



Vulnerability Analysis and Mapping (VAM)

FOOD SECURITY and MARKET MONITORING QUARTERLY REPORT

occupied Palestinian territory (oPt)

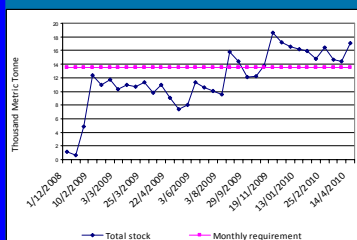
Issue n. 23

Jan-Mar 2010

Wheat flour²

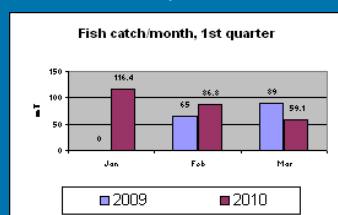
As of 14 April 2010, the total stock of wheat flour in Gaza mills amounts to 17,100 mt, which covers the needs of the population (estimated at 450 mt/day) for approximately 38 days (i.e., until 15 May, 2010). As shown in figure below, the wheat stocks from November 2009 until 14 April 2010 is higher than the average throughout 2009, generally covering the estimated basic needs of the population.

Total wheat flour stock and monthly requirements for all mills in Gaza Strip (3 Sep.08– 14 Apr. 10) (in thousands mt)



Fish catch³

The second sardines season in 2009 (25 Sep. to 25 Nov. 09) was badly affected by the limitation to 3 nautical miles from the shore. During the first quarter of 2010; as well the fish catch was poor; the fish catch for March 2010 was 59.1 mt compared to 88.8 mt in March 2009 (-54%). The fishing limitations are expected to affect the upcoming sardine season in between April and June 2010.



1. PRICE TRENDS IN THE GAZA STRIP¹

Staple foods

Staple foods, including wheat flour, rice, vegetable oil, sugar and salt, are almost entirely imported in the Gaza Strip. Thus, prices for these commodities are strongly dependent on fluctuations in the international food market. This has been confirmed by Gaza traders. Throughout recent months the prices for these goods have been largely stable. The price for sugar has decreased in March 2010 and is now more or less at the same price level as one year ago, however, sugar prices have increased consistently throughout 2009.

Prices for Main Staple Foods in Gaza Strip

Commodity	Price 31.3.2010	Price during previous month	% change since March 2009
Flour (50 kg, locally produced)	80 NIS	80 NIS	- 19%
Veg. oil (1litter)	5 NIS	5.5 NIS	- 4%
Rice Egyptian (1kg)	3.8 NIS	3.6 NIS	-33%
Sugar (1 kg)	3 NIS	3.5 NIS	1%
Salt (1 kg)	1 NIS	1 NIS	0%

Bread

There are 7 mills in the Gaza Strip. One of the main mills, El Bader Mill, was destroyed during the Israeli military operation Cast Lead and has not been operational (the owner is now importing wheat flour from outside Gaza Strip). 3 out of the 6 active mills have contracts with international organizations and use fortified premix to honor these contracts. However, none of the mills use fortified premix for their regular bread production. Bakeries in the Gaza Strip are currently running at 50-60% of their capacity.

Fresh foods

Meat: Prices for red meat have slightly fallen during this quarter, from around 47 to 44 NIS/kg. Chicken purchase in the Gaza Strip is mainly limited to fresh chicken, as prices for locally bred chicken are more accessible than prices of imported frozen chicken. The price of fresh chicken at the end of this quarter was around 12 NIS/kg, compared to 14 NIS/kg during Jan/Feb. These price fluctuations in the winter season are normal, as producers' have to use larger amounts of cooking gas to keep the hatcheries warm.

