 percent of households in the oPt remain food insecure in 2011, an additional 14 percent of the households are vulnerable to food insecurity, 22 percent are marginally secure and 37 percent are food secure.[35] It is important to note that food security rates include the impact of any assistance received during the reference period.

Figure 2: Country-wide Food Security Levels 2011



Over the last 3 years, the percentage of food insecure households has declined from 36 to 27 percent. This decrease was translated into a 2 percent increase in vulnerable households, 1 percent increase in the percentage of marginally secure households and a 4 percent increase in the percentage of food secure households who represent 37 percent of the Palestinian household population.

Figure 3: Food Security Levels in the oPt 2009-2011



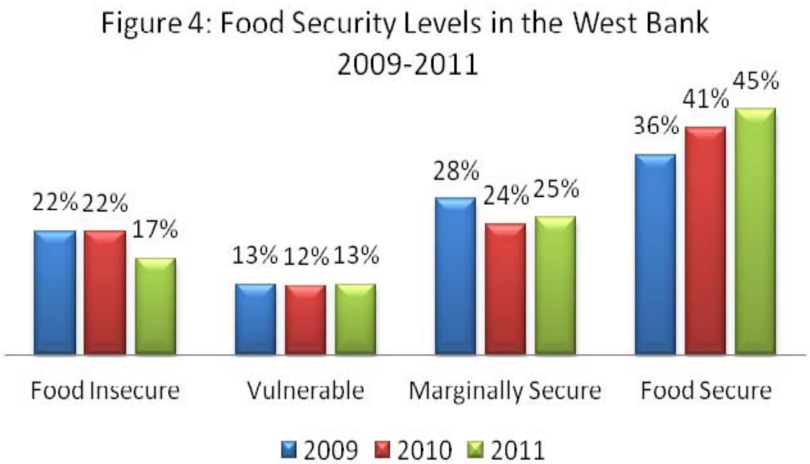
A combination of improved employment rates, real GDP growth, stability in the salaries of PA employees as well as large scale social assistance[36] over the reference period have influenced the improvements of food insecurity levels in the oPt, particularly in the Gaza Strip as detailed later. One should note, however, that these underlying economic improvements were reflective of a low baseline and continued to be fueled by external assistance and informal tunnel trade (in the Gaza Strip). Improvements in food security currently remain unsustainable, especially in the present context of high food prices, low wages, decreasing external assistance and PA fiscal crisis. Despite improvements in food security levels, more than 1 in 5 households remain food insecure after assistance has been provided.

[35] The SEFSec is a household survey. Levels of food security are therefore always referring to household figures and the prevalence of food security. However, the absolute number of the food insecure was calculated by summing up the number of individuals which better reflects the larger household sizes among food insecure households. The same methodology has been used for the household figures and individual figures by regions, for refugee / non-refugee disclosed later in the document.

[36] Social assistance is offered by formal sources including the Palestinian Authority (PA) and international organizations, and more informally by non-governmental organizations. As highlighted by the World Bank Poverty Report, social assistance and public sectors played an important part in providing a cushion or safety net in the face of the crisis.

3.2 West Bank Food Security Levels[37]

The trends show that between 2009 and 2010, levels of food insecurity among West Bank households remains unchanged. This level dropped by 5 percentage points between 2010 and 2011 to reach 17 percent. Food security levels also improved steadily between 2009 and 2011 to reach 45 percent of West Bank households. As detailed below, improvements in West Bank food security levels are not uniform with some population groups significantly worse than the West Bank average – most notably among refugees living inside refugee camps.



Despite a positive trend, due to the current closure regime, the West Bank continues to be vulnerable to food insecurity. The West Bank productive private sector continues to be stifled by restrictions on movement and access within and outside the West Bank, and is hence unable to sustain the growth stimulated recently by the public sector helped by donor funding and by the earlier Israeli easing of restrictions.[38] In addition, should donor funding continue to decrease, the PA will keep facing a looming fiscal crisis and this will have a direct impact on some of the most fragile segments of the population in the West Bank who receive assistance through the PA Social Safety Net and on those employed in the public sector.

[37] Since the methodology does not take into account the higher cost of living in annexed areas of East Jerusalem, the West Bank figures exclude population that are living in this area.
[38] UNSCO, March 2012, Palestinian state-building: an achievement at increased risk, Ad Hoc Liaison Committee Meeting.

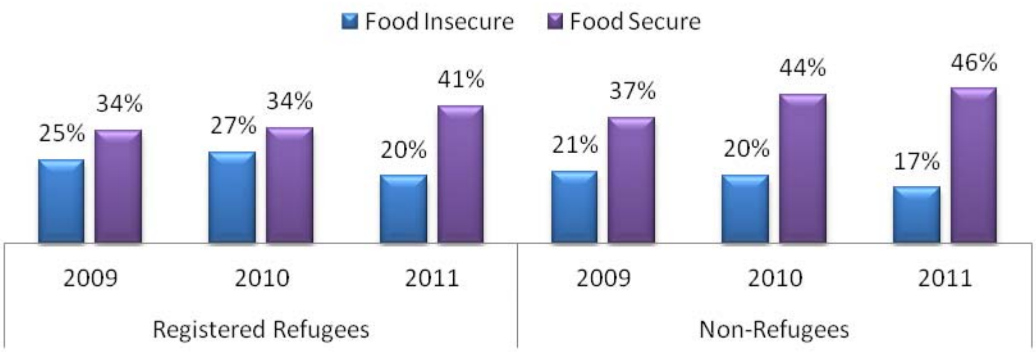
The total number of food insecure people dropped by 92,000 between 2009 and 2011. However, the number of people who became food secure is 300,000. In 2011, the total number of people in the West Bank who were food secure reached nearly 1 million.

Table 3: Food Security Trends by Population Numbers – West Bank

Food Security Levels	2009	2010	2011
Food Insecure	566,424	566,895	474,652
Vulnerable	306,980	303,514	322,423
Marginally Secure	646,470	553,184	545,898
Food Secure	695,529	852,389	995,385
Total	**2,215,402**	**2,275,982**	**2,338,358**

As far as refugees are concerned, food insecurity levels have been consistently higher in that segment of the population than among non-refugees. In the West Bank approximately 25 percent of the population is registered as Palestine refugees. West Bank food insecurity rates among refugees were on average 5 percent higher than among non-refugees during the 2009 to 2011 period.

