

VIII CONCLUSIONS AND RECOMMENDATIONS

The Palestinian people living in the West Bank and Gaza Strip are in serious trouble. Four of every ten consume too little food to lead a healthy and productive life and another three face the threat of becoming food insecure. Only three out of ten are food secure.

To be food secure the Palestinian people must at all times 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. This is not the situation in the Palestinian occupied territories. The restrictions on the movement of people and goods imposed in September 2000 and tightened in March 2002 constrain physical access to food; the unprecedented fall in income has cut economic access to food by one-half; social access to food remains a hope for the future for a large share of the new poor; the quality and quantity of food consumed has been reduced and the diet has become less nutritious; the supply of food is less sufficient than it was before the beginning of the *al Aqsa Intifada* on 28 September 2000.

To reverse the trend towards greater food insecurity and get back on the path towards food security for all the restrictions on the movement of the people and goods must be progressively removed, enough new jobs must be created to enhance economic access to food, cash and food assistance programmes must be improved so that social access to food is a reality for all those in need, the nutritional adequacy of the diet must be improved and productivity in the production of food must be advanced.

The restrictions on the movement of goods and people during the current *Intifada* have intensified, especially with respect to internal movement, and the declines in national income and product have been more severe than ever. The need for humanitarian assistance and support therefore has never been as necessary as it is now. The impact of restrictions on the economy and the people has been devastating, and therefore strong and determined actions need to be taken to get the economy moving again.

Conclusions

The review of the longer term trends within the Palestinian economy reveals a strong relationship between closures and growth. When there have been restrictions on the free movement of goods and people, the economy has contracted. When people and goods have been able to move unrestrictedly to and from Israel and within and between the West Bank and the Gaza Strip, the economy has expanded. These surges and declines in national income and product have been associated with surges and declines in jobs for Palestinians' in Israel and in the settlements. Closures and curfews have curtailed the movement of people and goods and have made accomplishing routine household and business affairs, attending school, finding jobs and going to work, producing and marketing food and providing services difficult everywhere and in many areas impossible. Physical, economic and human losses have reached a very high level and continue to mount. In addition, the separation barrier now under construction, is contributing to economic losses and the physical damage to homes and infrastructure continues.

The review of trends also reveals the strong relationships between closures, growth in the economy and food security. Progress towards food security has been made when people and goods can move freely and when earnings and incomes rise. Food insecurity rises when there are restrictions on movements and declines in earnings and incomes, unless these declines can be fully offset by increased social access to food. At present there is a very serious imbalance between economic and social access, with the magnitude of the decline in economic access to food much greater than the increase in social access to food.

The severe restrictions on the movement of goods and people both within and between the West Bank and Gaza Strip combined with the loss of jobs and incomes and the destruction of assets and property since the onset of the second *Intifada* in September 2000 has had a major impact on food security. The sharp decreases in both physical and economic access to food has left a very large share of the population in a state of food insecurity, with limited or no social access to food. A large number survive because they receive some food and welfare assistance, but thousands live in a chronic state of food insecurity because they may receive too little assistance too late, live where food cannot reach them, or are not included in the social safety net either because there are too many in need, they are too old or too proud to ask or are ineligible for one reason or another.

Access to food is a much bigger problem than the sufficiency of the food supply. The overall supply of food, increasingly from imports, is adequate for the depressed market, but there are problems in getting it to the local markets, and those with money to spend often have problems in getting to the market themselves. However the

main problem is that many do not have the money to buy food even when it is available and a large share of households have shifted to lower cost foods that provide a less nutritious diet. The reductions in quantity and quality of food consumed means that access to a nutritious diet has been seriously affected. Home gardens and animals provide a partial solution for some, but most do not have access to the land or space to do so. Furthermore, the increased cost of inputs, such as feed and pesticides, at a time when incomes have fallen to about one-half the pre-crisis level is a major constraint to subsistence production.

Food producers are providing a smaller share of the food available to the Palestinian people. Physical damages and the restrictions noted above prevent farmers from gaining access or timely access to the inputs they need to produce food, to care for their land, plants and animals or to get their products to the processors or to market. In this seriously depressed market the cost of production is rising faster than product prices, and this together with the longer-term problems of overgrazing, water shortages and other factors have combined to place a hold on the growth in agricultural productivity. Restrictions on the movement of goods have had a severe impact on investment and productivity throughout the entire food chain.

Food aid accounts for a large and rising share of the diet. A very large share of the population received some food assistance in 2002, but the amount received was too little for most of the beneficiaries. A substantial expansion in the quantity of food aid is underway in 2003, but financial constraints preclude the realization of the food and cash assistance targets. There is insufficient cash assistance and field surveys document the fact that there are serious problems with respect to humanitarian assistance, including food assistance. Too many of the most vulnerable are not receiving any food or other humanitarian assistance and a large share of the new poor receive too little food and very few receive cash assistance from official sources.

Although the flow of humanitarian and development assistance from national and international bodies is substantial, it is far below the amount needed to ensure food security for all. Most assistance now is aimed at preventing people becoming more insecure. Activities are underway to maintain public servants jobs, create new jobs, provide food, cash, medical and other humanitarian assistance, repair damaged homes, rehabilitate roads and water systems, enhance productivity in agriculture, and more. But the assistance received since September 2000 has not been near enough to prevent the massive decline in per capita income, offset physical losses to property, create the jobs necessary to begin moving towards a more food secure environment or stop the decline in gross domestic product.

The Palestinian Authority is not in a good position to monitor and manage a food security programme. The information necessary to do so does not exist. How much food has been imported since 2000, how much was produced during 2001/02 or how much was likely to be produced during the 2002/03 season was unclear. Although the main food aid agencies keep good records, the PA is unable to keep good records of the flow of food aid into the country or its distribution to the people and therefore the full list of those involved in the provision of food aid or the total quantity of food aid being provided to the people remains uncertain. Considerable relevant data is provided on a timely basis from PCBS, but estimates of GDP and GNI in aggregate or per capita terms must be obtained from non-government sources. Reliable statistics on the food insecure or the vulnerable, who are they, where they are and what their source of livelihood is, are not being collected.

