Socio - Economic & Food Security Survey

West Bank and Gaza Strip, Palestine

2012

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Cover: Woman with her two children in Gaza baking bread using donated wheat flour.
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FOREWORD

The Socio-Economic and Food Security (SEFSec) survey is a joint effort between the Palestinian Central Bureau of Statistics (PCBS) and the United Nations through the Food and Agriculture Organization of the United Nations (FAO), the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) and the World Food Programme (WFP). This annual survey assesses the socio-economic and food security situation in the State of Palestine.

In its fourth year, the SEFSec survey has proven itself to be a durable tool for assessing trends in the food security situation in the West Bank and Gaza Strip, including providing valuable data on the situation of vulnerable areas and groups. The 2012 results are disturbing 34 percent (1.57 million people) are food insecure, compared to 27 percent food insecurity in 2011.

This increase can be attributed to a number of factors. The ongoing occupation of Palestine continues to restrict the free movement of people and goods, inhibiting trade and, therefore, the potential for sustainable economic growth. These macroeconomic issues translate into high unemployment rates and low wages, which, coupled with the increasing cost of living and unstable wages, directly impact households' access to food. While the SEFSec survey found that the delays of public sector salaries contributed to the rising food insecurity, had there been significant delays in social transfers, the impact could have been much greater.

The declining food security picture underscores the need for close collaboration, within the humanitarian and development community and with governmental authorities, to continue to address rising food insecurity. During 2012, a new Food Security Sector was formed, replacing the previous separate groups for food assistance, cash assistance and agriculture and designed to provide a more holistic and coherent approach to tackling food insecurity. The Palestinian Authority (PA) and other major assistance providers have also improved their targeting mechanisms, ensuring that assistance is channelled to those areas, groups, and households with the greatest need. Yet such efforts are not sufficient to address the rising food insecurity: more must be done in terms of advocacy to ensure that the basic conditions for long-term sustainable economic growth are met, while, in the short-term, the international community must continue to provide assistance as a buffer against the growing food needs.

Ola Awad
President of PCBS

Felipe Sanchez
Director of UNRWA Operations, West Bank

Robert Turner
Director of UNRWA Operations, Gaza Strip

Cyril Ferrand
Head of Office, FAO

Pablo Recalde
Representative, WFP

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A child poses for a photo after two animal shelters were demolished in the West Bank village of Arab al kurshan.

UNRWA/Alaa Ghosheh

Executive Summary

1. Background

The 2012 edition of the Socio-Economic and Food Security (SEFSec) survey is the fourth in an annual series conducted by a consortium consisting of the Palestinian Authority via the Palestinian Central Bureau of Statistics (PCBS), the Food and Agriculture Organization of the United Nations (FAO), the United Nations Relief and Works Agency for Palestine Refugees (UNRWA) and the World Food Programme (WFP).

Building on previous assessments, the SEFSec primarily estimates food security as a function of economic access to food. Food insecurity is therefore intrinsically correlated with poverty and its root economic causes in the State of Palestine, most of which stem from the continued constraints imposed on the local economy by the occupation and blockade.

The 2012 SEFSec data was collected over a total of 8,359 households between December 2012 and January 2013 (data collection was delayed in the Gaza Strip due to the November 2012 escalation of violence);the survey's reference period corresponds to the second half of 2012.

2. Food Insecurity in the State of Palestine

The results of the 2012 survey depict a harsh situation. Overall, 34 percent of Palestinian households – approximately 1.57 million individuals – were found to be food insecure in 2012.[1] This level is seven percentage points higher than the 2011 figures, this represents an almost complete reversal of the progressive improvements in food security reported since 2009.

Overall, the surge in food insecurity mainly reflects the deterioration of socio-economic conditions in both the West Bank and the Gaza Strip (increasing unemployment and contracting purchasing power), resulting from the combination of sustained economic constraints and of the shock generated by the PA fiscal crisis in late 2012.[2] Indeed, even though all public wages delayed during the second half of 2012 were ultimately paid, the survey noted a strong correlation between the uncertainty around the payment schedule and a significant reduction in the consumption levels of many public servants, particularly in the Gaza Strip.

The 2012 trends differed significantly in the West Bank and in the Gaza Strip. While in both regions the SEFSec estimates show a sharp drop in the share of households categorized as food secure, the 'absorption' of these households into the lower categories diverges between the two regions. In the West Bank, the 'marginally secure' and 'vulnerable' groups expanded, thus limiting the increase of the 'food insecure' group to two percentage points. This pattern seems to be due to the ability of the West Bank population to further rely on various coping strategies (an assumption confirmed by the wider support provided by friends and relatives in 2012). By 2012, an estimated 19 percent of households were assessed as food insecure in the West Bank.

In the Gaza Strip, the collapse of the food secure group directly corresponded to an increase in the food insecure category which soared, from 44 percent of households in 2011, to an alarming 57 percent in 2012. As in the previous three years, the vast majority

1 An additional 16 percent of Palestinian households were found to be vulnerable to food insecurity, 26 percent marginally food secure and 25 percent food secure.

2 See IMF *Recent Experience and Prospects of the Economy of the West Bank and Gaza; Staff Report Prepared for the Meeting of the Ad Hoc Liaison Committee*, Brussels, March 19, 2013. Unpaid wages to employees and accumulated debts to private vendors totalled USD 483 million at the end of 2012; the remaining portion of wages that were unpaid as of the end of 2012 were paid in the first quarter of 2013.

of households in Gaza reported relying heavily on coping strategies. This suggests that, unlike in the West Bank, households in the Gaza Strip have not been able to further expand their coping capacity and have been directly hit by a range of deteriorating conditions and shocks which, to a large extent, also affected the West Bank. The disturbingly high levels of food insecurity in the Gaza Strip can be explained primarily by the prolonged blockade, which continues to prevent any meaningful recovery of the local productive economy.

In both the West Bank and Gaza Strip, the growth in food insecurity rates was particularly concentrated in the middle and southern governorates, in refugee camps and among refugees[3]. It is also noteworthy that in the West Bank, the gap in food insecurity rates, between Area C versus Areas A and B, has shrunk to an insignificant level in 2012 – with food insecurity actually decreasing in Area C. The reasons for this include the greater relative impact on PA salaries in Areas A and B, and increased levels of work in Israel and settlements in Area C. In addition, gender disaggregated results for the Gaza Strip indicate external assistance has led to a drop in food insecurity among female-headed households to a level lower than that of male-headed households (this is not the case in the West Bank).

The food consumption analysis shows that Palestinian households spent 50 percent of their cash income on food in 2012, an increase from 47 percent in 2011. This ratio reached as high as 55 percent among the food insecure for both regions. The 2012 SEFSec results also indicate a deterioration of the food consumption score in the Gaza Strip, which contrasts with an improving trend in the West Bank. In 2012, 18 percent of West Bank households reported 'poor or borderline' food consumption scores, against 29 percent in the Gaza Strip.

3 In the West Bank, 24 percent of refugees reside in camps, while, in the Gaza Strip the figure is 43 percent. Source: Registration Statistical Bulletin 2011, UNRWA internal publication.

The general reliance on coping strategies remains higher in the Gaza Strip than in the West Bank. Yet in the West Bank, 77 percent of households reported resorting to one or more coping strategies during the second half of 2012, with purchasing food on credit being the most frequently chosen option, followed by a reduction in the variety and cost of food consumed and by the consumption of stored food. By comparison, in the Gaza Strip, the share of households that reported resorting to one or more coping strategy reached 89 percent. Borrowing from relatives and friends, purchasing lower quality of food and reducing the number of daily meals, were identified as the three most frequently used strategies to manage economic hardship in Gaza.

A profiling analysis indicates that, on the whole, food insecure households tend to be larger families, with higher ratios of cash expenditure on food and lower food consumption scores. Both in the West Bank and in the Gaza Strip they tend to have less access to employment overall and, those that are employed, tend to work fewer hours and more irregularly. This suggests that, given its temporary nature as seen in 2012, employment is no longer a protection against food insecurity in Palestine. Food insecure households are also characterized by other vulnerabilities, such as high prevalence of disability and chronic illnesses.

A specific analysis of the scale, value and impact of assistance, indicates a noticeable reduction in the coverage of assistance, mainly in the Gaza Strip. An estimated 74 percent of Palestinian households reported receiving at least one form of assistance in 2012 in the Gaza Strip against 80 percent in 2011. Assistance remained generally stable in average value, at approximately US$ 87 per household per month. In the West Bank, support from friends and relatives was the main source of assistance, followed by PA Ministry of Social Affairs and UNRWA. By contrast, UNRWA was the most frequently reported source of assistance in the Gaza Strip, followed by relatives and friends and the Ministry of Social Affairs. Assistance providers struggled to maintain their ability to pull households out of the food insecure category; providers clearly could not keep pace with the rapidly increasing pre-assistance food insecurity rates and with the considerable deepening food insecurity gap – particularly in the Gaza Strip.

3. Recommendations

- **Lifting the blockade on Gaza and easing the West Bank access restrictions remain the most critical factors affecting food insecurity. Only by addressing the core drivers will food insecurity be sustainably addressed in Palestine.** Until the constraints of the occupation are lifted, the Palestinian economy will continue to suffer and prospects remain bleak for widespread economic revival and, thus, food insecurity, as an expression of poverty, is likely to remain pervasive.

- **All measures to revive the productive capacity of the Palestinian economy should be undertaken with a view to promote its ability to produce and export goods, including food.** Sustainability of economic growth depends largely on the capacity of the Palestinian economy to compete in global markets. Food security is ultimately driven by employment creation through private sector growth. More attention and resources should be invested in assuring that the productive sectors remain competitive. These aspects are critical towards food security in a society where there is still significant economic reliance on the agriculture and manufacturing sectors.

- **Budgetary support to the Palestinian Authority is critical in absence of the effective address of the blockade and access restrictions**. International assistance to the PA, as an employer and a provider of a social safety net, remains a critical pillar in containing food insecurity levels.

- **Develop interventions that restore and, whenever possible, reinforce existing household coping mechanisms**. Divergences in the way the West Bank and the Gaza Strip have been affected by comparable shocks in 2012 seem to be determined by differences in households' coping abilities.

- **In a context of rising food insecurity and limited financial resources, needs-based targeting should be further strengthened by major assistance providers including: governmental actors, INGOs, national organizations, and UN bodies.** Whereby traditional targeting may exclude the work force on the assumption that employment "sufficiently" reduces vulnerability, refined targeting should notably tackle the growing problem of the 'working food insecure' category.

- **Resourcing food, cash and agriculture assistance should aim to cover both the increasing breadth and depth of food insecurity in Palestine.** Despite these efforts, even with the most precise targeting, the gap between needs and available assistance is growing and current resources are insufficient to meet the full humanitarian assistance needs of the food insecure in Palestine. A response analysis framework, built on the consensus of food security sector members (both national and international), should be developed to harmonise the appropriate modalities for assistance to food insecure Palestinians.

I. Methodology

A herder in Zanuta, near the West Bank town of Yatta, pours water from a cistern into a trough for his flock to drink.

FAO/Marco Longari

I. Methodology

The SEFSec survey is part of a broader monitoring system in Palestine led by PCBS.[4] The purpose of the SEFSec is to identify changes in the food security conditions of Palestinian households. By annually monitoring key socio-economic and food-related indicators, it complements the, less frequent but more detailed, Palestinian Expenditure and Consumption Survey (PECS).[5]

As defined by FAO, "Food security exists when all people, 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".[6] In Palestine, food insecurity primarily stems from a lack of economic access to food, and as such is intrinsically correlated with poverty. Other equally important dimensions of food security – namely food availability, stability and utilization – are not used to generate the SEFSec food insecurity estimates, as they are generally less problematic in the current local context. Yet this should not exclude the fact that, given the continuing constraints on movement of goods, the risk of insufficient or unstable food supply remains high, particularly in the Gaza Strip (where the blockade has entered its seventh year) and in the West Bank seam zones (where access to farm land remains restricted).

The SEFSec methodology is presented in detail in Annex A. It combines income, consumption, and a set of seven vulnerability variables (including trends in food and non-food expenditures) to classify households across four categories: food insecure, vulnerable to food insecurity, marginally food secure and food secure. The methodology was first developed in 2007, and has been field-tested, reviewed and endorsed in 2009, as a standard food security assessment approach by the different stakeholders in Palestine.[7]

Similar to the SEFSec rounds in 2009, 2010 and 2011, the fourth SEFSec survey provides a 2012 update on a series of indicators, including:

- Household socioeconomic characteristics;
- Food security (food acquisition, dietary diversity, household food insecurity access scale);[8]
- Income and consumption patterns;
- Coping mechanisms; and,
- Assistance by type, value and source.

The 2012 SEFSec survey data was collected on a sample of 8,359 households (4,428 in the West Bank, 3,406 in the Gaza Strip). Data collection was delayed in the Gaza Strip due to the November 2012 escalation of violence, but ultimately took place from December 2012 to January 2013.[9]

The reference period for the survey covers six months preceding the interview, thus roughly the second half of 2012. As in the previous SEFSec rounds, the sample is representative at the following levels of disaggregation: gender, refugee status, governorate, locality type and, for the West Bank, Areas A/B and C.

4 PCBS is relying on 3 pillars for its National Statistical System: Census, Surveys and Administrative data. The SEFSec part of the survey pillar and the key indicators are to be mainstreamed in the PCBS National Monitoring System currently under development.
5 The PECS is the basis for the establishment of the Palestinian Poverty Lines. Given its length and cost it cannot be carried out on a yearly basis.
6 This definition is refined in The State of Food Insecurity 2001.
7 In addition to PCBS, FAO, UNRWA and WFP, the main food security sector members have been closely involved in the development of the household questionnaire.
8 Food acquisition includes: food purchased, self-production and gifts (both formal and informal assistance).
9 It is worth noting here that while no tangible correlation could be evidenced between the November escalation and the SEFSec estimates for the Gaza Strip, the possibility of a marginal 'psychological' bias cannot be completely disregarded (see Chapter 3.3).

The present report provides an analysis of the findings of the 2012 SEFSec survey with relevant comparisons to data available from the 2009, 2010 and 2011 SEFSec editions. Note that macro-economic data are extracted from secondary data sources.[10]

As in the SEFSec 2011 report, the cost of living in East Jerusalem is significantly greater than in the West Bank and the Gaza Strip and therefore cannot be accurately reflected using existing poverty methodologies. For this reason, PCBS is in the process of developing a new methodology to better reveal East Jerusalem's poverty levels. Until this is finalised and unless noted otherwise, references made to the West Bank in this report exclude East Jerusalem.