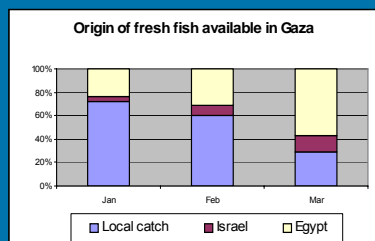
Vegetables: The vast majority of vegetables consumed in the Gaza Strip are locally produced. The below graph shows how the prices of the main vegetables consumed in the Gaza Strip are fluctuating with the agricultural seasons: typically vegetable prices begin to fall during the 1st quarter of the year as farmers focus their production on so-called "winter crops" after the main cash crop season (Nov/Dec) is over. The unusual behavior of onion can be explained as a consequence of the local government banning onion imports from Israel since November 2009 to promote local production. Prices for this commodity have been unusually high, as supply has failed to meet demand. Since January 2010 the local government has again permitted the import of onions from Israel to counter the rapid increase in prices.

2. Source: WFP

3. Source: Ministry of Agricultural—Fishing Department

1. source: : WFP Data

To fill the shortage of fish in the local market, traders have begun to import fish through the tunnels. Certain types of fish (Denise, Salfuh) are also imported through the Israeli official crossings. The fact that fish come through tunnel is sold cheaper than locally caught fish (1 kg of tunnel sardines costs about NIS 18, compared to NIS 25/kg of locally caught sardines) is an additional threat for fishers' livelihoods, as they can no longer compete with tunnel fish.

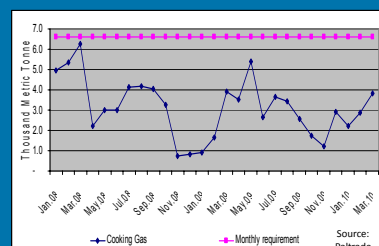


SOURCES OF ENERGY

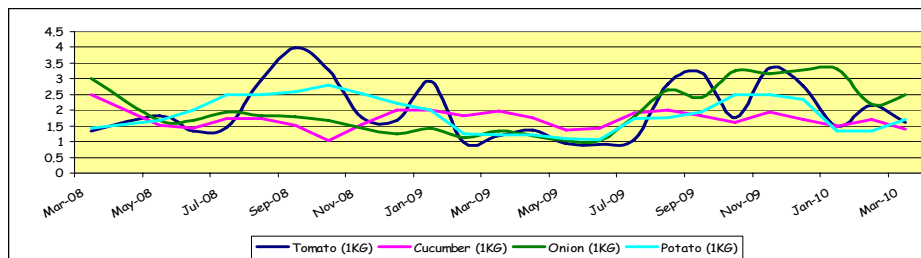
Cooking Gas

Since 4 January 2010 the Israeli authorities have shifted import of all industrial fuel and cooking gas from Nahal Oz to Kerem Shalom crossing point. In January the amount entering the Gaza Strip was 2,592 mt while in February and March 2010 imports increased, amounting to 2,863 mt, and 3,811 mt respectively. As can be seen in the below figure, while cooking gas supply has increased during the first quarter of 2010, the available amounts remain below the monthly requirements. Households in the Gaza Strip are dealing with the shortage through various coping mechanisms, using alternative energy sources for cooking (kerosene, fire wood and to a lesser extent electricity) and saving up their cooking gas stocks for as long as possible

The Cooking Gas in Gaza Strip during Jan.2008 to Mar.2010



Price fluctuations for main vegetables in Gaza Strip, Mar 08-Mar 10



Dairy products and eggs: Dairy products are available at stable prices in all Gaza Strip markets. The price of one carton of eggs (weight 2.1kg) has decreased to 10-NIS 11 compared to NIS 13 at the beginning of the quarter. The price of eggs typically decreases during warmer season as chicken farmers use less cooking gas for heating the hatcheries. In addition the local government established a number of new farms on the territory of former settlements having a direct effect on production and prices.

2. COMPARING PRICES⁴

The above observations are consistent with the food consumer price index (CPI) which in the Gaza Strip has decreased by 3.1% between Mar 2010 and Mar 2009. In comparison, the food CPI in the West Bank increased by 4.3% over the same period.