It is a testament to the resilience of Palestinian households that the humanitarian crisis has not been deeper. This assessment has shown that short-term coping mechanisms such as reducing expenditure on food, education and health, selling assets such as land and tools, borrowing money from others and living on account and a return to agricultural production for home consumption largely explain household survival. However, after more than three years of living under closure and curfew, most households' coping mechanisms are severely under strain or already exhausted. The continuation of current closure policies will impede households' ability to recover in the future should the situation improve as members accumulate debts, sell remaining productive assets and forgo investment in their health, education and social relations.

The assessment estimated that approximately 40 percent of the population of the WBGS are food insecure and a further 30 percent are under threat of becoming food insecure should current conditions persist. Although food insecurity is widespread across the WBGS, location influences food insecurity. Proximity to the Green Line and the separation barrier, lack of access to land and lack of access to labour and commodity markets due to tight internal closure are some of the factors that exacerbate households' vulnerability to food insecurity.

Despite increased access to food aid, adequate food supplies are not reaching all households and diets are of low quality in terms of vitamin and mineral content. Although acute malnutrition appears to be less of an immediate concern to the humanitarian community, perhaps due in part to the increase in food aid, the longer-term

challenge of ensuring all of the Palestinian people consume adequate quantities of safe, good quality and nutritious food specifically that of adequate energy, protein, vitamins and minerals, remains a priority.

Though nutrition survey results are not conclusive, surveys indicate that childhood malnutrition is a major concern for some and that more widespread nutritional problems are emerging. There is a need for further locality specific assessments to identify the specific mix of interventions (food aid, emergency employment, cash assistance, food for work, income generation and support to household food production) for the vulnerable groups.

Chronic poor households – including households with chronically ill and disabled members, women headed households and large families with an unskilled breadwinner and many dependents – are the least well-equipped to cope. Many of their coping mechanisms are now exhausted. This group is the most food insecure. Pre-*Intifada* they were food insecure and their food situation has worsened since September 2000. The chronic poor restrict themselves to two and sometimes one meal per day. Many meals consist solely of bread and tea. They have substituted expensive for cheaper vegetables and pulses such as potato, lentils, tomatoes and beans and many households have cut meat and fruit altogether from their diet.

The new poor, many of whom enjoyed a comfortable standard of living pre-*Intifada*, have either lost their business due to lack of access to markets or have lost employment due to movement restrictions. They are unable to rebuild their livelihoods because they have many debts, no assets and no access to markets. The new poor had coping mechanisms that initially cushioned the impact but some of these are now running out. The most food insecure new poor households include those whose property has all been confiscated or demolished, Bedouin households living in isolated communities and the new unemployed who were in low-paid jobs in the West Bank pre-*Intifada*. The assessment findings suggest that the elderly and children are particularly vulnerable to food insecurity.

The two most important factors underlying the finding that three out of ten Palestinians are food secure are the loss of 28 percent of the jobs from the third to the fourth quarter of 2000, a loss of earnings on an annual basis of US\$1.1 billion, and the withholding of clearance revenues from late 2000 to late 2002, a US\$1.4 billion loss in revenues. The initial loss of wage worker jobs in Israel and the settlements and in the WBGS directly triggered the decline in per capita income, and the withholding of clearance revenues made it impossible for the Palestinian Authority to provide continued social support and services to those who lost their jobs.

The donor community quickly responded to the emergency situation but most of the funds provided since September 2000 were for budget support to the Palestinian Authority, mainly to pay salaries of public sector wage workers. This prevented an even steeper decline in food insecurity but also meant that the funds available for job creation in the private sector, where most of the jobs were lost, were limited. In 2002 donors disbursed US\$435 million for Palestinian Authority and municipal salaries (public sector) and US\$95 million for job creation in the private sector.

In summary, the food security situation for the Palestinian population remains poor and food insecurity is a real or constant threat for *seven* out of *ten* Palestinians because:

- The restrictions on the free movement of goods and people remain in place.
- Construction on the separation barrier continues.
- Physical damages to household assets and property continue and the cost of repairing continues to mount.
- Real per capita income is about one-half the 1999 amount; at least six out of ten people are below the poverty line.
- The initial loss in earnings on an annual basis was US\$1.1 billion and has accumulated since while the loss from the withholding of clearance revenues from late 2000 to late 2002 was US\$1.4 billion.
- The private sector where most of the jobs were lost remains in a deep depression; investment, including in the agriculture sector, remains on hold, as it has been for more than three years.
- There are at least 200 000 too few jobs, mainly in the goods producing sectors; an additional 45 000 people reach working age each year.

- Those who need assistance because the head of the household cannot find a job are at least 1.4 million people; the chronic poor and destitute self-employed families add to those in need of assistance.
- The amount of cash assistance distributed is a fraction of the need.
- Between half and three-quarters of the population receive food assistance, but most of them get far too little and often too infrequently to be food secure.
- More than seven out of ten report reductions in the quality and quantity of food consumed, reducing the nutrient adequacy of the diet. Micronutrient deficiencies continue to be observed.
- Animal health concerns, including some posing a threat to humans, remain unattended.
- Farmers continue to have difficulty gaining access to tend their fields or flocks, obtaining inputs when they need them, moving products to markets and paying bills, and continue to await compensation for accumulated damages to their property.
- The entire food chain continues to have difficulty moving goods and absorbing cost increases.
- Donor disbursements for budget support and for private sector job creation, food aid and cash income support combined was expected to be down by more than US\$100 million in 2003 compared to 2002.
- Palestinian Authority revenues were expected to be sharply higher, but not enough to maintain services and fully repay debts.

In order to reverse the trend towards food insecurity, action needs to be taken with respect to ensuring physical, social and economic access to sufficient supplies of safe and nutritious food. In view of the relative magnitude of the problems the greatest urgency is to take actions to improve economic and social access to food in the short-term and increased investment in agriculture and other sectors as a way out in the medium to longer term.

Recommendations

The first step towards improved economic access to food is to sharply expand ongoing job creation activities. Most new job creation should be for the repair of damages and for the rehabilitation of infrastructure and rural roads. In 2002 donors disbursed US\$435 million to pay public worker salaries and US\$95 million for job creation. Now that clearance revenues, including arrears, are being paid, some of the funds that were used to maintain employment through paying Palestinian Authority and municipal worker salaries should be reallocated for creating jobs in the private sector.