Figure 5: Food Insecurity vs. Food Security Levels by Refugee and Non-Refugees, 2009-2010



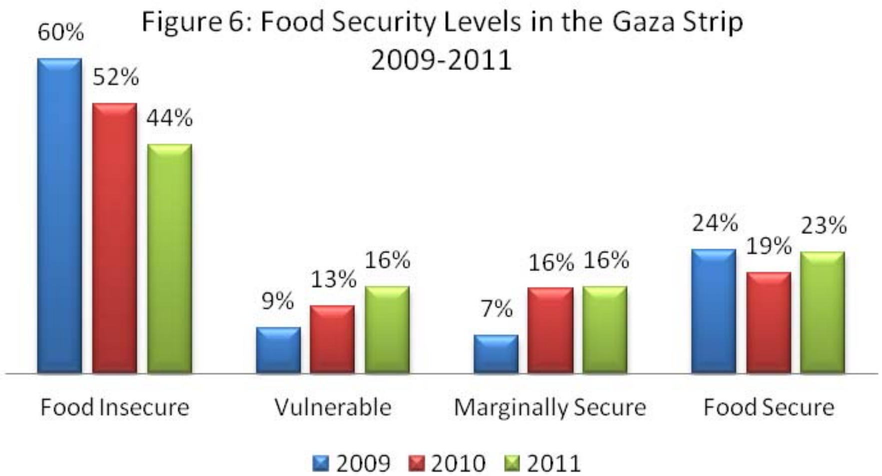
Refugees' lack of access to employment and reduced access to external assistance continues to limit improvements in food insecurity levels within that category. As explained in the previous chapter on employment, refugees face higher unemployment rates and lower wages than non-refugees.[39] Reduced access to employment is linked with less revenue at the household level and therefore less access to food. In fact, employment among refugees has decreased by more than 8,000 jobs since 2009 while it has increased by 23,000 jobs among the non-refugees.[40] This negative trend is confirmed in all sectors except for the construction sector.

[39] See footnote 19. Unemployment rate is 8 percent higher among refugees than among non-refugees.

[40] PCBS Labor Force Survey – UNRWA Labor Force Analysis.

3.3 Gaza Strip Food Security Levels

Trends show significant improvements in household food insecurity levels in the Gaza Strip, largely responsible for oPt's overall decrease in the level of food insecurity over the last three years. In 2009, following the onslaught of Operation Cast Lead, food insecurity levels peaked at 60 percent. In 2010, food insecurity was mitigated by a massive scale of humanitarian assistance delivered to households combined with a slight revitalization of the economy resulting from a surge in tunnel trade. In 2011, food insecurity dropped down to 44 percent as a result of steady external assistance and a recovery of the local, non-tradable economy, driven by a slight ease of import restrictions on goods coming from Israel and more significantly by continuing illegal tunnel imports from Egypt.



Food insecurity however remains at very high levels (44 percent compared to 17 percent in the West Bank), highlighting the reality of persisting harsh economic conditions and the vulnerability of the Gaza Strip's population. In addition, the steady levels of assistance as well as the concentration of newly created jobs in low wages and unskilled positions (in construction, agriculture, manufacturing and commerce) did not lift people up to the food security threshold. The latter has been more or less stagnant over the last three years and remains at around 23 percent.

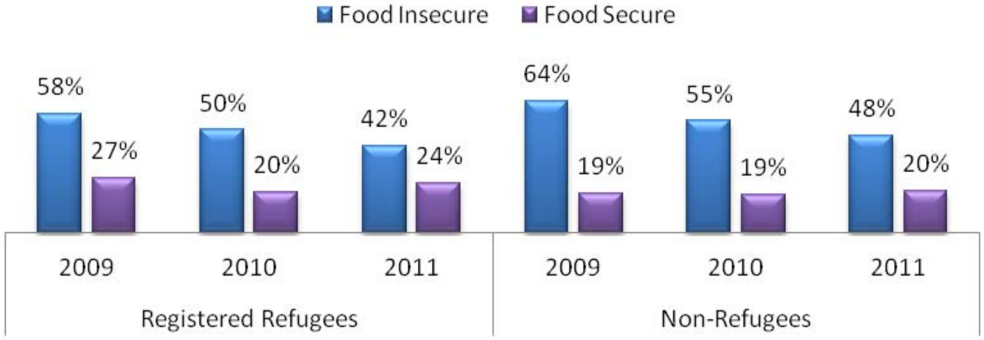
In terms of total numbers, a more significant rate of improvement occurred in the number of food insecure individuals as compared to the West Bank. Between 2009 and 2010, a total of 99,000 people moved out of the food insecurity category, joined by an additional 104,000 people in 2011 (a 21 percent decrease over the three-year period). However, most of these people moved to the vulnerable and marginally secure categories. This was particularly the case between 2009 and 2010 when the number of food secure individuals dropped by 49,000 before increasing again by 98,000 in 2011. This means that from 2009 to 2011, only an additional 49,000 people became food secure while 118,000 moved to the marginally secure category and 138,000 became vulnerable to food insecurity.

Table 4: Food Security Trends by Population Numbers – Gaza Strip

Food Security Levels	2009	2010	2011
Food Insecure	986,801	887,877	783,940
Vulnerable	121,206	193,327	259,054
Marginally Secure	97,060	221,243	215,019
Food Secure	281,748	232,674	330,678
Total	**1,486,815**	**1,535,121**	**1,588,691**

Unlike in the West Bank, registered refugees –representing approximately 70 percent of the Gaza Strip total population - have remained slightly less food insecure over the last three years compared to non-refugees (the gap being constant at approximately five percentage points). In 2011, food insecurity levels remained high for both sub-groups, reaching 42 percent among refugee households and 48 percent among the non-refugee population. Since 2009 the proportion of food secure households has decreased from 27 to 24 percent for refugees, and remain stable for the non-refugees around 19 percent. Despite higher unemployment rates since mid-2010, refugees have somehow been able to develop better coping mechanisms, suggesting that UNRWA's large-scale educational, health and relief services – main structural factor impacting differently the economic status of the two population sub-groups – has contributed to dampen the effects of widespread unemployment, poverty and resulting food insecurity among refugees. This is further corroborated by the sharp reduction in food insecurity in camps since 2009 as developed in the section on food security levels by locality.

Figure 7: Food Insecurity vs. Food Security Levels by Refugee and Non-Refugees - Gaza Strip, 2009 - 2010

