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UNITED NATIONS CHILDREN'S FUND

Programme Committee

Recommendation of the Executive Director for an Allocation
ISRAEL
Milk Conservation

1. The Executive Director recommends an allocation to Israel of \$192,000 to provide additional milk bottling equipment for three dairies in Tel Aviv, and additional milk sterilizing equipment for a dairy in Kfar Shmaryahu. This recommendation is to extend the scope of the milk conservation programme for which the Board approved an allocation of \$300,000 in April 1952 (E/ICEF/R.322), and is part of a long-term plan for the development of improved milk supplies within the country. With the additional assistance now requested, the Government would be able to introduce direct distribution of sterilized bottled milk free of cost or at a highly subsidized price to some 10,000 additional needy children in areas far from sources of milk production, through the Ministry of Social Welfare. The Government would continue to expand its programme for the distribution of milk and meals through schools. The expanded plan would also increase the availability of bottled milk to the population generally. UNICEF equipment would be delivered during 1957 and the expanded programme would come into operation early in 1958. Matching by the Government during the seven-year period to be covered by the plan of operations is estimated at the equivalent of US\$405,000.
2. The Executive Director has recommended to the Government that UNICEF aid to Israel be confined, for the most part, to the milk conservation

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and distribution programme. UNICEF's main contribution has been equipment for bottling milk, with the country providing all the other processing equipment. The present recommendation continues along this line, with also some additional equipment for sterilizing milk, the increased use of this process representing a significant development of milk policy.

Progress of the programme to date

3. During the five-year period since the first UNICEF allocation was approved, UNICEF aid has enabled six dairies to bottle pasteurized milk, and one dairy to put out bottled sterilized milk - the first of this type of heat-treated milk in the area. As a result of working the equipment already provided by UNICEF on a two- or three-shift-a-day basis, a large proportion of the milk in certain of the urban areas is now being bottled, but the milk supply and need for bottled milk is increasing while the plant capacity is limited. The school milk programme is currently reaching 75,000 children daily. The school lunch programme which provides a proportion of milk and milk products has been expanded by the Government to reach 90,000 children (in addition to the 75,000 who receive milk rations).

4. Dairies which have received UNICEF equipment under the previous allocation are, in accordance with the agreed plan of operations, paying into a joint fund to which the Government contributes an equal amount, the equivalent in Israeli currency of the landed value of the UNICEF equipment. With respect to UNICEF equipment already delivered, this fund has accumulated approximately I£700,000 (equivalent to US\$389,000) which is being used for the purchase of milk cooling and transport facilities to increase the quantity and improve the quality of the raw milk for processing. Losses through spoilage of raw milk during collection and transport to the dairies have been excessively heavy in the past, but are now being sharply reduced as the result of these improved facilities. From the joint fund I£210,000 (equivalent to US\$117,000) has been

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invested to date in cooling equipment for approximately fifty-five production farms and collecting centres which supply approximately eighty thousand litres of milk daily to the processing dairies. As a result in part of the improved facilities made possible by joint fund investments, milk is today a comparatively cheaper commodity than it was five years ago.

5. The immediate increase in milk consumption that resulted from the introduction of bottled milk to the public has demonstrated the efficacy of this form of assistance. It is estimated that some seventy per cent of all the milk purchased in Israel is consumed by children. Increased milk consumption has accentuated the need for larger production, and milk production has risen, during the past five years, approximately ten per cent each year. New agricultural settlements continue to be established and the Government estimates that during the four years 1955-1959, the number of milk cows in the country will have been increased by thirty-six per cent.

Proposed plan of operations

6. The present proposal represents the second phase in a long-term Government plan under which all liquid milk distributed in Israel will eventually be processed and supplied in bottles. As has been the case in many countries, the distribution of milk in bulk has given rise to contamination and adulteration. Experience during the first phase of this programme has shown that the confidence of the consuming public has increased when milk is made available in bottled form, and a marked increase in consumption has resulted. The second phase of the programme, for which aid is now being recommended, will allow the assisted dairies to expand their areas of distribution to reach consumers who have, until now, not had access to bottled milk. At the same time, an increased quantity of sterilized milk will be distributed to other areas of the country where it has not been possible previously to introduce bottled milk for lack of adequate refrigeration facilities.