In the West Bank, rice and sugar decreased in March 2010 by 5.2% and 0.2% respectively compared to Feb. 2010 while wheat flour prices increased by 0.3% for same period. In long term, rice and wheat flour decreased by 8.8% and 10% respectively, and the sugar increased by 22.1%. In the Gaza Strip, the price of rice decreased by 6.8% in the short term while the price of wheat flour remained same as February 2010 (NIS 175/kg) and the sugar prices increased by 0.1% for same period. On the other hand, rice price increased in Mar.10 by 5.6% compared with Mar.09 while the price of wheat remained stable, and sugar decreased by 16.7% for the same period. The table below shows that prices for the three commodities in the long term (past five years) have increased. The highest was the rice price in Gaza Strip (98%), and the lowest was in flour price (42%) in the West Bank and sugar price in the Gaza Strip (43%).

Price level (NIS) and percentage changes for 3-commodities in West Bank & Gaza Strip							% change in prices		
Item Description	Region	Nov09	Dec09	Jan10	Feb10	Mar10	Mar10-Feb10	Mar10-Mar09	Mar10-Mar05
Short grain profiled rice (25kg)	WB	163.5	161.5	164.9	161.7	153.19	-5.2%	-8.8%	80%
	GS	172.5	173.2	177.5	185.0	172.5	-6.8%	5.6%	98%
Haifa white flour (60kg)	WB	158.3	155.5	156.0	155.3	155.79	0.3%	-10.0%	42%
	GS	174.5	174.5	174.5	174.5	175	0.0%	0.0%	66%
Fine white sugar (1kg)	WB	3.9	3.9	4.3	4.4	4.38	-0.2%	22.1%	81%
	GS	3.3	3.3	3.3	3.3	3	0.1%	-16.7%	43%

4.source: PCBS data

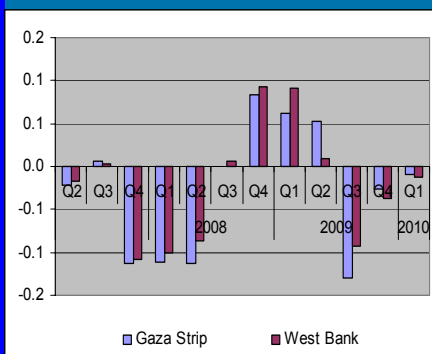
Electricity

Since January 2010, smaller amounts of industrial fuel have been reaching the main power plant in the Gaza Strip, which has translated into increasing power cuts. By Mar. 2010, electricity cuts reached 8-12h per day. While many households in the Gaza Strip are not relying on generators and other alternative sources of energy, the electricity cuts are affecting all aspects of life being households' supply of water, quality of food storage (fridge), ability to cook at the preferred hours, and students ability to study in the evening. Hospitals and stores are as well affected.

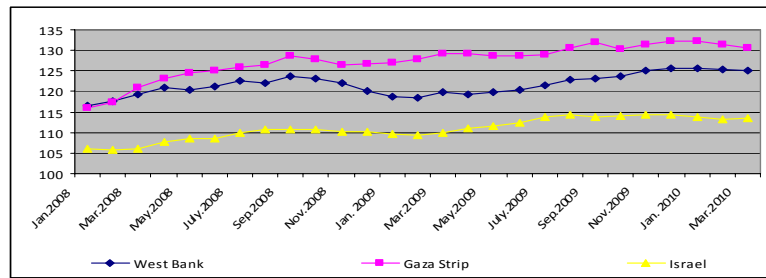
SOCIO-ECONOMIC INDICATORS

- The unemployment rate⁷ decreased by 1.7% in West Bank and by 1.8% in Gaza Strip in the first quarter 2010 compared to the fourth quarter 2009 (ILO standard), reaching 17.8% in the West Bank and 38.6% in the Gaza Strip (while it reached 12.4% in Jordan in Q1 2010). In the first quarter of 2009 the unemployment rate in the West Bank was 19.5% and in the Gaza Strip 42.9%.
- The inflation rate in both West Bank and Gaza Strip decreased by 0.1% and 0.5%, respectively in Mar. 2010 compared to Feb. 2010.
- In 1st quarter 2010, the purchasing power improved in both West Bank and Gaza Strip but remains negative. This is due to the decrease in the exchange rate by 0.8% while the overall CPI increased by 0.4% in West Bank and 0.1% in Gaza Strip compared 1st quarter 2010 to 4th quarter 2009.

