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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 \$35,000 to provide additional milk bottling equipment for the Tnuva dairy in Haifa. 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 and \$175,000 in April 1957, both allocations excluding freight (E/ICEF/R.322 and E/ICEF/L.1046).
2. 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 in Haifa and its vicinity. UNICEF equipment would be delivered during 1958 and the expanded programme would come into operation in 1959. Matching by the Government during the seven-year period to be covered by the plan of operations is estimated at the equivalent of US\$90,000.
3. At the April 1957 session of the Board, the Administration in presenting the recommendation for MCP assistance stated that a request from the Government of Israel for \$35,000 for further assistance to the dairy at Haifa had not been included in the recommendation because some eighteen to twenty-four months had been expected to elapse before the dairy would be in a position to receive the equipment requested from UNICEF. The Government has now advised UNICEF that in addition to an allocation of IL.150,000 from last year's development fund

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to the Tnuva dairy in Haifa for the construction of the building, a further loan of I£.250,000 will be given from this year's development budget for continuation and completion of the dairy. Installation of electrical and steam facilities and refrigeration equipment at the Tnuva dairy is almost completed and the building, now under construction, will be ready for the UNICEF equipment by May 1958.

Progress of the programme to date

4. 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 the need for bottled milk is increasing while the plant capacity is limited. The school milk programme is currently reaching 75,000 children daily. In addition the school lunch programme which includes a proportion of milk and milk products has been expanded by the Government to reach 110,000 children during the 1957/1958 school year.

5. Dairies which have received UNICEF equipment under the previous allocation, in accordance with the agreed plan of operations, pay into a joint fund the equivalent in Israeli currency of the landed value of the UNICEF equipment while the Government pays twice that amount. 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 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.

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6. 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 approximately ten per cent each year over the past five years. 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

7. The present proposal represents an extension of the second phase in a long-term Government plan under which all liquid milk distributed to Israel will eventually be processed and supplied in bottles. Experience during the first phase of this programme has shown that the confidence of the consuming public is increased when milk is made available in bottled form, and a marked increase in consumption has resulted. 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 would be maintained. With respect to UNICEF equipment now requested for expansion of the programme (para. 11 below), the Tnuva dairy would pay into the joint fund the equivalent of the landed value of the equipment, approximately IL.60,000 (US\$35,000) while the Government would pay into the Fund a further sum of IL.120,000 (US\$70,000) so that the Fund would increase its sources to a total of IL.1,395,000 (US\$787,500).

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9. Beneficiaries: The Government is prepared to add 2,500 beneficiaries to the 75,000 children now receiving milk daily under the school feeding programme and the 10,000 children who will be aided as a result of the April allocation.

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 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 own channels the scheme by which sterilized milk is to be distributed to selected children.

UNICEF commitments

11. UNICEF would provide the following:

	<u>US\$</u>
a) <u>Equipment for the Tnuva dairy at Haifa</u>	32,000
One bottle washer	
One bottle filler	
Bottle and crate conveyors	
b) <u>Freight</u>	<u>3,000</u>
Total recommended allocation	35,000

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FAO approval

12. This project is an extension of the milk conservation programme previously approved by FAO.

Government commitments and matching

13. During the seven-year period, 1957/64, it is estimated that Government expenditures in relation to the proposed plan as outlined above will be I£7,514,000 (equivalent to US\$4,178,000). These expenditures include I£120,000 which the Government will contribute to the joint fund on account of the proposed UNICEF contribution to the Haifa dairy. In addition, the Government is providing loans of I£400,000 to the participating dairy for adaptation and extension of existing buildings.

14. An amount of I£162,000 (equivalent to US\$90,000) would be considered as direct matching of the Government for the UNICEF allocation of \$35,000.

Target time schedule

15. The time schedule foreseen for implementation of the expanded programme is as follows:

- a) Building ready for equipment May 1958.
- b) UNICEF equipment to be placed on order in the last quarter of 1957 for delivery in the first half of 1958.
- c) Operation of new equipment to begin late 1958.
- d) Expanded milk distribution to begin in 1959.