It is essential to initiate actions that will improve economic access to food and in a manner that provides the greatest possible stimulus to the private sector, but the scale of the economic access problem is such that it will take considerable time to get back to the situation pre-September 2000 when unemployment was 10 percent and the labour force participation rate was 41.5 percent or higher. Therefore, in parallel and as a matter of the utmost urgency, actions need to be taken to improve social access to food. The first step is to ensure sufficient funds to fully meet the UNRWA and WFP food aid appeal targets so that these agencies can ensure that those who are eligible for assistance receive their full entitlement.

Recommendations on physical access to food and sufficiency of supplies of safe and nutritious food, as well as administrative matters concerning the establishment of food security strategies, policies and programmes and for developing a management information system are provided. Removal of restrictions on the physical access to food would create a fundamentally different climate for reducing food insecurity. Several actions are recommended to improve sufficiency of food, some with near term benefits and others that will return the investment over the years to come. Although insufficient economic and social access constrains efforts to ensure a more nutritious diet, a number of actions are recommended:

- Formulate a National Food Security Strategy and establish a National Commission for Food Security.
- Ease restrictions on the movement of people and goods, including at the separation barrier, to ensure free access of farmers to their lands, animals and markets.

- Launch a major donor assistance effort for a substantial employment creation programme and a large scale public works programme. Ensure that the job creation/public works effort includes repairing the damages to farmers and fisher folk property and launch a programme to compensate them for losses.
- Sufficient funds need to be made available to meet the UNRWA and WFP appeal targets and to ensure that those who are eligible for food and cash assistance receive their full entitlement.
- Increase donor support for the UNRWA regular programme budget and the MoSA income support programme to enable much larger cash assistance payments for the chronic poor. Ensure that all those who are eligible are enrolled and receive assistance.
- Increase donor support for the UNRWA emergency programme so that the full appeal amounts of assistance, including food and cash assistance, can be distributed.
- Review the composition of the basic food aid packages with the view to provide a more nutritionally balanced food basket. Ensure that all those who meet the MoSA criteria for Hardship Social Cases are enrolled and are receiving food. Expand WFP's Food for Work and Food for Training programmes and extend such programmes to other providers of food aid.
- Seek to harmonize the criteria for providing assistance to the new poor as well as the amount of assistance provided by those providing assistance, especially by MoSA, UNRWA, WFP and ICRC. Special attention should be given to the Bedouin, fisher folk and others who have lost their assets and who are currently ineligible for assistance.
- Seek support for the continuation and expansion of cash assistance programmes, drawing upon the results of the ICRC cash voucher system.
- Establish a minimum wage that enables public and private sector worker families to remain above the national poverty line.
- The PA and the donors should continue to provide non-salary operating cost support to MoH. The PA/Donor/NGO/international organizations network should strengthen monitoring of nutritional status, with attention to micronutrients.
- Review the impact of subsidization programmes in the context of taking initial steps towards accession to the WTO.
- Mount an umbrella programme to enhance food and agriculture productivity.

Detailed recommendations

Implementing and monitoring a food security strategy

The MoA should complete work underway on developing and approving a national food security strategy. A formal food security coordinating mechanism such as the proposed National Commission for Food Security should be established to guide the implementation of the National Food Security Strategy, to oversee the drawing up of action plans and programmes for its implementation and of a management information system for monitoring progress towards a more food secure future. The food security strategy and programme should become an important part of the Palestinian Authorities national recovery programme and be included in the national budget.

In support of the food security strategy, considerable relevant data is provided on a timely basis from PCBS, but the estimates of GDP and GNI in aggregate or per capita terms are not timely. Data on how much food has been imported since 2000 or how much food was produced in 2001/02 was not available at the time of the assessment (February to July 2003), nor were forecasts of prospects for the forthcoming season. Although the main food aid agencies keep good records, the flow of the overall amounts of food aid into the WBS and its distribution is not well-coordinated and therefore the full list of those involved in the provision of food aid or the total quantity of food aid being provided remains uncertain and incomplete. Recording and reporting imported food aid is most important but local purchases for food assistance programmes also should be reported to the food security coordinating unit. Periodic surveys of expenditures and consumption similar to those conducted by PCBS during 1996-1998 should be undertaken to measure progress towards food security.

While considerable capacity and information infrastructure regarding food security and nutrition monitoring systems is already in place within the West Bank and Gaza, further assistance is required for providing more

detailed and timely information for better targeting and better design of programmes and interventions. This requires support for existing thematic multi-disciplinary working groups, under the analytical framework of food security, to conduct a survey of information users and producers, organize public access to a network of databases and information systems, and design and implement a multi-disciplinary food security and nutrition information strategy. This should include an investment plan with a monitoring and evaluation component that links results to action. New initiatives aimed at improving the food security and nutrition monitoring information infrastructure should complement existing capacity.

The purpose of a food security and nutrition information strategy document is to provide a guideline for the systematic management of information under a systematic analytical framework using a principled common approach. In the immediate term (6 to 12 months), it should provide a sound basis for an increase in international assistance to address the crisis. Issues to be addressed include coordination and the definition and clarification of the roles and responsibilities of different partners; networking and the use of existing information and optimisation of data collection and use, (access to data, analysis of data, and dissemination of information); standardisation of approaches, frameworks, definitions, concepts of livelihoods, timing (seasonally); and harmonization and use of complementary qualitative and quantitative information sources. For food production, the registration of land use and water rights as well as damages and compensation of losses at production and processing sites is of fundamental importance.

The information strategy should be developed through a process of consultation with key actors in cooperation with the establishment of a Food Security Information Task-force (FSIT). The FSIT should be composed of operational level personnel working on technical and programme issues responsible for overseeing the development and subsequent implementation of food security information systems. The implementation of the strategy should be the responsibility of resource partners identified during the development of the strategy. The FSIT should take responsibility for mobilising actors and a senior level (executive) inter-ministerial working group (IWG) should be appointed together with a Commission for Food Security.

Physical access to food

Restrictions on the free movement of people and goods have impeded physical access to food. Curfews prevent food suppliers from getting food to shopkeepers, keep shopkeepers from opening their stores and keep the people away from the markets. Widespread and prolonged curfews with limited security benefits should not be imposed.