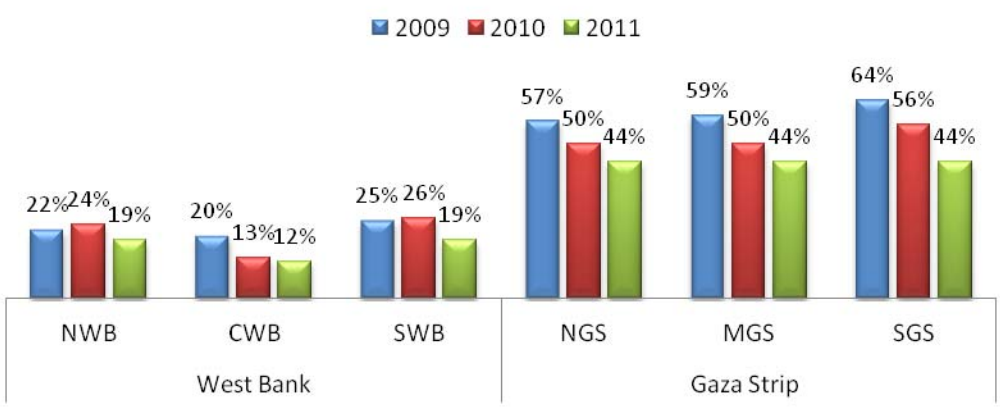


3.4 Food Security Levels by Sub-Region

In the West Bank, trends show that in 2011 improvements in food security levels are most visible in the Northern West Bank and the Southern West Bank where food insecurity levels have dropped by 5 percent. While the Central West Bank continues to enjoy the lowest levels of food insecurity, the rate of improvement has slowed down between 2009 and 2010. In Ramallah particularly, rates of improvement have slowed down as the productive capacity of the private sector continues to be stifled by restriction on movement and access within and outside the West Bank. This has consequences in the ability of the private sector to sustain the growth currently stimulated by the public sector. However, the Central West Bank has a food insecurity rate of 12 percent, the lowest rate ever reached since the roll-out of the SEFSec survey.

In the Gaza Strip, common food insecurity levels appear consistent across the sub-regions and reaches 44 percent. South Gaza Strip experienced the fastest rates of improvements. Although difficult to measure, the rates of improvement in the South are likely to result from a continuation of tunnel trade operations as the easing of the blockade has not off-set these activities.

Figure 8: Sub-Regional Food Insecurity Levels, 2009-2011

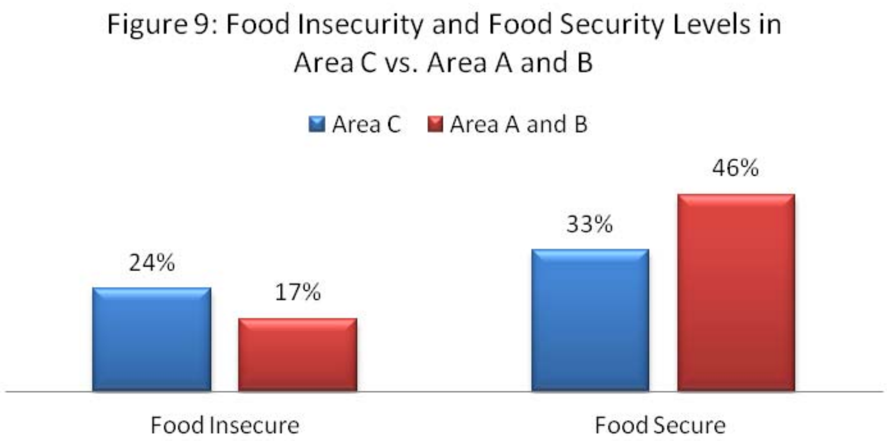


* North West Bank (NWB), Central West Bank (CWB), South West Bank (SWB), North Gaza Strip (NGS), Middle Gaza Strip (MGS), South Gaza Strip (SGS)

In this round of the SEFSec survey, disaggregated data is available by geographic differentiation as defined by the Oslo Agreement: Area C and all other areas (Areas A and B).[41] In 2011, food insecurity in Area C reached 24 percent compared to 17 percent in Areas A and B. Vulnerability is higher in Area C where only a third of the population is classified as food secure compared to 46 percent in Areas A and B. Also, specific groups are affected. Food insecurity levels among female-headed households in Area C reach 39 percent and 34 percent among herding households.[42] On average, households in Area C spend 56 percent of their cash income on food.

[41] The Oslo II Accords signed in 1995 established the Palestinian Authority (PA) and divided the West Bank into three administrative areas (known as “A”, “B” and “C”).

[42] This figure includes herders in annexed area of East Jerusalem with 5 or more animal holdings. Food insecurity levels remain the same if households living in annexed parts of East Jerusalem are excluded indicating that herding households living in annexed parts of East Jerusalem are as worst off as others living in the rest of Area C.

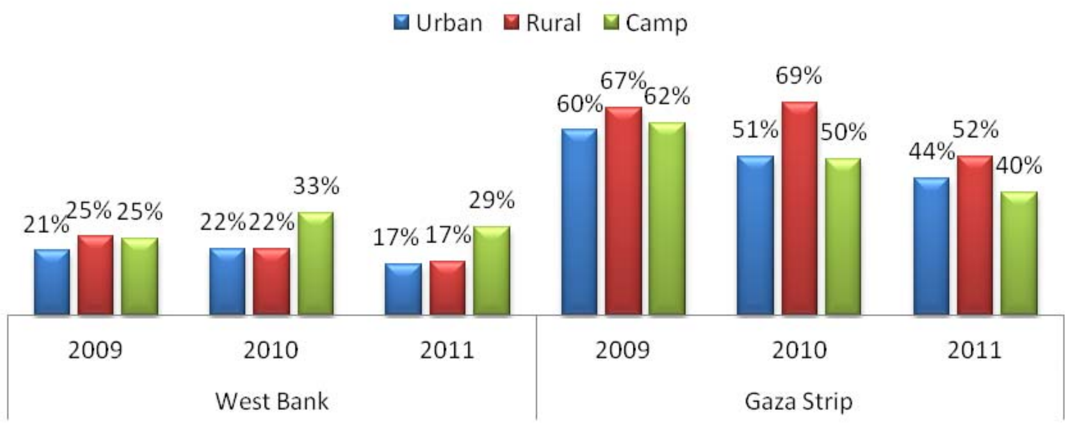


3.5 Food Security Levels by Locality

With the exception of refugee camps, all localities in the West Bank saw improvements in food insecurity levels. From 2009 to 2011, food insecurity levels in urban and rural localities improved by 26 percent (from an average of 24 percent food insecure in 2009 to 17 percent in 2011). During the same period, food insecurity in refugee camps worsened by 15 percent (from 25 percent in 2009 to 29 percent in 2011). Food insecurity levels in refugee camps have remained persistently high and now have the highest levels in the West Bank. This trend is reflective of higher unemployment rates within refugee camps as well as a 60 percent reduction in UNRWA social transfers to refugee camps between 2009 and 2011.

On the contrary, in the Gaza Strip, all localities have experienced improvements in food insecurity levels with the sharpest drop observed in refugee camps (from 62 percent in 2009 to 40 percent in 2011). These results corroborate previous observations on refugee-specific trends, suggesting that refugees – whether living inside or outside camps – have had a better ability than other residents to cope with the erosion of their livelihoods and seize arising economic opportunities. Such results indicate that, to a large extent, refugees' economic abilities have been preserved as a result of UNRWA's continued large-scale interventions both within and outside camps (basic educational and health services, infrastructure maintenance, and relief assistance).

