

Emergency Operation EMOP 108170 in the occupied Palestinian territory - Budget Revision no. 8

“Emergency Food Assistance for Operation Lifeline Gaza”

	Cost (United States dollars)		
	Current budget	Increase	Revised budget
Food cost	85,022,970	20,191,033	105,214,003
Cash/vouchers	3,328,389	1,437,237	4,765,626
External transport	7,658,788	596,823	8,255,611
Land transport storage and handling	17,020,151	2,157,257	19,177,408
Other direct operational costs	3,626,349	1,184,487	4,810,836
Direct support costs	6,791,293	2,910,633	9,701,926
Indirect support costs (7%)	8,641,356	1,993,423	10,634,779
Total cost to WFP	132,089,296	30,470,893	162,560,189

NATURE OF THE INCREASE

1. The proposed budget revision to the emergency operation “Operation Lifeline Gaza” (EMOP 108170) covers an extension-in-time from 1 May to 31 December 2011. In the absence of significant changes in the food security and nutrition situation in the Gaza Strip, activities will remain the same, with only a slight reduction in the number of planned beneficiaries from 313,000 currently to 295,000 as from July 2011, reflecting verifications of beneficiary figures under general food distribution and a partial hand-over of school feeding activities to another organization.
2. The budget revision and extension-in-time will result in a budget increase of US\$30.5 million, including:
 - Additional 29,160 mt of food, valued at US\$20.2 million;
 - Additional cash voucher transfers of US\$1.4 million;
 - Additional associated costs amounting to US\$6.8 million and consisting of external transport, landside transport, storage and handling¹ (LTSH), other direct operational costs (ODOC), and direct support costs (DSC); and
 - Additional indirect support costs (ISC) of US\$2 million.

JUSTIFICATION FOR EXTENSION-IN-TIME AND BUDGET INCREASE

Summary of Existing Project Activities

3. WFP is assisting the non-refugee population while the United Nations Relief and Works Agency for Palestinians in the Near East (UNWRA) targets registered refugees, who number about 1,060,000 in the Gaza Strip. The non-refugee population of Gaza is estimated to be 475,000 by the Palestinian Central Bureau of Statistics (PCBS).

¹ The revision reflects the new LTSH rate of US\$73.97 per mt (previous rate was US\$90.76 per mt).

4. WFP Gaza operations were originally part of the protracted relief and recovery operation (PRRO) 103871 “Targeted Assistance for Relief, Support to Productive Activities and Skills Development for Vulnerable Non-Refugee Palestinians” for the occupied Palestinian territory, which started in 2008. Due to renewed conflict with Israel at the end of 2008, the PRRO was suspended in Gaza and the EMOP “Operation Lifeline Gaza” launched in January 2009 to assist a large number of conflict-affected people. The PRRO remains in place for West Bank operations only. The decision to launch a separate EMOP for Gaza was found appropriate by a WFP evaluation of the PRRO conducted in October/November 2009.²
5. The EMOP addresses WFP Strategic Objective 1 (“save lives and protect livelihoods in emergencies”) and Millennium Development Goal 1 (“eradicate extreme poverty and hunger”).³ WFP food assistance has been provided through the following activities:
 - General food distribution (GFD) targeting people who are “social hardship cases” registered under the Ministry of Social Affairs (MoSA), as well as a larger number of newly vulnerable households who lost their livelihoods as a result of the conflict and intensification of the Israeli blockade. GFD is implemented in partnership with the MoSA and the non-governmental organization (NGO) Cooperative Housing Foundation (CHF) International. The GFD ration consists of wheat flour, pulses, vegetable oil, sugar and salt (occasionally complemented with other items), meeting about 90 percent of average individual daily calorie requirements.
 - Support to institutions, providing food rations to individuals in orphanages and other special care institutions in partnership with the MoSA.
 - A pilot cash voucher programme launched in October 2009 in partnership with Oxfam–Great Britain, for certain vulnerable households.
 - School feeding as an emergency safety net in non-refugee primary schools managed by the Ministry of Education and Higher Education (MoE&HE). The school ration consists of fortified high-energy biscuits (HEBs) or date bars, and fortified ultra-high temperature (UHT) milk.
6. Most wheat flour for the EMOP activities is purchased from local mills in Gaza that are authorized to import whole grain through the one cross-border conveyer belt allowed by the Israeli authorities. The onerous import restrictions make WFP operations unusually expensive and difficult.

