

**CO oPt**  
**Emergency Food Assistance for Operation Lifeline Gaza (EMOP 108170)**  
**B/R No.: 6**

**BUDGET REVISION FOR THE APPROVAL OF REGIONAL DIRECTOR**

	<u>Initials</u>	<u>In Date</u>	<u>Out Date</u>	<u>Reason For Delay</u>
<b><i>ORIGINATOR</i></b>				
Country Office or Regional Bureau on behalf of Country Office	.....	.....	.....	.....
<b><u>CLEARANCE</u></b>				
Programme Officer, RMBP	.....	.....	.....	.....
Chief, RMBP	.....	.....	.....	.....
Chief, RMBB	.....	.....	.....	.....
Chief, ODLT (change in LTSH and/or External Transport)	.....	.....	.....	.....
<b><u>APPROVAL</u></b>				
<input checked="" type="checkbox"/> Regional Director	.....	.....	.....	.....

PROJECT	Previous Budget US\$	Revision US\$	New Budget US\$
Food cost	88,104,844	(464,335)	87,640,509
External transport	7,869,894	(211,106)	7,658,788
LTSH	17,280,722	(260,571)	17,020,151
ODOC	3,957,264	(330,916)	3,626,349
DSC	6,283,044	397,643	6,680,687
ISC (7%)	8,644,704	(60,850)	8,583,854
<b>Total WFP cost (US\$)</b>	<b>132,140,472</b>	<b>(930,135)</b>	<b>131,210,337</b>

**TYPE OF REVISION**

- Additional commodity     
 Additional DSC     
 Additional ODOC     
 Additional LTSH  
 Additional external transport     
 Other     
 Re-orientation     
 Extension in time
-

## **NATURE OF THE INCREASE**

1. A budget revision and extension-in-time to the emergency operation (EMOP 108170) for the occupied Palestinian territory (oPt) is requested to support 313,000 beneficiaries (non-refugees) in 2010 and 297,855 from January to April 2011 in the Gaza Strip. This budget revision aims at increasing the tonnage and direct support costs (DSC); to cover the needs of the revised requirements for 2010 (caseload actually in need and practical rations) and of the extended period; a decrease is required for the overall food value, external transport, other direct operational costs (ODOC), indirect support costs (ISC) and landside transport, storage and handling (LTSH). With the budget revision a new LTSH matrix of US\$ 90.76 has been reflected.

## **JUSTIFICATION FOR EXTENSION-IN-TIME AND/OR BUDGET INCREASE**

### **Summary of existing project activities**

2. Following the December 8 - January 2009 conflict in Gaza, the Executive Director launched "Operation Lifeline Gaza". At the time the ED decided that the situation in Gaza, i.e. the blockade combined with recurrent cycles of violence, should be managed through a separate emergency operation and be distinct from the operation in the West Bank. Consequently, the planned needs for the Gaza caseload were subtracted from the oPT PRRO 103871 and included under the EMOP 108170.

3. The EMOP targets 365,000 non-refugee beneficiaries (i.e. 80 percent of the non-refugee population in Gaza) through general food distribution (GFD), school feeding and food voucher distribution (the latter started in October 2009). The GFD aims to meet the immediate needs of the population affected by the conflict as well as improve the food consumption of families and individuals in need. The food voucher component enables its targeted beneficiaries to access a range of various commodities including protein-rich food (dairy products and eggs) directly from small and medium-sized shops, thus saving cash for their other essential needs. Through its Food for Education (FFE) project, WFP also aims to maintain the enrolment of children in schools and improve their concentration through the daily distribution of milk and biscuits to schoolchildren. In addition, it was planned to switch 15,000 beneficiaries from GFD to the pilot Urban Voucher project (UVP) should all conditions be met. WFP, FAO and other partners are also closely monitoring the food security situation through an efficient monitoring system.

4. More than a year after the conflict, nothing has changed that would allow changing WFP's activities in Gaza into a protracted operation with elements aiming at recovery. The situation has not improved; there is still no agreed ceasefire. Moreover, the blockade remains in place, thus trapping 1.5 million people inside what is one of the most densely populated areas in the world and triggering a protracted human dignity crisis with negative humanitarian consequences.

5. The activities under this EMOP, therefore, remain of a purely relief nature, aiming to achieve the following objectives:

- Meet the urgent needs and improve the food consumption of conflict-affected people through the timely provision of food rations and food vouchers (WFP Strategic Objective 1); and
- Use school feeding as a safety net mechanism and as an incentive to maintain enrolment of girls and boys, including internally displaced people and refugees, in assisted schools through school feeding coverage (WFP Strategic Objective 3).

### **Conclusion and recommendation of the re-assessment**

6. Food insecurity in the Gaza Strip is a consequence of a livelihoods crisis due to an unprecedented blockade entering its third year. The blockade is restricting commercial access for the import and export of goods, and is severely limiting people's employment opportunities. As a result, the Gaza Strip is currently in a state of economic paralysis characterized by high and rising unemployment. Most industrial producers are going out of business due to restrictions on the import of fuel and raw/intermediate inputs, as well as on the export of manufactured goods. The agriculture sector suffers from the unavailability of inputs, inability to market produce and the contamination of ground water with sewage and seawater. In addition, inflation in food prices, triggered by global food price increases and the ongoing import restrictions, has made some basic food items unaffordable to the poorest households. All these factors were compounded by the conflict in December 2008/January 2009 which left many families homeless.

