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## DEVELOPMENT PROJECTS FOR APPROVAL BY THE EXECUTIVE BOARD

Agenda item 8 a)

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## PROJECT GAZA/WEST BANK 5474

### Support to social safety net schemes

Duration	Two years
Total cost to WFP	7 072 000 dollars
Total cost to Government	22 729 000 dollars
Number of beneficiaries	64 800

All monetary values are expressed in United States dollars, unless otherwise stated.  
One United States dollar equals 3.4 New Israeli shekels.

### ABSTRACT

This WFP-assisted project is targeted to 64,800 of the poorest Palestinians living in the Gaza Strip and in rural areas of the West Bank. The main purpose of this assistance is to alleviate the economic hardship of the most destitute households, and to help meet their food security needs during the difficult transition period from occupation to self-rule. Over 65 percent of these households will be headed by women; and women volunteers will manage the distribution of food commodities. About 10 percent of the WFP project resources will be allocated to local NGOs active in the social and health sectors to help them improve their community outreach, increase their services and expand beneficiary coverage. In addition, WFP will support, for a period of one year, poor farmers and fishermen involved in small-scale pilot projects implemented by the Ministry of Agriculture. WFP food will be distributed to 1,500 farmers and fishermen against a cash payment representing 30 percent of the local market value of the WFP food ration. The generated funds will be used in the second year of the project by these beneficiaries, through their community associations, to procure agricultural inputs and to develop post-harvesting facilities.

During year two of the project, as part of WFP's phasing-out strategy and with the expectation that the Palestinian Authority (PA) will be able to assume a greater share of costs, the total number of beneficiaries will be reduced to 39,000. Should, however, the economic situation in the Palestinian Territories (PT) suddenly worsen as a result of border closures or other external shocks, WFP is prepared to continue assistance to the full beneficiary case-load during year two, with the additional costs to be funded through special donor appeals. Finally, in line with the PT's "as if least developed country (LDC)" status and the United Nations and donor policy to provide direct support to the Palestinian Authority during a transition period, WFP will cover the landside transport, storage and handling (LTSH) costs of the project.

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## NOTE TO THE EXECUTIVE BOARD

**This document contains recommendations for review and approval by the Executive Board.**

Pursuant to the decisions taken on the methods of work by the Executive Board at its First Regular Session of 1996, the documentation prepared by the Secretariat for the Board has been kept brief and decision-oriented. The meetings of the Executive Board are to be conducted in a business-like manner, with increased dialogue and exchanges between delegations and the Secretariat. Efforts to promote these guiding principles will continue to be pursued by the Secretariat.

The Secretariat therefore invites members of the Board who may have questions of a technical nature with regard to this document, to contact the WFP staff member(s) listed below, preferably well in advance of the Board's meeting. This procedure is designed to facilitate the Board's consideration of the document in the plenary.

The WFP focal points for this document are:

Regional Director: M. Hammam tel.: 6513-2208

Programme Coordinator: N. Crawford tel.: 6513-2467

Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact the Documentation and Meetings Clerk (tel.: 6513-2641).

## PROBLEM ANALYSIS

1. The negotiated political transition in the Palestinian Territories (PT), from military occupation to self rule, has coincided with a period of severe economic depression, caused largely by a disruption of Palestinians' access to Israeli labour and commodity markets, on which the economy has become structurally dependent over the years. Efforts by the Palestinian Authority (PA), supported by the peace process, to redress the situation have brought some economic gains, but progress has been minimal and tenuous during the current transition. Furthermore, the political future is uncertain with a number of fundamental issues as yet unresolved. The special geopolitical situation of the PT is the most relevant factor affecting the economy in the current period. Bearing this in mind, the United Nations General Assembly has granted the PT "as if LDC" status, extending the same preferential treatment accorded to least developed countries (UN/GA Resolution 43/178).
2. The current climate of economic uncertainty has discouraged private investment and hampered efforts to diversify trade. According to the United Nations' first quarterly economic report for 1997, real Gross Domestic Product (GDP) rose by only 4.4 percent between the end of 1992 and the end of 1996. Real Gross National Product (GNP) per capita declined during the same period by 36 percent, due largely to the loss of family remittances from Palestinians working in the Gulf States and in Israel, and the high population growth rate.
3. The Palestinian self-rule areas consist of two non-contiguous territories separated by Israel. International borders between the West Bank and Jordan, and between the Gaza Strip and Egypt are controlled by Israel. Israel also controls internal movements between the West Bank and Gaza, and between the eight cities in the West Bank currently under PA. Trade with Israel represents over 80 percent of exports and 90 percent of imports for the West Bank and Gaza; economic dependency has increased since 1994 as a result of frequent border closures and the disruption of movement of goods and labour.
4. Security closures of borders since 1996 have been a major impediment to economic growth, causing massive unemployment, a fall in wage levels and a decline in revenues for the PA. In Gaza, it is estimated that due to border closures, half of the workforce was unemployed for most of 1996. As a result, an estimated one third of Gaza's households rely on extended family support and on social assistance programmes to cover their basic needs. In the West Bank, where the economy relies more heavily on the private sector (particularly export of its agricultural produce), border closures and limited investment opportunities have resulted in a marked decline in the living conditions of the rural population.
5. The PT are an area of chronic as well as transitory food insecurity, manifested at national and household levels. The series of recent economic shocks have intensified high unemployment, price rises and occasional shortages of essential goods. Almost all basic commodities (wheat flour, rice, sugar, vegetable oil), as well as a substantial quantity of meat, poultry, dairy products and animal feed, must be imported. Conversely, farmers depend on income from exporting their surplus agricultural production, including vegetables, fruit and eggs. Border security restrictions affect the already high price of imports, raising transportation costs and creating an unpredictable bottleneck for the flow of goods. Local storage facilities are limited and can accommodate only about one week's reserve of commodities.



