



Special Focus: **New analysis of the impact of aid and credit on vulnerable groups**

A new assessment by the World Food Programme (WFP)¹ provides important new information on the way food aid impacts Palestinian households.

1. The assessment of 1,199 beneficiary households shows the crucial role played by food transfers (ranging from food aid parcels distributed by humanitarian agencies to gifts of food from family and friends) and food purchased on credit. According to the assessment, 58% of total cash expenditures are on food among WFP beneficiaries; however, accounting for the value of in-kind assistance and credit lowers this ratio to 38%.
2. These findings suggest that the presence of food transfers (including food aid) and credit has a positive effect on the household economy and the allocation of household resources. Analysis shows that households that decrease their expenditure on food increase expenditure on non-food items. Food aid allows them to spend more money on health and education.
3. The assessment improves information on the different profiles of vulnerable groups receiving aid. The chronic poor are shown to be poor, dependent and unable to become self-reliant due to the prevalence of chronic illnesses (63%), low skill and high disability levels within this group. Over the years however, they have become masters of surviving on the bare minimum. Their survival strategies are based upon the steady supply of aid – including subsidized health care and education, food, cash allowances and the provision of household appliances ranging from kitchen utensils to blankets. As a result of this support and their inability to work, their biggest cash expenditures are food.
4. The new poor by contrast, strive to be productive and yet do not receive subsidized services and as a result need to allocate a greater proportion of their resources to non-food items such as equipment tools, fertilizers, seeds, education and health. While aid helps the chronic poor *maintain* their survival, it is important to the new poor because it allows them to *build* on their productive capacities and invest in the education and health of household members. The new poor utilize credit and a range of other coping strategies in a bid to continue being productive but in so doing, they gamble on their long-term sustainability.²

Figure 1: Distribution of Poor households By Main Income Source

	Chronic Poor	New Poor
West Bank		
Aid and Assistance	56.4 %	7.1 %
Work and entrepreneurship	37.3 %	76 %
The Gaza Strip		
Aid and Assistance	66.7 %	26 %
Work and entrepreneurship	31.1 %	70.8 %

5. Food transfers and credit play a central role in alleviating food poverty.³ Households that received food transfers were less likely to be in food poverty. Food transfers and the use of credit

reduce the ratio of WFP beneficiaries living in food poverty by 25%. Credit and to a lesser extent, food transfers allow households to invest in the future and strengthen their capacities.

6. The WFP assessment highlights for the first time, the extent to which credit reduces poverty. It found that 60% of beneficiary households took out cash loans or credit during the previous month. It also found that reliance on credit is particularly marked among the new poor.
7. Credit plays the biggest role in West Bank new poor households. For these households, credit plays a larger role even than aid. An average of 19% of beneficiaries' food supply is received in-kind while 44% is purchased on credit.⁴ Receiving less aid at the time of the assessment, these West Bank new poor households relied more on credit to purchase food.⁵

Figure 2: Value of average household aid and assistance per person per month (NIS)

	Chronic Poor	New Poor
West Bank	49.4	24.37
The Gaza Strip	99.1	40.66

Figure 3: Percentage of poor households buying food on credit half of the time and more

	Chronic Poor	New Poor
West Bank	53.2 %	64.6 %
The Gaza Strip	37 %	44.5 %

8. While all poor households are vulnerable to shocks - varying from the Barrier and restrictions on access to land, markets and work to illness and irregular rains - new poor households are more vulnerable because of the risks that they take. They are more vulnerable to conflict-related shocks and natural shocks - such as droughts, crop pests and livestock disease - because they take more risks in their coping strategies and reliance on credit so as to be productive.

II. New humanitarian reports:

1. PCBS: Main Findings of the Palestinian household Expenditure and Consumption Survey 2004

In 2004, household monthly expenditure decreased by 2.2% compared with 1998, while household expenditure on food decreased by 12.3%, according to the Palestinian Central Bureau of Statistics (PCBS). If the price increase is taken into account during the same period (20.5%), general expenditure decreased by 27%, while food expenditure decreased by 28%. Results indicated that food share of total expenditure is 36.0%: 35.5% in the West Bank and 37.0% in the Gaza Strip.

For more information, please see: [<http://www.pcbs.org>]

2. PCBS: Survey on the perception of Owners/Managers of Industrial Establishments

Owners and managers in the Gaza Strip appear to be more optimistic than those in the West Bank. According to PCBS survey, 62.8% of the owners/managers in Gaza Strip expect an improvement in their situation compared with 59.8% in the West Bank.

For more information, please see: [<http://www.pcbs.org>]

3. ILO: The situation of workers of the occupied Arab territories

An International Labour Organization (ILO) report highlighted the rapidly growing youth population with over 46% of the total population 14 years old or younger. Almost one-third of 15 to 24 year-olds and over half of 25 to 29 year-olds are neither employed nor studying. ILO reiterated its position that "the removal of restrictions is a necessary condition for the application of fundamental principles and rights at work as well as to unlock the productive potential in the occupied territories". For more information, please see: [<http://www.ilo.org>]

4. Amnesty International: Annual Report

The Amnesty International Annual Report for 2004 states that Israeli forces killed some 700 Palestinians - including 150 children - mostly in unlawful circumstances. It condemns the killing by Palestinian armed groups of 109 Israelis — 67 of them civilians, including eight children — in suicide bombings, shootings and mortar attacks. The organisation condemned the Israeli army's use of unlawful killings, torture, destruction of property, obstruction of medical assistance and the use of Palestinians as "human shields" during military operations in spite of an injunction by Israel's high court banning the practice. For more information, please see: [<http://www.amnesty.org>]

III. Humanitarian assistance to the oPt

1. US announces \$20 million donation to UNRWA's emergency appeal

On 19 May, the United Nations Relief and Works Agency (UNRWA) marked a new stage in its relations with the United States at a two-day meeting with major donors and host authorities in Jordan. At the meeting, the US representative announced a donation of US \$20 million to UNRWA's Emergency Appeal for the West Bank and the Gaza Strip to support food aid programmes.