Review of current situation

7. The whole population in the Gaza Strip continues to face severe restrictions of movement, disrupted social services, shattered livelihoods, extremely high unemployment, impoverishment, and general hardship following the 2008/09 conflict and the continuing Israeli blockade. The World Bank projected only a 1 percent gross domestic product (GDP) growth in 2010.⁴ In the absence of noteworthy private sector activity, the economy in Gaza remains essentially sustained by government spending and humanitarian assistance.
8. WFP conducts periodic (yearly or semestrial) household food security surveys and also constantly monitors the situation in cooperation with the PCBS, the Food and Agriculture

² WFP, Summary Evaluation Report, WFP/EB.2/6-F, September 2010.

³ The original EMOP was also linked to WFP Strategic Objective 3 (restore and rebuild lives and livelihoods in post-conflict, post-disaster or transition situations). However, the linkage with Strategic Objective 3 was removed in line with the review of WFP programme categories endorsed by the Executive Board in June 2010. The summary logical framework was adjusted accordingly (Annex II).

⁴ World Bank, Economic Monitoring Report to the Ad Hoc Liaison Committee, April/September 2010.

Organization of the United Nations (FAO), other United Nations and government agencies, the World Bank, NGOs and the Palestinian Trade Centre. Food security has markedly worsened since the beginning of the blockade in 2007 and further deteriorated immediately after the conflict in December 2008-January 2009. Large humanitarian assistance enabled a stabilising of the food security and nutrition situation but no improvement is taking place in the absence of significant lifting of the blockade. In November 2009, 61 percent of the total households (reaching 64 percent among the non-refugee households) were food-insecure and 16 percent were considered vulnerable to food insecurity.⁵

9. Household purchasing power and economic access to food is very low mainly due to the lack of income-earning opportunities, with an unemployment rate slightly above 40 percent – reaching 66 percent among 20-24 year-olds.⁶ The ban on exports and the prohibitions on most imported raw materials needed for production have left the economy moribund. Israeli incursions continued during 2010, further reducing already limited agricultural activities. The sea restricted area, which was further increased in 2009 to limit access to three nautical miles from the coast, reduces fish availability and fisheries activities and negatively affects the economy. A very slight reduction of restrictions on imports of some food items and consumer goods introduced in mid-2010 was insufficient to improve the situation. The unpredictability of restrictions also hampers the already limited local food processing capacities.⁷
10. Food prices fluctuate seasonally. The food consumer price index remained stable between July 2009 and July 2010⁸ but rising wheat prices on international markets are being transmitted to prices in the Gaza Strip.⁹
11. Currently some of the most vulnerable households benefit from limited cash transfer programmes funded by the European Union (EU) and the World Bank,¹⁰ set at 333 and 280 shekel¹¹ respectively per household per month, which are far below minimum subsistence needs of poor households with no other income or livelihood. These cash assistance schemes are intended to complement food assistance, however only 15 percent of WFP beneficiary households also receive cash transfers at present.
12. The nutrition situation in the Gaza Strip is increasingly worrying, as food insecurity levels remain high and household dietary diversity is sub-optimal. While malnutrition rates (stunting and wasting) of children under 5 are commonly believed to be low,¹² micronutrient deficiencies are reaching alarming levels. The 2009 Nutrition Surveillance Report¹³ found that 38 percent of children under one are suffering from micronutrient deficiencies,

⁵ Palestinian Central Bureau of Statistics, Socio Economic and Food Security (SEFSEc) Report for the Gaza Strip, November 2009.

⁶ Palestinian Central Bureau of Statistics (PCBS) Labor Force Survey - 3rd Quarter 2010

⁷ Palestinian Trade Center, Gaza Strip Crossings Bi-Monthly Monitoring Report, June-July 2010.

⁸ WFP Vulnerability Analysis and Mapping (VAM) Food Security and Market Monitoring Quarterly Report for the occupied Palestinian territory, April-July 2010.

⁹ WFP market monitoring data showed that since September 2010, the price of a bag of 50kg wheat flour was increased by the authorities from 80 to 100 shekel. (1 shekel = US\$0.273 at the United Nations official exchange rate of October 2010).