6. The agricultural sector accounts for about 25 percent of GNP and continues to be an important source of employment for over 25 percent of the active population. Agriculture is primarily rainfed and remains for the most part at the traditional subsistence level, employing labour intensive, low-cost and low-return techniques for growing olive and fruit trees, vegetables and, to a lesser extent, cereals. Only 12 percent of agricultural land is under regular irrigation, where use of advanced farming practices, including greenhouse cultivation and drip irrigation, prevail. About 75 percent of farmers have holdings of less than 20 dunums (five acres). Increased salinity, overpumping of water, rising costs of agricultural inputs and lack of marketing outlets have significantly reduced financial returns from agricultural activities.
7. Fishing, once a prosperous native industry in Gaza, has been severely curtailed and now functions at a subsistence level. The number of fishermen has dropped from 13,000 in the early eighties to 1,500 today. Limited fishing areas due to tight security measures, the lack of access to markets because of repeated closures, low technology and the shortage of cooling facilities have accounted for this significant decline of the fishing sector in Gaza. As a result, a large number of fishermen have been compelled to abandon this activity. Opportunities to expand the sector are extremely scarce under current circumstances and the living conditions of small-scale fishermen have steadily deteriorated.
8. While the economic depression has affected all segments of the population, it has hit hardest the most vulnerable groups, including the unemployed, unskilled workers, social hardship cases who can no longer rely on family support, landless farmers and small-scale fishermen.
9. Women have a relatively low participation rate (12.4 percent) in the labour force and fertility rates (8.4 percent in Gaza and 5.9 percent in the West Bank) are very high. Illiteracy among women is significantly higher than among men after the age of 20 and is most commonly found in the rural West Bank, where 60 percent of the population lives. Even in younger age brackets, 15 percent of rural women never entered school and half the women in the 35-44 age group left school before completing primary level.
10. The Palestinian Public Investment Programme for 1998-99 will continue to focus on the development of physical infrastructure and promotion of the private sector. However, anxious for the maintenance of socio-political stability, the PA will continue to support special programmes designed to alleviate the increased hardship of the most affected households, particularly during the transition period to a final political settlement.
11. The PA has been implementing a series of short-term measures aimed at alleviating the adverse effects of the border restrictions on the more vulnerable segments in the society. During the past year, a significant portion of donors' assistance has been redirected to support short-term employment programmes and to meet the PA's payroll expenses for its civil servants and police force. Most of these measures focus on the provision of temporary employment through public work schemes and are intended to absorb the unskilled workers who could no longer work in Israel. It is estimated that some 40,000 temporary jobs were created under this scheme in 1995-96. With unemployment levels still high, there are plans to resume a programme for at least 10,000 workers in 1997.
12. Formal social safety-net programmes, begun under Israeli administration, are now managed by the Ministry of Social Affairs (MSA) with WFP's support. This social assistance reaches some 30,000 households, the majority of which are female-headed and registered as hardship cases in the Gaza Strip and the West Bank. Social services, including welfare payments, have not been increased in the past 10 years and, in fact, have been



substantially reduced by inflation and particularly the high cost of basic foods. The MSA has been compelled to operate on a severely tight budget and has been unable to meet growing public demands to broaden its coverage and to strengthen the social safety net. Particularly during and following periods of border closures, the number of applicants for social assistance increases substantially.

13. The United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), whose mandate is limited to the registered refugee population, also provides social assistance in the West Bank and Gaza, though recent cuts have resulted in additional households seeking alternative assistance from the MSA. UNRWA's cuts have raised awareness of the limited capabilities of the PA to meet commitments for social assistance in the future, in the absence of a comprehensive social welfare system.
14. Non-governmental organizations (NGOs) have been performing a complementary role in providing social and relief assistance to the poor, as well as direct support to targeted sectors such as poor farmers. However, this aid has been small, geographically-limited and usually on an unpredictable, ad hoc basis. Over the past several years, a crisis has developed in the NGO social sector, with social services and NGO formal assistance steadily reduced as funds from outside sources have been cut.
15. The Ministry of Agriculture is developing specific programmes to revitalize farming and to improve living conditions among small-scale farmers and fishermen, particularly those with limited funds for investment and little collateral. The Ministry is seeking donor assistance, including from WFP, to support land rehabilitation projects targeted to poor farmers and to develop appropriate extension services.