7. More than one year after the conflict, and mainly due to the blockade, the socio-economic situation has still not reached the necessary conditions to embark on an economic recovery process. Suspension of all exports, reductions in imports of essential commodities such as fuel and gas and increasing access limitations to agricultural and fishing areas have further dwindled economic opportunities. The private sector is today virtually non-existent and unemployment levels reached 42 percent during the third quarter of 2009.<sup>1</sup> Access limitations have additionally hampered the livelihood base for those employed in Israel before the beginning of the blockade. In addition to all these factors, the possibility of renewed armed conflict is latent.

8. According to the joint socio-economic and food security survey (SEFSec) carried out by WFP and FAO in July 2009, food insecurity in Gaza affects 61 percent of households and an additional 16 percent are considered vulnerable to food insecurity. The same survey found that the prevalence of food insecurity was higher among non-refugees (WFP's target caseload), and that 80 percent of them were food-insecure and vulnerable to food insecurity,

9. Comparisons between 2008 and 2009 assessments confirm the persistent degradation of the food security situation resulting from the disastrous effects of the prolonged blockade on incomes, employment and economic opportunities. Within this context, food assistance is playing a major role in enabling Gazan households to secure an acceptable quantity and quality of food: 80 percent of the population receive food assistance in the Gaza Strip. Food assistance is the source of 50-60 percent of

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<sup>1</sup> PCBS

the food items consumed by those unable to consume a proper diet. For those able to consume a proper diet, food assistance provides about 20 percent of the food items.

10. If the blockade persists in stifling the economic opportunities of the Gazan population, it is likely that there will be a continued erosion of people's livelihoods, and a consumption economy that is kept afloat only by public-sector wages and foreign assistance. Furthermore, there will be an increasing dependency on assistance, especially since these wages themselves are donor-financed.

11. Given the larger unresolved political dimensions which have had a negative impact on employment, income and food security, the 2009 SEFSec recommended the following in order to improve the food security of the Gazan population:

- Respond to the immediate food and nutritional needs based on household food insecurity profiling;
- Address the volume of the consumption gap to meet all the needs of all the food-insecure/vulnerable population;
- Assist the newly needy (e.g. populations affected by drought and conflict) with adequate levels of emergency and recovery assistance;
- Provide support for the production of fresh foods (vegetables, fruits, poultry, meat, fish) for local consumption;
- Expand school and pre-school feeding programmes in food-insecure areas;
- Ensure steady pipeline of funds for Palestinian Authorities salaries and wages;
- Tackle the economic and unemployment crisis to protect livelihoods and create sustainable employment opportunities;
- Ensure collaboration among implementing partners, specialized in different intervention areas, to ensure that the needs of different target groups are addressed through appropriately tailored interventions; and
- Sustain monitoring of socio-economic and food security, and improve nutrition surveillance activities.

12. An extension in time, until June 2010 without a budget increase, was approved in June 2009. Another extension in time until December 2010 was submitted in December 2009 and approved in March 2010. The objective of this budget revision is twofold:

- To reflect the revised requirements for 2010 (caseload actually in need and practical rations); and
- To extend the EMOP in time until April 2011. As a first step, the "food" components only will be extended in time; the extension of the pilot UVP component (15,145 beneficiaries) will be reflected in a subsequent budget revision to be submitted later this year.

13. At the start of the emergency in January 2009, the number of planned beneficiaries under the Gaza EMOP 108170 was defined as follows:

- i) 335,000 for GFD;
- ii) 30,000 for FFE;

iii) it was also planned to switch 15,000 beneficiaries from GFD to UVP should all conditions be met.

14. In 2009, the CO actually assisted the following caseload:

- i) from 322,000 beneficiaries at the aftermath of the conflict to 256,000 at the end of the year under both the GFD and UVP components, this caseload represented the number of people actually in need;
- ii) from 50,000 at the aftermath of the conflict to 92,454 beneficiaries from October 2010 under FFE.

15. At the end of 2009 the EMOP was still reaching 311,500 beneficiaries (excluding overlap). These actual figures need to be taken into account and serve as a basis to revise the planning figures for 2010 and 2011.

16. The additional extension in time, from January to April 2011, is justified for the following main reasons:

- Further assessments are needed to examine the feasibility to expand the UVP and the transition to recovery activities;
- Confirmed and forecasted resources allow for a smooth implementation of this extension in time;
- The high levels of food insecurity necessitate the continuation of the ongoing activities;
- The continued blockade prevents a significant move from relief to recovery activities; and
- There are ongoing military activities which could escalate at any time and further worsen the food security of the households already affected.