Restrictions on the free movement of goods, at borders and internally, impede the movement of food, including food aid, as well as of inputs needed to produce food. The constraints on physical access to food are present even when the food or inputs are produced locally but are more severe when the food and inputs must travel from one district to another or when the source is external to the WBGS. The prohibition on the use of bypass roads and the barriers placed on the roads the Palestinians can use further restrict physical access to food. Food producers are affected, as movement restrictions, curfews, occupation and the construction of the separation barrier make difficult and in some cases impossible the tending of animals or plants or the catching of fish. These restrictions should be progressively eased.

The movement of inputs to producers, farmers attending their animals and fields, animal health officials performing their duties, producers taking products to processors or markets, processors processing raw agricultural products and distributors of food should not be restricted. Free access of farmers to their fields, animals and markets outside the separation barrier should be formally agreed by the GoI. Transportation of food related items should be permitted on bypass roads and the barriers on roads used by the Palestinians should be removed. "Food security" passes should be issued for the travel of essential workers involved in legitimate food related trade and production services.

Food aid should not be subject to the cumbersome clearance measures encountered at the port and at Karni terminal; movement of food aid and humanitarian workers should be free and unhindered at all times and under all circumstances. The Palestinian Authority should be physically present at checkpoints to assist the IDF with clearances and an appropriate monitoring mechanism should be jointly established.

Economic access to food

Prior to September 2000 over one fifth of the Palestinian workforce was working in Israel and the settlements, contributing a quarter of the Palestinian GNP. These workers accounted for more than half (54 percent) of the initial job losses following September 2000 and for up to 69 percent of the initial losses in earnings. Since then the percentage of the unemployed has increased three fold, from 10 percent to 30 percent, real per capita GNI for the WBGS residents has decreased by about one half, and another one third of the total population has fallen below the poverty line, joining the 25 percent of the population in 2000 who were already in this state. The proportion of the population below the poverty line now is around 60 percent.

The unprecedented decline in per capita income, an average of 46 percent in real terms from 2000 to 2002, created a crisis situation with respect to economic access to food and a very difficult situation for those from whom they purchased goods and services. A large share of the population has no economic access to food, having lost their source of livelihood. The decline in income for those working in the public sector is modest compared to those in the private sector. The goods producing sector, including agriculture, has been hit harder than those providing services. At present the service sectors account for 61 percent of the employed, compared with 50 percent in 1999 due to the disproportionate loss of jobs in the goods producing sectors of the economy.

The creation of additional jobs will immediately improve economic access to food, and as earnings are spent, the incomes of those who sell and produce the foods and other goods they buy will increase. The related increase in the demand for materials will further stimulate the economy. The creation of additional jobs therefore is the key to improving food security and for reducing the new poor caseload.

The annual increase in the number of jobs must be large enough to make a difference in the economy. It must be large enough to accommodate the new entrants into the labour force and reduce the existing pool of the unemployed so that economic access steadily improves. As almost all the lost jobs were in the private sector which is in a very depressed state, and given the imbalances between employment in the public and private sectors, the goods producing and service sectors as well as wage and non-wage workers, job creation should be predominantly for private sector wage workers in the goods producing sectors of the economy.

Around 45 000 new jobs are needed annually just to accommodate new entrants into the labour force and at least 200 000 jobs are needed to bring the labour force participation rates and unemployment rates back to where they were before the initiation of the *al Aqsa Intifada*. As the largest annual increase in jobs was 75 000, a target for the first year of around 90 000 new jobs would be about the maximum the current system could absorb. This would be large enough to make a difference. At that rate the backlog could be eliminated in four to five years. After the first year the second round effects will generate additional jobs, so the target for the employment creation programme need not be as large. A time phased employment generation programme designed to ensure the creation of 90 000 jobs in each of the next four should be formulated and implemented.

The opportunity for productive work is not a constraint. The World Bank estimated physical damage from September 2000 to the end of 2002 at US\$930 million which, after taking into account the additional stress on infrastructure stock, was estimated to take around US\$1.7 billion to replace. A relatively small share of the work has been completed, and both the damage and the replacement amounts obviously are higher now. There is much work to be done to provide the basis for sustained recovery of the private sector.

MoA estimated farmers suffered physical damages and losses that reached US\$845 million between September 2000 and December 2002. Losses and damages continue to escalate, including those associated with the continued construction of the separation barrier. Funds disbursed to date to repair, rehabilitate or compensate for physical damages represent a small fraction of the losses and it is therefore evident that the uncovered losses have made a significant impact on economic access to food. There is ample opportunity for an employment creation programme.

The advantages to supporting job creation in the agricultural sector include the fact that it is a sector of the Palestinian economy that has potential for growth in the short to medium term and builds on local productive capacity that the assessment has shown does continue to exist. Furthermore, it is pro-poor due to the fact that it creates labour intensive employment, provides food of a range and variety for promoting dietary diversification encourages women's participation in the development process and prevents further asset depletion and welfare dependency. However, the effectiveness of the process will depend upon the level of wages that production can sustain over time, taking into account both internal and external demand.

During 2002 donors disbursed US\$530 million for employment maintenance and job creation. Most of this was used to pay Palestinian Authority (US\$425 million) and municipal (US\$10 million) employee salaries, but US\$95 million was for job creation. The payment of clearance arrears and current revenues presents the opportunity for some of the employment maintenance funds to be reallocated to job creation. A strong job creation programme will stimulate revenues essential for the development of the economy. The previous and ongoing job creation activities have created a capacity to manage an expanded and well coordinated programme. UNRWA has an emergency employment creation programme through which it hires workers directly or indirectly that could easily absorb substantial resources as it is currently starved for funds.

During the first quarter 2003 average earnings for a wage worker in the WBGS was US\$3 600 a year. Under the current circumstances wage workers may be willing to accept a lower rate but the wage offer should not be less than an amount necessary to keep the family above the poverty line which, due to inflation, has now increased from NIS1 460 per month for a family of six in 1998 to NIS1 765 in 2003. However, due to exchange rate changes, the dollar amount is still around US\$2.10 per person per day. Adjusting the monthly amount to a five person household would bring the cost to US\$3 870 a year, so the cost of a 90 000 jobs creation programme would be US\$348 million in the initial year, an amount well below the US\$530 million allocated in 2002 to job maintenance and creation. On the assumption that the Palestinian Authority will be in a position to pay a much larger share of its salaries from clearance revenues at least US\$348 million should be allocated for job creation purposes to initiate the employment creation programme.