Percentage change in purchasing power in WB & GS from 2nd quarter 2007 to the 1st quarter 2010



Comparing the consumer price index for West Bank, Gaza Strip and Israel⁵ (base year 2004)



As shown in the figure above, the over all CPI in West Bank, Gaza Strip and Israel follow approximately the same trend, and were stable over the last 2 months (Feb.10/Mar. 10). Between March 2010 and March 2009, the CPI increased in the three regions but with different percentage: in West Bank by 4%, Gaza Strip by 1% , and Israel by 3%.

The transportation index increased by 0.4% in Gaza Strip and by 0.7% in West Bank in Mar. 2010 compared to Feb. 2010. While increased in Mar. 2010 by 5.6% compared into Mar. 2009 in West Bank, and also increased by 2.6% in Gaza Strip in same period.

3. IMPORT-EXPORT⁶

Official crossings

Official border closure continues to affect the market both in terms of imports and exports. Some 45% of traders interviewed in 2009 identified closure-related costs among the top factors they consider when setting prices (compared to 18% of West Bank traders). The restrictions on imports - especially the agricultural material through the crossing points - affects an estimated 10,000 farming families or about 65,000 persons in the Gaza Strip, adding to increased unemployment rates and have a direct impact on the food security levels for these families.

As per the latest Paltrade report, in terms of imports - during February/March 2010 - a total of 4,590 truckloads of commercial and humanitarian freight entered into Gaza which represents 22% of the pre-closure average import levels. The large majority of these truckloads were food and animal feed (64 percent), 11 percent were designated for humanitarian aid agencies. In fact, food aid represents an additional source of food for approximately 1.1 million people in the Gaza Strip since June 2007, import volumes have been between 19% and 26% of pre-closure levels. Imports are restricted to 76 types of goods, most of which are staple foods (compared to 4,000 types of goods before the blockade). The non-food items imported in January and February included 101 truckloads of glass, which has only recently been allowed to enter the Gaza Strip. Further items recently imported are shoes and clothes (61 trucks in 4th April.2010 and 49trucks in 21st April 2010), which were previously banned for 3 years. The operational performance of Gaza crossings is unpredictable, causing a lot of uncertainty to traders; imports of industrial and commercial fuel and cooking gas have been unreliable.

5. sources: WB & GS from PCBS, and Israeli data from Israel's Central Bureau of statistics

6. Source: Paltrade

7. Source: PCBS

ORIGIN OF FOOD COMMODITIES IN THE GAZA STRIP

Food Item	Origin
Flour	Ground in local mills (wheat grain imported through Israel from Kazakhstan, USA, Russia and Ukraine).
Vegetable oil	Mainly imported through Israel, sometimes through Rafah official crossing.
Rice	Mainly imported through Israel, sometimes through Rafah official crossing.
Sugar	Imported through Israel.
Fresh meat (cattle)	Mainly through tunnels, sometimes from Israel.
Fresh chicken	Local production.
Frozen chicken	Whole frozen chicken is not available in Gaza due to low demand, as fresh chicken locally produced is cheaper. Frozen chicken parts (e.g. wings, liver, etc.) imported from Israel.
Potato	Local production.
Onion	Local production and sometimes small quantities imported from Israel.
Lemon	Local production
Melon, water melon, strawberry, grapes, dates, figs, grapefruit, plums, mango	Mango: local and from Israel.
Orange, kalamantina	Local and through tunnels.
Apple, mango, peaches, pears, banana, apricots, pineapple, pomegranate, cherry	From Israel.
Dairy products	From Israel and from West Bank.
Eggs	Local production.
Fish	Local, Israel and tunnels.
Fuel for power plant	Israel.
Fuel in the market	Mainly from tunnels.
Cooking Gas	Israel (through pipe) and tunnels (jars).