UNRWA launched its US \$185.8 million appeal in December 2004, the eighth since the start of the conflict in September 2000. Funding for the 2005 appeal now stands at US \$80 million. This latest pledge brings the US's contribution to UNRWA's Emergency Appeals to US \$172.3 million since September 2000. The US, UNRWA's largest donor, has also contributed US \$88.8 million to UNRWA's regular activities during 2005.

For more information, please see: [<http://www.unrwa.org>]

2. USAID adds US \$7 million to its oPt education programme

On 16 May, the US donated US \$7 million to enlarge US-funded higher education and training programmes in the West Bank and the Gaza Strip. The education projects are part of a US \$41 million quick-impact initiative launched by the US Agency for International Development (USAID) in coordination with the Ministry of Education and Higher Education. For more information, please see: [<http://www.usaid.gov/>]

3. New US funds for micro-finance project

On 18 May, the US government injected an additional \$4.95 million into an emergency programme designed to assist an estimated 20,000 Palestinian women working in micro-enterprise activities. It is

designed to help Palestinian women who cannot qualify for bank loans.

The micro-finance project is implemented by Palestine for Credit and Development (FATEN), an independent Palestinian non-profit corporation, in coordination with the Save the Children Federation. The new funds will increase FATEN's monthly loan disbursement capacity by 43% (from \$560,000 to nearly \$800,000). Initially, the project will be able to disburse loans to 500 women entrepreneurs, and then be extended to a further 9,500. For more information, please see: [<http://www.usaid.gov/>]

4. Commission provides €28.3 million in humanitarian aid to vulnerable Palestinians

On 10 May, the European Commission allocated €28.3 million in humanitarian aid for one million Palestinians in the oPt and Lebanon. The aid package includes food aid, water and sanitation facilities, mobile clinics, psychosocial emergency assistance, job creation and support to small-scale businesses.

Louis Michel, commissioner for development and humanitarian aid, said: "Despite the improving political climate, most movement restrictions for people and goods remain in place. While it is crucial that humanitarian aid does not become a structural feature of the Palestinian economy, international donors must continue to help meet the urgent needs of the population." For more information, please see: [<http://www.delwbg.cec.eu.int>]

5. Japan pledges to help finance the Gaza Strip withdrawal with US \$100 million

Japan pledged US \$100 million 16 May to support the Palestinians after Israel's withdrawal from the Gaza Strip. The promise came as Palestinian President Mahmoud Abbas made his first Asian tour since succeeding the late Yasser Arafat.

6. USAID launches 'Pocket Park' initiative

On 9 May, USAID announced its allocation of US \$2 million (of the US \$41 million earmarked) for the construction of 16 "pocket parks" in the West Bank and Gaza's densely populated cities. For more information, please see: [<http://www.usaid.gov/>]

IV. Events affecting the humanitarian situation

OCHA: Gaza Strip access⁶

During March and the first half of April movement in and out of the Gaza Strip steadily improved. However, the situation deteriorated during the latter part of April following restrictions on Palestinian movement through Erez and periodic closings of Abu Houli junction. Access problems remain with the internal Gaza Strip enclaves, most notably Al Mawasi and As Siafa while a fourth enclave has now been created at Abu Nahiya. For more information, please see: *Gaza Strip Access Reports* at [<http://www.ochaopt.org/>]

IV. Protection of Civilians – Monthly Update⁷

Indicator	Number affected
Total Casualties⁸	115
Deaths	
<i>Palestinian</i>	14
<i>Israeli</i>	0
Injuries	
<i>Palestinian</i>	81
<i>Israeli</i>	17
<i>Internationals</i>	3
Ambulance and Medical Team incidents	
<i>Denials</i>	2
<i>Delays</i>	5
Structure demolition	
<i>Complete demolition</i>	25
<i>Partially destroyed</i>	3
Land reports	
<i>Area of land requisitioned</i>	786 dunums (78.6 hectares)
<i>Area of agricultural land destroyed⁹</i>	82 dunums (8.2 hectares)
<i>Agricultural assets destroyed</i>	366 trees

¹ The survey was conducted in October/November 2004 with households receiving WFP assistance; another survey is planned to be conducted within a year.

² WFP data show that 20% of chronic poor in the oPt relied on work as main income source compared with 70% of new poor.

³ According to the World Bank, 'food poverty' is understood as expenditure of under NIS 128 per person per month on food. This amounts to expenditure of under one dollar per person per day on food.

⁴ At the time when the survey was conducted, over two thirds of new poor interviewed were newly selected to receive aid but had not yet received it. This means that their reliance on credit was likely to be higher.

⁵ Reliance on credit for the purchase of food is higher in the West Bank where 83% of the chronic poor and 90% of the new poor rely on credit to buy food. In the West Bank, 58% of the new poor and 45% of the chronic poor rely on credit to buy food half of the time or more.

⁶ Israel made humanitarian commitments to Catherine Bertini, UN Secretary-General Kofi Annan's personal humanitarian envoy, during a mission to the region in August 2002. These include, among other concerns, facilitation for health and humanitarian workers, increased shipments at Karni crossing, increased permits for Palestinian workers in Israel. Please also see section V below.

⁷ For more detailed information, please see OCHA's Humanitarian Briefing Notes at <http://www.ochaopt.org>

⁸ Period covered: 4-31 May 2005

⁹ Destruction type: bulldozed or burned