¹⁰ The European Union-funded Special Hardship Case Programme and World Bank-funded Social Safety Net Reform Project were recently merged into a single Palestinian National Cash Transfer Programme (PNCTP) in the West Bank. The intent is to do the same in Gaza.

¹¹ 1 shekel = US\$0.273 at the United Nations official exchange rate of October 2010.

¹² No comprehensive nutrition survey was conducted for many years until a Multi-Cluster Indicator Survey (MICS) was carried out in 2010 by UNICEF, the results of which are expected to be available by early 2011.

¹³ National Nutrition Surveillance System Report 2009. Nutrition Department, Ministry of Health, Palestinian National Authority.

including 74 percent from anaemia. Anaemia is also affecting 45 percent of pregnant women.

13. The United Nations Children's Fund (UNICEF) has completed a multi-cluster indicators survey (MICS) which should provide updated data on the nutritional situation by early 2011. FAO and WFP will also update the information on household food security through the next joint survey with PCBS in 2011.

Purpose of Extension and Budget Increase

14. In the absence of significant change in the food security and nutrition situation of non-refugees in the Gaza Strip, this budget revision envisages to maintain the same activities and implementation modalities with some slight adjustments in the food rations and the beneficiary figures. The EMOP is entirely integrated into the United Nations Consolidated Appeal Process (CAP) for 2011. The majority of CAP interventions by other agencies also remain of an emergency nature.
15. WFP and its partners put in place a targeting and monitoring system to regularly verify and adjust the number of beneficiaries targeted under GFD and the cash voucher pilot, using results from regular food security assessments and analysis of the multiple factors affecting food security. While the lack of improvement of the food security situation of targeted beneficiaries justifies maintaining the same numbers, a few duplications were identified between GFD beneficiaries registered by WFP implementing partners, as well as between GFD beneficiaries in WFP and UNRWA lists. As a result, a slight reduction in GFD beneficiary numbers (by 10,700) is envisaged for 2011, assuming no new shocks and no further deterioration of the food security situation.
16. WFP school feeding is currently implemented in 90 percent of public primary schools and is expected to gradually phase down from its present form in view of easier attendance to schools owing to the stabilization of the security situation. The NGO Islamic Relief (IR), which is not a WFP implementing partner, has expressed willingness to include part of the children currently assisted by WFP in their own school feeding programme. The hand-over criteria will be refined during the first semester of 2011 in consultation the MoE&HE. Based on resources available and expected economies of scale, IR would be able to assist between 10,000 and 15,000 children currently targeted by WFP.
17. The number of beneficiaries reached through WFP support to institutions and cash voucher pilot will remain the same, besides some minor adjustments made to round up planned figures. Some 2,335 beneficiary households (equivalent to 15,000 beneficiaries) will receive family cash vouchers for food commodities under the pilot cash voucher intervention in 2011. Participants will continue to receive the same voucher value, allowing them to purchase eggs and dairy products, mainly locally produced, in addition to other basic commodities, from selected commercial outlets. WFP plans to use e-vouchers, which have already been successfully introduced in the West Bank. A review of the pilot scheduled in January 2011 will examine targeting procedures to ensure that dietary benefits reach the poorest and most vulnerable households, such as those with children under 5 and pregnant and lactating women.
18. Food rations will be modified as follows:
 - The food ration for GFD and support to institutions will be slightly reduced, decreasing the cereal ration from 431 to 422 g per person per day and removing the

canned meat which was previously used from contingency stocks; date bars will also be removed from the GFD ration;

- The school feeding ration will include only fortified biscuits or date bars¹⁴ as from the next school year starting in October 2011. UHT milk will be removed due to access constraints and to avoid food safety incidents. New delivery and distribution modalities are being identified in partnership with the MoE&HE and milk suppliers.
19. WFP will review the targeting criteria and modalities of all activities during the first half of 2011. The outcome of this review together with updated food security and nutrition information from planned surveys as well as a study envisaged with the Office for the Coordination of Humanitarian Affairs (OCHA) on the impact of the blockade policy on livelihoods and other surveys, will inform the formulation of WFP future interventions in the Gaza Strip.

TABLE 1. BENEFICIARIES BY ACTIVITY TYPE (2011)			
Activity	Current	Increase/ decrease	Revised**
General food distribution	235,700	(10,700)	225,000
Support to institutions	6,954	46	7,000
School feeding	92,454	(12,454)	80,000
Cash voucher project	15,145	(145)	15,000
Total*	313,000	(18,000)	295,000

* The total number of beneficiaries has been adjusted downwards to avoid double-counting of beneficiaries receiving support through more than one activity.