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## PREVIOUS WFP ASSISTANCE

16. WFP has provided assistance to poor Palestinians in the Gaza Strip and the West Bank intermittently since 1991, in the form of short-term relief interventions and quick-action projects. WFP assistance has continued on a more regular basis since 1994/95, with the establishment of the PA. WFP food aid was for the most part distributed to poor families registered as special hardship cases in the Gaza Strip.
17. Under the current one-year project which began in early 1997, WFP assistance has been crucial to beneficiaries rendered even more vulnerable as a result of a rapid deterioration in socio-economic conditions brought about by the current crisis.

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## PROJECT OBJECTIVES AND OUTPUTS

18. The project's **long-term objective** is to contribute to the socio-economic development of the PT by supporting poverty alleviation programmes aimed at strengthening the coping capacity of the most vulnerable groups.



## Immediate Objectives

19. The project's immediate objectives are as follows:
- a) to ensure household food security for the ultra-poor registered as social hardship cases in the Gaza Strip and selected areas of the West Bank;
  - b) to enable Palestinian social institutions to improve and expand their social support programmes for the most severely affected households by supporting training and employment for health and social workers;
  - c) to support interventions along the relief-rehabilitation-development continuum, specifically by supporting vocational training centres and women's education programmes; and
  - d) to improve the income levels of small-scale fishermen and poor farmers who have been severely hit by the economic crisis.

## Outputs

20. The project's expected outputs are:
- a) A total of 57,500 individuals from among the special hardship cases registered in the Ministry of Social Affairs (37,500 in Gaza and 20,000 in the West Bank) will receive monthly food rations for one year. Of these, 32,000 individuals will continue to receive rations during year two of the project while the MSA is expected to continue coverage of the remaining 25,500 individuals from its own resources. Should, however, the economic situation suddenly deteriorate as a result of border closures or other external shocks, WFP would continue coverage during year two for all 57,500 hardship cases, drawing on additional resources to be obtained through a special donor appeal.

From this group of beneficiaries, about 500 women and young girls, to be selected from among hardship-case households in the West Bank, will participate in literacy classes, focusing on nutrition and health education. Each participant will receive an individual monthly food ration for a period of one year - both as an incentive for her participation as well as an incentive to the family to encourage her participation.

- b) A total of 10 NGOs and social institutions in Gaza will receive food assistance for a period of two years. Under this component, a total of 1,000 girl and boy school drop-outs will attend MSA vocational training institutions on a regular basis, while 300 children in difficult circumstances will enrol in kindergartens and rehabilitation centres. A total of 700 women, to be selected from low-income groups in peri-urban areas, will participate in adult education courses and 200 health and social workers, and volunteers will be provided with employment opportunities in their own communities.
- c) Pilot agricultural and fisheries activities will be undertaken by a total of 1,200 poor farmers (700 in the West Bank and 500 in Gaza) and 300 small-scale fishermen in Gaza for a period of one year. Using generated funds from the closed-circuit sale of WFP commodities, farmers will rehabilitate and cultivate an estimated 6,000 dunums of farm land. Farmers will shift from traditional vegetable plantation (mainly tomatoes, cucumbers, eggplants and peppers) to the cultivation of new crops, such as garlic, pulses, peas and fodder, which are more in line with local market demand. New crops will be planted on at least 2,000 dunums. Farmers will receive regular extension services, including training in appropriate soil-protection measures, and assistance in introducing more environmentally friendly fertilizers and pesticides.



- d) Small-scale fishermen, owning small fishing boats, will use generated funds to refurbish fishing equipment (nets and engines) and to upgrade post-harvesting and marketing facilities. With improved fishing techniques (new fishing nets and rehabilitated engines) and availability of cold stores in the area, the income of small fishermen should increase by about 30 percent, provided that the political situation remains stable.

## ROLE AND MODALITIES OF FOOD AID

### Functions

21. Food aid will be used as:
- an income transfer for poor households, providing essential food requirements and freeing family cash resources for other necessities;
  - an indirect budgetary support to the PA and non-governmental institutions, enabling them to strengthen their social support programmes and increase beneficiary coverage;
  - an incentive for poor women to enrol in literacy classes and to ensure their regular attendance;
  - a supplement to a cash allowance and an incentive to health and social workers in exchange for their voluntary work at community centres; and
  - an incentive and income support for small and landless farmers to adopt new cropping patterns geared to local market requirements, and for small-scale fishermen to maintain or expand their fishing activities. For this category of beneficiary, funds will be used to establish a project fund to finance agricultural and fisheries-related activities generated through a cash payment by beneficiaries for rations, equivalent to 30 percent of the local monetary value of the WFP ration.

### Individual daily ration

22. The individual daily ration is consistent with local habits. In the absence of targeted food subsidy programmes, the WFP ration has an appreciable market value for an average family of five without a regular wage earner.