No exports have been allowed from Gaza with the exception of 112 truckloads exited Gaza (after Dec. 2009), including 81 truckloads of cut flowers (13.1 million stems) and 31 truckloads of strawberries (50 tons) which stopped in 9 Feb. 2010 due to the unprofitable prices in the export markets. Prior to this, there had not been any exports from Gaza for around seven months (since 27 Apr. 2009) where 138 truckloads carrying agricultural produce (also cut flowers, strawberries) were allowed. The monthly average exports in Gaza Strip before the crisis was 1,380 truckloads per months (70 trucks loads per day between 2005 and May 2007).

Tunnel trade⁸

The underground tunnels are considered as pipeline between Egypt-Gaza Strip border; it is used for food items, cigarettes, cooking gas, toothpaste, small generators, computers and kerosene heaters, fuel, wood, cement, some type of medicines, raw materials, cars and spare parts, and other basic necessities. Digging one tunnel requires about six months and cost US\$ 100,000-150,000 depending on the utilities and safety standards employed.

According to the tunnel traders the total number of workers in tunnels ranges between 20,000-25,000 workers. The average salary amounts to NIS 100-200 for 10 hours of work. Tunnel transport fees range between US\$ 200-1,500 per ton, depending on the type of good is being moved. 58% of traders in the Gaza Strip buy goods from the tunnels. The availability of many goods in the Gaza Strip resulting from the tunnel trade have had a stabilizing effect on the prices of available commodities (according to 60.7% of surveyed traders) and have contributed to incrementing the sales volume (56.4% of traders). 50% of traders increased their profit margin, and 30.7% increased their stock level as a consequence of tunnel trade. Nevertheless, prices in the Gaza Strip remain very high for the consumer compared to prices in Israel and West Bank (see graph comparing CPIs in Gaza Strip, West Bank and Israel, P.3 of this report), due to the high costs associated with importing goods through the tunnels. Furthermore, the breakdown of the traditional formal market, the increased dependence on unreliable supply chains not meeting the minimum safety and health standards, the wholesalers reduced forward credit to their clients due to emerging financing needs as a result of engaging in tunnel trade have had an additional negative impact on consumers' access to markets. Security risks that faced by workers in the tunnels also remain a cause of concern.

8. "The Impact of Closure and High Food Prices on Performance of Imported Staple Foods and Vegetables and Fruits Market in the oPt" (Dec.2009), Al-Sahel Co.