10 Secondary data is sourced mainly from the PCBS labour force survey and national accounts.

II. Socio-Economic Analysis

A Palestinian woman in Biddu, in the West Bank, is working at her family olive grove during the olive harvest season.

UNRWA/Alaa Ghosheh

II. Socio-Economic Analysis

The State of Palestine has been, and remains, subject to a set of specific constraints imposed by the occupying power that render the full utilization of human and economic resources impossible. The most important obstacles are: the inability to freely access most land and water resources in the country; the inability of free movement of people, goods and vehicles within and between different parts of the West Bank, East Jerusalem and the Gaza Strip; and the inability to freely and predictably access international markets for goods and services. The period since 2000, in particular, has been characterized by unprecedented macroeconomic crises, high rates of unemployment and poverty in Palestine.[11]

One main consequence of these restrictions has been slower economic growth. Another has been a distortion in the pattern of economic development, in which services account for a higher share of Gross Domestic Product (GDP) than was the case 15 years ago, while agriculture and manufacturing account for a much smaller share.

Food security has been fluctuating in Palestine due to a combination of weak agricultural production and unstable economic conditions. While a diverse range and satisfactory quantity of food commodities are generally available in local markets, the local demand is highly dependent on imported food staples. Access to food therefore depends fundamentally on income that, in the case of the vast majority of Palestinian households, is earned in the labour market. Thus socio-economic conditions in general, and labour market trends in particular, strongly affect levels of food security for the bulk of Palestinian households.

This chapter summarizes key developments in the economy and labour market of the State of Palestine in 2012. In general, macroeconomic growth has slowed considerably compared to 2011. In the context of robust population growth and particularly rapid growth in the working-age population, the labour market did not generate sufficient employment opportunities to avoid an increase in unemployment (especially among refugees, youth and women). In parallel, rising prices and decreasing real wages have further diminished workers' purchasing power.

2.1 Macroeconomic Developments[12]

In 2012, the Palestinian economy grew by less than half the rate it achieved in 2011. As measured by GDP adjusted for inflation, overall growth in 2012 is estimated at 5.9 percent as compared to 12.2 percent in 2011. The West Bank GDP expanded by 5.6 percent in 2012 (10.4 percent in 2011), whereas GDP in Gaza grew by 6.6 percent in 2012, 11 percentage points lower compared to the previous year's growth rate.

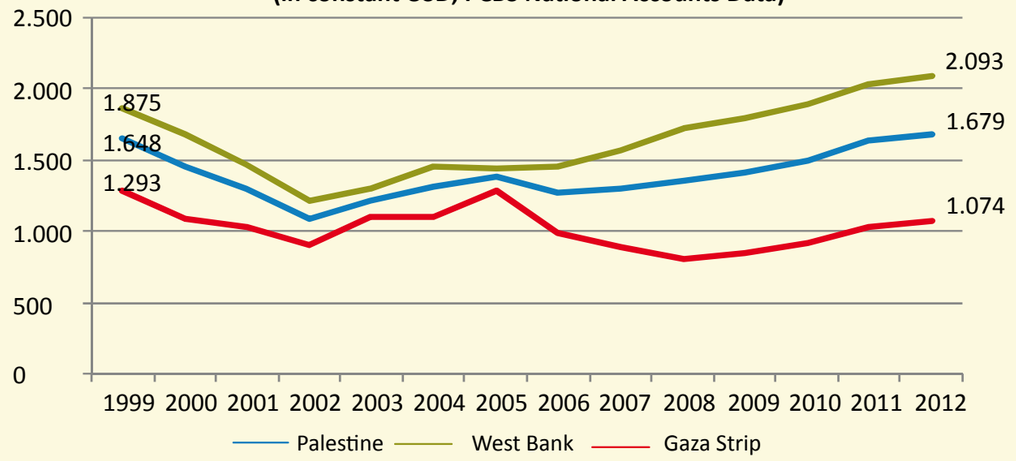
Per capita GDP – GDP divided by the total population – is considered a general measure of a country's level of living. In inflation-adjusted terms, per capita GDP in Palestine rose 2.7 percent in 2012 and is estimated at an annual USD 1,679 per person.[13] This trend is visible in the West Bank as well as in the Gaza Strip.

11 Numerous organizations have documented and reported on the Palestinian socio-economic crisis over the last thirteen years. At the level of multilateral organizations, see UNSCO *The Impact on the Palestinian Economy of Confrontations, Mobility Restrictions and Border Closures* series (2000-2002); World Bank *Four Years–Intifada, Closures and Palestinian Economic Crisis: An Assessment* (October 2004); UNCTAD *The Palestinian War-Torn Economy: Aid, Development and State Formation* (2006); World Bank *Coping with conflict? Poverty and inclusion in the West Bank and Gaza* (2011). For a more recent example on the longer term effects of the crisis, see World Bank *Fiscal Challenges and Long Term Economic Costs; Economic Monitoring Report to the Ad Hoc Liaison Committee*, March 19, 2013. For this reason, 1999 is included throughout this section as a reference year, and many of the tables presented cover from 1999 onwards.

12 Unless otherwise noted, all statistics in this section are sourced from the Palestinian Central Bureau of Statistics (PCBS) National Accounts. Figures for 2012 are based on preliminary estimates.

13 To eliminate the distorting effects of inflation, GDP and GDP per capita are presented in constant USD with 2004 as the base year. All national income data are from the PCBS.

Figure 1: Trends in real GDP per capita (in constant USD; PCBS National Accounts Data)



Due to severe fiscal constraints, the public sector in Palestine did not contribute significantly to GDP growth in 2012. As external budgetary assistance for recurrent expenditure – used to pay public sector salaries and social transfers – declined from USD 1.1 billion in 2010 to USD 774 million in 2012 (a 30 percent reduction), government finances grew increasingly precarious. This forced the PA to increase borrowing from domestic banks in order to pay monthly salaries, which were disbursed on a delayed basis during the second half of the year.[14] The PA also accumulated unpaid bills with local vendors that provide goods and services to the public sector, thereby reducing liquidity in the local economy.[15] With restrained PA spending, the impetus provided by the public sector to the local economy subsided.

As a result, the private sector generated more than 80 percent of GDP growth in 2012; however, private sector growth decelerated in both the West Bank and Gaza Strip in 2012. Less than one-quarter of private sector growth was attributable to the most productive sectors of the economy such as agriculture, manufacturing, utilities and construction, with the bulk generated by service activities (including the informal sector).

This reinforced the trend that emerged after 2000, in which investments and activities in the productive sector, that have the potential to generate exports and sustainable employment, have declined in importance, while activities that produce locally-consumed services (including within the informal sector) have grown in prominence. At the same time, import growth was four times faster than export growth.[16] This is suggestive of a stagnant economy losing its capacity to produce and export goods, including food.

14 Public sector employee salaries for June were paid in two instalments in July, a pattern that was repeated every month through the end of the year. Information compiled by the Palestine Economic Policy Research Institute (MAS) based on unpublished information from the PA Ministry of Finance, undated.

15 See IMF *Recent Experience and Prospects of the Economy of the West Bank and Gaza; Staff Report Prepared for the Meeting of the Ad Hoc Liaison Committee*, Brussels, March 19, 2013. Unpaid wages to employees and accumulated debts to private vendors which totalled USD 483 million at the end of 2012; the remaining portion of wages that were unpaid as of the end of 2012 were paid in the first quarter of 2013.

16 Observers of the Palestinian economy have repeatedly noted that such a pattern of development cannot produce sufficient and sustainable employment in the long-term. For a recent example, see World Bank *Fiscal Challenges and Long Term Economic Costs; Economic Monitoring Report to the Ad Hoc Liaison Committee*, March 19, 2013.

Table 1: Palestinian Labour Market, 2012 [17]

	Labour Force	Employed	Unemployed	Unemployment Rates
State of Palestine	1,114,182	858,222	255,960	23%
West Bank	742,785	601,929	140,856	19%
Gaza Strip	371,397	256,293	115,104	31%
Men	894,384	710,736	183,648	21%
Women	219,798	147,486	72,311	33%
Non-Refugees	677,039	543,044	133,995	20%
Refugees	437,143	315,178	121,965	28%
Youth (15-24 years)	278,823	170,578	108,245	39%
Other Persons (25+ years)	835,359	687,644	147,715	18%

This trend is shown above with the evolution of GDP per capita between 1999 and 2012. The figure in 2012 is only 1.9 percent above its 1999 level[18] with a 16.9 percent decline of the GDP per capita in the Gaza Strip. This indicates that, while there have been gains in the past several years, general standards of living remain low compared to the beginning of the millennium.

Key factors behind the slowdown in output and income growth were the reduction of external assistance, the subsequent fiscal crisis, and the system of mobility restrictions on people and goods imposed by the Israeli authorities that hindered the optimal and maximum use of resources.[19] In the West Bank, movement obstacles remained significant with respect to Palestinian access to agricultural land and water supplies, basic elements of the local economy. In Gaza, the blockade continued to prevent any meaningful and sustainable recovery of the local productive economy.

2.2 Labour Market Developments[20]

A. Labour Force

The labour force in Palestine grew at a rate of almost 7 percent in 2012 as compared to 2011 – that is, there were almost 7 percent more people either working or actively seeking employment – despite the fact that the overall population only grew about 3 percent. Such rapid labour force expansion is a result of robust population growth and an increasing percentage of women and youth seeking work. There were, on average, about 68,000 more people in the labour force in 2012 compared to 2011, with about 34,400 new labour market entrants in the West Bank and 33,600 more in Gaza. Refugee labour force participation grew more rapidly than for non-refugees in this period.

B. Employment

Total employment in Palestine grew only about 4 percent in 2012 (including 3 percent in the West Bank and 6 percent in Gaza). In numbers, this translates into an increase of 31,000 jobs in contrast with the 83,000 new jobs created in 2011. The private sector contributed more than 70 percent of job gains while employment in Israel and settlements declined slightly. On a regional basis, employment in the West Bank grew by about 17,100 positions (3 percent), while in Gaza overall employment rose by about 13,900 (6 percent)[21].

The private sector accounted for the vast majority of new jobs in both the West Bank (more than 75 percent) and Gaza (68 percent) in 2012. But the activities generating employment in the West Bank were quite different than in Gaza. In the West Bank, agriculture and manufacturing accounted for more than 78 percent of private sector job growth while construction employment declined. As construction activity has been a barometer of future expectations, its decline in 2012 suggests a more pessimistic outlook for economic activity there. In Gaza, agricultural employment declined and manufacturing contributed to only 3 percent of new jobs. At the same time, construction accounted for 46 percent of new private sector jobs, followed by transport and communications with 29 percent, and private services contributing 21 percent.

FAO/Marco Longari

A worker arranges boxes of fresh crab in Gaza City's fish market.

UNRWA/Alaa Ghosheh

A job creation project in Wadi fukin in the West Bank is aimed to revamp the watering system in the village and create job opportunities for Palestinian refugees.

17 The absolute numbers in this table are calculated as averages of quarterly labour force data provided by PCBS. Youth labour force figures are estimations based on PCBS population projections and youth labour force participation rates.

18 In the West Bank, GDP per capita rose by about 11.6 percent during the 1999-2012 period, while Gaza declined 16.9 percent.

19 IMF estimates indicate that, had the State of Palestine not been subjected to Israeli-imposed restrictions in the period after 1994, the level of per capita GDP would have been between 50 and 100 percent greater than than in 2010.See IMF, *Macroeconomic and Fiscal Framework for the West Bank and Gaza: Seventh Review of Progress*, April 13, 2010, pp. 9-10.

20 Unless otherwise noted, all labour market data are from the Palestinian Central Bureau of Statistics (PCBS) labour force surveys for the four quarters of 2011 and the four quarters of 2012. All figures are rounded to the closest percent.

21 All employment gains in the Gaza Strip were recorded over the first half of 2012, when the local economy created approximately 22,200 jobs. By contrast, as many as 11,000 jobs were lost over the second half of the year (which corresponds to the SEFSec reference period).

C. Unemployment

Unemployment rates in Palestine increased in 2012 and remained among the highest in the region. The job growth of 31,000 was insufficient to absorb the labour force growth of 68,000, resulting in an increase of 37,000 unemployed persons. This raised the total number of unemployed in Palestine to 256,000 persons or 23 percent of the labour force, as compared to 21 percent in 2011.

Unemployment remained higher in the Gaza Strip than in the West Bank in 2012. The total number of unemployed in Gaza rose by 19,700, as the unemployment rate increased from 28.7 percent in 2011 to 31 percent in 2012. Total unemployed persons in the West Bank rose by about 17,300. The unemployment rate in the West Bank averaged 19 percent in 2012, rising from 17 percent in 2011.

Refugee unemployment rates remained substantially higher than non-refugees. Overall, the average unemployment rate for refugees was 28 percent as compared to 20 percent for non-refugees in 2012. In the West Bank, the rate for refugees was 23 percent as compared to 18 percent for non-refugees, while in Gaza the respective rates were 32 and 29 percent. Higher refugee unemployment rates have been a recurring feature of the Palestinian labour market.

In 2012 the total number of unemployed women rose by a disturbing 29 percent to an average of about 72,300 despite the increase of women's employment. In Palestine, 33 percent of women were unemployed compared to 28 percent in 2011 (10 percentage points higher than the Palestinian overall unemployment rate). The unemployment rate among women stood at 25 percent in the West Bank and 50 percent in the Gaza Strip. These results confirmed a trend that began in 2008 whereby women's labour force participation rates have been on the rise, as have their unemployment rates. Thus, women continued to increase their commitment to finding work outside the home even as such work has become more difficult to find. In 2012, women made up nearly one-fifth of the Palestinian labour force but accounted for only 17 percent of all employment.

Youth maintained the highest unemployment rates of any segment of the population. An increase in youth employment of less than 1 percent could not prevent a significant increase of its unemployment rate which rose to 39 percent in 2012. A total of about 108,245 young people, between the ages of 15-24, were unemployed in 2012 with about 57,275 in the West Bank and about 50,970 in Gaza. The youth unemployment rate averaged about 31 percent in 2012 (29 percent in 2011) in the West Bank and 55 percent in Gaza in 2012 (50 percent in 2011).

WFP/Quique Kierszenbaum

Beneficiary of a work programme shows a seedling that he will plant in the West Bank village of Bani Na'im.