Figure 10: Food Insecurity Levels by Locality, 2009-2011



Between 2010 and 2011, rural areas experienced a significant drop in food insecurity rates compared to changes between 2009 and 2010 when it worsened slightly. In the Gaza Strip, lower casualties compared to 2010 surrounding the access-restricted areas as well as fewer shooting and destruction incidents are providing households with confidence in their physical security to cultivate land previously unattended closer to the border. Field reports indicate that some farmers are cultivating in distances of up to 300 metres from the fence within the "no go zone."[43] Another factor in the drop of food insecurity levels in the rural areas is the better availability of agricultural inputs in the Gaza Strip after the "relaxation" of imports in mid-June 2011.

3.6 Food Security Levels by Head of Household Gender

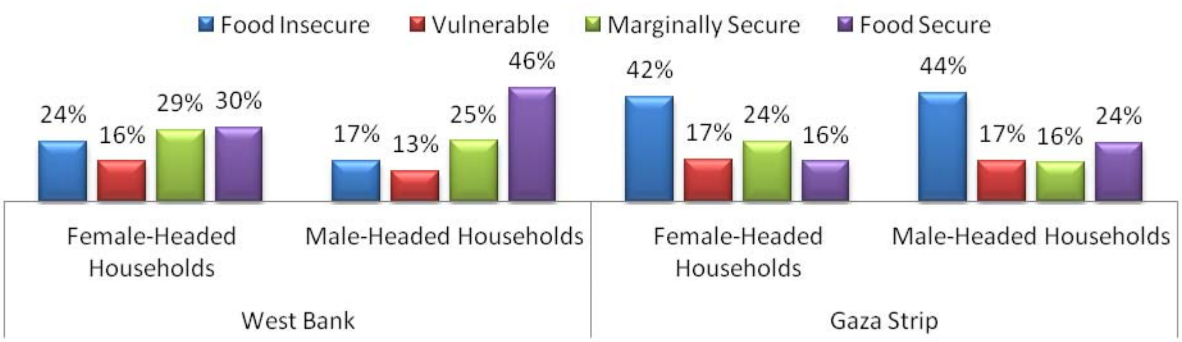
The food insecurity level among female-headed households in the West Bank was 7 percent higher than male-headed households. In the Gaza Strip, thanks to the large-scale assistance provided, there are fewer disparities in relation to the gender of the head of household although levels are slightly higher among male-headed households. However, in both areas female-headed households tend to be significantly less food secure than the rest of the population (food security rates being one third lower for female-headed households). To be noted, female-headed households represent 11 percent of the West Bank households and 9 percent in the Gaza Strip.

[43] The Israeli acknowledge that the access restricted area in the Gaza Strip extends from 0 to 300 metres from the fence. The "no-go zone" covers the area between zero to 500 metres from the fence whereas the "high risk zone" covers the area located between 500 to 1500 metres from the fence. OCHA/WFP. August 2010, Between the Fence and a Hard Place.

Female-headed households' heads tend to be widowed women, the primary income earners and on average between 54 to 66 years old. In the Gaza Strip in particular, food insecure female-headed households have a high dependency ratio among them, i.e. the number of non-income earners dependent on one income earner. Additionally, the number of persons with disabilities within the group is high and therefore the economic burden for them is particularly high. Low labour force participation and lack of employment opportunities put women in a specific position of risk to food insecurity.

Since labour force participation and employment rates among women are low, food secure female-headed households are exceptional and the social support from relatives and friends, as well as from the social assistance, is vital to their food security status. This is evident as most female-headed households' heads declared as the primary income-earner are not employed.

Figure 11: Food Security Levels by Gender and Head of Houseold



4. Consumption and Expenditure Patterns

4.1 Household expenditure on food

Palestinian households continue to dedicate the largest share of their total cash expenditure to food, making them particularly vulnerable to hikes in food prices and income fluctuations. While there has been a slight amelioration in food cash expenditures decreasing from 53 percent in 2010 to 47 percent in 2011, this is mainly due to the drop in the Gaza Strip.

Food cash expenditure ratio in the Gaza Strip decreased from 61 percent in 2010 to 47 percent in 2011. The food cash ratio of food insecure households decreased from 63 percent in 2010 to 48 percent in 2011. Such positive trend is mainly due to the high level of food assistance provided allowing food insecure households to decrease their staple food purchase[44] as well as the current increase in construction cash expenditure.

In the West Bank, the situation has slightly worsened. The food cash expenditure ratio increased by 1 percent in 2011 compared to 2010 (from 48 percent to 49 percent). The food cash expenditure of food insecure households reached 55 percent compared to 52 percent in 2010.

[44] As reported by households, food assistance provides 49 percent of staple food consumption among food insecure households in the Gaza Strip.

4.2 Food consumption pattern

By the second half of 2011, 6 percent of Palestinian households reported a decrease in their expenditures compared to 16 percent last year. Within this group, 73 percent of households reported a decrease in their food expenditures.

Table 5: Yearly Changes in Expenditure Patterns - oPt

Expenditure change / Year	2010	2011
Decreased	16%	6%
Increased	27%	35%
Remained unchanged	57%	59%

To estimate the amount and variety of food consumed by oPt households, the survey used the food consumption score methodology by counting the number of times specific food items (grouped in specific food groups) are consumed 7 days preceding the household survey.[45]

In the Gaza Strip, the level of food consumption did not vary between the first half of 2010 and 2011. In the first half of 2011, 26 percent of households had "poor and borderline" food consumption score (FCS) compared to 29 percent in 2010, and 74 percent had an "acceptable" FCS compared to 71 percent in the second half of 2010. Nearly 75 percent of households who had "poor" FCS were food insecure and 59 percent of households who had a "borderline" FCS were food insecure. Examination of the food consumption patterns in the Gaza Strip shows that households who had "poor and borderline" FCS are consuming fewer food groups on a regular basis than households who had an "acceptable" FCS. It is worth noting that given the very high level of food assistance in the Gaza Strip[46], it is expected that humanitarian assistance plays a major role in the ability of food insecure households to secure the main staple food commodities.

