

BUDGET REVISION TO PROTRACTED RELIEF AND RECOVERY OPERATION OCCUPIED PALESTINIAN TERRITORY PRRO 200037

Targeted Food Assistance to Support Destitute and Marginalized Groups and Enhance Livelihoods in the West Bank

Cost (United States dollars)

	Current budget	Increase (Decrease)	Revised budget
Food cost	38,652,911	351,116	39,004,027
Cash/Voucher Value	32,308,794	(3,777,532)	28,531,262
External transport	2,845,258	(442,175)	2,403,083
LTSH	8,043,228	(774,850)	7,268,378
ODOC	7,703,193	(2,041,921)	5,661,271
DSC	11,918,064	(1,290,500)	10,627,564
ISC (7.0 percent)	7,103,001	(558,310)	6,544,691
Total cost to WFP	108,574,450	(8,534,173)	100,040,277

NATURE OF THE BUDGET DECREASE

1. The proposed budget revision covers the reduction and reallocation of beneficiary numbers among activities for 2012. The reassessment of needs takes into account (i) localized economic improvements in some of the West Bank governorates; (ii) WFP alignment with the Palestinian Authority's shift from food aid towards food assistance, and (iii) the refinement of the targeting mechanism.
2. Specifically, this budget revision will:
 - decrease the overall budget by US\$8.5 million;
 - reduce the coverage of beneficiaries for 2012 by 91,500 thus reducing both food requirements by 9,454 mt and the voucher transfers value by US\$3.8 million;
 - decrease the overall external transport costs by US\$442,000;
 - decrease the land transport, storage and handling (LTSH) costs by US\$775,000; and
 - decrease other associated costs (LTSH, ODOC, DSC and ISC) by US\$3.9 million.

JUSTIFICATION FOR BUDGET DECREASE

Summary of Existing Project Activities

1. The West Bank protracted relief and recovery operation (PRRO) “Targeted Food Assistance to Support Destitute and Marginalized Groups and Enhance Livelihoods in the West Bank” (200037) started in January 2011 and will run until December 2012. The PRRO activities are a synergy of relief and recovery, with a greater emphasis on relief due to the livelihood constraints caused by the continued occupation of the West Bank.
2. The relief component aims to address immediate food needs and enhances food consumption and dietary diversity of the most vulnerable non-refugee population through in-kind food and voucher assistance.¹
3. The recovery component aims to (i) support the re-establishment of agricultural livelihoods and food security in communities most affected by the conflict through conditional voucher transfers and school feeding;² and (ii) support the Palestinian Authority’s social safety net with tools to predict and reduce hunger, support the state-building plan by enhancing government capacity and use WFP’s purchasing power to expand domestic production.³
4. The PRRO is structured around the following activities:

Relief:

- Assistance to the destitute (ATD) through general food distribution (GFD) in collaboration with the Ministry of Social Affairs (MoSA). Additional beneficiaries are reached through institutional feeding, targeting those living in homes for older people, orphanages and shelters. An urban sub-set of MoSA beneficiaries receive a combined entitlement of GFD for in-kind commodities (pulses, oil, sugar and salt) and e-vouchers for bread (in lieu of wheat flour).
- In-kind assistance to the most vulnerable rural groups through GFD to the poor and food-insecure people who are not covered by the MoSA (AVG in-kind).
- Assistance for most vulnerable urban groups through e-vouchers (AVG vouchers).
- Complementary WFP/United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) GFD assistance for marginalized herders in Area C⁴ (AVG in-kind).
- A contingency provision of emergency food assistance (in-kind).

Recovery:

- Vouchers-for-work (VFW) and vouchers-for-training (VFT) activities.
- School feeding in vulnerable areas, including the Seam Zone⁵ and Area C.

¹ WFP Strategic Objective 1, “Save lives and protect livelihoods in emergencies”.

² WFP Strategic Objective 3, “Restore and rebuild lives and livelihoods in post-conflict, post-disaster and transition situations”.

³ WFP Strategic Objective 5: “Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchase”.

⁴ Area C: areas in the West Bank under full Israeli civil and security control. Palestinians living in Area C face limited movement, poor access to public services and the need for Israeli permission for construction work.

⁵ Seam Zone: a term used to refer to a land area in the West Bank located east of the Green Line and west of Israel’s separation barrier, populated largely by Israelis in settlements (The Green Line marks the line between Israel and the territories captured in the Six-Day War, including the West Bank and Gaza Strip).