D. Unemployment in Perspective

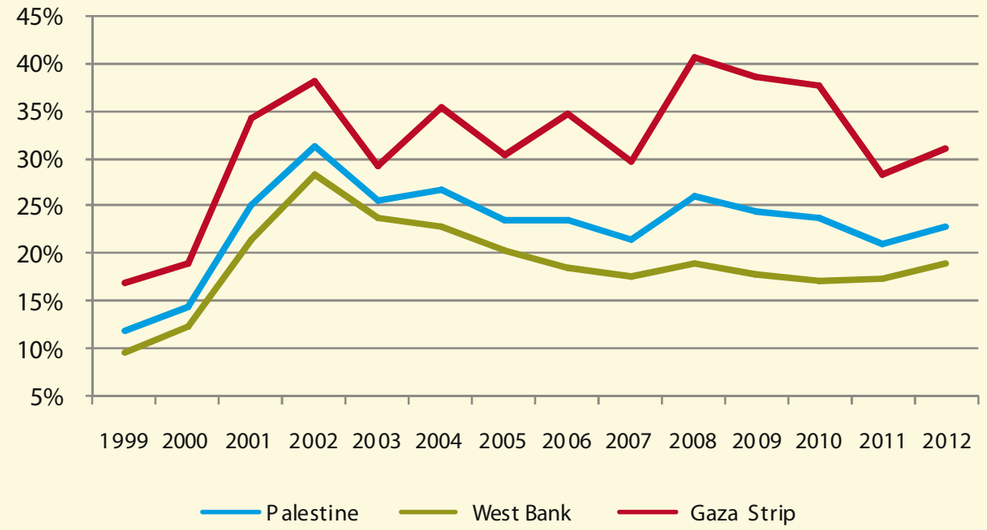
To put the unemployment crisis in the State of Palestine in perspective, it is necessary to compare the recent situation with the one prevailing before the Second Intifada and the imposition of tightened constraints on the local economy. In 1999, the overall Palestinian unemployment rate did not exceed 12 percent. By comparison, in the years since 2000, the average annual unemployment rate is estimated to be double that figure: 24 percent.

In the West Bank, the unemployment rate jumped from less than 10 percent in 1999 to an average of 18 percent during the 2000-2012 period. In Gaza, the unemployment rate rose from 17 percent in 1999 to an annual average of 33 percent since 2000.

It is important to reiterate that higher unemployment rates and lower economic growth rates are highly correlated with the closure and mobility restrictions imposed by the occupying power. Likewise, levels of household income, poverty and food security are also inextricably linked to such measures.

As a matter of comparison[22], the average unemployment rate in Palestine over the 2000-2012 period (24 percent) corresponded to about twice that of Egypt (10 percent) and Jordan (14 percent), and nearly three times that of Israel (8 percent), Syria (9 percent), Lebanon (8 percent) and the world average (9 percent). This hyper-unemployment [23] has disproportionately affected youth, women and refugees and has intensified the extent and depth of poverty and food insecurity.

Figure 2: Trends in unemployment rate per region, 1999-2012 (PCBS labour force data)



22 Sourced from the International Labour Organisation, *Key Indicators of the Labour Market* (http://laborsta.ilo.org) and from World Bank Development Indicators (http://databank.worldbank.org). All figures are rounded to the nearest percent and are calculated for the 2000-2011 period.

23 'Hyper-unemployment' refers to consistently above average unemployment rates, such as those experienced by Palestinians relative to people in neighbouring countries with similar demographic and cultural characteristics.

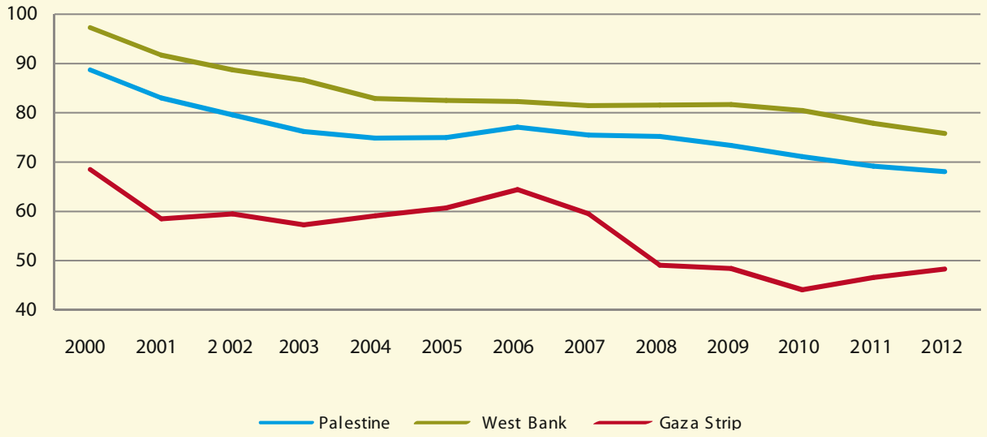
IMF staff estimated that, given current demographic and labour force participation trends, and ongoing Israeli mobility restrictions, a real GDP growth rate of 4.5 percent is required just to absorb anticipated new labour market entrants in 2013-2016. Current projections for economic growth are about 4 percent for this period. This suggests that, unless conditions improve in a significant way, there will be upward pressure on the Palestinian unemployment, poverty rates and food insecurity. The same projections indicate that to reduce the 2012 average unemployment rate by half would require an average annual real GDP growth rate of 7.25 percent during 2012-2016[24].

2.3 Wages and Prices[25]

Inflation-adjusted wages for people employed in Palestine continued to decline with an average loss of 2.1 percent in 2012. For employed refugees, the average loss was 3 percent while for non-refugees the decline was 0.9 percent. Developments in the West Bank account for the overall decline, as the purchasing power of the average monthly wage fell 4.9 percent and employment there constitutes more than 70 percent of all employment in Palestine. By contrast, the average monthly wage in Gaza increased 4.3 percent in 2012.

From a longer-term perspective, average real wages have declined in the new millennium for workers in both the West Bank and Gaza. Using 1999 as the base year, the real daily wage in the West Bank declined by 5 percent in 2012, while in Gaza it fell by 14.5 percent. This suggests that even employed people have, on average, seen a decline in their standards of living, as measured by the purchasing power of average daily wages. Given the relatively high levels of poverty, the decline in real wages has likely increased the numbers of working poor, especially in the Gaza Strip.[26] Under such conditions, a job does not necessarily protect a household from poverty or food insecurity.

Figure 3: Real average daily wage in Palestine, 2000-2012 (PCBS labour force data)



24 Udo Kock, Mariusz Sumlinski, and Hania Qassis, *West Bank and Gaza: Labor Market Trends, Growth and Unemployment, December 2012,* p. 6. These projections assume no increase in real wages. To achieve these unemployment reductions and raise the purchasing power of wages would require even higher real GDP growth rates combined with productivity increases on the part of working people. Such productivity increase would require higher levels of capital investment in production and service processes.

25 Unless otherwise noted, all statistics in this section are sourced from the Palestinian Central Bureau of Statistics (PCBS) Labour Force Surveys and Price Bulletins.

26 In 2011, PCBS estimated that 22 percent of working Palestinians were poor, 16 percent in the West Bank and 35 percent in Gaza. See "On the occasion of May First, International Workers Day," press release, 30 April 2012.

The consumer price index (CPI) in Palestine as a whole rose 3 percent in 2012 compared to 2011. Food price inflation was 2.3 percent. West Bank consumer inflation was substantially faster than in Gaza, with the overall CPI rising 4.3 percent and food prices rising 2.6 percent on average. In Gaza the general CPI rose only 0.5 percent with food prices rising 0.6 percent. In other words, food price inflation lagged behind general price inflation in the West Bank, while food prices grew faster than general consumer prices in Gaza. Given that food accounts for an average of 50 percent of household expenditures, above average inflation on food has a disproportionate impact on household budgets and, therefore, on food security. This is especially true for poorer households that spend an above average share of their expenditure on food.

It is noteworthy that the food costs generally grew faster than the costs of other household needs during the period between 1999 and 2012. Consumer price data in the table below indicate that food prices grew by 68 percent while the overall consumer price level grew at a rate of 61 percent. In the West Bank, food prices grew about the same as consumer prices in general, but in Gaza food costs increased considerably faster than overall prices. This imposed added burdens on food insecure households for which food accounts for a larger share of all household expenditures.

Table 2: Prices of Major Groups of Expenditures by Region

	Index Number	Index Number	Cumulative Inflation
Palestine	**1999**	**2012**	**Rate**
Food	90.15	151.25	68%
Clothing	96.71	115.66	20%
Housing	76.8	136.10	77%
All items of consumer price index	**84.54**	**136.40**	**61%**
West Bank (excluding East Jerusalem)			
Food	91.13	149.25	64%
Clothing	96.92	108.31	12%
Housing	73.28	145.96	99%
All items of consumer price index	**82.94**	**136.51**	**65%**
Gaza			
Food	89.63	149.46	67%
Clothing	110.74	106.03	-4%
Housing	85.72	130.59	52%
All items of consumer price index	**90.91**	**133.19**	**47%**

III. Estimates of Household Food Security levels

A family in Gaza prepares fresh bread using the wheat flour they've received as part of their emergency food ration.

WFP/Eman Mohammed

III. Estimates of Household Food Security Levels

3.1 Palestine Food Security Levels

In 2012, 34 percent of households in Palestine (1.57 million people) were food insecure, an additional 16 percent of the households were vulnerable to food insecurity, 26 percent were marginally food secure and 25 percent were food secure.[27]

The steady improvement of the food security situation in Palestine since 2009 was reversed in 2012. Food insecurity rose dramatically, increasing by 7 percentage points to 34 percent, bringing it close to the 2009 level of 36 percent. This suggests that the incremental improvement in food security since 2009 is being eroded.

This disturbing observation is confirmed when looking at the percentages of households vulnerable to food insecurity and those in the marginally food secure category. Both of these categories have witnessed an increase compared to 2011, even though the number of food secure households has dropped drastically by 12 percentage points. These figures suggest that Palestinian society as a whole has seen a reduction in food security. Moreover, for the first time since 2009, the share of the food insecure (which is now one-third of all Palestinian households) is larger than that of the food secure.

Figure 4: Household food security levels in the State of Palestine, 2009-2012[28]

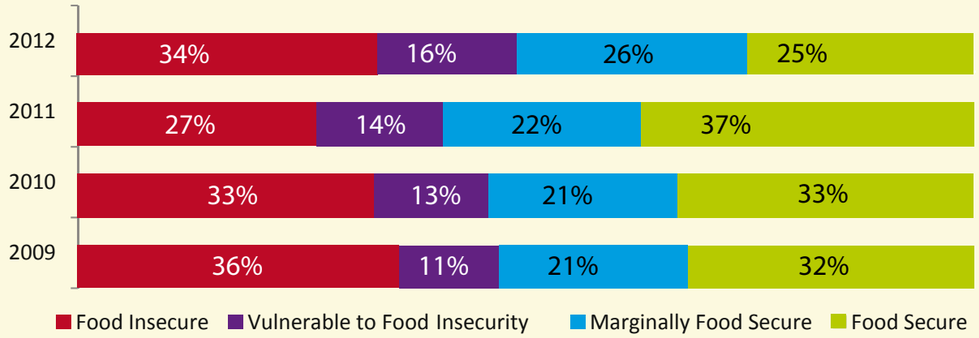


Table 3: Population Food Security Levels in Palestine 2009-2012[29]

Palestine	2009	2010	2011	2012
Food insecure	1,553,225	1,454,772	1,258,592	1,566,214
Vulnerable to food insecurity	428,186	496,841	581,477	659,487
Marginally food secure	743,530	774,427	760,917	999,061
Food secure	977,277	1,085,063	1,326,063	866,561
Total	3,702,218	3,811,103	3,927,049	4,091,323

27 The SEFSec is a household survey. Levels of food security therefore always refer to household figures. However, the absolute number of food insecure was calculated by summing up the number of individuals, which better reflects the larger household sizes among food insecure households. The same methodology is used for absolute figures by regions and refugee/non-refugee data.
28 The figures presented in this chapter's diagrams are rounded to the closest whole number, which in some cases means that annual summations do not equal 100 percent.
29 Head counts excluding East Jerusalem.

As explained in Chapter 2, the combination of ongoing economic constraints and PA budgetary retrenchment has generated a macroeconomic slowdown, real income decline and increasing unemployment in 2012. These factors, combined with higher food and other price increases, have led to a worsening of the economic access to food, thus driving an overall drop in food security and a surge in food insecurity.

Moreover, the delays in PA salary payments over the second half of 2012 appear as one major driver of food insecurity in 2012, particularly in the Gaza Strip. Indeed, while all PA wages due in 2012 were ultimately paid, the uncertainty regarding the payment schedule seems to have pushed most public employees to temporarily cut down on their expenditures during the survey's reference period.[30]

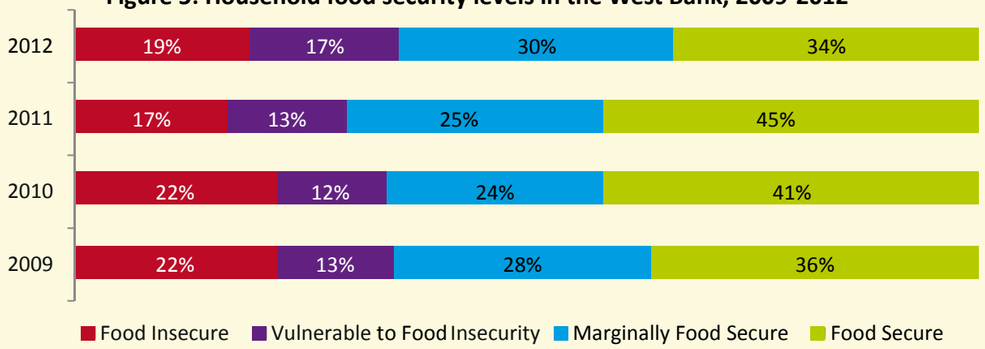
It should be noted that the food security situation in Palestine is not homogeneous. Food security levels and trends strongly differ between regions and among different subsectors of the population. In the following chapters the food security figures are assessed by sub-regions or groups, in order to better analyze the situation, causes, and needs of food insecurity in Palestine.