### **Purpose of extension and/or budget increase**

17. The purpose of the extension is to sustain food and cash voucher (for food commodities) assistance, to maintain the same activities as initially planned in the project document, while improving certain modalities as required, and closely assessing the food security situation and requirements in order to be able to switch gradually from relief to recovery activities. The additional food costs and DSC are related to the extension of current activities that are already part of EMOP 108170.

18. The rations have been revised in order to better reflect the packaging constraints and the GFD categories according to the household size.

**Table 1. Practical rations for 2010 and 2011**

Ration (g/person/day)	Cereals	Pulses	Vegetable oil	Sugar	Salt	Canned meat	Date bars	Milk
GFD	431	23	30	25	6	4	8	
FFE							80	154

19. The revised caseload reflects the people actually in need and planned to be reached in 2010 and 2011.

**Table 2. Beneficiaries by activity type**

Activity	Beneficiaries			
	Planned overall number of beneficiaries before B/R#6 (planned for 2009 and 2010)	2009 Plan	2010 Plan	2011 Plan
General food distribution (GFD)	335,000	335,000	242,654	242,654
Food for Education (FFE)	45,000	30,000	92,454	92,454
Cash Vouchers (pilot UVP)	15,247	15,145	15,145	0 *
Total **	365,000	365,000	313,000	298,000

\* 2011 caseload will be reflected in a subsequent budget revision to be submitted later this year and aiming at extending the UVP component as well

\*\* Excluding overlap

20. WFP will continue its active participation in all sectors/clusters working groups. In collaboration with FAO, the United Nations Relief and Works Agency (UNRWA) and other actors, WFP will continue to play a leading role in the Food Security Sector group.

## FOOD REQUIREMENTS

21. An additional 255 MT of assorted food commodities is needed to cover the needs of targeted beneficiaries until the end of April 2011. This budget revision is required for a food cost decrease of US\$ 464,335 and a total budget decrease of US\$ 930,135.

**Table 4. Food requirements - Total**

	Food requirements (MT)		
	Present	Increase	Revised tonnage
Total	137,838	255	138,093

### DISTRIBUTION:

DED & COO, OD  
Deputy COO & Director, ODE  
Chief, ODLT  
Country Director  
OD Registry  
Director, ERD

Director, ODX  
Chief, RMBP  
Chief, ODXR  
Programme Officer, RMBP  
Programming Assistant, RMBP  
Chief, RMBB

Chief, ODXP  
Regional Director  
RB Programme Advisor  
RB Programme Assistant  
RB Chrono  
Liaison Officer, OD Cairo

<b>BUDGET INCREASE COST BREAKDOWN</b>			
	<b>Quantity (mt)</b>	<b>Average Cost per Ton</b>	<b>Value (dollars)</b>
<b>WFP COSTS</b>			
<b>A. Direct operational costs</b>			
Commodity <sup>2</sup>			
Cereals	1,585	1,140	1,806,559
Pulses	54	434	23,460
Vegetable Oil	71		-18,704
High-energy biscuits (HEB)/ Date Bars	-2,121		-2,620,200
Others (Sugar, Salt, Canned Meat, UHT Milk)	666	517	344,550
<b>Voucher transfer to beneficiaries</b>			<b>0</b>
<b>Total commodities</b>	<b>255</b>		<b>-464,335</b>
<b>External transport</b>			<b>-211,106</b>
<b>LTSH</b>			<b>-260,571</b>
<b>Other direct operational costs</b>	<b>0</b>		<b>-330,916</b>
<b>Total direct operational costs</b>			<b>-1,266,928</b>
<b>B. Direct support costs (see Annex II for details)</b>			<b>397,643</b>
<b>Total direct support costs</b>			
<b>C. Indirect support costs (7 percent of total direct costs)</b>			<b>-60,850</b>
<b>TOTAL WFP COSTS</b>			<b>-930,135</b>

<sup>2</sup> This is a notional food basket used for budgeting and approval purposes. The precise mix and actual quantities of commodities to be supplied to the project, as in all WFP-assisted projects, may vary over time depending on the availability of commodities to WFP and domestically within the recipient country.

<b>DIRECT SUPPORT REQUIREMENTS (US\$)</b>	
<b>Staff</b>	
International professional staff	269,122
Local Staff – National Officer	6,250
Local Staff – General Service	70,264
International consultants Honorarium Payroll	0
Local Staff - Overtime	0
Staff duty travel	0
Hazard Pay & Hard ship allowance	4,449
Travel	-12,442
<b>Subtotal</b>	<b>337,643</b>
<b>Office expenses and other recurrent costs</b>	
Rental of facility	0
Utilities (general)	0
Office supplies & other consumables	0
Communication and IT services	0
Equipment repair and maintenance	0
Vehicle running cost and maintenance	0
Office Set-up and Repairs	20,000
United Nations Organizations Services	0
<b>Subtotal</b>	<b>20,000</b>
<b>Equipment and other fixed costs</b>	
Local security Costs Planning	40,000
Vehicle Leasing	0
Vehicles Acquisition	0
TC/IT equipment	0
<b>Subtotal</b>	<b>40,000</b>
<b>TOTAL DIRECT SUPPORT COSTS</b>	<b>397,643</b>