Annex⁹

Figure A1: Dairy products and eggs index and Food CPI in WB & GS

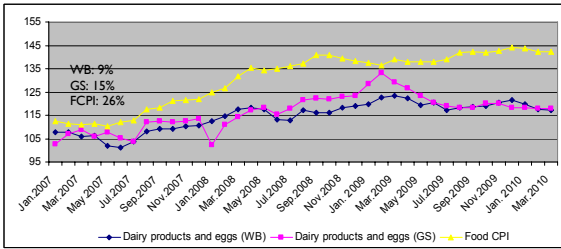


Figure A2: Cereal and its products index and Food CPI in WB and GS

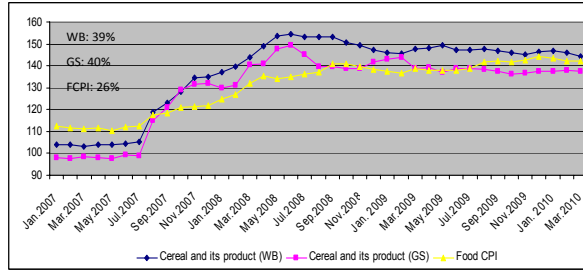


Figure A3: Fresh meat index and Food CPI in WB and GS

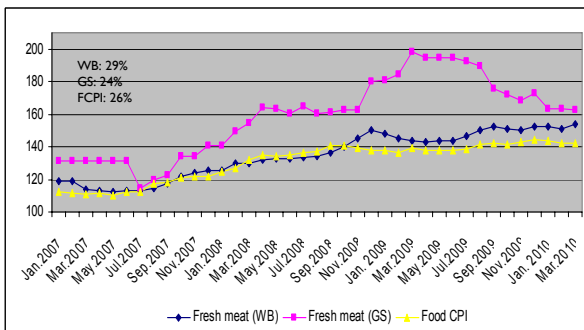


Figure A4: Sugar index and Food CPI in WB and GS

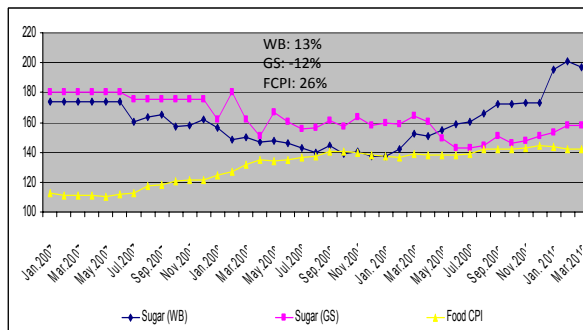


Figure A5: Oils and Fats index and Food CPI in WB and GS

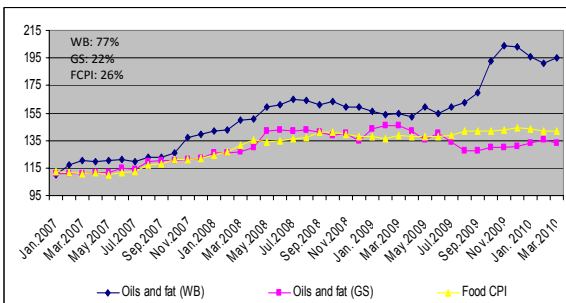


Figure A6: Fruits index and Food CPI in WB and GS

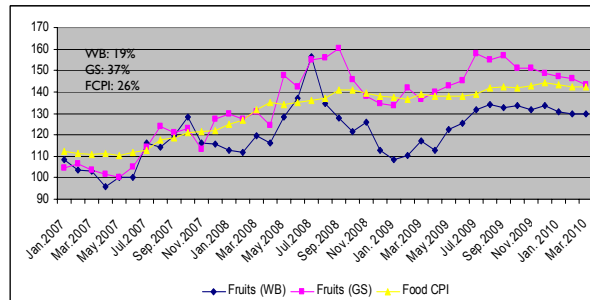


Figure A7: Vegetables index and Food CPI in WB and GS

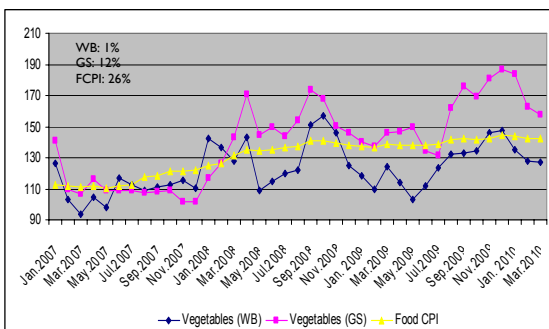


Figure A8: Meat index and Food CPI in WB and GS

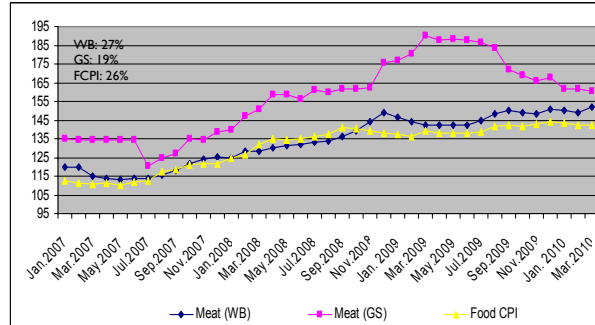


Table A1: Magnitude of quarterly price changes & contribution to the cost of the food basket, by regions & commodities