3.2 West Bank Food Security Levels[31]

In the West Bank, the trend analysis shows that food security in 2012 was down below its 2009 levels, cancelling the improvements of 2010 and 2011. The considerable decrease in food security in 2012 was softened by the absorption of more households into the 'vulnerable to food insecurity' group and the 'marginally food secure' group, thus avoiding a sharp increase in the food insecure category. This indicates that the West Bank still shows some resilience to the more difficult living conditions, but paints a gloomy picture for the future if conditions do not change, as more households may slip further into food insecurity. Overall, the share of food insecure households grew by two percentage points, from 17 percent in 2011 up to 19 percent in 2012.

When looking at food security among the population instead of households, we observe a similar trend: a sharp decrease in the number of food secure persons who were absorbed almost completely by the 'vulnerable to food insecurity' and'marginally food secure' groups. Yet, the number of food insecure individuals increased by an estimated 47,500 between 2011 and 2012.

Figure 5: Household food security levels in the West Bank, 2009-2012



30 See Chapter 2 for more details on the impact of the PA fiscal crisis on public wage payments.
31 The West Bank figures exclude the population of East Jerusalem because the SEFSec methodology cannot account for the higher cost of living in the annexed areas of East Jerusalem (see Chapter 1).

Table 4: Population Food Security Levels in the West Bank 2009-2012[32]

West Bank	2009	2010	2011	2012
Food insecure	566,424	566,895	474,652	522,094
Vulnerable to food insecurity	306,980	303,514	322,423	440,510
Marginally food secure	646,470	553,184	545,898	728,317
Food secure	695,529	852,389	995,385	730,507
Total	**2,215,403**	**2,275,982**	**2,338,358**	**2,421,428**

The livelihood shocks, provoking the slide downward from the food secure to the lower categories in the West Bank, remain largely similar to those identified at the national level and presented in Chapter 2: deteriorating socio-economic conditions due to the continued constraints imposed on the local economy and the PA fiscal crisis. Additionally, West Bank households not only faced increasing unemployment in 2012, but also rapid inflation and, unlike in the Gaza Strip, a drop in real wages.

These shocks have primarily affected the more affluent households in the West Bank; and while households in the 'vulnerable to food insecurity' and 'marginally secure' categories may also have been hit, they seem to have resorted to relatively efficient coping mechanisms.[33] Analysis in Chapter 7.3 indicates social networks are the main and growing source of financial and in-kind support in the West Bank (more than institutional assistance). While not the case in the Gaza Strip, such a form of support remains possible in the West Bank due to the relatively wider distribution of income and the more irregular frequency and severity of shocks.

WFP / Quique Kierszenbaum

In her house in the town of Yatta in the West Bank, a mother eats together with her children. She's able to purchase healthy and nutritious food in a local shop by using an electronic food voucher.

32 Figures exclude East Jerusalem

33 This analysis is based on household distribution across the various food security categories. See Chapter 7 for a complementary analysis of the food insecurity consumption gap.

3.3 Gaza Strip Food Security Levels

In 2012, food security levels have collapsed in Gaza, with a 13 point decrease in the percentage of food secure households compared to 2011 (a 57 percent decrease in relative terms). This means that only one in ten households in Gaza is now food secure. Unlike the West Bank, this decrease in food security could not be absorbed by the 'vulnerable to food insecurity' and 'marginally food secure' groups. In fact, it directly resulted in a surge in the 'food insecure' category. This indicates that society in Gaza has little to no resilience left against socio-economic shocks.

When expressed in individuals, the SEFSec estimates a drop in the food secure category by as many as 194,500 persons, translated, at the lower end of the food security spectrum, in a growth of the food insecure group by more than 260,000 individuals.

The root causes for the worsening food security situation in the Gaza Strip seem to be similar to those affecting the socioeconomic conditions for the entire State of Palestine. The blockade – now in its seventh year – continues to confine production and employment into the least productive sectors of the economy. As a result, not only has unemployment increased in 2012, but the types of jobs created by the few dynamic sectors cannot protect from food insecurity. The resulting emerging trend in Gaza is a growing category of working food insecure, which has been considerably worsened in 2012 by the delays in PA wage payments and by the exhaustion of coping mechanisms on which 89 percent of households in Gaza continue to rely heavily.[34]

Figure 6: Household food security levels in the Gaza Strip, 2009-2012

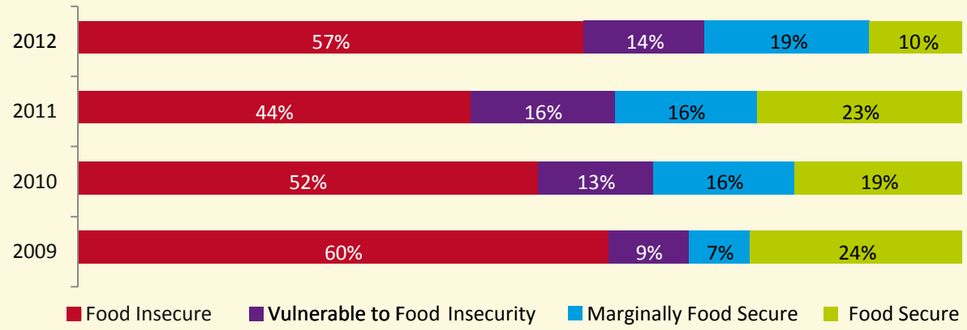


Table 5: Population Food Security Levels in the Gaza Strip 2009-2012

Gaza Strip	2009	2010	2011	2012
Food insecure	986,801	887,877	783,940	1,044,120
Vulnerable to food insecurity	121,206	193,327	259,054	218,977
Marginally food secure	97,060	221,243	215,019	270,744
Food secure	281,748	232,674	330,678	136,054
Total	**1,486,815**	**1,535,121**	**1,588,691**	**1,669,895**

34 For an analysis of coping strategies see Chapter 5.

Many of the jobs generated were either insufficiently paid or corresponded to irregular employment, thus not allowing workers and their families to move out of the food insecure category. In 2012, the construction sector represented approximately half of new job creation in the Gaza Strip, yet food insecurity among households where at least one member worked in the construction sector continued to soar to unprecedented levels, from 63 percent in 2011 to 75 percent in 2012.[35] The service sector did not fare much better: food security dropped from 24 to only 7 percent among households having at least one member employed in 'services and sales'. However, the sectors that did not create jobs in 2012 – such as agriculture and manufacturing – are those where food insecurity actually improved.[36] This demonstrates the linkage between productive sectors and food security. The lack of dynamism in productive sectors comes as a missed opportunity and once again demonstrates the absolute necessity to lift the blockade to meaningfully and sustainably improve food security in the Gaza Strip.

One of the major factors affecting the food security situation in the Gaza Strip in 2012 was the delay in PA salary payments. Indeed, while PA public servants and their families remained relatively protected from food insecurity until 2011, in 2012 the postponement of wage payments forced them to considerably reduce their consumption. As a result, households with at least one PA employee experienced a sharp fall in food security rates – from 41 to 19 percent – and a parallel surge in food insecurity prevalence – from 19 to 34 percent. Such a rise in food insecurity is not only larger in percentage points and in relative terms than the one reported for the entire population of the Gaza Strip, but also affects approximately 34 percent of all households in the region.

WFP/Eman Mohammed

Women in Gaza using wheat flour they've received together with their emergency food ration.

35 This trend is largely explained by the change in the nature of construction jobs. Within the group of food insecure households having at least one person working in construction, the type of construction jobs held has shifted from those that require specialized skills ('craft and related trade workers') towards more casual and unskilled employment ('elementary occupation'). This is further complemented by a noticeable increase in the share of part-time or under-employed persons among the food insecure construction workers, a drift that can be associated to lower and more irregular wages.

36 Food insecurity prevalence among households reporting agricultural income decreased from 77 percent in 2011 to 63 percent in 2012, while the same rate dropped from 62 to 49 percent among households reporting income from manufacturing jobs. As explained in Chapter 1, the reference period for SEFSec 2012 differs from that of SEFSec 2011, and so the trends in agriculture may partly be influenced by seasonal patterns.

One caveat that should be considered when analyzing the Gaza-specific SEFSec survey results is that data collection took place in the months following the November 2012 escalation of violence. Several tests were performed to assess whether estimates had been biased because of the week of violence, but no tangible reduction in income or consumption could be attributed to the escalation.[37] However, the possibility of a *marginal* and *non-measurable* 'psychological bias' cannot be completely disregarded.

3.4 Food Security Levels by Sub-Region

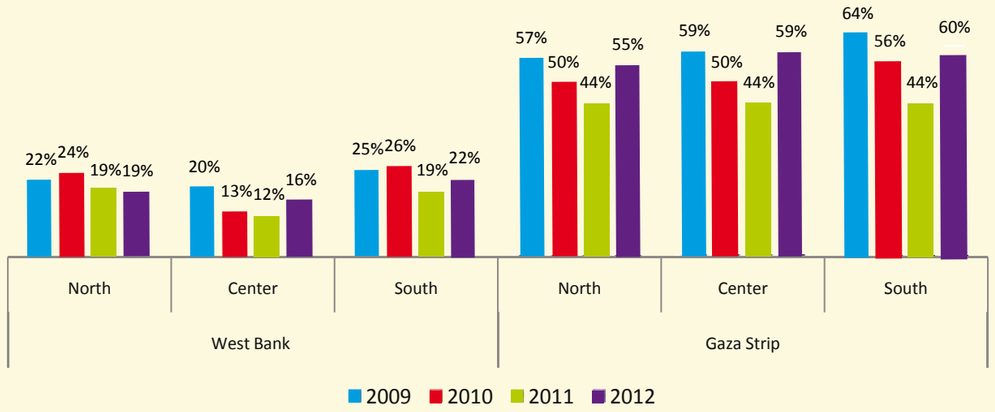
Across all sub-regions, food insecurity rates remained consistently higher in the Gaza Strip than in the West Bank over the 2009 to 2012 period.

In the West Bank, the 2012 deterioration in food security levels occurred mostly in the central and southern sub-regions, where food insecurity levels rose by 4 and 3 percentage points respectively. Food insecurity estimates did not fluctuate in the northern West Bank. This stronger resilience may be attributable to the northern West Bank households relying more on agricultural and livestock production (46 percent of West Bank households own agricultural land and 47 percent of those owning livestock are located in the North), and have access to a wider range of income sources.

In the Gaza Strip, food insecurity prevalence in all sub-regions jumped from a similar 44 percent in 2011 to drastically higher rates in 2012 – almost reverting to their 2009 levels. The northern Gaza Strip experienced the region's most limited increase in food insecurity rates (11 percentage points), while the southern sub-region experienced the most severe deterioration (16 percentage points).

Over the last four years, the southern Gaza Strip results as the Palestinian sub-region with the more pronounced volatility: the harsh deterioration reported in 2012 comes after three years of successive and significant reductions in the share of food insecure households. Such volatility seems to be largely correlated with the level of tunnel trade activity at the Egyptian border. Indeed, sectors which have locally been fuelled by the 'tunnel economy' over the 2009-2011 period, such as transport, commerce and construction, have now become less lucrative. For instance, between 2011 and 2012, food insecurity grew from 37 to 62 percent among households depending on trade in the Rafah governorate. This pushed food insecure workers in the area to resort to a number of coping strategies, including switching back to agriculture labour, doubling the share of income from remittances or borrowing from friends and relatives.

Figure 7: Sub-Regional Food Insecurity Levels, 2009-2012



37 Due to the timing of the survey, a portion of the Gaza questionnaires included a reference period for income that covered the November 2012 escalation of violence. When this portion of the questionnaires was compared against the portion of the sample where the reference period did not cover the week of the escalation, there was no clear pattern that could be identified in the responses related to income.

3.5 Food Security Levels by Locality Type

When disaggregated by locality type, the SEFSec results are comparable in the West Bank and the Gaza Strip, with the rise in food insecurity being primarily driven by the urban areas and, in particular, by refugee camps.[38] The trend is significantly more pronounced in the Gaza Strip.

In the West Bank, food insecurity levels in rural areas remained virtually stable in 2012 as compared to 2011. This is largely consistent with the sub-regional analysis identifying the northern West Bank, an area characterized by agricultural and livestock production, as insulated from the surge in food insecurity. It is therefore an indication that agriculture has somehow dampened the effects of the deteriorating socioeconomic environment in the West Bank. As presented in Chapter 2, agriculture has been a driving sector in the region in terms of job creation in 2012.

The 2012 growth in food insecurity in the West Bank is exclusively concentrated in urban areas, and more acutely felt in refugee camps—both locality types now facing higher food insecurity than rural areas. The urban and camp populations were hit more harshly by the rise in unemployment (particularly job losses in the construction sector), delays in public wages, and inflation for food and non-food prices over the year.

More specifically, the West Bank refugee camps witnessed a steep increase in food insecurity over the past years, from 25 percent in 2009 to 35 percent in 2012 (well above the level recorded for other locality types). As far as the 2011-2012 evolution is concerned, the rise in camp food insecurity primarily reflects a drop in the coverage[39] and value of assistance from all sources provided to camp residents. Due to funding challenges, UNRWA had to implement a number of cutbacks in the value of emergency transfers (both in-kind food and cash transfers to cover non-food items) in late 2011 and early 2012, yet the coverage of its regular interventions remained unchanged.

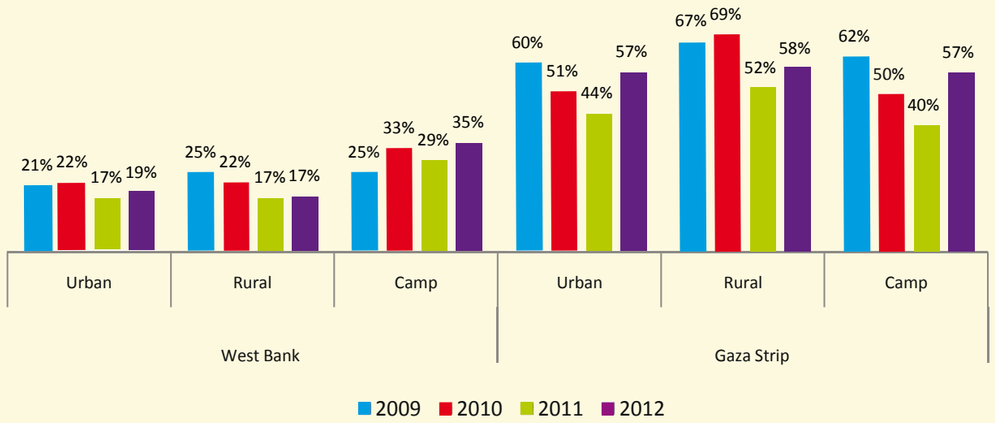
FAO/Marco Longari

Farmers in the Jordan Valley village of Furush Beit Dajan package cucumbers harvested from their greenhouses.