Adding 90 000 jobs a year over the next four years would add nearly US\$1.4 billion to wage worker earnings, which would be a major improvement in economic access to food. With about 40 percent of cash expenditures spent on food, this would mean an additional US\$557 million available for food. Considering that there would be additional second round effects, the reduction in food insecurity would be substantial, as would be the reduction in the new poor.

In addition to funds for job creation, donor disbursements are being made for infrastructure repair and rehabilitation or public works in general. These funds should be linked with the job creation, rehabilitation and infrastructure repair programme.

As the loss of jobs was the primary reason for the massive increase in food insecurity, it is the creation of jobs that will have the biggest impact on reducing it. Most of the new jobs may have to be in the WBGS, but although the creation of such jobs would kick start the economy, unless goods are able to be traded and people allowed to travel and work in Israel, the sustainability of such measures is questionable. Resolving the occupation, closures and curfew problems would stimulate trade and open the door for additional jobs in Israel and is essential if the WBGS is to move from a welfare state to a viable entity, given its massive imbalance on the trade account.

The Ministry of Labour and other Palestinian authorities with the responsibility for national employment policies and public works should bring together the Palestinian Economic Council for Development and Reconstruction (PECDAR) and those international organizations, donors and NGOs with ongoing employment maintenance and creation programmes, including food for work programmes, to formulate national employment related goals and strategies to achieve them. The goals and strategies should become an essential component of the economic access component of the food security strategy.

The rehabilitation and development of damaged houses, orchards, roads, water systems and other facilities should rely upon locally produced materials to the maximum feasible degree in order to stimulate the goods producing sectors of the economy. It is essential to accelerate ongoing job creation efforts in order to generate income and stimulate the economy and thereby begin to move towards a more food secure future.

Social access to food

Prior to the emergency the social access to food programmes were mainly to provide cash and food assistance to hardship cases, the poorest of the poor who made up less than 3 percent of the population before September 2000. The sharp initial fall in economic access to food and the subsequent losses in income by a large share of the population placed an unmanageable burden on the social welfare system. It simply was unable to cope with the increase in the numbers in need of assistance.

A large number of national and international organizations, governmental and non-governmental, responded to the emergency by providing food and cash assistance. The main providers of food and cash are UNRWA for the refugees and MoSA, WFP and ICRC for the non-refugees. At least 127 000 tonnes of food (117 196 by

UNRWA and WFP) and a substantial amount of cash were provided in 2002. This year although about 150 000 tonnes of food will have been delivered. This is not enough to ensure adequate social access to food; it is enough to provide a 2,100 kcal per day ration to 735 000 persons. To provide this ration to all the 1.73 million who receive some food from UNRWA and WFP would require about 350 000 tonnes, compared with about 208,000 tons to reach current targets. Of course not all of the 1.73 million Palestinians need the full ration to be food secure because some of them have access to other sources of support. But with 1.4 million found to be food insecure it is evident that a very large share of the 1.73 million does not have access to sufficient food. Between one-half and three-quarters of the population receives food aid but only about 7 percent receive cash from UNRWA or MoSA.

For UNRWA and WFP to provide the planned appeal quantities to the 1.73 million beneficiaries enrolled in their various programmes would require 210 000 tonnes to be delivered, 66 500 tonnes more than are expected to be delivered in 2003. With the WFP cost per tonne around US\$440 and UNRWA reporting slightly lower costs, this gap could be closed with donations of less than US\$30 million. To ensure the provision of at least the planned quantities is the essential first step towards improved social access to food and to do so, the international donor community should fully support the appeals made by UNRWA and WFP.

The caseload for the new poor is 1.4 million (1.036 million refugees and 0.367 million non-refugees). Food assistance is being provided to 68 percent of the refugees and to 17 percent of the non-refugees. This number of refugees receiving some food is far in excess of the number found to be food insecure, while the opposite is the case for the non-refugees. These differences in the shares of the refugee and non-refugee populations that are receiving food assistance are extreme and need to be more carefully examined. These wide differences apparently are due to differences in criteria so a full review of the eligibility criteria for the new poor should be undertaken by MoSA, WFP and UNRWA as a matter of urgency.

By 2002 there were 256 000 hardship cases comprised of 106 000 refugees and 150 000 non-refugees, equivalent to 7 percent of both populations, all of whom are far below the poverty line. The UNRWA caseload is placed at 115 000 in 2003, bringing the total to 265 000 persons. The hardship cases are mainly women, children, orphans and the elderly, households without an employable male. These, the chronic poor, receive priority for cash and food assistance from UNRWA, MoSA and WFP. The refugees receive a food basket that provides about 1 700 kcal a day together with US\$40 per person per year when funds are available. The non-refugee food basket provides a little over 2 100 kcal a day. MoSA seeks to provide cash equivalent to about US\$129 per person per year but financial constraints at times preclude doing so and the amount of cash is adjusted for those receiving food aid. The chronic poor should continue to be the priority group for assistance from UNRWA, MoSA and WFP and the planned amount of assistance should be provided to them. The appropriate balance between food and cash assistance should be reviewed and the amount of assistance received by refugees and non-refugees should be harmonized. In deciding on the most appropriate mix of food aid and cash assistance, agencies need to assess their cost-effectiveness not only in economic terms but also in terms of cultural and social acceptance, gender issues, corruption, cycle of dependency, donors' stringent procurement rules, etc.

There are differences in the amounts of assistance provided, but the major concern is over the adequacy of the assistance provided to the chronic poor. This group was found to be the most vulnerable. Those among them that have no other source of a substantial amount of cash or in kind assistance cannot meet their other living expenses from the amount of cash and food provided. By purchasing low cost sources of food energy, the UNRWA cases could bring their food consumption up to the 2 100 kcal level by drawing upon the US\$40 received. But doing so would seriously limit their ability to meet their other living expenses. Although the WFP food basket provides 2 100 kcal per day, unless it's chronic poor beneficiaries get cash from MoSA or other sources they have no funds to meet their other living expenses. The cash assistance component for the chronic poor needs to be significantly increased and the food energy value of the UNRWA food basket should be brought up to 2 100 kcal per day.