Food Items	Region	% Caloric contribution ¹⁰	% Change from last month	Monthly change from last year (% change)	Change from last quarter (% change)	Quarterly change from last year (% change)	Quarterly change from last 5-year (% change)	Contribution to the cost of the food basket (%)		Price trend of the main staple
			Mar.10-Feb.10	Mar.10-Mar.09	Q1 2010-Q4 2009	Q1 2010-Q1 2009	Q1 2010- Q1 2005	Cumulative impact of the quarter	Cumulative impact from 5 years average	
			Staple Food							
Short grain profiled rice	West Bank	12%	-5%	-9%	-3%	-1%	88%	-0.3%	11%	-3%
	Gaza Strip	12%	-7%	6%	3%	11%	103%	0.4%	12%	3%
Haifa white flour	West Bank	36%	0%	-10%	-1%	-10%	41%	-0.4%	14.8%	-1%
	Gaza Strip	36%	0%	0%	0%	-5%	63%	0.0%	22.6%	0%
White bread	West Bank	36%	1%	0%	0%	0%	37%	0.1%	13.3%	0%
	Gaza Strip	36%	0%	6%	-1%	1%	49%	-0.3%	17.5%	-1%
Olive oil	West Bank	13%	4%	53%	-1%	54%	117%	-0.9%	NA	-1%
	Gaza Strip	13%	-4%	8%	9%	10%	58%	0.1%	NA	9%
Corn oil	West Bank	NA	-5%	NA	-7%	NA	NA	NA	NA	-7%
	Gaza Strip	NA	0%	NA	1%	NA	NA	NA	NA	1%
Lentils	West Bank	NA	3%	4%	0%	-4%	74%	NA	NA	0%
	Gaza Strip	NA	0%	-23%	1%	-10%	92%	NA	NA	1%
Chick beans	West Bank	NA	1%	-11%	-10%	-6%	30%	NA	NA	-10%
	Gaza Strip	NA	0%	7%	13%	5%	45%	NA	NA	13%
Fine white sugar	West Bank	NA	0%	22%	12%	30%	75%	NA	NA	12%
	Gaza Strip	NA	0%	-17%	2%	-17%	36%	NA	NA	2%
Animal Products										
Chicken eggs	West Bank	1%	0%	-17%	-1%	-16%	19%	0.0%	0.2%	-1%
	Gaza Strip	1%	0%	-21%	-4%	-20%	23%	0.0%	0.2%	-4%
Fresh goat meat with bones	West Bank	NA	0%	12%	2%	10%	65%	NA	NA	2%
	Gaza Strip	NA	0%	-12%	-4%	-14%	19%	NA	NA	-4%
Fresh beef meat	West Bank	NA	4%	4%	0%	0%	42%	NA	NA	0%
	Gaza Strip	NA	-1%	-19%	-5%	-13%	62%	NA	NA	-5%
Fresh chicken without feathers	West Bank	NA	-4%	-5%	4%	3%	58%	NA	NA	4%
	Gaza Strip	NA	-3%	-12%	-4%	-5%	101%	NA	NA	-4%
Fresh red snapper	West Bank	NA	0%	3%	2%	2%	-15%	NA	NA	2%
	Gaza Strip	NA	0%	-12%	9%	0%	16%	NA	NA	9%
Frozen fish	West Bank	NA	0%	14%	9%	8%	56%	NA	NA	9%
	Gaza Strip	NA	0%	-9%	3%	-4%	31%	NA	NA	3%
Diary Products										
Pasteurized milk 3% fat	West Bank	NA	-2%	-3%	-1%	-1%	20%	NA	NA	-1%
	Gaza Strip	NA	-1%	-4%	-1%	-5%	38%	NA	NA	-1%
Powdered milk	West Bank	NA	-1%	-10%	-6%	-9%	17%	NA	NA	-6%
	Gaza Strip	NA	0%	0%	0%	-4%	13%	NA	NA	0%
Powdered milk kikozi (No.1)	West Bank	NA	1%	-7%	-4%	-7%	25%	NA	NA	-4%
	Gaza Strip	NA	0%	-20%	0%	-20%	7%	NA	NA	0%
Yogurt	West Bank	NA	2%	-6%	-14%	-8%	23%	NA	NA	-14%
	Gaza Strip	NA	0%	-13%	0%	-9%	40%	NA	NA	0%
Labaneh	West Bank	NA	1%	11%	4%	11%	16%	NA	NA	4%
	Gaza Strip	NA	0%	-8%	1%	-4%	14%	NA	NA	1%
White boiled goat cheese	West Bank	NA	-3%	NA	2%	NA	NA	NA	NA	2%
	Gaza Strip	NA	0%	NA	0%	NA	NA	NA	NA	0%