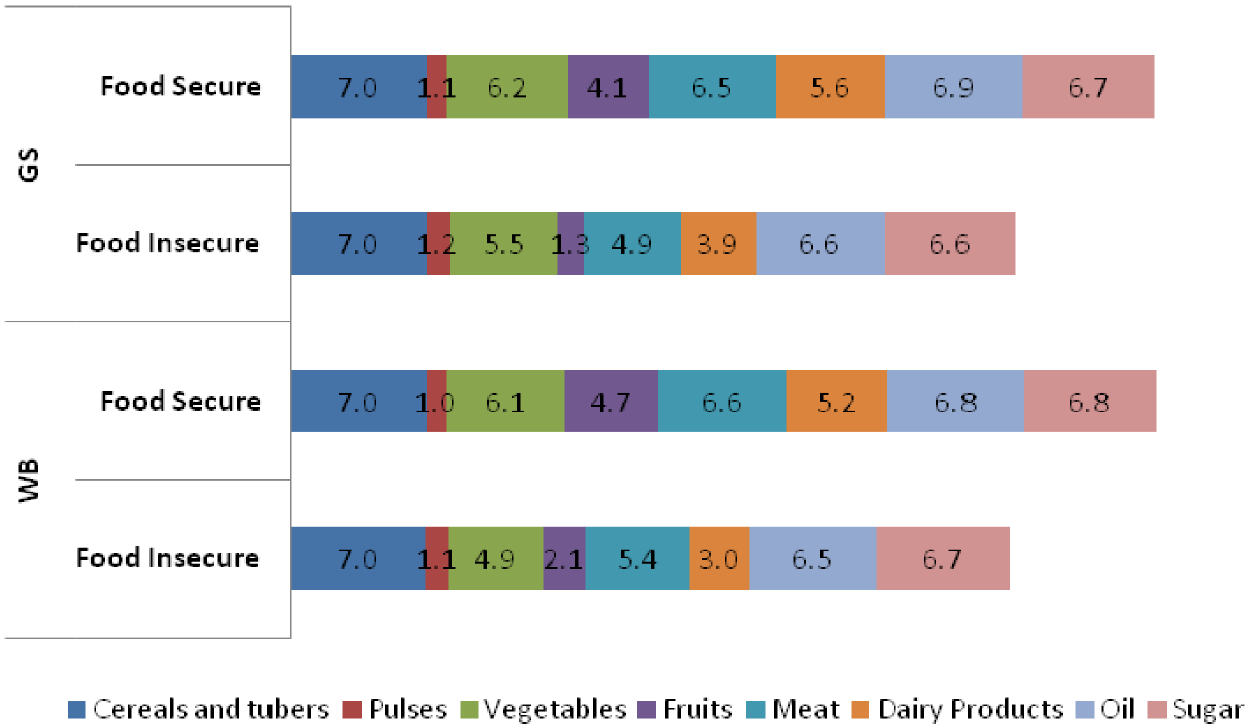
In the West Bank, 20 percent of households had "poor and borderline" food consumption pattern, which is lower than during the first half of 2010 (29 percent), 80 percent had "acceptable" food consumption compared with 71 percent in first half of 2010. Nearly 50 percent of the households who had a "poor" FCS were food insecure and 34 percent of the households who had a "borderline" FCS were food insecure.

For food insecure households, cereal and tubers, oils and sugar are consumed on a daily basis in both the Gaza Strip and the West Bank as shown in the below graph. Food assistance continues to be a crucial complement to food insecure households' own coping mechanisms, especially in relation to their ability to cover their main staple food commodities. As for other food groups (vegetables, fruit, meat and dairy products), food insecure households consume such food items on a less regular basis compared to food secure households, with a particular drop in fruit and dairy products consumption.

[45] Food Consumption Score methodology detailed in Annex.

[46] 65 percent of the Gaza population is receiving food assistance. See detail on assistance on page 30.

Figure 12: Food consumption pattern and mean number of time food groups consumed in the West Bank and the Gaza Strip among food secure and food insecure HH



While the food consumption score captures the difference in the dietary diversity among food secure and food insecure households, it does not highlight the lack of access for the poorest population to quality food commodities given their low purchasing power as detailed in the profiling of food insecure households.[47]

4.3 Livelihoods and coping strategies[48]

Households affected by economic shocks often use a variety of strategies to generate income or reduce expenditures in order to cope. In the Gaza Strip, the most commonly used strategies to reduce expenditures are (i) to purchase lower quality food (54 percent), (ii) ask for and receive assistance from friends/relatives (59 percent), and reduce the number of daily meals eaten (34 percent). In the West Bank, the most commonly used strategies by household are (i) to purchase food on credit (38 percent), (ii) eat stored food (34 percent) and (iii) to buy or consume fewer types of food (29 percent). In order to save income, the most commonly used strategy in both regions is to default or defer the payment of utility bills; 41 percent in the Gaza Strip and 34 percent in the West Bank.

[47] See section on Household Food Insecurity Profiling on pages 34/35.

[48] The Coping Strategy questionnaire has been revised thanks to CARE international.

Table 6: Percentage of Households Using Each Type of Coping Strategy

Coping Strategy Used	Percentage of households	
	West Bank	Gaza Strip
Food		
Ate stored food	34.0	21.2
Collected wild plants	8.7	3.6
Purchased low quality markets	17.9	53.6
Bought and consumed fewer types of food items	28.7	14.4
Reduced portion of food for adults in favor of children's	7.3	11.5
Reduced number of daily meals	7.1	34.2
Purchased food on credit	37.9	13.5
Reduced the portion of meals for all household members	6.9	10.0
Asked for and received assistance from friends and/or relatives	4.0	59.0
Sent women and / or children to work for food	0.5	3.9
Have a dangerous/undesirable/illegal jobs or activities (such as working in tunnels, begging or rubble collection in the buffer zone)	N/A	2.5
Sent females (women or girls) to serve at homes	N/A	0.0
Non-food		
Not pay bills/utilities	34.2	41.1
Sell off assets jewellery, furniture, productive assets, etc)	8.2	20.9
Used life savings	15.8	19.5
Regrouping of family members	9.7	18.7
Reduce health and education expenses	5.1	11.9
Change the place of residence	1.7	1.5

While most of the coping strategies are reversible, they can have permanent cost on lives and livelihood, through poorer health and nutritional status, excessive indebtness and loss of future opportunities for higher skills and better paid jobs.

5. Impact of assistance

5.1 Assistance received

In total, 80 percent of the households reported receiving at least one form of assistance in the Gaza Strip and 25 percent in the West Bank. Assistance included various types of support ranging from cash, food assistance (in-kind or voucher), job creation, tools and equipment for income generating activities, school feeding, etc.

Cash handouts and food assistance are the types of assistance most reported by households in the West Bank, reaching respectively 17.5 percent and 14 percent of all West Bank households. In the Gaza Strip, food assistance is the main assistance reported reaching 65 percent of households, while cash benefited 22 percent of the population.

Table 7: Types of assistance provided in the West Bank and the Gaza Strip in the first half of 2011

Type of assistance[49]	Out of total population in %	
	West Bank	Gaza Strip
Cash handouts	17.5	22
Food assistance	14	65
Voucher	1	3
Job creation	1	5
School feeding	0.2	40
Productive inputs	0.1	0.2
Other	0.8	15

The vast majority of households reported relying on only one type of primary food or cash assistance. In the West Bank, only 13 percent of respondents receiving assistance relied on more than one source for their cash handouts, against 5 percent only for food assistance. In the Gaza Strip – taking also into account the high assistance coverage – 19 percent of respondents receiving assistance relied on cash from more than one source, and 13 percent received food assistance from several providers.