The main components of the MoSA income support programme are the provision of cash and food to the registered chronic poor. Like UNRWA and WFP, MoSA has been unable to serve all those in need of its cash assistance due to resource constraints. A significant number of the chronic poor receive no assistance as they remain on the waiting list. The amount of cash income support for the registered chronic poor, at around US\$129 a year, seems to be far too little to enable an escape from the food insecurity trap or from a state of poverty.

The ICRC Urban Voucher Programme provides considerably more cash assistance. Early in 2003 ICRC concluded that the basic cash requirement for a family of six for one month was NIS 1 000. At this level, the

annual amount would be US\$458, which is about three and one-half times the MoSA standard, but still only about 60 percent of the poverty line amount. The cash component of the UNRWA and MoSA programmes should be increased to at least US\$458 a year. Bringing the cash assistance for the 150 000 non-refugee hardship cases up to US\$458 per year would cost about US\$50 million, and bringing the cash assistance provided by UNRWA for its 115 000 cases up to US\$458 would require US\$48 million a year. This increased amount, together with food rations that provide 2 100 kcal a day, would be a major improvement but would still leave the chronic poor who have no other source of cash well below the poverty line.

The vulnerability assessment found that some still remain outside of the social safety net and most find the assistance insufficient. Those not provided for live where they cannot be reached or do not meet the eligibility criteria (fisher folk and farmers, including Bedouin who are de facto unemployed), and women headed households that fail to meet all the selection criteria as they may be considered as having a male breadwinner and yet have no means to support themselves and their families. Others find they cannot register because the caseload already is beyond the ability of the agency to cope. The elderly in particular, often do not know how or where to register and others are too proud to do so. Many of those receiving assistance reported that it was not provided on a regular basis or was not enough to meet their needs. Special efforts should be made to ensure that all the eligible are on the rolls. The WFP food for work and food for training programmes are reaching some fisher folk and the Bedouin but need to be expanded and assisted by an information system for targeting by MoSA.

UNRWA Gaza has a supplemental food aid programme for pregnant women, nursing mothers and TB patients that provided food assistance to the equivalent of 26 595 persons in 2002. The food baskets provided 1 168 kcal per day. WFP has Institutional and Supplementary feeding programmes that provide food to about 7 000 people in social institutions and hospitals who receive the 2 100 kcal food basket and 6 000 malnourished children who receive a high energy food basket containing a little over 3 000 kcal of food energy. These are small programmes and should be expanded. A higher food energy basket should be provided by UNRWA Gaza and the need for a similar programme for the refugees in the West Bank should be explored.

The planned quantities for the new poor, at 1 020 kcal from UNRWA and 1 400 kcal from WFP are calculated based on the assumption that the new poor have access to resources or assistance from other sources to meet the balance of their food needs and other living expenses. Some do, but not all of the 1.036 million new poor that are receiving assistance from UNRWA or all of the 367 000 new poor that are receiving assistance from WFP are in the same circumstance. How many need more food and how many can get by with less must be ascertained. Certainly fewer are now able to rely on support from other sources to be food secure than was the case soon after September 2000, 2001 or in 2002. According to the vulnerability assessment findings a large share of the population has exhausted alternative sources. Income of the household from all sources should be ascertained and changes recorded to provide a firm basis for determining the amount of food aid to be provided.

Periodic surveys or continuing assessments of the sources of livelihood and the resources available from other sources need to be undertaken by UNRWA, MoSA and WFP to ascertain the appropriate amount of assistance and the type of assistance (food only or food and cash) that the new poor need, with a view towards ensuring that they have access to food that provides 2 100 kcal a day. It is obvious, given the results of the pair wise ranking, that the 1.4 million new poor need additional assistance.

In addition to the concerns over the limited amount of food assistance provided to the new poor and the significant difference between the amounts the refugee and the non-refugee receives, there also is concern over the quality of the diet. The WFP and UNRWA rations are dominated by cereals, which is a low cost high food energy source that can cheaply provide 2 100 kcal per person per day, but it is not the most nutritionally adequate. Opportunities for improving the nutritional adequacy of the food basket should continue to be explored, especially with respect to locally produced foods.

During 1996-98 cash expenditures for food were reported to be US\$541 per person on average for the WBGS residents. Food price increases have pushed the cost of the 1996-98 diet to US\$734. Cash expenditures for non-food items represented just over 60 percent of total expenditures. Although very few can afford the diet of 1996-98 due to the extreme decline in purchasing power, the contrast between the market value of the food aid being delivered to the new poor and what the 1996-98 package costs today is considerable. The 2 100 kcal food basket provided by WFP could be provided to the full 1.73 million caseload of UNRWA and WFP who now receive food for about US\$150 million. If they were to purchase the 1996-98 food package that was rich in animal products, vegetables and fruits the cost would be US\$1.27 billion. Although the food aid baskets being provided are not as nutritious as the purchased 1996-98 package, they do provide enough to meet food energy

requirements at very low cost. The quantity of food aid delivered to the new poor should be brought up to the amount necessary for them to be food secure.

To ensure that the food security needs of the Palestinian population are met, the international donor community should fully support the appeals made by UNRWA for food and cash assistance and WFP for food assistance, as this assessment found that the targets and needs indicated are far below what is required to ensure food security for all. The amount of cash assistance available from MoSA is inadequate and should be increased sharply. UNRWA and WFP are encouraged to appeal in the next round for sufficient food to ensure all their beneficiaries can have access from them or others to a food basket that provides a minimum of 2 100 kcal. The cost of improving the food assistance programmes is very small relative to the benefit.

Food and cash assistance provided by all sources should be reported and maintained on a monthly or at least quarterly basis. Separate records should be kept for the refugees and the non-refugees and within these categories for the chronic poor and the new poor. The full rations provided to the refugees and the non-refugees differ significantly as does the composition of the food basket. These differences should be assessed.