38 In the West Bank, 24 percent of refugees reside in camps, while in the Gaza Strip the figure is 43 percent. Source: Registration Statistical Bulletin 2011Registration bulletin, UNRWA internal publication.

39 The percentage of households receiving at least one form of assistance in West Bank camps decreased from 42 percent in 2011 to 29 percent in 2012.

Figure 8: Food Insecurity Levels by Locality, 2009-2012



The changes reported in the Gaza Strip are comparable, yet more dramatic in scale. While they reflect a larger surge in food insecurity among urban areas and refugee camps than in rural areas, the 2012 results also show an alignment of food security levels across locality types. Noticeably, the comparative gains in food security that had been accumulated in urban areas and camps over 2009-2011 have been reversed in 2012. A more detailed analysis suggests that these patterns are only marginally influenced by changes in assistance[40] and remain primarily driven by macroeconomic factors, including the continuing shift of the Gaza economy towards the least productive sectors, the steep increase in unemployment and the public wage crisis.

3.6 Food Security Levels for Head of Household by Gender

Female-headed households represent 9 percent of households in the West Bank and 8 percent in the Gaza Strip, according to the 2012 SEFSec data. These are mainly headed by widowed women, who declare themselves as primary income earners – although they are predominantly unemployed[41] – and are on average between 54 to 66 years old. Their food insecurity level reached 36 percent in 2012, as opposed to 33 percent among other households.

In both the West Bank and the Gaza Strip, female-headed households benefited from a higher share and value of assistance from all sources[42]. This resulted in assistance pulling down food insecurity rates by as much as 19 percentage points (from 54 to 36 percent), against 3 percentage points for other households.

Patterns in the West Bank are similar to national trends, with assistance pulling down female-headed household's food insecurity levels to a level slightly above that of other households (6 percentage points higher).

In the Gaza Strip; however, the prioritization of assistance of all kinds towards female-headed households in 2012 resulted in a drop in their food insecurity rate of 2 percentage points below the level estimated for the rest of the population. An estimated 90 percent of female-headed households received assistance in the Gaza Strip[43], for an average monthly transfer value of US$ 108.

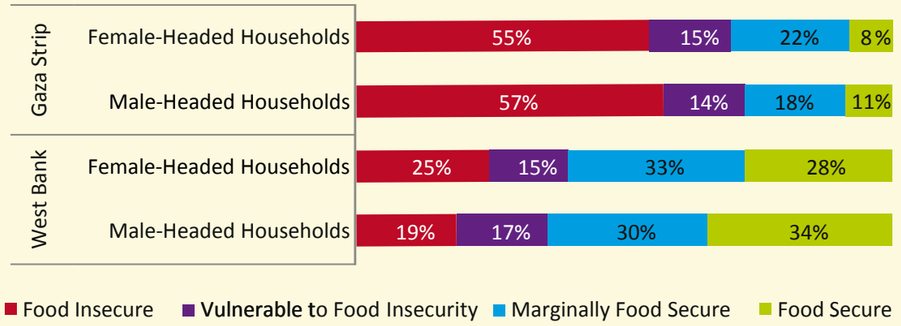
40 In the Gaza Strip, the impact of assistance on food insecurity rates slightly receded in urban areas and camps in 2012, but increased significantly in rural areas.

41 While women are estimated to comprise 49 percent of the total Palestinian population, only 17.9 percent of women participate in the labour force. Sources: PCBS February 2013 and World Bank *Fiscal Challenges and Long Term Economic Costs* March 2013.

42 Female-headed households received a monthly average of US$ 131 in assistance in 2012, while other households received an average of US$ 78.

43 By comparison, Chapter 7 indicates that an estimated 74 percent of households in the Gaza Strip received some form of assistance in 2012.

Figure 9: Household food security levels by gender and head of households, 2012



Nonetheless, pre-assistance food insecurity rates among female-headed households in Palestine remain disturbingly high: 54 percent overall, as opposed to 37 percent for other households. This highlights not only the continued difficulties women face in accessing the labor market and securing job opportunities, but also other structural issues , such as high economic dependency ratios, that characterize female-headed households.

3.7 Food Security Levels by Refugee Status[44]

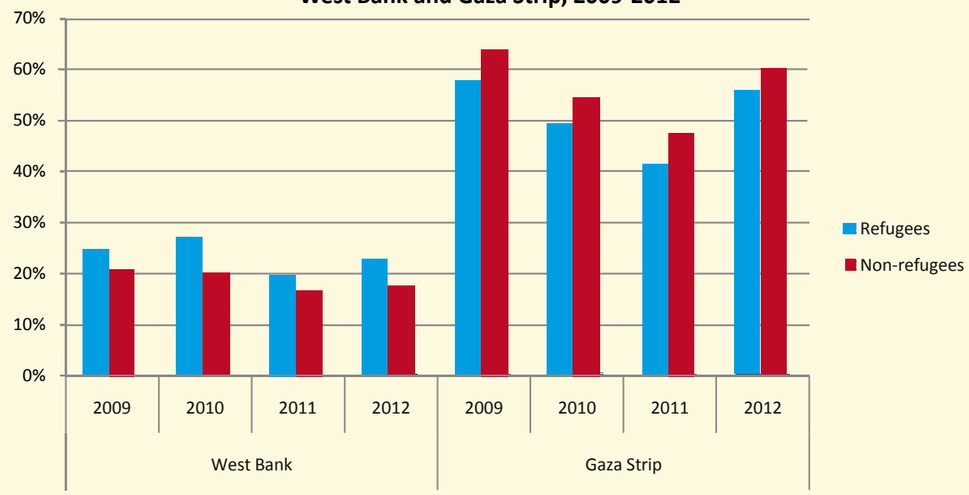
According to PCBS, in 2012, approximately 42 percent of the Palestinian population was comprised of Palestine refugees.[45] Refugees represented an estimated 27 percent of the population in the West Bank and 67 percent in the Gaza Strip.

In the West Bank, food insecurity levels have been consistently higher among refugees than among non-refugees over the 2009 to 2012 period, with an average difference of 5 percentage points. This was confirmed in 2012, when food insecurity rates reached 23 percent among refugee households, as opposed to 18 percent for non-refugee households. Such a gap is related to a large extent by the more difficult economic conditions faced by refugees in the region. As detailed in Chapter 2, refugees constantly face higher unemployment rates and lower wages than non-refugees in the West Bank. Reduced access to employment affects households' revenue and therefore access to food.

A comparative look at 2011 and 2012 West Bank estimates indicates that food insecurity has grown faster for refugees (by 3 percentage points) than for non-refugees (by 1 percentage point). Further statistical analysis suggests that this may partly be the result of a reduced volume of assistance from all sources due to financial constraints of main assistance providers, including UNRWA and MoSA, particularly in refugee camps (see Chapter 3.6).

44 For the purpose of this chapter, the SEFSec survey defines as 'refugee' any household headed by a registered Palestine refugee.
45 PCBS press release, "On the eve of international day of refugees," June 20th 2013.

Figure 10: Household Food Insecurity and Food Security Levels by Refugee and Non- Refugee West Bank and Gaza Strip, 2009-2012



Conversely, in the Gaza Strip, refugees have consistently shown lower food insecurity levels than their non-refugee counterparts (their food insecurity rates have on average been 5 percentage points lower over 2009-2012). This is despite both categories facing overall comparable unemployment levels over the four years, with refugee unemployment being even higher since mid-2010. In 2012, the refugee food insecurity rate reached 56 percent, against 60 percent among other residents.

Both refugee and non-refugee groups in the Gaza Strip were severely affected by the deterioration in socioeconomic conditions in 2012 and, in turn, faced heightened food insecurity levels. Yet the gap between both groups reduced slightly, from 6 to 4 percentage points. According to the SEFSec results, the narrowing of the gap is mainly due to pre-assistance food insecurity increasing faster among refugees.

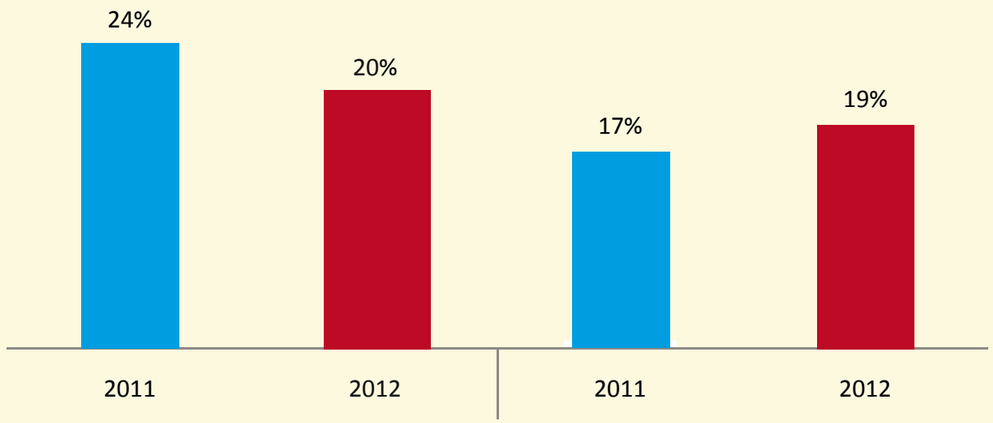
3.8 Food Security Levels by Areas A and B vs. Area C in the West Bank

When disaggregated by geographic zones, as defined by the Oslo Agreement (Areas A, B and C), the SEFSec results show an interesting pattern. In 2011, food insecurity levels were considerably higher in Area C than in Areas A/B, with a difference of 7 percentage points. However, in 2012, this gap narrowed to an insignificant level as a result of food insecurity rising in Areas A/B and actually decreasing in Area C. Detailed analysis suggests that the improvement trend reported for Area C cannot be attributed to changes in assistance levels.

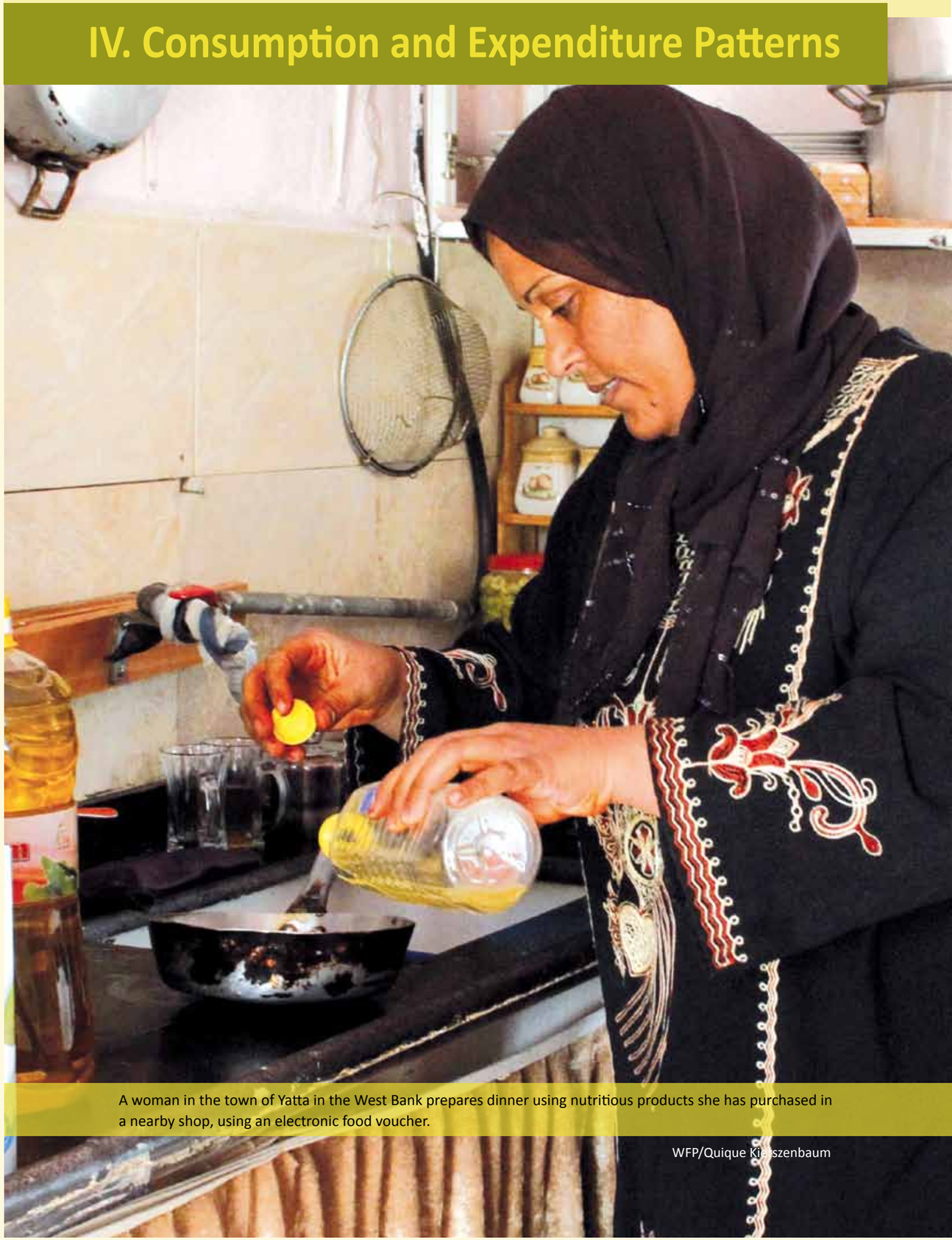
Food insecurity among Area C households dropped from 24 percent in 2011 to 20 percent in 2012. Over the last two quarters of 2012, the PCBS labour force survey for the West Bank shows employment growth in jobs in Israel and settlements of an estimated 6,500 people. Following labour force trends, the SEFSec data indicates that the share of Area C heads of households employed in Israel grew from 15 to 25 percent between 2011 and 2012. Employment in Israel

and settlements for Areas A/B heads of households is lower than Area C, at only 8 percent. The breakdown by food insecurity levels shows that 22 percent of Areas A/B food insecure heads of households are employed by the PA, against only 7 percent in Area C. Food insecurity is decreasing in Area C, as household heads are accessing employment in Israel and settlements, while food insecurity is increasing in Areas A/B with a larger proportion of heads of households employed in the PA and thus more affected by the West Bank socio-economic deterioration and public fiscal crisis. Figure 11 provides a summary of the comparison in labour force trends between Area C and Areas A/B heads of households.