UNRWA came out as being the main source of assistance in the Gaza Strip, with 81 percent of households receiving assistance mentioning the agency as their provider. Relatives and family were the next most significant source of assistance with 19 percent, followed by the PA Ministry of Social Affairs (MoSA) and international organizations at 14 and 13 percent respectively.

In the West Bank, informal support networks such as relatives and family are the main source of assistance with 47 percent of households relying upon it. The Palestinian Authority Ministry of Social Affairs (MoSA) was the most important formal source of assistance at 36 percent followed by UNRWA and international organizations at 16 percent and 13 percent respectively.

[49] Note that households can mention more than one provider.

It is worth noting that the cash and food transfer programmes of the MoSA Social Safety Net are supported through funding from the PA, the European Union, the World Bank (cash transfer) and by the World Food Programme (in-kind or voucher transfer).

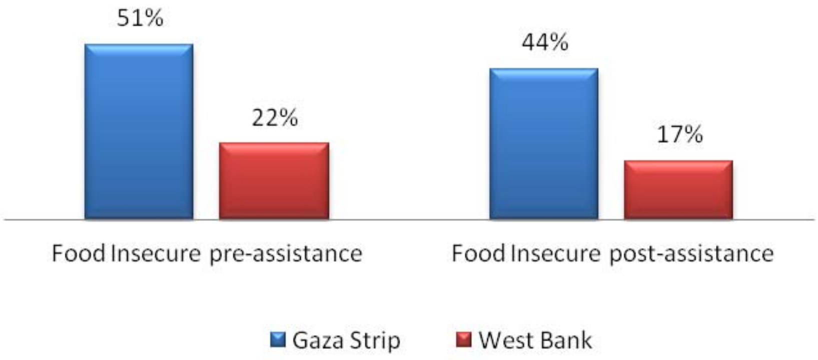
Table 8: Main assistance providers in oPt

Assistance providers[50]	In %		
	oPt	West Bank	Gaza Strip
PA - Ministry of Social Affairs	23	36	14
PA - Others	5	5	6
UNRWA	56	16	81
International Organizations	11	8	13
Zakah	6	8	6
Relative/Family	30	47	19
Other	2	3	2

5.2 Impact of assistance[51]

Based on the removal of all external support reported by SEFSec respondents, it is estimated that assistance prevented at least 7 percent of the Gaza Strip households and 5 percent of the West Bank households to be classified as food insecure. Therefore, had assistance not been provided, the level of food insecurity would have stood at 51 percent in the Gaza Strip and 22 percent in the West Bank. These estimations however need to be taken with care given the high levels of underreporting, especially for non-monetary types of assistance such as food, vouchers and school feeding.

Figure 13: oPt Food Insecurity levels pre/post assistance



The table 9 presents, for both the West Bank and the Gaza Strip, the average monthly transfer value for the different types of assistance provided as per households' estimations.

[50] Note that households can mention more than one provider.

[51] This section is based on values of assistance as reported by households. Given the significant level of underreporting, it should be understood as presenting "low estimates" of the actual impact of assistance. Further analysis will be carried out in order to adjust the value of assistance – especially for in-kind donations – and provide a more accurate estimation of its impact on expenditure and food insecurity.

Table 9: Types of assistance provided in the West Bank and the Gaza Strip in the first half of 2011 - Average Estimated Monthly Transfer Value as reported by household respondents

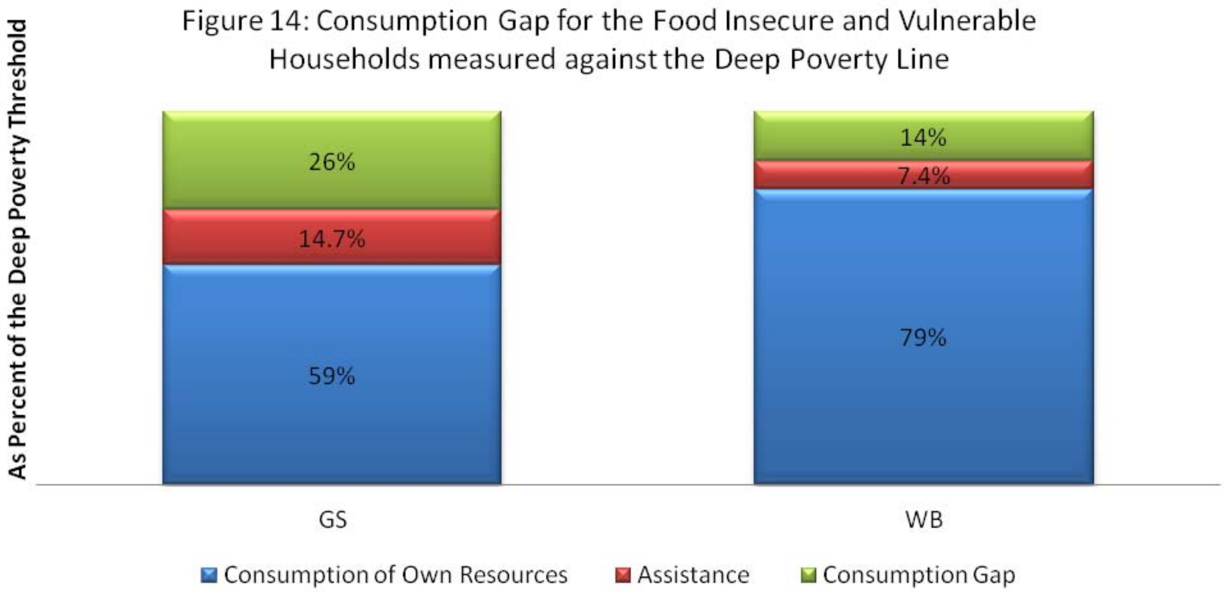
Type of assistance	In USD[52]		
	oPt	West Bank	Gaza Strip
Cash handouts	116	133	93
Food assistance	31	38	28
Voucher	26	32	22
Job creation	133	111	141
School feeding	7	10	7
Productive inputs	56	90	19
Other	16	135	5


Alaa Ghosheh / UNRWA

Despite the vast coverage of all types of assistance, respondents estimated the volume of aid as insufficient to bridge the consumption/expenditures gap of the food insecure and of those vulnerable to food insecurity. This is illustrated in figure 14, which compares actual consumption levels against PCBS' deep poverty line for households classified as food insecure or vulnerable to food insecurity.

52 USD 1 = NIS 3.7

According to respondents falling in these categories, assistance contributed to a minimum of 15 percent of basic consumption needs in the Gaza Strip and 7 percent in the West Bank. In both regions, assistance covered at least one third of the overall consumption gap (assistance plus consumption gap) for food insecure and vulnerable to food insecurity households. The remaining unmet gap is estimated at 26 percent of the basic consumption needs in Gaza and at 14 percent in the West Bank.