MoSA, in collaboration with UNRWA, WFP and the ICRC, should together with the other international organizations, donors, Islamic social welfare organizations, charity institutions and other NGOs that are providing cash and food assistance and other income support activities, seek to repair the social safety net. They should review the adequacy of the humanitarian assistance that is being provided, the eligibility criteria and standards being used by the various organizations and agencies and the priorities being followed with a view towards harmonization. Drawing upon the findings of the assessment the review should give careful attention to modifications in the amount of assistance provided to the beneficiaries and to the areas where the vulnerable are concentrated. The series of maps generated by WFP's Vulnerability Analysis and Mapping (VAM) unit highlighting the sub-geographic distribution of food insecurity (*see Annex*) are a valuable reference in this regard. Special attention should be given to the pros and cons of retaining a cash voucher programme similar to that provided by ICRC.

Safe and nutritious food

This assessment together with the nutrition surveys have documented the reduction in consumption in general, and of the more expensive foods as well as significant reductions in total energy, and in protein, carbohydrates and fat intakes by children and in all age groups of reproductive aged women. These reductions are expected to lead to increased levels of protein energy malnutrition as well as to micronutrient deficiencies. Substituting expensive nutritionally rich foods with cheaper foods carries long-term nutrition risks. The most vulnerable households have exhausted this desperate strategy, unable to limit their diet any further.

There are indications that malnutrition is becoming a public health problem. So far the nutritional indicators are not conclusive, but there is evidence that nutritional status is under great strain and therefore increased vigilance to closely monitor the nutritional situation is called for. Iron deficiency anaemia, the most common micronutrient deficiency, is endemic throughout the Middle East and has a high prevalence in the WBGS. Several studies conducted between 1998 and 2001 indicate that iron deficiency is a chronic problem. The information from various surveys indicates that although acute malnutrition appears to be less of an immediate concern, perhaps due in part to timely and appropriate interventions, the longer-term challenge of ensuring all of the Palestinian people have access to and consume adequate quantities of safe, good quality and nutritious food, specifically that of adequate macro and micronutrients, must remain a priority.

Ministry of Health (MoH) should bring together all the organizations involved in the provision of nutrition related services to ensure that food security and nutrition goals are integrated into their plans, programmes and activities. This will enable building on ongoing activities for preparing and implementing the action plan for protecting and promoting nutrition, and linking current and planned interventions from a variety of disciplines in order to maximize their positive impact on household food security, sustainable and secure livelihoods and nutrition.

This MoH-led group should participate in the task of identifying the main constraints and challenges and major nutrition problems and link this information to action. Specific attention should be given to the most food insecure households and to vulnerable groups, especially children and pregnant women. Actions may include early identification of cases of malnutrition in health care centres and schools and effective treatment and intervention according to agreed protocols. Community care, education and family counselling should be provided to reduce the risk of recurrence. A communication strategy should be prepared for transmitting health

and nutrition messages to the public in collaboration with the community. This should include specific messages for specific groups. Nutrition and health education should be integrated into school curricula for all ages.

MoH should actively promote policies and actions that support and encourage breast feeding and adequate complementary feeding of infants and young children. This requires orienting all relevant health personnel to support appropriate infant and young child feeding and raising awareness of micronutrient deficiencies and combating them using all available strategies such as dietary improvement, supplements and food fortification.

The nutrition coalition should integrate a food and nutrition related information surveillance system with the National Food Security Strategy to allow better decision making by policy makers, planners and programmers. This should include conducting user needs surveys to identify what type of information is needed and when to improve planning. Review of existing protocols for data collection will be necessary as will inclusion of survey findings in an integrated data base.

The PA should support school feeding programmes with fortified foods and high energy biscuits to encourage school attendance and address nutritional deficiencies. A community or school garden could also be created and agriculture included in the school's education curriculum. The food could also go to households with the chronically ill and to those without a productive capacity, such as the elderly.

Sufficiency of food supplies

Food prices during the October 2000-September 2001 marketing year declined by 0.7 percent and over the next two seasons increased by 1.9 percent and 4.3 percent, indicating that food supplies roughly met the demand for food during the first two seasons after September 2000. This was more the result of the extreme decline in economic access to food, as food production on a per capita basis was 1.3 percent lower than during the prior two seasons. Production during the 2002/03 season was lower for all the main foods produced in the WBGS, due to closures and less favourable weather, so even though income remained depressed food prices increased moderately. Poultry meat price increases were by far the largest, while those for fruits and vegetables increased rapidly early in the season before declining to a level that indicated adequate supplies. Prices for cereals, sugar and vegetable oils, the main imported foods, were relatively small. Imported food supplies were more sufficient than internally produced foods.

Food production and marketing have been affected by the restrictions on the movement of goods and people and the construction of the separation barrier. The strong upward trend in poultry meat production has been reversed and the longer term downward trends in citrus fruit, banana and fish production have been accelerated. Markets have broken down to such a degree (indicated by price fluctuations and loss of price integration at local levels as well as between the West Bank and Gaza Strip), that a general downward trend in productivity is continuing in the agricultural sector because of less than average investment in farm assets due to income losses. Associated with this, Israeli imports are substituting domestic production and taking advantage of price distortions.

More generally, the imbalance between increases in the cost of production and in revenues has cut incomes and postponed productivity enhancing investments. More rapid growth in productivity is essential to provide sufficient supplies of food over the years to come. Productivity gains can be made in essentially all the animal and plant products. The capacity to assess the costs relative to the benefits should be strengthened and the results used to guide decisions on how best to allocate funds for productivity enhancement. Special attention to the high value products - vegetables, fruits, fish, meat and dairy products – is recommended. Recommended actions to ensure sustained gains in productivity include improving the efficiency of water use, strengthening the agricultural research and extension system, rebuilding the farm credit system, accelerating the shift to vegetable production in plastic houses and improving the quality of animal breeding stock.

The decline in food production during 2002/03 was partially due to less rainfall. There are large year-to-year changes in plant production, and usually they have not been fully compensated by imports. The instability in food supplies would be moderated if adequate stocks of food were maintained and current information was available on food imports. Surveys should be conducted during the growing season and the findings released to provide an early warning to importers on prospective food and feed production. Monthly data on food imports should also be released to the public.