Figure 11: Changes in Food Insecurity Levels in Area C and Areas A & B



IV. Consumption and Expenditure Patterns



A woman in the town of Yatta in the West Bank prepares dinner using nutritious products she has purchased in a nearby shop, using an electronic food voucher.

WFP/Quique Kierszenbaum

4.1 Household Expenditure on Food

Palestinian households continue to dedicate the largest share of their total cash expenditure to food, making them particularly vulnerable to increases in food prices and income fluctuations.[46] The proportion of food expenditure over the total expenditure is also very high, with the threshold adopted by PCBS defining the 'worst-off households' to be those with a food consumption ratio exceeding 44 percent.

Households are spending more money on less food. In 2012, Palestinian households spent half of their budget on food compared with 2011 when it was 47 percent. This trend is due to the increase in the share of food expenditure in the Gaza Strip. Food insecure households allocated a full 55 percent of their expenditure to food against the national average of 50 percent. Food security remains an issue of access driven by purchasing power, and poorer households are highly vulnerable to food price changes. In the West Bank, the food expenditure ratio remained relatively stable: slightly reduced to 47 percent in 2012 after it reached 49 percent in the previous year.

The rising proportion of expenditure devoted to food was caused by: (i) higher food prices; (ii) lower purchasing capacity and lower incomes that increase the overall weight of the food component in the household economy; and (iii) less expenditure devoted to recreational and other items.

Food expenditure trends in the Gaza Strip are more volatile than in the West Bank and follow the opposite trend. The food expenditure ratio was 61 percent in 2010, then decreased to 47 percent in 2011, then rose again to 55 percent in 2012. When singling out the food insecure, there is the same evolution (from 48 percent in 2011 to 55 percent in 2012). As the majority of Palestinians in the Gaza Strip are food insecure, the similarity between the overall and food insecure figures comes as no surprise. It is interesting however, to highlight that the food insecure in both the West Bank and the Gaza Strip spend now the same portion of their budget on food. Maintaining food assistance levels has allowed food insecure households to allocate their household incomes on essential items other than staple food purchases.[47]

WFP/Eman Mohammed

A shop worker in Gaza uses an electronic food voucher. The voucher programme supports the Palestinian economy by including locally produced products in the food basket and incorporating local shops.

46 According to Engle's theory of poverty, the poorer a family, the greater the proportion of family expenditure for food. The proportion of the expenditures used on food, other things being equal, is the best measure of the material standard of living of a population. PCBS, *The Palestinian Expenditure and Consumption Survey*, 2011 and Zimmerman, C. 1932. "Ernst Engel's law of expenditures for food". The Quarterly Journal of Economics. Vol. 47, No. 1.

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

4.2 Food Consumption Pattern

To estimate the amount and variety of food consumed by Palestinian households, the SEFSec survey uses the food consumption score methodology: it counts the number of days during which precise food items (grouped in specific food groups) are consumed within the seven days preceding the household survey.[48]

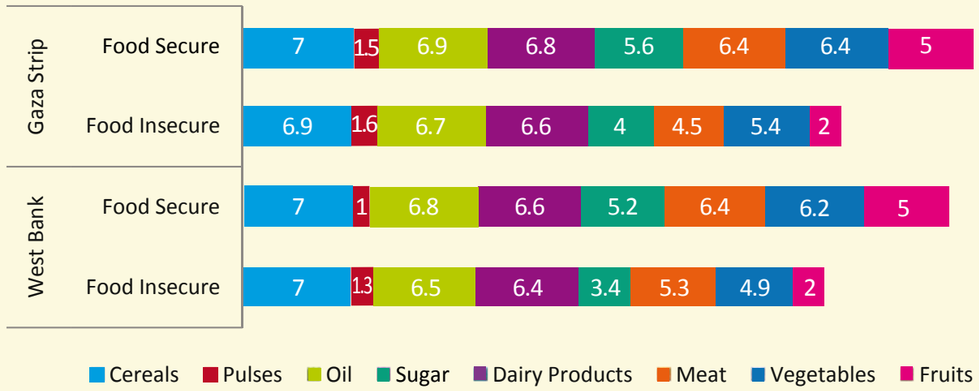
In 2012, the food consumption scores improved steadily in the West Bank, with 18 percent of households having 'poor and borderline' food consumption scores, which is lower than during 2011 (20 percent). This decrease is a continuation of the downward trend since 2010, when 29 percent had poor and borderline food consumption scores. Of the households in the West Bank, 82 percent had an 'acceptable' food consumption pattern, compared with 80 percent in the first half of 2011 and 71 percent in 2010.

As with the food expenditure ratio, an opposite trend is visible for the food consumption scores in the Gaza Strip. There, the food consumption scores saw a decline back to 2010 levels when scores were identical to the West Bank. In 2012, 29 percent of households had a 'poor and borderline' food consumption score compared to 26 percent in 2011, and 71 percent had an 'acceptable' food consumption score compared to 74 percent in 2011. Hence the food consumption of households in the Gaza Strip is becoming less diverse, eliminating essential food groups.

Nearly 81 percent of households that had a 'poor' food consumption score were food insecure and 74 percent of households that had a 'borderline' food consumption score were food insecure.

In food insecure households, cereal and tubers, oils and sugar are consumed on a daily basis in both the Gaza Strip and the West Bank, as shown in Figure 12. These are the items predominantly found in the food parcels and handed out by the PA and UNRWA to food insecure households. It was found that food groups which are either not included or provided in limited quantities in the standard food parcels (vegetables, fruit, meat and dairy products), were consumed less regularly by food insecure households compared to food secure households, with a noticeably lower consumption frequency for fruit, meat and dairy. Therefore it is reasonable to assume that food and cash assistance continues to be a crucial complement to food insecure households' own coping mechanisms, especially in relation to their ability to cover their main staple food commodities and ensure a minimal dietary diversity.

Figure 12: Food consumption pattern and average number of days food groups were consumed during one week in the West Bank and the Gaza Strip among food secure and food insecure households



48 The Food Consumption Score methodology is detailed in Annex B.

While the food consumption score captures differences in the dietary diversity between food secure and food insecure households, it does not highlight the lack of access for the poorest population to quality food commodities due to their low purchasing power. This is further detailed in the profiling of food insecure households in Chapter 6.

V. Coping Strategies

With the help of a food voucher a woman in Gaza purchases products to prepare for the evening Ramadan meal with her family.

WFP/Eman Mohammed

The following chapter illustrates the behavior of households in the face of perceived or actual economic shock over the 6 months preceding the survey (roughly corresponding to the second half of 2012). Overall, an estimated 77 percent of West Bank households and 89 percent of Gaza Strip households resorted to using at least one coping strategy during the second half of 2012.

In the West Bank, taking out store credit to purchase food is the most frequently chosen option and signifies a severe stress on people's ability to gain access to food.[49] Buying and consuming fewer types of food items (moderate food stress) was reported by 28 percent of West Bank households. Lastly, 31 percent of West Bank households were eating stored food which is a mild indication of coping with food stress.

The general reliance on coping strategies remains higher in the Gaza Strip than in the West Bank. Approximately 56 percent of households in the Gaza Strip reported borrowing from relatives and friends as a primary coping strategy. This can be considered an extreme coping strategy as borrowing from relatives and friends is perceived negatively and is equated with begging, while regular remittances received from friends and relatives are perceived as income. Moderate coping strategies such as purchasing low quality market 'leftovers' are also used by 54 percent of households. More worryingly, approximately one third of households in the Gaza Strip reported reducing the number of daily meals eaten by all family members.

Defaulting on payment of utility bills was reported by 36 percent of households in the West Bank and 39 percent in the Gaza Strip. This behavior appears as common practice and trends show minimal change between 2011 and 2012.

Table 6: Coping strategies reported during the six months preceding the survey, 2012

	Percentage of households	
	West Bank	Gaza Strip
Food		
Ate stored food (e.g. legumes, dairy products stored for the winter)	31%	44%
Purchased low quality market 'leftovers'	19%	54%
Bought and consumed fewer types of food items (less expensive)	28%	11%
Reduced portion of food for adults in favour of children	5%	9%
Reduced number of daily meals	5%	31%
Purchased food on credit	42%	9%
Reduced the portion of meals for all household members	5%	8%
Asked for and received assistance from friends and/or relatives	3%	56%
Sent women and/or children to work for food	0%	2%
Non-food		
Working in dangerous or undesirable or illegal jobs or activities (i.e. working in tunnels, begging, rubble collection in the buffer zone)	N/A	1%
Sending women and girls into domestic service	N/A	0%
Defaulting on payment of utility bills	36%	39%
Selling off assets (jewellery, furniture, productive assets)	9%	13%
Used life savings	16%	12%
Regrouping of family members to save money	3%	6%
Reduce health and education expenses	6%	11%
Change place of residence	1%	2%

49 As validated by CARE International, coping strategies are categorized as mild, moderate, severe and very severe.

VI. Profile of Food Insecure and Food Secure by Group

A boy leans against a wheat flour bag during a food distribution in the West Bank.

UNRWA/Alaa Ghosheh

The profile of food insecure households in the State of Palestine does not significantly change on an annual basis. Typical characteristics that appear each year include: a larger household size, a high percentage with poor and borderline food consumption and high unemployment rates and reliance on food assistance compared to food secure households.

One key theme across the profile of food insecure groups is the lack of quality and diversity of jobs and income sources, both of which represent long-term solutions to address the root cause of food insecurity. Amidst a slowdown in economic growth and rising unemployment rates, the profiles show micro-level patterns following macro-level trends. The following Chapter 6.1 looks at the demographic and socio-economic characteristic of these households: who they are, where they are and what causes them to be food insecure.

6.1 West Bank Food Security Profiling

The typical characteristics of West Bank food secure and food insecure households are as follows:

- Food insecure households in the West Bank have on average 6 members per household whereas the food secure have an average of 5.8 members. The higher the household size, the more likely a household is to become food insecure.
- A high food expenditure ratio suggests a low disposable income available for expenditure on human capital, such as education and health care. As mentioned in Chapter 4.1, PCBS considers a household with a food expenditure ratio of over 44 percent as 'worst off.' In the West Bank, food insecure households spend 54 percent of their cash on food.
- Regardless of whether they are food secure or food insecure, households tend to have two available income sources (these could include income sourced from assistance rather than actual employment). However, food insecure households tend to have a higher rate of unemployment among household members who are of working age compared to the food secure. For every income earner among food insecure households there are on average 3.1 dependents, whereas for food secure households there are 1.7 dependents.
- Food consumption patterns of the food insecure are influenced by the fact that they (i) dedicate over half their expenditures on food, and (ii) have a low daily income and expenditure rate. A total of 37 percent of the food insecure households have poor or borderline food consumption patterns compared to 9 percent among the food secure.

Table 7: General West Bank Food Security Profiling

	West Bank	
	Food Insecure	Food Secure
Average household size	6.0	5.8
Cash expenditure on food out of total cash expenditures	54%	42%
Percentage with poor or borderline food consumption score	37%	9%
Income per adult equivalent per day in US$	3	13
Expenditure per adult equivalent per day in US$	4	12
Total no. of income sources	2	2
Dependency Ratio	3.1	1.7
Unemployment rate	21%	5%

Looking at employment in the West Bank, there are interesting differences between food secure and insecure households, as shown in Table 8. For example, a breakdown by employment sector shows that the vast share of food insecure households are employed in the construction sector, whereas the food secure are employed in services and other branches. The food insecure heads of households tend to be engaged (36 percent) in casual wage work requiring basic skills sets such as elementary occupations. By comparison, the share of food secure heads of households working as professionals, technicians, associates and clerks is 23 percent. An estimated 28 percent of food insecure heads of households are regularly employed, against 50 percent for the food secure. Still, food insecure household heads who are regularly employed are more likely to engage in low wage work; food insecure heads of households earn on average 1,579 Israeli New Shekels (ILS) per month, compared with food secure households who earn an average of 3,396 ILS per month.

The SEFSec survey found that working 35 hours or more as a regular employee provides a better guarantee for household food security. The share of food secure heads of households working 35 or more hours is 72 percent, compared with only 41 percent of the food insecure. In addition, almost half of the food insecure heads of households are irregular wage workers and an additional 21 percent are self-employed. In contrast, the share of food secure heads of households in irregular wage work and self-employment is 19 percent and 1 percent respectively.

It is also worth noting that almost a quarter of food insecure heads of households were out of the labour force due to a disability, were elderly or had a chronic illness, all of which have the potential to significantly affect employment status.

Table 8: Heads of Household Employment Statistics in the West Bank

Heads of Households	Food Insecure	Food Secure
Labor Force Statistics		
Working 1-14 hours	6%	4%
Working 15-34 hours	14%	8%
Working 35 and more hours	41%	72%
Looked for job last week (ever worked)	7%	1%
Did not look for job (discouraged / ever worked)	1%	0%
Looked for job last week (never worked)	1%	0%
Housekeeping	5%	2%
Disability, elderly, chronic illness	24%	7%
Retirement income	1%	5%
Other	0%	1%
Professional Status		
Employer	2%	15%
Self-employed	21%	16%
Without pay	0%	0%
Regularly Employee	28%	50%
Irregularly Employee	49%	19%
Main occupation		
Legislators, Senior Officials & Managers	1%	8%
Professionals, Technicians, Associates and Clerks	7%	23%
Service, Shop & Market Workers	17%	19%
Skilled Agricultural & Fishery Workers	4%	2%
Craft and Related Trade Workers	21%	22%
Plant & Machine Operators & Assemblers	14%	10%
Elementary Occupations	36%	16%
Main sectors of employment		
Agriculture, Hunting & Fishing	9%	4%
Mining, Quarrying & Manufacturing	15%	13%
Construction	32%	23%
Commerce, Hotels & Restaurants	19%	22%
Transportation, Storage & Communication	8%	6%
Services & Other Branches	17%	32%

6.2 Gaza Strip Food Security Profiling

The typical characteristics of the Gaza Strip food insecure and food secure households are as follows:

- Food insecure households have, on average, a larger household size, with 6.7 persons compared to 4.7 among food secure households. Generally, average household size in the Gaza Strip is high, with an average 6 members per household (closer to the food insecure average).

- The average Gaza Strip household exceeds the PCBS threshold for 'worst off households' in terms of their cash expenditures on food. Overall purchasing power remains weak in the Gaza Strip - food insecure households dedicate 55 percent of their cash to food, while food secure households dedicate 52 percent. This minimal difference confirms the macro-level analysis presented in Chapter 2.