It is worth noting that further analysis on assistance package through the Palestinian Social Safety Net, is currently under review.[53] Such analysis will be linked with the development of the Palestinian Social Safety Net led by the MoSA who initially coordinated the social assistance system by developing a single targeting system among the main assistance providers. As a targeting tool, a Proxy Means Test Formula (PMTF) has been developed by the MoSA and its partners (EU Delegation, World Bank, World Food Programme) for its cash/food transfer programmes in the West Bank and in the Gaza Strip, and a similar PMTF is used by UNRWA in both regions to target the poorest refugee families.[54]

The next step in the reform, as shown in the type of assistance provided as reported by households, would be to streamline the assistance package among the main assistance providers. Given the PMTF targeting mechanism already in place, further analysis of the assistance provided would also be necessary to have a better understanding of the depth of the consumption gap at household level that would need to be filled.

[53] The World Bank launched a Targeting Assessment for the Palestinian Cash Transfer Program (CTP). Such assessment to be finalized in the last semester of 2012 is timely as it shall not only look at the current targeting mechanism but also to better understand the dynamic of the package of assistance received by MoSA applicants. The World Bank, under the leadership of the Ministry of Social Affairs, has associated the EU Delegation, FAO, PCBS, UNRWA and WFP to this process. The survey questionnaire was developed based on some key SEFSec modules developed by WFP/FAO/PCBS to allow comparability of some of the findings.

[54] The PMTF is an instrument to estimate the household or individual welfare level in order to determine the person's eligibility for assistance, when combined with the poverty line levels extracted from the Palestinian Household Expenditure and Consumption Survey (PECS), in this case the survey carried in 2009. In fact the PMTF methodology aims to predict household expenditure on the basis of a number of easily observable characteristics.

6. Household Food Insecurity Profiling

This section provides a description of the basic profiles of the food insecure households in comparison to those of the food secure households in the West Bank and the Gaza Strip. The profiles identify typical characteristics of these groups of households regardless of their status (refugee or non-refugee). In general terms, a typical food insecure household in the West Bank is described as follows: [55]

- Food insecure households on average have 6 family members. Food insecurity clearly increases with the rise of the household size. Food insecurity level increases from 12 percent among households with an average size lower than 5 members to 23 percent among households with an average size of 6 and above. Food insecurity reached 35 percent among households with 9 members and above.

- An average of 2 income sources are available to both food secure and insecure households. However, per adult equivalent per day incomes are much lower at USD 3 among food insecure households compared to USD 13 per adult equivalent per day among the food secure.

- Similarly, food insecure households have a significantly lower expenditure rate than food secure households. Food insecure households on average spent USD 4 per adult equivalent per day as compared with USD 12 among food secure households.

- While food purchases remain the largest cash expenditure for both food secure and food insecure households, food insecure households spent 55 percent of all cash expenditures on food as compared with 44 percent among food secure households.

- Food assistance provides 11 percent of staple food consumption among food insecure households and only 2 percent of staple food consumption for food secure households.[56]

- Typically, the food consumption score is lower among food insecure households compared to food secure households as shown in the food consumption patterns section.

Table 10: West Bank Household Food Security Profiling

	West Bank		West Bank Average
	Food Insecure	Food Secure	
Average household size	6.3	5.2	5.4
Cash expenditure on food out of total cash expenditures	55%	44%	49%
Food assistance share of staple food basket	11%	2%	4%
Income per adult equivalent per day (USD)	3.4	13	9
Expenditures per adult equivalent per day (USD)	4	12	8
Percentage of poor and borderline food consumption	44%	8%	20%
Unemployment rate	20%	6%	11%

[55] The differences between the food insecure and food secure household was tested for significance and appeared to be significant.

[56] Food assistance to refugees/non-refugee households comprises food received through vouchers, gifts, family, and food aid. As staple food, the following commodities have been taken into consideration: wheat flour, rice, sugar, vegetable oil, bread and pulses.

A typical food insecure household in the Gaza Strip shows the following characteristics:

- Food insecure households on average have 7 family members. Food insecurity prevalence increases to 64 percent among households with an average size of 7 and above. Food insecurity reached 65 percent among households with 9 members and above.
- An average of 2 income sources are available to both food secure and insecure households. However, per capita adult incomes are much lower at USD 2.5 per adult equivalent per day among food insecure households compared to USD 10.7 per adult equivalent per day among the food secure.
- Similarly, food insecure households have a significantly lower expenditure rate than food secure households. Food insecure households on average spend USD 3.4 per adult equivalent per day as compared with USD 9.5 among food secure households.
- While food purchases remain the largest cash expenditure for both food secure and food insecure households, food insecure households spend 48 percent of all cash expenditures on food as compared with 47 percent among food secure households.
- Food assistance provides 49 percent of staple food consumption among food insecure households and only 8 percent of staple food consumption for food secure households.
- Typically, food consumption score is lower among food insecure households compared to food secure households.

Table 11: Gaza Strip Household Food Security Profiling

	Gaza Strip		Gaza Strip Average
	Food Insecure	Food Secure	
Average household size	7	6	6
Cash expenditure on food out of total cash expenditures	48%	47%	47%
Food assistance share of staple food basket	49%	8%	33%
Income per adult equivalent per day (USD)	2	11	5
Expenditures per adult equivalent per day (USD)	3	10	6
Percentage of poor and borderline food consumption	39%	8%	26%
Unemployment rate	28%	6%	17%

The three rounds of the SEFSec from 2009 to 2011 show a clear decrease in the oPt level of food insecurity from 36 to 27 percent. Most of the decrease happened in the Gaza Strip where the level of food insecurity went from 60 percent – when the Gaza population faced the highest peak in food insecurity following 'Cast Lead' – to 44 percent in 2011. In the West Bank, during the same period, it decreased from 22 to 17 percent. These levels of food insecurity are calculated after assistance has been provided to oPt households.

The improvement in the decrease of food insecurity at oPt level mainly results from the large flows of international assistance in the Gaza Strip ensuring access to food, combined with an easing of restrictions on entry of goods from Israel starting from mid-June 2010, and increased imports from Egypt through tunnels, especially construction materials. However, the level of food insecurity in the Gaza Strip remains very high at 44 percent, and most of the improvements have been from food insecurity into vulnerable to food insecurity and marginally food secure households. The Gaza Strip is still very vulnerable with less than a quarter of its households qualified as food secure – stagnant figure over the last 3 years.

Unlike the Gaza Strip, the West Bank witnessed a steady increase in household food security prevalence (from 36 to 45 percent). The Central West Bank is favored with a 12 percent level of food insecurity compared to 19 percent in North/South West Bank. Nevertheless, the West Bank's productive private sector continues to be stifled by restrictions on movement and access within and outside the West Bank and is therefore unable to sustain the growth stimulated recently by the public sector helped by donor funding and Israel's earlier partial easing of restrictions.[57] The Palestinian Authority will keep facing a looming fiscal crisis should donor funding continue to decrease, having direct impact on some of the most fragile segments of the population in the West Bank. While 17 percent of the households are still food insecure, some specific segments of the population face higher risks. The refugee population living in camps witnessed a deterioration in their level of food insecurity (from 25 percent in 2009 to 29 percent in 2011). Households and herders living in Area C are worst hit with levels of food insecurity reaching 24 and 34 percent respectively.