Commodity	Ration (grams)	Total (tons) (WFP regular commitment)	Supplementary (For year 2, if required)
Wheat flour	300	11 000	4 068
Rice	100	3 655	1 382
Vegetable oil	20	733	275
Sugar	20	733	275
		<b>16 121</b>	<b>6 000</b>



## PROJECT STRATEGY

### Implementation

23. The MSA, as WFP's main partner, will be responsible for the overall implementation of the project. Meanwhile, the Director of the Relief and Rehabilitation Department within the MSA, in close cooperation with the Ministry's regional offices (five in Gaza and two in the West Bank), will be in charge of the management and execution of the social-support programme targeted to 11,500 households in the PT.
24. Food aid will be an integral part of the MSA social safety net scheme. WFP's immediate counterparts for the project will be the directors of seven regional offices of the Ministry and support staff, including 80 social workers - a third of whom are women - and a number of programme administrators and accountants, as well as 10 storekeepers and food monitors.
25. The literacy classes targeted to women from among MSA hardship cases will be organized by the regional offices of the Ministry of Social Affairs in the West Bank, in close cooperation with local NGOs. WFP and the Department of Women's Affairs in the MSA will be regularly consulted and informed on the implementation of this pilot programme which, if proved successful, could be replicated on a larger scale.
26. The 10 education and vocational training centres and the NGOs will be selected by WFP from among the institutions affiliated to the Ministry of Social Affairs. WFP will work out separate programmes with each of the institutions it will be supporting and the MSA will be regularly informed and consulted on these activities. Each institution will designate one staff member as a WFP focal point to follow up on food aid related activities.
27. WFP's main counterpart for the implementation of agricultural activities will be the Department of Policies and Planning of the Ministry of Agriculture. Working directly with farmers supported by WFP will be four extension agents. Farmer associations, village project committees and fishermen's cooperatives will be involved in the design of activities to be supported by the project and will fully participate in the decision-making processes regarding selection of beneficiaries, arrangement of food distribution, and collection and disbursement of generated funds.

### Food logistics

28. WFP will be responsible for delivering food aid commodities to the MSA warehouses and to the main centres in Gaza and the West Bank. The commodities will be shipped to the port of Ashdod in Israel. Shipping documents will be sent to the WFP country office, which will liaise with the UNDP travel and procurement office in Jerusalem and arrange with port authorities for the exemption of custom duties and the entry of WFP commodities into the Palestinian Territories. A WFP-appointed agent will be in charge of commodity handling at port and during security checks.
29. WFP may undertake regional purchases by procuring part of the rice requirements directly from Egypt. During 1996/97, a total of 700 tons of rice were procured by the WFP Country Office in Cairo and delivered by trucks to Gaza through Rafah international borders. Although clearance procedures were slow and cumbersome, the operation proved relatively cost-effective for a high-quality product.





30. A Palestinian private company will ensure inland transportation from the port to the main warehouses. In-country food logistics operations will be supervised and monitored by the newly-established local WFP Logistics And Monitoring Unit.
31. WFP commodities will be stored at the MSA main warehouses in the town of Gaza. The storage facilities, which were recently renovated by WFP, have a total capacity of about 2,000 tons. In addition, a regional warehouse with a capacity of 300 tons was repaired by WFP and will be used for food distributions in southern areas. In the West Bank, UNRWA has recently repaired a complex of warehouses in Nablus which will be handed over to the PA. The MSA will be allocated a warehouse with an 800-ton capacity, which will be used to store WFP commodities. Plans are underway for the construction of additional warehouses in the north of the West Bank.
32. **Food distributions to beneficiaries.** Distribution of food commodities to special hardship cases will be jointly organized by the WFP Country Office Logistics and Monitoring Unit and the MSA Department of Relief and Rehabilitation, in cooperation with regional offices and social workers. Food commodities will be distributed on a bi-monthly basis at the main warehouses in Gaza, in the three sub-stores in the Gaza Strip and in the two West Bank warehouses.
33. A total of 30 women from low-income groups, but not registered in the MSA social support programme, will be recruited as volunteers to help project staff in the distribution of food commodities. Training and guidance will be provided by the WFP food monitor. The women volunteers will be assisting social workers present during distribution to identify and check registration cards and food coupons. Each of these women will be given a two-week family ration, in exchange for her work at the distribution centres.
34. The WFP Logistics and Monitoring Unit will coordinate the delivery of food commodities to the NGOs and social institutions participating in the project. Food will be directly distributed to targeted beneficiaries during a fixed period at the MSA warehouses or through family visits.
35. Food deliveries to small farmers and fishermen will be organized on a quarterly basis by WFP and the regional offices of the Ministry of Agriculture. Distributions will be arranged by the village local communities and/or farmers' associations.