- The unemployment rate of 35 percent among food insecure households is a major concern. In the Gaza Strip, there are 3.3 dependents to every income earner among the food insecure, compared to 1.8 dependents to every income earner among the food secure.

- In the Gaza Strip, 39 percent of the food insecure population has poor and borderline consumption scores as compared to 7 percent of the food secure.

As highlighted in previous chapters, the delay of PA wages has meant that employment in the public sector does not guarantee household food security. An estimated 44 percent of heads of households in the Gaza Strip are employed in the public sector. The share of food insecure households working in the government is 28 percent compared to 6 percent of the food secure. Employment in private, foreign, outside establishments provide a better guarantee of food security for heads of households, as the share of food secure heads is 67 percent compared to 1 percent of the food insecure heads of households. Additionally, employment requiring specialized skill sets, such as professionals, technicians and clerks or senior managers and legislators, are typical characteristics of food secure heads, while food insecure heads of households tend to be employed in elementary occupation.

Table 9: General Food Insecurity vs. Food Security Profiling of the Gaza Strip

	Gaza Strip	
	Food Insecure	Food Secure
Average household size	6.7	4.7
Cash expenditure on food out of total cash expenditures	55%	52%
Income per adult equivalent per day in USD	3	14
Expenditure per adult equivalent per day in USD	3	11
Unemployment Rate	35%	8%
Dependency Ratio	3.3	1.8
Percentage with poor or borderline food consumption score"	39%	7%

The SEFSec survey found that 43 percent of heads of households are working 35 hours or more, and that these households are more likely to be food secure (69 percent of food secure households work 35 hours or more). In contrast, only 31 percent of food insecure households are working 35 hours or more. Food insecure heads of households, if employed, are in jobs with irregular work hours: 33 percent of food insecure household are irregular employees, compared to 2 percent of food secure households. Working as regular employees does not guarantee their food security if they work less than 35 hours, as food insecurity is more significant among those working less than 35 hours.

The SEFSec survey found that 84 percent of food insecure heads of households who are professionals, technicians and associates and clerks are employed in the national government. This is also true for those who work in the services and other employment sectors, as 78 percent of them working in this field are employed with the national government. A higher rate of disability, old age and chronic illnesses is also featured among food insecure households, as compared to food secure households.

Table 10: Heads of Household Employment Statistics in the Gaza Strip

Heads of Households	Food Insecure	Food Secure
Labor Force Statistics		
Working 1-14 hours	13%	7%
Working 15-34 hours	12%	9%
Working 35 and more hours	31%	69%
Looked for job last week (ever worked)	8%	1%
Did not look for job (discouraged/ever worked)	1%	1%
Looked for job last week (never worked)	7%	1%
Did not look for job (discouraged/never worked)	2%	0%
Student	0%	0%
Housekeeping	5%	2%
Disability, old age, chronic illness	18%	2%
Retirement income	2%	8%
Other	1%	0%
	100%	100%
Professional Status		
Employer	5%	10%
Self-employed	13%	4%
Without pay	0%	0%
Regularly Employee	49%	83%
Irregularly Employee	33%	3%
	100%	100%
Public/Private Classification		
Private Sector National (inside est.)	30%	20%
Private Sector National (outside est.)	39%	5%
Private Sector Foreign (inside est.)	0%	2%
Private Sector Foreign (outside est.)	1%	67%
National government	28%	6%
Other	2%	0%
	100%	100%
Main occupation		
Legislators, Senior Officials & Managers	1%	12%
Professionals, Technicians, Associates and Clerks	24%	72%
Service, Shop & Market Workers	19%	10%
Skilled Agricultural & Fishery Workers	4%	1%
Craft and Related Trade Workers	14%	1%
Plant & Machine Operators & Assemblers	10%	1%
Elementary Occupations	28%	3%
	100%	100%
Main sectors of employment		
Agriculture, Hunting & Fishing	13%	2%
Mining, Quarrying & Manufacturing	9%	1%
Construction	14%	3%
Commerce, Hotels & Restaurants	20%	9%
Transportation, Storage & Communication	9%	5%
Services & Other Branches	35%	81%
	100%	100%

VII. Impact of Assistance

Boy poses with his grandfather in a village in the West Bank.

UNRWA/Alaa Ghosheh

VII. Impact of Assistance

7.1 Coverage and Types of Assistance

The SEFSec survey estimates that about 74 percent of all households reported receiving at least one type of assistance in the Gaza Strip (an estimated 202,786) and 24 percent in the West Bank (about 106,158).

Compared to the previous SEFSec survey that covered the first half of 2011, overall the share of households in receipt of such aid had receded slightly.[50] The share of West Bank households reporting receipt of assistance declined by one percentage point, while in Gaza the decrease was larger with 6 percentage points. For comparison purposes, had assistance ratios remained stable at their 2011 level, an estimated additional 6,000 household would have received at least one form of assistance in 2012 (approximately 600 in the West Bank and 5,281 in Gaza).

The relative prominence of the various types of assistance in the two regions remained unchanged as indicated in Table 11. In the West Bank, cash assistance was reported by a larger share of households in both years, with food being the second most frequent type of assistance. In Gaza, food assistance was by far the most commonly reported type of assistance in both years, with cash assistance in second place.

The share of households reporting receipt of cash assistance in 2012 remained virtually stable in the West Bank, while increasing slightly in the Gaza Strip. A more pronounced increase in relative terms can be noted in both the West Bank and Gaza for the percentage of households receiving vouchers as a form of assistance. On the other hand, there were declines in both regions in the share of households reporting receipt of food assistance, and a decline in the percentage of Gaza households benefiting from job creation opportunities as part of cash-for-work schemes. Thus, in the context of an overall reduction in the share of households reporting receipt of assistance, particularly in the Gaza Strip, cash and vouchers have apparently grown in importance[51] while the share of households receiving food, job creation and other forms of assistance have receded. On a complementary note, the small share of households reporting assistance in the form of productive inputs increased in the West Bank but declined in Gaza.

Table 11: Percentage of Households Receiving Social Assistance by Type of Assistance and Region, First-Half 2011 and Second-Half 2012 [52]

Type of Assistance	West Bank		Gaza Strip	
	2011	2012	2011	2012
Cash	17%	17%	22%	24%
Food	14%	13%	65%	58%[53]
Voucher	1%	2%	3%	5%
Job Creation	1%	1%	5%	2%
Productive Inputs[54]	0.1%	0.2%	0.2%	0.1%
Other	0.8%	0.3%	15%	2%
Total	**25%**	**24%**	**80%**	**74%**

50 There are differences in the reference periods between the 2011 and 2012 surveys, which may have introduced seasonal variations into the data on consumption and assistance. For example, households tend to have different consumption patterns during Ramadan. In terms of assistance, when coming from community sources it may fluctuate based on seasonal income in some areas, while other service providers tend to distribute productive inputs to correspond to the agricultural calendar.
51 As for the rest of the report, this chapter's reference period is the second half of 2012. Therefore, some of the noticeable changes in assistance provision implemented in the first half of 2013 – including the interruption of the UNRWA cash assistance programme to approximately 20,000 families in the Gaza Strip – are not reflected here.
52 Some households indicated receiving more than one type of assistance. There is therefore an overlap between the different types of assistance reported at the household level.
53 The reduction in the share of households receiving food assistance in the Gaza Strip is primarily driven by a drop in local community support (friends, relatives, zakat or other religious institutions). In-kind assistance provided by UNRWA and the Ministry of Social Affairs actually increased in coverage in 2012.
54 It includes agriculture productive inputs: seeds and seedlings, fertilizers, irrigation networks, folder, animals or poultry, water purification units, veterinary assistance, as well as reconstruction or rehabilitation of agriculture assets.

7.2 Value of Assistance

The dollar transfer value reported by households who receive assistance remained practically stable in 2012 as compared to 2011, at US$ 87 per family and per month. The average monthly reported value of cash assistance in the West Bank declined 14 percent to US$ 115, but remained roughly stable at US$ 95 in the Gaza Strip. Also, while the coverage of food assistance declined, its reported average monthly value grew significantly, by 19 percent in the West Bank and 31 percent in the Gaza Strip (a trend mainly reflecting the better data collection process used for the 2012 SEFSec).[55] The reported value of vouchers also climbed in 2012 in both regions.

The estimated monthly value of job creation assistance grew 4 percent in the West Bank but fell precipitously in Gaza, reflecting the retrenchment in most cash-for-work interventions (including for the UNRWA Job Creation Programme, which reduced skilled and professional positions, leaving only a limited number of unskilled job opportunities). The provision of productive inputs fell by about half in the West Bank but expanded seven-fold in the Gaza Strip. In the case of the West Bank, the drop is due to the end of emergency blanket fodder distribution (in response to a drought) and a livestock vaccination campaign, while in the Gaza Strip – given the difference in the reference periods for the 2011 and 2012 SEFSec surveys – the leap was mainly driven by seasonal variations in the distribution of agricultural inputs for home gardens and backyard production units. As noted in Chapter 2, sustained economic growth in Palestine hinges upon strengthening the productive capacity in Palestine, highlighting the importance of the provision of productive inputs as an assistance modality.

Table 12: Average Estimated Value of Monthly Social Assistance Transfer (USD) by Type of Assistance and Region, First-Half 2011 and Second-Half 2012[56]

Value of assistance	West Bank		Gaza Strip	
	2011	2012	2011	2012
Cash	133	115	93	95
Food	38	45	28	37
Voucher	32	42	22	30
Job creation	111	115	141	82
Productive inputs	90	46	19	129
Other	135	71	5	4
Average total value of assistance	**115**	**128**	**71**	**65**

55 The reported increase in the market value of food assistance in the Gaza Strip does not reflect a change in the content of food rations distributed in 2012, but rather methodological adjustments aimed at limiting underreporting. For the first time in 2012, an 'assistance' component was introduced as part of the training of the SEFSec enumerators conducted by PCBS.
56 It is important to point out that in field surveys of households tend to underreport both income and social assistance. Data in this table should be accordingly qualified.

7.3 Sources of Assistance

As the coverage of social assistance has narrowed, so has the share of assisted households mentioning any particular source of assistance. Yet, this general trend does not apply to the PA Ministry of Social Affairs – which was more frequently reported as a source of assistance in both Gaza and the West Bank – and to 'relatives, friends and neighbours' which came out as a more frequent source of assistance in the West Bank. On this last point, the fact that households were able to further resort to informal social support networks in the West Bank reinforces the argument presented in Chapter 3 that, unlike in the Gaza Strip, West Bank households seem to have maintained a number of coping options in 2012 that protected them from falling into the food insecure category.

In both regions, the largest reductions in percentage points were attributable to 'International Agencies' (excluding UNRWA), a trend reflecting the tightened budgetary constraints under which externally-funded NGOs and international organizations are operating.

Overall, in the West Bank, informal networks of relatives and friends remained the most common source of social assistance, ahead of the formal institutions of the PA and UNRWA. By contrast, UNRWA was most frequently cited as the source of assistance among Gaza households, followed by relatives and PA institutions. This stems from the fact that the population of the Gaza Strip is both impoverished and, in its vast majority, composed of registered refugees, in turn resulting in significant numbers who qualify for UNRWA relief assistance

Table 13: Sources of Assistance Reported by Households Receiving Assistance by Source and Region, First-Half 2011 and Second-Half 2012 [57]

Source of Assistance	West Bank		Gaza Strip	
	2011	2012	2011	2012
PA Ministry of Social Affairs	36%	37%	14%	18%
Other PA Sources	5%	2%	6%	4%
Zakat/ Other Religious Institutions	7%	3.2%	6%	4%
International Agencies	8%	2.6%	13%	10%
UNRWA	16%	15%	81%	80%
Relatives/Friends/Neighbours	47%	56%	19%	18%

57 Sources of assistance are not mutually exclusive. Some households reported receiving assistance from more than one provider.

7.4 Impact of Assistance

The SEFSec seeks to ascertain how effective social assistance has been in alleviating food insecurity by (i) comparing household food insecurity rates before and after assistance (an indication of the impact of assistance on reducing the prevalence of food insecurity); and by (ii) estimating how much of the food insecurity gap is filled by assistance (an indication of the impact of assistance on reducing the severity of food insecurity).

Estimations relying on the first approach indicate that the share of food insecure households in both the West Bank and Gaza on a pre-assistance basis rose considerably in 2012 relative to 2011. In the West Bank the pre-assistance food insecurity rate rose from an estimated 22 percent to 24 percent of all households, while in Gaza the corresponding shares surged from 51 percent to an alarming 62 percent.

In both years and both regions, assistance had the effect of significantly reducing food insecurity rates. Impact however, appears to be of a more limited scale in 2012 compared to 2011. In the West Bank, the household food insecurity rate decreased by 4 percentage points in 2012 – a slightly lower, yet comparable, figure than the 5 percentage points reported in 2011. In Gaza however, the 2012 reduction is estimated at 5 percentage points, significantly below the 7 percentage point reduction recorded in 2011. Overall, assistance pulled more than 32,000 households out of the food insecure category in 2012, approximately 18,000 in the West Bank and 14,000 in the Gaza Strip.

The reduced ability of assistance to pull households out of the food insecure category likely reflects the narrowing of aid coverage, both overall and from most assistance sources.[58] However, the diminishing impact of assistance only accounts for a limited share of the overall increase in food insecurity which, on the whole, remains driven by external factors. Out of the 7 percentage point increase in food insecurity in Palestine, 5 are attributable to external factors, (such as the constraints of the occupation and the PA fiscal crisis), and 2 to the reduction in assistance. The findings therefore suggest that assistance could not keep the pace and counter the effects of the rapidly increasing food insecurity prevalence, particularly in the Gaza Strip.

Overall, the effectiveness in reducing food insecurity was slightly better for refugees than for non-refugees in 2012. This was mainly influenced by the situation in the Gaza Strip, where assistance of all types, and from all sources, reduced the food insecurity rate by 6 percentage points among refugees, as opposed to 4 points among non-refugees. By comparison, the impact of assistance reached 4 percentage points for both refugees and non-refugees in the West Bank.