Table A1 (Cont): Magnitude of quarterly price changes & contribution to the cost of the food basket, by regions & commodities

Food Items	Region	% Caloric contribution	% Change from last month	Monthly change from last year (% change)	Change from last quarter (% change)	Quarterly change from last year (% change)	Quarterly change from last 5-year (% change)	Contribution to the cost of the food basket (%)		Price trend of the main staple
			Mar.10-Feb.10	Mar.10-Mar.09	Q1 2010-Q4 2009	Q1 2010-Q1 2009	Q1 2010- Q1 2005	Cumulative impact of the quarter	Cumulative impact from 5 years average	
Vegetables & Fruits										
Big size orange	West Bank	NA	-9%	-6%	-3%	7%	32%	NA	NA	-3%
	Gaza Strip	NA	2%	4%	13%	16%	87%	NA	NA	13%
Medium size banana	West Bank	NA	-15%	-5%	-3%	23%	57%	NA	NA	-3%
	Gaza Strip	NA	-17%	-18%	4%	-13%	59%	NA	NA	4%
red apple	West Bank	NA	3%	6%	4%	11%	53%	NA	NA	4%
	Gaza Strip	NA	1%	1%	16%	-6%	77%	NA	NA	16%
Green house tomato	West Bank	NA	-10%	19%	-18%	31%	-3%	NA	NA	-18%
	Gaza Strip	NA	-17%	31%	-36%	74%	99%	NA	NA	-36%
Local dry onion	West Bank	NA	1%	-33%	1%	-9%	35%	NA	NA	1%
	Gaza Strip	NA	-19%	32%	6%	118%	152%	NA	NA	6%
Cauliflower	West Bank	NA	-1%	26%	-30%	26%	17%	NA	NA	-30%
	Gaza Strip	NA	-12%	-37%	-47%	-11%	20%	NA	NA	-47%
Greenhouse cucumber	West Bank	NA	4%	-8%	-19%	1%	-32%	NA	NA	-19%
	Gaza Strip	NA	4%	-17%	-5%	-9%	24%	NA	NA	-5%
Medium size potato	West Bank	NA	0%	10%	-6%	28%	41%	NA	NA	-6%
	Gaza Strip	NA	-9%	6%	-14%	13%	50%	NA	NA	-14%
Fuel Products										
Gas propane tank	West Bank	NA	0%	22%	15%	32%	61%	NA	NA	15%
	Gaza Strip	NA	0%	23%	14%	32%	62%	NA	NA	14%
Diesel for heating	West Bank	NA	3%	34%	1%	30%	95%	NA	NA	1%
	Gaza Strip (Israel)	NA	3%	34%	1%	30%	95%	NA	NA	1%
Excellent gasoline 96	Gaza Strip (Egypt)	NA	24%	-49%				NA	NA	NA
	West Bank	NA	2%	31%	1%	32%	27%	NA	NA	1%
	Gaza Strip (Israel)	NA	2%	31%	1%	32%	27%	NA	NA	1%
Water/ One cubic meter/	Gaza Strip (Egypt)	NA	19%	-65%				NA	NA	NA
	West Bank	NA	0%	0%	0%	0%	-7%	NA	NA	0%
	Gaza Strip	NA	1%	1%	0%	0%	-33%	NA	NA	0%

Impact Code

	Low Price impact in the cost of the food basket (<5%)
	Moderate Price impact in the cost of the food basket (5-10%)
	High Price impact in the cost of the food basket (11-20%)
	Very high Price impact in the cost of the food basket (>20%)

Price Trend Codes

→	>-10% change from pervious quarter
↑	>10% change from pervious quarter
↓	<-10% change from pervious quarter