## Generated Funds

36. Under the farmer/fishermen component, the closed-circuit sale of WFP commodities will generate a project fund which will be used to support activities that will help targeted beneficiaries increase their farming and fishing incomes. A total of 1,494 tons of commodities (1,080 tons of wheat flour, 180 of rice, 117 of sugar and 117 of vegetable oil) will be distributed in the form of monthly family rations to a target group of 1,500 farmers and fishermen, against a cash payment equivalent to 30 percent of the local market value of the food ration.
37. The sale of commodities to farmers and fishermen is expected to generate a total of 209,460 dollars; 40 percent of which will be allocated for the provision of agricultural inputs, 20 percent for the expansion of fishing facilities, 25 percent for post-harvesting activities and 15 percent for community development. The funds will be deposited in an interest-bearing account in the name of the project and will be spent on activities identified by the farmers and fishermen through their respective associations. An overall disbursement schedule for the generated funds will be drawn up by the Ministry of Agriculture and WFP, based on the activities identified by the beneficiaries.



## Phasing out

38. Given the adverse and steadily deteriorating economic conditions of the PT and the fact that the expected economic takeoff is unlikely to materialize in the immediate future, targeted food aid interventions are deemed necessary and appropriate during the transition period leading to full Palestinian autonomy and economic self-reliance. Growing problems of poverty and food insecurity at the household level justify a modest increase in the current level of WFP assistance, in order to reach more families that qualify for assistance through poverty alleviation programmes.
39. Because of the potentially open-ended nature of assistance provided in the project, WFP has been careful to inform the PA that the programme will not be able to sustain a similar level of support in the longer term. For this reason, WFP is limiting its commitment to the project to two years only and, during year two, substantially reducing its level of assistance. WFP is also seeking to diversify the uses of food assistance in order to create more sustainable benefits and to build alternative opportunities for beneficiaries after the termination of the project. In this connection, the WFP Country Office is supporting NGO programmes for women's education and is implementing pilot activities targeted to small farmers and fishermen.
40. The planned phase-out, following this two-year project, assumes an increase in revenues to the PA - both through an improved economic and political environment and increased disbursements of donor commitments to the PA until final status negotiations are completed. An increase in fiscal revenues would alleviate budgetary constraints affecting the functioning of public institutions, enabling ministries to gradually assume greater responsibilities in the management and financing of their programmes. For this reason, WFP is phasing down during year two of the project, reducing overall assistance by roughly 40 percent, with the expectation that the MSA in 1999 will be able to cover the shortfall from its own budget. However, the situation in the PT remains highly unpredictable and, in view of the fact that the PT are net importers of basic food commodities, there is a possibility that WFP assistance could still be justified at a higher level during year two of the project, if not also after the project terminates.

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## BENEFICIARIES AND EXPECTED BENEFITS

41. The largest group of WFP beneficiaries will consist of 57,500 needy people in the PT registered as special hardship cases in the MSA social support programme. This target group is comprised of extremely poor households whose members have no appreciable assets and little or no prospect of employment. Most of the beneficiaries will be selected from among the urban population in the Gaza Strip. Of the target group, 30 percent will come from poorer, rural areas in the West Bank, specifically from areas under Palestinian jurisdiction in the Nablus and Jenin districts.
42. Over 65 percent of beneficiaries will be female heads of households and single women, including widows and divorcees and women whose husbands are incarcerated or permanently disabled. The other largest groups will be households headed by orphans aged under 18 and families whose main breadwinner is over 70 years of age, with no assets or reliable income.
43. Other categories of beneficiaries will consist of: young boys and girls from low-income groups - often orphans or abandoned children - who are registered at vocational training



centres; women attending literacy classes; and health and social volunteers working with local NGOs.

44. Farmers benefiting from WFP assistance will be sharecroppers and/or owners of less than six dunums of agricultural land who live in resource-poor marginal areas or areas vulnerable to border closures, where agriculture is the only source of livelihood. Fishermen will be selected from among the poor inhabitants of the coastal communities south of Gaza who own a small fishing boat and who derive their livelihood from fishing. Particular attention will be given to small-scale fishermen who are at risk of abandoning this activity.
45. The 57,500 persons registered in the MSA social safety-net programme will benefit from a package of assistance consisting of a monthly cash allowance provided by the MSA, supplemented by a daily food ration from WFP. They also receive medical insurance for hospital treatment only. In the absence of government food subsidies and given the increases in the price of essential goods, food rations represent a significant income transfer for beneficiary households who spend over 60 percent of their income on food. WFP food will allow families to cover their basic food needs, freeing scarce resources to enable them to purchase additional household requirements.
46. WFP assistance will help the Ministry of Social Affairs improve its social support programmes and expand its beneficiary coverage. With the extension of WFP assistance to 20,000 people in the West Bank, the MSA will reduce its cash payments to hardship beneficiaries and use the savings to expand the number of eligible households and upgrade existing social support programmes in the rural West Bank.
47. The provision of food assistance to vocational training and rehabilitation centres will contribute to consolidating the programmes by attracting school drop-outs to courses offered and ensuring their regular attendance. The NGOs that support education and social programmes will use food aid to improve their outreach to poor and distressed households.
48. WFP assistance provided to poor farmers and fishermen, in the form of subsidized closed-circuit sales, will tide them over during the agricultural or fishing off-season or during sudden crises, protecting their savings which are needed to purchase inputs for the next season. Farmers benefiting from extension services (to be provided on a regular basis by the Ministry of Agriculture) will adopt appropriate farming techniques, resulting in improved yields. The project will also encourage the formation and strengthening of community groups of farmers and fishermen, involving greater participation of beneficiaries in the management and utilization of generated funds.
49. **Anticipated effects of the project on women.** The largest group of WFP beneficiaries will consist of women, the majority of whom are heads of households. Under this project, women will have direct access to food assistance. The food coupons will be registered in their names and they will collect their family ration from the distribution centres. They are, thus, able to exert greater control in allocating family resources and meeting food security requirements within the household.
50. Literacy classes will provide learning skills for poor women in remote areas who never started school or who left school early. The indirect benefits will be in providing social contacts for the women, and widening their family circles, which could help them to mobilize and wield greater influence over traditional community issues.
51. Women engaged in agriculture, primarily in post-harvesting activities, will directly benefit from extension services designed to improve productivity and yield quality. The project will also encourage greater participation of women in decision-making within local associations for the sharing of community benefits.