**The revised number refers to the slight reduction in projected WFP beneficiary numbers starting from October 2011.

¹⁴ 75 g of HEBs or another type of fortified biscuits such as date bars, per child per school day, covering approximately 15 percent of child daily caloric requirements (340 kilocalories).

FOOD AND CASH VOUCHER REQUIREMENTS

20. The additional and total food quantity and cash voucher requirements needed for achieving the revised operation are set out in Table 2.

TABLE 2. FOOD/CASH VOUCHER REQUIREMENTS BY ACTIVITY (mt /US\$)			
Activity	Current	Increase	Revised
GFD and support to institutions	124,480	28,226	152,706
School feeding	13,613	934	14,547
Total food (mt)	138,093	29,160	167,253
Cash voucher project (US\$)	US\$3,328,389	US\$1,437,237	US\$4,765,626

APPROVAL

21. The proposed extension from 1 May to 31 December 2011, with additional food and cash voucher requirements and revised budget for EMOP 108170, is recommended to the Executive Director of WFP and the Director-General of FAO for approval.

Approved by:

 Josette Sheeran
 Executive Director
 United Nations World Food Programme

 Jacques Diouf
 Director-General
 Food and Agriculture Organization of
 the United Nations

Date:

Date:

ANNEX I-A

BUDGET INCREASE COST BREAKDOWN			
Food ¹⁵	Quantity (<i>mt</i>)	Value (<i>US\$</i>)	Value (<i>US\$</i>)
Cereals	23,497	13,308,365	
Pulses	1,281	1,409,093	
Oil and fats	1,671	2,757,149	
Mixed and blended food	670	867,654	
Others	2,041	1,848,772	
Total food	29,160	20,191,033	
Cash transfers		0	
Voucher transfers		1,437,237	
Subtotal food and transfers			21,628,270
External transport			596,823
Landside transport, storage and handling			2,157,257
Other direct operational costs			1,184,487
Direct support costs ¹⁶ (see Annex I-B details)			2,910,633
Total direct project costs			28,477,470
Indirect support costs (7%) ¹⁷			1,993,423
TOTAL WFP COSTS			30,470,893

¹⁵ This is a notional food basket for budgeting and approval. The contents may vary.

¹⁶ Indicative figure for information purposes. The direct support costs allotment is reviewed annually.

¹⁷ The indirect support cost rate may be amended by the Board during the project.

ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff and staff-related costs	
International professional staff	692,200
Local staff - national officers	291,667
Local staff – general service	1,091,667
Local staff – overtime	30,000
Hazard pay and hardship allowance	140,100
International consultants	80,000
Staff duty travel	118,000
Subtotal	2,443,633
Recurring expenses	
Rental of facility	60,000
Utilities general	20,000
Office supplies and other consumables	20,000
Communications and IT services	40,000
Equipment repair and maintenance	17,000
Vehicle running cost and maintenance	75,000
Office set-up and repairs	20,000
UN organization services	115,000
Subtotal	367,000
Equipment and capital costs	
TC/IT equipment	50,000
Local security costs	50,000
Subtotal	100,000
TOTAL DIRECT SUPPORT COSTS	2,910,633

ANNEX II - SUMMARY OF LOGICAL FRAMEWORK - OCCUPIED PALESTINIAN TERRITORY EMOP 108170:

Results-Chain (Logic Model)	Performance Indicators	Risks, Assumptions
STRATEGIC OBJECTIVE ONE: SAVE LIVES AND PROTECT LIVELIHOODS IN EMERGENCIES		
Outcome 1 Improved food consumption for 232,000 targeted beneficiaries	<ul style="list-style-type: none"> ➤ Household food consumption score: improved household food intake. ➤ Proportion of beneficiary household expenditure allocated food. 	<p><i>Political and security environments improve.</i></p> <p><i>Beneficiaries will use cash saved from food/cash voucher assistance to buy other complementary, nutritious food items to supplement the diet.</i></p> <p><i>Donors support continues notably through contributions in cash.</i></p>
<p>Outputs 1.1 Timely provision of food in sufficient quantity for 232,000 targeted beneficiaries in crisis and transition situations.</p> <p>Output 1.2 Cash vouchers for food commodities timely distributed in sufficient quantity to approximately 15,000 targeted women, men, girls and boys.</p>	<ul style="list-style-type: none"> ➤ Actual number of women, men, girls and boys receiving food assistance, by category and as a % of planned beneficiaries. ➤ Actual tonnage of food distributed, by type as % of planned tonnage for distribution. ➤ Actual quantity of fortified foods and/or micronutrient powder distributed, as % of planned distribution. ➤ Number of security incidents. ➤ Percentage of distributions affected by pipeline breaks. ➤ Actual number of cash vouchers for food commodities distributed, as percentage of planned distribution. 	<p><i>Target population participates in identification, planning, implementation and maintenance of project activities.</i></p> <p><i>Appropriate partners are selected for implementation.</i></p> <p><i>Partners' commitments are honored.</i></p> <p><i>Access to distribution points is secure.</i></p> <p><i>No pipeline breaks.</i></p> <p><i>Food items will be readily available in shops upon presentation of vouchers.</i></p> <p><i>Security incidents will not affect shop keepers or beneficiaries directly</i></p>

		<i>Demand placed by the voucher project will not have a negative effect on either prices or availability of goods to the remaining population</i>
Output 1.3 Food commodities provided for approximately 15,000 targeted beneficiaries through food vouchers.	<ul style="list-style-type: none"> ➤ Actual number of individuals benefiting from vouchers per month disaggregated by gender and age. ➤ Total quantity of food purchased with vouchers per commodity per month. ➤ Actual number of vouchers exchanged for specified food commodities as a percentage of planned. 	<p><i>WFP and partners are able to respect field-level agreements (FLAs) to enable programme to function smoothly</i></p> <p><i>Partners of WFP will have adequate human resources capacity for planning, monitoring and accountability of the project</i></p>
➤		
Outcome 2: Stabilized enrolment of girls and boys at high risk of dropping out from target primary schools.	<ul style="list-style-type: none"> ➤ Retention rate. ➤ Attendance rate. 	<p><i>Political and security environments improve</i></p> <p><i>Easing of Palestinian National Authority financial crisis and resumption of full payment of salaries to MOE&HE employees.</i></p> <p><i>Budget allocations to basic education are adequate and timely.</i></p> <p><i>Schools keep functioning properly.</i></p> <p><i>Adequate human resources are allocated to school feeding by partners.</i></p>
Outputs 2.1 School feeding coverage aligned with programme of work.	<ul style="list-style-type: none"> ➤ Number of schools assisted by WFP. 	<p><i>No significant schooling disruption.</i></p> <p><i>No pipeline breaks.</i></p>
Output 2.2 Timely food distributed in sufficient quantity and quality to 80,000 targeted school children.	<ul style="list-style-type: none"> ➤ Actual number girls and boys receiving food and non-food assistance as a % of planned beneficiaries. ➤ Actual tonnage of food distributed to targeted school children as % of planned tonnage for distribution. 	<p><i>No significant schooling disruption.</i></p> <p><i>No pipeline breaks.</i></p>

ANNEX III - LIST OF ACRONYMS USED IN THE DOCUMENT

CAP	Consolidated Appeal Process
CHF	Cooperative Housing Foundation
DSC	Direct support costs
EMOP	Emergency operation
EU	European Union
FAO	Food and Agriculture Organization of the United Nations
GFD	General food distribution
HEB	High-energy biscuit
IR	Islamic Relief
ISC	Indirect support costs
LTSH	Landside transport, storage and handling
MDG	Millennium Development Goal
MICS	Multiple Indicator Cluster Survey
MoE&HE	Ministry of Education and Higher Education
MoSA	Ministry of Social Affairs
mt	metric ton
NGO	Non-governmental organization
OCHA	Office for the Coordination of Humanitarian Affairs
ODOC	Other direct operational costs
PCBS	Palestinian Central Bureau of Statistics
PNCTP	Palestinian National Cash Transfer Programme
PRRO	Protracted relief and recovery operation
SEFSec	Socio Economic and Food Security survey
UHT	Ultra-high temperature
UN	United Nations
UNICEF	United Nations Children's Fund
UNRWA	United Nations Relief and Works Agency for Palestinians in the Near East
WFP	United Nations World Food Programme

ANNEX IV – MAP