By dedicating nearly half of their total cash expenditure to food, oPt food insecure households remain highly vulnerable to any rise in food prices as witnessed in the past. Recent fuel price increases, which are expected to continue, are likely to translate into higher transport and food commodity prices bringing adverse consequences and potentially pushing vulnerable households towards greater food insecurity.

With assistance levels remaining very high – 80 percent of Gaza Strip households receiving at least one form of assistance and 25 percent in the West Bank – a cut in the assistance may be at the expense of the current low prevalence of "poor/borderline" food consumption score owing to the large assistance provided. Cut in assistance will also have direct impact on food security levels with clear risk of deterioration.

[57] UNSCO, March 2012, Palestinian state-building: an achievement at increased risk, Ad Hoc Liaison Committee Meeting.

The amelioration of the food insecurity levels is mainly due to the role of large quantities of assistance that boost the oPt economic growth, allowing the oPt to develop a consumer-led economy rather than a productive economy. Due to a reluctant private sector investment drive directly linked to the continuous closure in the West Bank and the blockade still in place in the Gaza Strip, the oPt economy still relies mainly on foreign assistance and its public sector highlighting the stagnant nature of the economy and its dependent nature to meet basic consumption needs and provide relief to the poorest segments of the oPt population. Further reductions in poverty and improved food security can be achieved only with sustainable, inclusive economic growth and job creation, which in turn require further easing of movement and access restrictions that currently hinder private sector activity.[58]

[58] Idem.

Continuous and sustained support in the development of the oPt Social Safety Net as a key reform of assistance in the oPt is needed. As highlighted by the World Bank, "a continuation of the current trend of reduction in donor aid would likely aggravate the Palestinian fiscal crisis, potentially jeopardizing gains made in recent years in institution-building".[59] The Social Protection Sector Strategy led by the Ministry of Social Affairs is an effective framework for increased coordinated work among governmental, non-governmental, UN agencies and donor offices, aimed at harmonizing existing cash transfer and food assistance programmes.

As far as the harmonization of the targeting mechanism is concerned, the reform of the Social Safety Net led the main assistance providers to use a proxy means testing formula to ascertain the real needs of families and thus improve targeting. A unified targeting tool is becoming a reality in the West Bank under the leadership of the Ministry of Social Affairs being for the refugee or the non-refugee population. In the Gaza Strip, the Social Safety Reform and the new targeting mechanism was rolled-out at the end of 2011 for the Ministry of Social Affairs and its partners, while UNRWA has been implementing a proxy means-based approach since 2009.

The PA Social Safety Net is already functioning in both the West Bank and the Gaza Strip (where it is implemented in conjunction with UNRWA's food assistance programme), allowing for the development of a common set of criteria for the unconditional assistance provided. With the development of an oPt Social Safety Net database, an efficient crosschecking mechanism to avoid duplications can be further strengthened.

The next step of the oPt Social Safety Net reform is to further streamline the scope of assistance, as well as the type and modalities of assistance among the various social assistance providers. The right mix (cash, food, voucher) and quantity of assistance must be defined to develop a sound "package of unconditional assistance" depending on households' level of poverty/vulnerability.

Unconditional assistance should be restricted to the most affected/poorest Palestinian households. The various social assistance providers should restrict unconditional assistance to cover Palestinian households with the biggest consumption gap (i.e. those living at least below the deep poverty line in the West Bank and the Gaza Strip as set by the PCBS), with a particular emphasis on the Gaza Strip (given the high level of food insecurity/poverty prevalence), and on those most at risk in the West Bank, especially refugees living in camps, as well as herding communities, Area C population and female-headed households. Such reform is currently underway but would need to be implemented as swiftly as possible given the fiscal crisis, and developed in line with the "package of unconditional assistance" to be provided. [60]

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[59] The World Bank, March 2011, Stagnation or Revival? Palestinian Economic Prospects, Economic Monitoring Report to the Ad Hoc Liaison Committee.

[60] The reform is currently being applied in the oPt by MoSA and its partners (European Union, World Bank, WFP) and by UNRWA in the West Bank.

Greater efforts should be devoted to protecting livelihoods and creating sustainable employment opportunities when the conditions are met in term of access. The bulk of the assistance remains unconditional. As reported at households level, productive inputs and job creation programmes continue to reach few families in the oPt. Targeting segments of population that are slightly above the deep poverty threshold, and therefore vulnerable to shocks, or just below the poverty threshold and could therefore be lifted out of their current situation with relatively more ease. Such livelihood support will also have a protection aspect given the Israeli restrictions to trade, movement, and access to land, sea, water and other resources still in place due to the conflict (both in the Gaza Strip or in the West Bank).

Food Security Sector (including food assistance, cash assistance and agriculture) coordination is to be reinforced around the above mentioned priorities. Joint programme frameworks within the PA sector strategies provide a good platform for integrating different stakeholders' approaches as well as they favor coordination. Concrete coordination to narrow down vulnerability criteria is necessary for more efficient targeting at the project implementation stage.

The closure in the West Bank and the ongoing blockade in the Gaza Strip continue to be a major driving force to the high level of food insecurity, requesting **continuous advocacy from all stakeholders to lift restrictions and ensure a productive and sustainable recovery of the Palestinian economy.** Further measures to ease the movement and access of people and goods – including imports to and exports from the Gaza Strip – are required to enable a shift to sustainable, private sector-led growth, which would generate greater employment opportunities, thus reduce the need for social expenditures (including humanitarian assistance) and allowing the PA to generate sufficient domestic revenues to cover its own programme in a medium/long term perspective.

Food Consumption Score Methodology

The Food Consumption Score estimates the amount and variety of food consumed in the households during the 7 days preceding the survey, by counting the number of times specific food items (grouped in specific food groups) are consumed. Three groups are constructed by applying thresholds that define a 'poor' food consumption pattern, 'borderline' food consumption, and 'acceptable' food consumption. Essentially:

- a 'poor' food consumption consists of cereals (bread and rice), potatoes, sugar and oil consumed on a nearly daily basis, vegetables 4 times during the 7 days prior to the survey and very rare consumption of animal products and fruit; quantities are also likely to be low and below kilocalorie requirements for household members with additional needs (pregnant and lactating women, physically active adults);

- a 'borderline' diet is similar but includes a slightly more frequent consumption of vegetables (5 times during the 7-day period), meat and eggs (3 to 4 times) and fruit (twice); quantities are probably just sufficient to meet kilocalorie requirements;

- an 'acceptable' diet is yet more diversified with consumption of the various food groups on a nearly daily basis; the amounts consumed are expected to be sufficient.

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