## PROJECT SUPPORT

52. WFP and UNRWA are the largest United Nations agencies currently providing direct food assistance to the poorest segments of the population. Unlike the MSA hardship programme which WFP supports, UNRWA assistance is targeted exclusively on the registered refugee population in Gaza and the West Bank. In 1996, from its operational budget for Gaza and the West Bank of approximately 140 million dollars, UNRWA provided 18 million dollars of food aid as well as occasional cash payments to provide shelter for 90,000 refugee hardship cases. Although still significant, UNRWA expenditures over the past several years in the social and health sectors have declined, putting pressure on the PA - and particularly the MSA - to provide welfare assistance to a growing number of poor people. With the signing of the Oslo Peace Agreements, relations between UNRWA and the PA have begun focusing on harmonizing services, with a view to the eventual transfer of UNRWA's services to the PA. In this context, UNRWA and the MSA work closely to ensure that their assistance is complementary, in order to provide a minimum safety net for all the Palestinians who are considered hardship cases. MSA and UNRWA social workers exchange information on beneficiaries and work together to ensure that no families receive double benefits. The cost per beneficiary of UNRWA food assistance is roughly 140 dollars per year, while the WFP cost per beneficiary is approximately 67 dollars per year - the difference between costs is largely due to the more basic nature of the food basket provided by WFP.
53. As the largest contributor to the MSA, WFP has raised the attention of other donors, United Nations agencies and international NGOs to the issue of social safety nets in the PT. UNICEF and WFP are undertaking a joint study of social safety net schemes in the PT with the aim of identifying where their own assistance can best complement the work of the MSA and help build lasting social safety net structures. Presently, UNICEF is implementing a special programme for children in difficult circumstances, with activities focused on a target group drawn from MSA hardship cases. Technical support to non-formal education and adult literacy classes, and training in nutritional and health issues, are among the future interventions planned by UNICEF. Similarly, the United Nations Development Fund for Women (UNIFEM) and the United Nations Population Fund (UNFPA) will work together with the MSA to provide training for social workers—including those recruited by WFP—in the areas of reproductive health and communication and entrepreneurial skills. UNIFEM will also be directly training women and young girls in basic management and business skills.
54. Several NGOs, including Catholic Relief Services (CRS), Care International and the Italian NGO, Cooperation Italian South-South (CISS), will support local NGOs involved in education and health programmes that target MSA hardship cases.
55. For the project's agriculture and fisheries components, WFP will receive technical support from UNDP and FAO, through their technical assistance programmes with the Palestinian Ministry of Agriculture. Extension packages, aimed at small farmers and focusing on land reclamation, have already been designed and the Ministry of Agriculture extension agents assigned to the WFP project will receive training from the UNDP/FAO programme. Additionally, WFP is negotiating with UNDP and American Near-East Refugee Aid (ANERA) to extend their direct agricultural technical assistance programmes in the West Bank and Gaza to the poorer farmers targeted by WFP. In conjunction with FAO and UNDP, WFP intends to field a mission to examine the technical aspects of schemes identified by participating farmers and fishermen. The project fund will be



generated during the project's first year and the schemes will be implemented during year two. Finally, Save the Children Fund, in close collaboration with a local NGO, will build feeder roads in the targeted areas.

### **Landside transport, storage and handling (LTSH)**

56. A new landside transport, storage and handling (LTSH) matrix was produced in May 1996. The cost of LTSH is estimated at 55 dollars a ton. The cost is relatively high considering the short distances involved (less than 100 kilometres from port to different delivery points), but is justified because of the special political circumstances requiring security checks at the port and controls during transshipment. Furthermore, the limited storage facilities in the PT may necessitate WFP, in cases of large consignments (i.e., exceeding 2,000 tons), to store commodities temporarily in Israel, at relatively high costs.
57. Given the financial difficulties faced by the PA and in line with donors' programmes to support the PA directly during the transition period, WFP will pay an LTSH cash subsidy. The commodities to be transported under WFP's regular commitment to the project will total 16,131 tons and the amount needed to finance LTSH is 887,205 dollars. Should supplementary resources be required during year two, then 330,000 dollars will be required to cover the additional 6,000 tons of commodities.