A most damaging threat to the sufficiency of food supplies arising from the restrictions on the movement of goods and people is the surge in the cost of doing business. This has taken place at the same time that food prices have risen slowly due to the decline in economic access to food. The consequent cost/price squeeze has reduced

income throughout the entire food chain, which has seriously affected investment. Initial impacts from inadequate investment already are evident and are likely to become more so in the future. To minimize future consequences it is essential to take actions now that will improve the climate for investment in the food sector. And because food producers appear to have suffered greater physical and economic damage, priority should be accorded the agriculture sector in the ongoing and planned revitalization efforts.

The proposed Agricultural Revitalization Programme (ARP) that has been prepared by the Ministry of Agriculture (with FAO assistance) is to provide short term support to maintain the agricultural sector and prevent its collapse. In the first phase, the ARP is to concentrate on activities that improve rural livelihoods, contribute to household food security by creating employment and ensuring availability and access to basic foods, and prevent rural households from falling into extreme poverty. In the second phase when conditions allow, priority will be given to the commercial aspects of agriculture and the revitalisation and improvement of its productivity.

The ARP has identified a number of technically feasible and economically viable interventions grouped under five components: livestock (increasing returns on milk and meat through improving animal feed and fodder, management practices at community and households levels, animal health, and rangeland improvements); horticulture (rehabilitate and improve orchards and greenhouses, focus on vegetables and high value non-traditional export crops, integrated pest management and improved varieties and techniques); optimum utilisation of water (water conservation and harvesting and rehabilitation of small scale irrigation to increase efficiency); marketing (commodity studies of agricultural products, supporting community based organisations in implementing participatory activities, market information); and capacity building of the Ministry of Agriculture at national and local levels. A budget of US\$25-30 million for three to four years has been proposed and Italy is supporting the implementation of experimental techniques and pilot activities. After adaptation, relevance and feasibility have been evaluated, the approach is to be expanded leading to longer term agricultural development.

Spokespersons for the agriculture sector should continue their efforts to document the impact of restrictions on the movement of goods and people and use them in presenting their case for the removal of impediments to free access. The elimination of barriers to physical access would immediately improve productivity in the production of food. In the meantime a safe food (and food inputs) passage policy should be implemented.

Restrictions on the movement of goods and the related constraints on transportation such as back-to-back unloading and reloading are the source of the unprecedented increase in transportation costs, which have been most extreme in the West Bank, and cause chaos in the market place. Removing these restrictions would lower transport costs and greatly facilitate the return to a normal food production and distribution system. The gains in efficiency would improve the climate for investment throughout the food chain. Further, these actions, together with the ability of Palestinians to use bypass roads would eliminate a major source of unfair competition with Israeli food interests.

Restrictions on the movement of livestock producers and animal health specialists have affected productivity in animal agriculture and have made difficult the task of controlling animal diseases. There have been cases of foot and mouth disease and other animal diseases that are hazardous to human health including brucellosis and BSE, creating a potentially dangerous situation for the WBGS as well as for Israel. The ability to control animal diseases is a matter of utmost priority and steps should be taken immediately to address these problems.

There is considerable potential for water savings by improving water use efficiency and management for the sustainable utilization of ground and surface water resources. In many cases improvements in domestic food output can only be expected from production activities and benefits (increases in yields as well as water savings) that justify an investment on improved irrigation systems. In such cases, beneficiaries tend to have a vested interest in contributing to the cost of installing new systems. Improving on-farm irrigation systems, in particular using drip irrigation, should be explored. Extension and demonstration work should be undertaken on the operation and maintenance of such introduced technologies through demonstrations of modern systems that are already widely used in the region. Water user associations and possible cost sharing arrangements need to be promoted.

Significant improvements in efficiency can be gained with small investments in repairs and reconstruction and in small scale water harvesting schemes, as well as in the selection of less water demanding crop types for increasing food production from limited available water resources at farm level, for domestic use, small greenhouses or for supplementary irrigation. These need to be evaluated, demonstrated and propagated on a

larger scale where successful. Feasibility surveys should be undertaken in order to further determine current and future potential.

Drought in recent years, and constraints on the accessibility to traditional range-lands have placed considerable strain on both ruminants and on the remaining range-lands. As a result the currently available rangelands have been severely overgrazed, leading to major declines in their carrying capacity. Improving the quality and productivity of rangeland requires the participation of all herders, temporary fencing and rotations, and enrichment of some grazing areas.

Physical damages to agricultural property and losses through 2002 are estimated at US\$845 million. Repairing the damages in agriculture should have pride of place in the proposed programme to create jobs and rehabilitate infrastructure, repair roads and damaged property. Those who lost their assets should be compensated through provision of a disaster relief programme to lessen the burden of the current crisis on individual families and to inject cash into rural economies. Such assistance should be targeted towards farmers who have had their land confiscated; assets destroyed, or water sources taken. In addition, there should be support to those Palestinians farmers who incur emergency costs arising from blockades, closure and general isolation. Rural farm families should not be expected to shoulder the cost of the ongoing conflict.

Priority should be given to measures that can be taken to stimulate the return to the higher production trend for animal products, meat and milk, and to revitalize the fishing and citrus industries. The shift towards plastic houses for vegetables should be accelerated.

Training in capacity to hold trade negotiations, especially in agricultural related issues, requires donor support. It is necessary that the relevant officials in the Ministry of Agriculture (and other Ministries where applicable) receive training in areas such as international trade, the monitoring and implementation of bilateral trade agreements, WTO agreements of direct relevance to agriculture including the Agreement on the Application of Sanitary and Phytosanitary Measures and the Agreement on Technical Barriers to Trade, market access, special and differential treatment for developing countries including protection and subsidies for domestic products, bilateral trade agreements with Israel and with the European Union on the utilization of import quotas and tariff preferences etc.

A Market Information and Analysis System (MIAS) should be developed to provide regular and targeted price and market information to producers, cooperatives, marketing groups and intermediaries and exporters on such items as prices, costs of inputs and market opportunities that may be available in the regional countries, including Israel. This will allow key decisions to be made on what crop/variety to plant, when to sell, how much to store, when to buy inputs, etc. This would mitigate the risks associated with high fluctuations of agricultural prices in the region. It is recommended that MoA improve its ability to track overall food supply/demand trends, to enhance its capability in estimating short-term production and consumption, and to identify and record non-tariff barriers to trade (NTBs) that block Palestinian exports and internal trade.