Table 14: Average Estimated Household Food Insecurity Rates Before and After Receipt of Social Assistance by Region, First-Half 2011 and Second-Half 2012[59]

	Palestine		West Bank		Gaza Strip	
	2011	2012	2011	2012	2011	2012
Pre-assistance food insecurity rates	33%	38%	22%	23%	51%	62%
Post-assistance food insecurity rates	27%	34%	17%	19%	44%	57%
Difference in percentage points	-6	-4	-5	-4	-7	-5

58 It is important to remember that, as defined in the SEFSec, assistance not only includes institutional aid, but also more informal financial or in-kind forms of support (for instance 'relative, friends and neighbours' come out as the main source of assistance in the West Bank).
59 Given the underreporting of social assistance, especially of non-cash components of assistance, the relative impact on food insecurity is probably greater than that suggested by Table 4.

Table 15: Average Estimated Household Food Insecurity Rates Before and After Receipt of Social Assistance by Refugee Status, Second-Half 2012

	Palestine		West Bank		Gaza Strip	
	Refugees	Non-refugees	Refugees	Non-refugees	Refugees	Non-refugees
Pre-assistance food insecurity rates	47%	31%	28%	22%	62%	64%
Post-assistance food insecurity rates	42%	27%	23%	18%	56%	60%
Difference in percentage points	-5	-4	-4	-4	-6	-4

Another way to understand the impact of assistance on food insecurity is to estimate how much of the household consumption gap it is covering. The consumption gap is defined as the average difference, amongst food insecure households, between consumption on one hand (excluding assistance) and the relevant food insecurity line on the other hand.[60] The severity of such food insecurity is measured by the magnitude of the consumption gap.

As indicated by Figure 13, the consumption gap among the food insecure grew in 2012 as compared to 2011. In the West Bank, consumption from households' own resources fell from 79 to 73 percent of the food insecurity line, while the portion of household consumption covered by assistance declined from 7.4 to only 2.8 percent of the line. This resulted in the growth of the post-assistance consumption gap, from 13.6 percent of the food insecurity line in 2011 to 24.2 percent in 2012. Assistance therefore covered a smaller share of the pre-assistance consumption gap, from 35 percent in 2011 down to 10 percent in 2012.

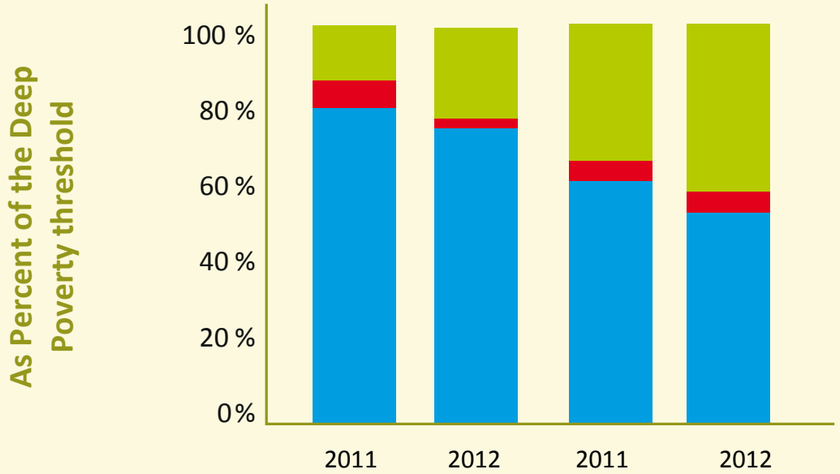
The trend was even more pronounced in Gaza, where the level of consumption from their own resources fell from 59 percent to 51.1 percent of the food insecurity line between 2011 and 2012. Given that assistance as a proportion of the same line also declined from 14.7 to 6.8 percent, the post-assistance consumption gap jumped from 26.3 percent to a dire 42 percent of the food insecurity line. Here again, the share of the pre-assistance gap covered by assistance fell sharply, from 36 percent in 2011 to only 14 percent in 2012.

The steep increase in the post-assistance consumption gap reflected the heightened constraints the food insecure face in meeting their minimum needs in 2012 (whether through their own means or by relying on external assistance). This can be attributed to a combination of (i) deteriorating socioeconomic conditions,[61] (ii) declining levels of external assistance, affecting household consumption through both the PA fiscal crisis and the contraction of direct social transfers from any source, and (iii) inflation, which automatically reduced the real value of consumption from their own resources and assistance while increasing the real value of the consumption gap. Therefore despite maintaining effectiveness, taking households out of the food insecure category, the reduction in levels of assistance aggravated the severity of food insecurity.

60 The food insecurity line used in the SEFSec is equivalent to the deep poverty line used by PCBS. See Annex A for more information.

61 The socioeconomic drivers of food insecurity are presented in Chapters 2 and 3.

Figure 13: Estimated Consumption Gaps Relative to the Food Insecurity Line for Food Insecure Households by Region, First-Half 2011 and Second-Half 2012.



	West Bank 2011	West Bank 2012	Gaza Strip 2011	Gaza Strip 2012
Consumption Gap after Assistance	13.60%	24.20%	26.30%	42.10%
Consumption from Assistance	7.40%	2.80%	14.70%	6.80%
Consumption from Own Resources	79.00%	73.00%	59.00%	51.10%

Recommendations

A woman lifts up her granddaughter. Because of the emergency food ration she and her granddaughter can eat healthy and nutritious food.

WFP/Eman Mohammed

Lifting the blockade on Gaza and easing the West Bank access restrictions remain the most critical factors affecting food insecurity, and only by addressing these core drivers will food insecurity be sustainably addressed in Palestine. Until the constraints of the occupation are lifted, the Palestinian economy will continue to suffer and prospects remain bleak for widespread economic revival and, thus, food insecurity, as an expression of poverty, is likely to remain pervasive. Without increased skilled and sustainable employment opportunities in productive sectors that follow the principles of decent work (such as offering full working hours with a guarantee of minimum wage remuneration), the most vulnerable and poor will continue to struggle to earn sufficient income to meet their basic food and non-food household needs. While Palestine has witnessed temporary employment bubbles in the past (i.e. 2011 construction sector in Gaza), these jobs rely primarily on unskilled workers and they are not a long-term solution, as households remain vulnerable with few coping mechanisms to insulate themselves when employment ends. Only through the lifting of the blockade, allowing free movement of people and goods will the economy be able to thrive and decent work opportunities offering decent wages and hours enable households to be lifted out of food insecurity.

All measures to revive the productive capacity of the Palestinian economy should be undertaken to promote the ability to produce and export goods, including food. The sustainability of economic growth depends largely on the capacity of the Palestinian economy to compete in global markets. Food security is ultimately driven by employment creation through private sector growth. More attention and resources should be invested in assuring that the productive sectors remain competitive. This is critical for food security in a society where there is still significant economic reliance on the agriculture and manufacturing sectors.

Budgetary support to the Palestinian Authority is critical in absence of effectively addressing the blockade and access restrictions. International assistance to the PA, as an employer and a provider of a social safety net, remains a critical pillar in containing food insecurity levels. In previous years, it was assumed that receiving PA salaries was a guarantee against food insecurity, but this year's SEFSec analysis shows a direct correlation between delayed public sector salaries and rising food insecurity levels. In addition, without the continued social safety net transfers of cash and food assistance from the PA, the fiscal instability would likely have taken an even greater toll on the Palestinian population and food insecurity levels could have been much higher.

The impact of delayed public sector salaries must not be overlooked as it highlights an important component of Palestinian resilience to sudden shocks. Thus, developmental and humanitarian stakeholders alike should **develop interventions that restore and, whenever possible, reinforce existing household coping mechanisms**. Divergences in the way the West Bank and the Gaza Strip have been affected by comparable shocks in 2012 seem to be determined by differences in the coping abilities of households. In the West Bank, 2012 saw the decrease of households in the food secure category absorbed by the middle 'marginal' and 'vulnerable' categories; while, even more alarming, in the Gaza Strip, the households in the food secure category were absorbed not in the middle two categories, but directly in the 'food insecure' category. Two groups in particular are shown to be more exposed to external factors directly affecting their household food security, they have both seen significant drops in their food security: PA employees and refugees. **In a context of rising food insecurity and limited financial resources, needs-based targeting should be further strengthened by major assistance providers, including governmental actors, INGOs, national organizations, and UN bodies.** Particular attention should be paid to ensuring that employed households are not assumed to be food secure. This past year has shown that having a 'good' job is not always sufficient to ensure food security: whereby traditional targeting may exclude the work force on the assumption that employment "sufficiently" reduces vulnerability, refined targeting should notably tackle the growing problem of the 'working food insecure' category.

Finally, **resourcing food, cash and agriculture assistance should aim to cover both the increasing breadth and depth of food insecurity in Palestine.** Despite these efforts and even with the most precise targeting, the gap between needs and available assistance is growing and current resources are insufficient to meet the full humanitarian assistance needs of the food insecure in Palestine. A response analysis framework, built on the consensus of food security sector members (both national and international), should be developed in order to harmonise the appropriate modalities for assistance to food insecure Palestinians.

Annex A - SEFSec Methodology

The development of the SEFSec methodology began in 2007 with the selection of variables according to the following steps.

- First, the 2003 Comprehensive Food Security Assessment[62] and the qualitative information gathered for this study[63] were reviewed; confirming that food security in Palestine is primarily a function of economic access to food.
- As such, **income** was considered as the variable most correlated to food access. However, given that income is usually underreported in household surveys, **consumption** was included in the analysis as a complementary measure of households' ability to access food. Consumption includes cash expenditure, as well as the monetary value of assistance and of the food produced and consumed by the family.
- The SEFSec also combines income and consumption with a set of **seven socioeconomic variables**. These are meant to address both the static nature of the SEFSec cross-sectional dataset, by incorporating a dynamic dimension in the analysis, and to capture specific household vulnerabilities to shocks constraining access to food (all seven variables are highly correlated with food insecurity). These seven binary variables include:
    - Household size (below or above the population average);
    - Refugee or non-refugee status of the head of household;[64]
    - Whether the household receives assistance or not;
    - Household reported ability to maintain its financial resources for more than three months;
    - Household reported decrease or increase in overall expenditure over the six months preceding the survey;
    - Household reported decrease or increase in food expenditure over the six months preceding the survey;
    - Household reported decrease or increase in non-food expenditure over the six months preceding the survey.
- The seven binary socio-economic variables are then grouped using a hierarchical agglomerative clustering process, generating **three distinct clusters** with strong internal homogeneity. The general characteristics of the three clusters are shown on the chart below.

62 Executive Report of the Food Security Assessment, West Bank and Gaza Strip, FAO with WFP, Rome, 2003.
63 Al-Sahel Company for Institutional Development and Communication (2006). *Rapid Qualitative Verification Assessment in the Palestine*. Commissioned by WFP.
64 The SEFSec methodology applies the head of household refugee status to the entire household. As such, some households may be considered as non-refugee although they include one or more refugee individuals (for instance in the case of women refugees married to a non-refugee husband).

Table 16: Cluster characteristics

	Decreased Total Expenditures (last 12 months)	Decreased Food Expenditures (last 12 months)	Decreased Non-food Expenditures (last 12 months)	Future Financial Resources (+/- 3 months)	Average HH Size	Received Assistance	Refugee
Cluster 1:Highly Vulnerable	Yes	Yes	Yes	42.6%	5.5	58.6%	45.0%
Cluster 2: Moderately Vulnerable	Yes	No	Yes	72.4%	6.1	40.4%	47.0%
Cluster 3: Negligibly Vulnerable	No	No	No	34.2%	5.8	69.2%	42.1%

- The latest PCBS 'deep' and 'relative' poverty lines for 2011 are used to develop the food security thresholds. However, the poverty thresholds are converted from a per capita per day basis, to adult equivalency to monitor and take into account the different consumptions levels of adults and children. As such, the adult equivalency-based food insecurity rates are more accurate at the household level than the broadly used per capita measures.[65] The 2011 thresholds are then adjusted to reflect the increase in the average consumer price index (CPI) in 2012. The adjusted 2012 PCBS deep poverty threshold stands at US$ 5.65 and the relative poverty threshold stood at US$ 7.07 per adult equivalent per day. In parallel, the income and consumption values reported through the survey are adjusted for relative differences in regional CPIs between the West Bank and the Gaza Strip.
- Finally, a three-way cross-tabulation is performed on income, consumption (both using the above-mentioned thresholds) and the three clusters. This produced a decision matrix (see Table 17), whereby each of the four food security categories covers a different spectrum. These four groupings were generated and validated by a focus group of local experts.

Table 17: Food Security Groupings, 2012 SEFSec Methodology

Monthly Income	Clusters	Average Monthly Consumption: Less than $5.65/ adult equivalent/ day	$5.65 - 7.07 /adult equivalent/ day	More than $7.07/ adult equivalent/ day
Less than $5.65 /adult equivalent/day	1	1	2	3
	2	1	2	3
	3	1	2	3
Between $5.65-7.07 /adult equivalent/ day	1	2	2	3
	2	2	2	4
	3	2	3	4
More than $7.07 /adult equivalent/day	1	3	3	4
	2	3	4	4
	3	3	4	4

Food Insecure | Vulnerable | Marginally Secure | Food Secure

65 The adult equivalent measure takes into consideration that the family does not consume all of its expenditure and that children consume less than adults. As such, the adult equivalent measure standardizes the estimate of the household's consumption needs according to the demographic structure of the various households against the standardized thresholds.

Annex B – The Food Consumption Score (FCS)

FCS is the standard WFP proxy indicator of household's access to food. It is a composite score measuring dietary diversity, frequency of consumption and relative nutritional importance of different food groups. It is a proxy for quantity (through days of consumption). Calculation of FCS takes into account the number of food groups consumed by a household over a period of seven days (dietary diversity); the number of days a particular food group is consumed (food frequency); and the relative nutritional importance of different food groups. The 2012 SEFSec survey captures 20 food items that are reduced to 8 groups and each group is allocated a score (weight) based on its nutrient density (see table below). The frequency of each group (number of days consumed by the household) is multiplied by its score and then added all food groups. Then the total number is normalized to have the maximum number of 112. The higher the FCS, the more diverse and nutritional is the diet.

Table 18: Food groups and their corresponding weight

Food Group	Type of Food	Weights
Cereals and tubers	Bread, rice, pasta, potatoes and other grains	2
Meat	Red, white meat and eggs	4
Pulses	Beans and nuts	3
Dairy products	Milk and yoghurt	4
Oil/fats	Animal or/and vegetable fats	0.5
Vegetables	All type of vegetables	1
Fruits	All type of fruits	1
Sugar	Sugar, sweets and pastries	0.5

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

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

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

Annex C – Acronyms and Abbreviations

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

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