### **Monitoring and Evaluation (M & E)**

58. The WFP Country Office in Gaza has established a comprehensive system for monitoring WFP-related activities. Initially designed to follow up on implementation of WFP activities, and focusing on logistics and the distribution of commodities, the system has been improved under the current project and includes data on the beneficiary target groups, selection criteria, and socio-economic status in addition to information on the type and quality of services provided.
59. Under the new project, the monitoring system will be further strengthened, expanding the breadth of data collected, in order to provide the MSA with concrete information for strategic planning. For example, surveys designed with WFP's assistance and carried out by MSA social workers will now move beyond examining food security and income levels among beneficiaries to include other problems facing these families, such as nutrition, health, education and domestic violence. In this way, the MSA will have information to enable it to adjust, as appropriate, its existing social support programmes to tackle other social welfare problems. In order to strengthen the MSA's monitoring capacity, WFP will contribute 40,000 dollars to the MSA to support one year on-the-job training for 10 newly-recruited social workers. The MSA has agreed that these trainees will be formally employed following the training period.
60. The WFP Country Office will design and incorporate in the plan of operations a format of quarterly monitoring reports, which will be reviewed and finalized in cooperation with officials and social workers in the MSA. Concerned project staff, i.e., food monitors, programme administrators and social workers, will provide the required data which will be recorded in the relevant sections of the quarterly reports. Additional information relevant to the overall situation of targeted beneficiaries, including their food needs and prospects for self reliance, will also be provided in these reports. The NGOs supported by WFP will design their own monitoring procedures in close consultation with WFP. Additional indicators will be defined to assess the management and logistics capacities of these institutions and to evaluate the impact of food aid on targeted beneficiaries.



61. Monitoring of farming and fisheries activities will be the responsibility of the project extension agents who will work closely with the concerned community associations. The WFP Country Office staff will advise extension agents on defining indicators for the collection of data and basic information on beneficiaries, community participation, the local market value of the WFP family ration, the amount of funds generated and disbursement rates as per development plan, as well as yields and income levels resulting from project activities.

## PROJECT FEASIBILITY AND SUSTAINABILITY

62. The preparation of this project is based on the Country Office assessment of the ongoing phase of project 5761/Q Support to Social Safety-Net Schemes in Gaza, due to terminate in December 1997. The assessment also covers pilot activities supported by WFP and targeted to small farmers and to local NGOs active in the social and health sectors.
63. **Technical feasibility.** The current social safety-net scheme supported by WFP and implemented by the MSA provides a package of assistance targeted to poor households registered as special hardship cases, and consists of a monthly cash allowance and medical insurance, supplemented by food rations. WFP food aid is considered the most stable component of the safety-net package because of its inflation-free value and regularity of distribution.
64. With the recruitment and training of a new team of social workers, the MSA can be expected to perform better at targeting beneficiaries, managing case-loads and delivering services. To the extent possible, the Ministry seeks to avoid long-term dependency of beneficiaries on social support. Hardship cases are reviewed on a yearly basis to verify the continued eligibility of the beneficiary under the social support programme.
65. With continuing economic depression and border closures limiting work opportunities, rapidly increasing numbers of the population who are experiencing prolonged social hardship are seeking MSA assistance. The MSA has expanded beneficiary coverage to include a small number of new applicants but cannot make major adjustments in the social-assistance package at a time of budget crisis for the PA as a whole. Furthermore, financial problems have limited the Ministry's initiatives to support training programmes and income-generating activities targeted to women from poor households.
66. With WFP's support, the MSA has been able to expand storage facilities and to improve handling of food distribution. The MSA has now become the main recognized Palestinian institution for the distribution of food aid. Recently, ad hoc bilateral food contributions have been made directly to the MSA in Gaza in recognition of its efficient handling of commodities and appropriate beneficiary targeting. Since assistance in the West Bank is limited to well-defined geographic areas - Jenin and Nablus Districts in north West Bank - the capacity of the MSA is not expected to be overly stretched.
67. Local NGOs supported by WFP are selected on the basis of their targeting of assistance to the most needy persons in Gaza and taking into account the quality of social and health services they deliver. WFP will provide these institutions with the necessary advice and support to help them effectively handle food logistics operations and improve their community outreach.
68. Farmers and fishermen in remote areas, identified by the Ministry of Agriculture (MOA) as resource-poor and adversely affected by closure policies, are targeted for WFP's



assistance. The existence of well-organized and motivated groups of farmers and fishermen will be an additional criteria for selection. As these groups are considered essential in ensuring the involvement of beneficiaries in project activities. In the West Bank, the project will assist farmers in the Jordan Valley; in the Gaza Strip, farmers in the Mawasi coastal area - where WFP has piloted a similar scheme - will be targeted. The exact project areas and beneficiaries will be selected only after the Ministry of Agriculture, in cooperation with WFP Country Office staff, has carried out a field survey and interviews with resident farmers and fishermen. The overall capacity of the farmer groups - including their ability to manage the funds generated through the closed circuit sales of WFP commodities - will likewise be assessed. In WFP's ongoing project, to date these groups have demonstrated their capacity to handle the relatively modest food logistics operations required for this component. The Ministry of Agriculture will provide the services of four extension workers who will be assigned exclusively to the project areas.