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7. To meet these objectives it is now planned to increase processing facilities in four dairies previously assisted, thereby increasing the capacity of the TNUVA Dairy in Tel Aviv by fifty per cent; doubling the capacity in the TARA and United Dairies plants in Tel Aviv; and doubling that of the Tenne Noga sterilizing plant in Kfar Shmaryahu. It should be noted that UNICEF assistance under the earlier allocation and the assistance proposed in the present recommendation have been limited to the provision of equipment related to bottling and sterilization. The country has itself provided all of the basic dairy equipment.

8. Joint fund: The system of the joint fund, described above at paragraph 4, would be maintained. With respect to UNICEF equipment now requested for expansion of the programme (paragraph 11 below), the participating dairies would pay into the joint fund the equivalent of the landed value of the equipment, approximately IL345,000 (US\$192,000), while the Government would pay into the fund a further sum of IL170,000 (US\$94,500) so that the fund would increase its resources by a total of IL515,000 (US\$298,500).

9. Beneficiaries: The Government is prepared to add 10,000 beneficiaries to the 75,000 children now receiving milk daily under the school feeding programme. These 10,000 children would be from the as yet economically under-developed areas, and would receive sterilized milk free or at a heavily subsidized price. The subsidy scheme would cost the Government an estimated IL80,000 (US\$44,500) per year. The school lunch programme would reach an additional 10,000 children daily to provide for a total of 100,000 children.

10. Administration of the programme: The implementation of this plan would be carried out as in the past under the overall responsibility of the Ministry of Commerce and Industry. This Ministry would supervise the co-ordination and administration of the project, and would also effect allocations from the joint fund to be used for the improvement of collecting stations and cooling facilities on the farms. In September 1956, the Government established a Central Milk Board comprising representatives of farmers' groups, dairy interests and Government

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agencies concerned with milk production and distribution. This Board is currently set up as an advisory group, but is later expected to assume executive functions in relation to various aspects of the present programme. The maintenance of the school milk and school luncheon programme continues to be the responsibility of the Ministry of Education, while the Ministry of Social Welfare will carry out through its normal channels the scheme by which sterilized milk is to be distributed to selected children.

UNICEF commitments

11. UNICEF would provide the following equipment (paragraphs 1 and 7 above)

	<u>US\$</u>
a) <u>for the TNUVA dairy, Tel Aviv</u>	
One bottle washer, two bottle fillers, bottle and crate conveyors	50,000
b) <u>for the TARA dairy, Tel Aviv</u>	
One bottle washer, one bottle filler, bottle and crate conveyors	35,000
c) <u>for the United Dairies plant, Tel Aviv</u>	
One bottle washer, one bottle filler, bottle and crate conveyors, equipment for extension of existing UNICEF- supplied pasteurizer	35,000
d) <u>for the Tenne-Noga dairy, Kfar Shmaryahu</u>	
One sterilizing tower, one bottle sealing machine, bottle in feed conveyor, equipment for modification of existing filling machine	55,000
Total equipment	<u>175,000</u>
e) <u>freight</u>	17,000
Total recommended allocation	<u>192,000</u>

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Government commitments

12. During the seven-year period 1957-1964, it is estimated that Government expenditures in relation to the proposed plan as outlined above will be I£7,394,000 (equivalent to US\$4,108,000). These expenditures include:

- a) I£170,000 which the Government will contribute to the joint fund (see paragraph 8 above);
- b) the cost of distribution of sterilized milk at the rate of I£80,000 per year, a total of I£560,000 for a seven-year period; and
- c) the cost involved in increasing the school luncheon programme at I£952,000 per year beginning in 1958, a total of I£5,712,000 for the period ending 1964.

In addition, the Government will be providing loans to the participating dairies for adaptation and extension of existing buildings.

13. Matching: An amount of I£730,000 (equivalent to US\$405,000) would be considered as direct matching of the Government for the UNICEF allocation of \$192,000. The matching figure is calculated to include items a) and b) in the paragraph above, i.e. the Government's contribution to the joint fund and the cost of distributing sterilized milk to an additional 10,000 children during a seven-year period, free of cost or at a heavily subsidized price.

FAO participation

14. This project has the technical approval of FAO. An FAO plant management adviser has been stationed in Israel since June 1956, and the present proposal has been worked out in close co-operation with experts from the Agricultural Division of FAO. The Government may request further assistance from FAO in this field in the future.