### **Social and economic viability**

69. The protracted border closure has resulted in increasing needs at a time of decreasing PA resources. In order to avoid reducing its services to social hardship households, the MSA has requested WFP to extend its food assistance programme to several of the poorest rural areas in the West Bank. Currently, the food rations represent an important and sustaining income transfer for poor families, demonstrated by the fact that the commodities are consumed by the beneficiaries and not exchanged or sold.
70. Assistance to small-scale farmers and fishermen is limited in duration and linked to the creation of a capital fund to be used to improve the productivity of farmers and fishermen. These farmers are too poor to be eligible for collateral-based credit and are on the verge of abandoning their lands rather than risking additional low-profit agricultural seasons due to unmarketable harvests. With the advice and support of MOA extension workers, the food assistance and community fund will serve to cushion them against these risks and encourage farmers and fishermen to experiment with new technology and methods. Channelling assistance through existing committees of farmers and fishermen is also expected to help these groups develop a lasting mechanism for joint marketing.
71. **Risks.** The long-term sustainability of this project will ultimately depend on qualitative changes in the political and economic spheres. Political stability and sound economic policies would enable the concerned authorities to shift the focus of existing social-support programmes to more developmental activities. However, the unpredictable political and security situation is likely to continue to hamper economic activities, thus limiting opportunities of PA institutions and the NGO sector to implement special development programmes that would directly benefit the most needy households. Furthermore, given the current financial crisis, shortfalls in PA revenue collection could lead to reductions in public expenditures, including cuts in social-support programmes.

## **DISINCENTIVES, DISPLACEMENT AND DEPENDENCY**

72. WFP food aid will be targeted to poor households who spend over 60 percent of their income on food. It provides short-term food security to the most needy and contributes towards poverty alleviation in Gaza and the poorer, rural areas of the West Bank. Local production of cereals hardly covers 10 percent of the population's annual requirements and, in the absence of milling facilities, the PT import wheat flour which is the main staple.



73. Food aid to targeted beneficiaries results in additional consumption at the household level and no disincentive to local production is expected from the provision of food assistance in the context of this project.

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## **COORDINATION AND CONSULTATION**

74. The Palestinian Ministry of Planning and International Cooperation will be the official channel of communication between WFP and the relevant officials and institutions. The WFP Country Office in Gaza is regularly in contact with donors and NGOs active in the social and health sectors. WFP also participates in the donors' coordination meeting and the United Nations inter-agency meetings held to coordinate local aid. The project was discussed with the European Union and reviewed by UNRWA officials in charge of the refugee hardship cases programme. Their suggestions were taken into account in the formulation of the project.

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## **RECOMMENDATION OF THE EXECUTIVE DIRECTOR**

75. The project is recommended for approval by the Executive Board.





## ANNEX

## PROJECT COST BREAKDOWN

	Quantity (tons)	Average cost per ton (dollars)	Total cost (dollars)
<b>WFP COSTS</b>			
<b>A. Direct operational costs</b>			
Commodities			
– Wheat flour	11 000	230	2 530 000
– Rice	3 665	278	1 018 870
– Vegetable oil	733	695	509 435
– Sugar	733	335	245 555
<b>Total commodities</b>	<b>16 131</b>		<b>4 303 860</b>
External transport	16 131	44.55	718 578
LTSH	16 131	55	887 205
a) Land transport	16 131		0
b) ITSH	16 131	55	887 205
<b>Subtotal direct operational costs</b>			<b>5 909 643</b>
<b>B. Direct support costs</b>			
a) Staff costs, one international staff member			240 000
b) Technical support			
– project appraisal technical mission			20 000
– M&E (support to MSA social workers for monitoring)			40 000
<b>Total direct support costs</b>			<b>300 000</b>
<b>Total direct costs</b>			<b>6 209 643</b>
<b>C. Indirect support costs (13.9 percent of total direct costs)</b>			<b>863 140</b>
<b>TOTAL WFP COSTS</b>			<b>7 072 783</b>
<b>GOVERNMENT COSTS</b>			
– Programme costs			20 294 117
– Administrative and personnel			1 365 000
– Operation costs			70 000
<b>TOTAL GOVERNMENT COSTS</b>			<b>21 729 117</b>
<b>SUPPLEMENTARY DONOR CONTRIBUTIONS TO WFP FOR YEAR 2 (if required)</b>			
Additional commodities: 6,000 tons			1 603 086
Transport and LTSH			597 278
Indirect support costs (13,9 percent)			305 851
<b>TOTAL WFP SUPPLEMENTARY COSTS</b>			<b>2 506 215</b>
<b>TOTAL PROJECT COSTS (WFP, Government and Supplementary)</b>			<b>31 308 115</b>
WFP costs as a percentage of total project costs: 31 percent			