Conclusion and Recommendations of the Re-Assessment

5. The reassessment of needs which is the basis of this budget revision takes into account three main factors:

(i) *Improvement in the food security and socio-economic situation in the West Bank, as indicated by the findings of recent socio-economic and food security surveys and studies:*

- The prevalence of food insecurity in the West Bank for the non-refugee population decreased from 24 percent in 2009 to 20 percent in 2010 (388,000 people classified as food-insecure).⁶
- A decrease in poverty from 19.4 percent in 2009 to 18.3 percent in 2010, while the consumer price index inflation rate has remained stable.⁷
- A 20 percent reduction in unemployment over the past two years, down to 15.4 percent at the end of the second quarter 2011.⁸

These slight improvements can be attributed to increased economic growth, continued donor assistance and some easing of Israeli restrictions. However, the sustainability of these improvements in the mid- to long-term is uncertain given the high dependence of the occupied Palestinian territory economy on external budgetary support from donors,⁹ as well as import and export constraints. In addition, West Bank households dedicate nearly half of their expenditure to food purchases, which makes them vulnerable to fluctuations in food prices and incomes. For those living below the deep poverty line,¹⁰ food assistance in kind, or in the form of cash or vouchers is still required since it provides a stabilizing income transfer in an unpredictable environment. Furthermore, food insecurity is uneven in the West Bank with improvements only in the central area while in the north and south food security has deteriorated and people in the Seam Zone or in Area C are still more food insecure than the West Bank average. In response to these developments, WFP will re-target assistance to focus on the most food-insecure governorates.

(ii) *WFP's alignment with the Palestinian National Development Plan (2011-2013) strategy to shift from food aid to food assistance.* MoSA's Business Plan 2011-2014 and the Social Protection Sector Strategic Plan 2011-2013 advocate for a gradual restructuring of food aid over the next four years in favour of food assistance through the progressive use of cash, vouchers and other social protection assistance tools. In support of this transition, WFP will continue to move from in-kind food aid to a broader food assistance approach, including vouchers.

(iii) *Refinement of WFP's targeting mechanism:* As a direct result of WFP's re-targeting exercise using the proxy means test formula and the food consumption score, a reduced number of beneficiaries were reached in 2011. WFP has focused on targeting people falling below the deep poverty line, or with a poor or borderline food consumption score. This budget revision proposes to adjust 2012 planning figures utilizing information from the actual coverage of beneficiaries in 2011.

⁶ WFP/FAO, February 2011, *Socio-Economic and Food Security Survey Report*.

⁷ PCBS, April 2011, *Poverty and Living Conditions in the Palestinian Territory 2009-2010*.

⁸ PCBS, 2009/2011, *Labour Force Survey*. Note that the unemployment rate is based on ILO definition of unemployment.

⁹ The World Bank, April 2011 *Building the Palestinian State: Sustaining Growth, Institutions, and Service Delivery, Economic Monitoring Report to the Ad Hoc Liaison Committee*.

¹⁰ The deep or "absolute" poverty line reflects a budget of basic needs for a family that considers household consumption in three categories of goods and services: food, clothing and housing. The relative poverty line takes into account nine categories.

Purpose of Budget Decrease

6. Following the re-assessment, this budget revision will reduce and reallocate the planned beneficiary numbers for 2012 as follows:
 - Beneficiaries targeted for GFD will be reduced from the initially planned 239,500 to 177,000. This takes into consideration (i) the adoption of an improved targeting method which has reviewed the status of each beneficiary household and has identified those living below the deep poverty line for the ATD and AVG activities; (ii) transitioning a portion of ATD in-kind beneficiaries to e-voucher assistance, focusing initially on people in urban and semi-urban areas with functioning markets; and (iii) removing the contingency provision for 20,000 beneficiaries in case of an emergency. While the overall tonnage of the in-kind activities will be reduced, the value of the commodities will increase due to the 30 percent increase in the price of commodities globally and the exchange rate fluctuation of the new Israeli shekel to the United States dollar.
 - Beneficiaries targeted for assistance through voucher transfers will be reduced from 150,000 to 111,000. This reflects both a revised target for the AVG urban voucher component (based on 2011 actual coverage), and a more modest planning figure for the VFW/VFT component, which did not start in 2011 due to funding constraints but which the country office is committed to begin in 2012.
 - The institutional feeding component and school feeding components will remain unchanged.
 - Overall, PRRO beneficiary numbers in 2012 will decrease from the initial plan of 454,500 people to a revised plan of 363,000 people.
7. In support of the Government's transition from food aid to food assistance, WFP has been training government staff in the implementation of the "bread project". This is for destitute families in towns who do not bake at home: they receive a bread voucher instead of flour through an electronic delivery and monitoring system. So far, the other foods in the ration have been provided in kind. As of January 2012, WFP will increase the voucher component implemented with MoSA to cover an additional 23,000 beneficiaries who will receive their full food entitlement through e-vouchers, i.e., both for bread and for other foods.
8. WFP has been using vouchers for unconditional transfers to targeted groups but WFP will move towards more conditional voucher activities (VFT and VFW) that will aim to both protect Palestinian farming livelihoods and build national capacity to manage them. The VFW activity is aligned with the Palestinian Authority's Agricultural Sector Strategy 2011-2013.
9. Under this budget revision, WFP is aligning the selection criteria for "assistance to vulnerable groups" and "assistance to the destitute", thus combining these previously distinct beneficiary types into one "vulnerable groups" categorization. This encompasses assistance under MOSA and via other cooperating partners.

TABLE 1: BENEFICIARIES BY ACTIVITY					
Activity	Revised Activity Terminology	Category of beneficiaries	Current	Increase/ Decrease	Revised
Assistance for the destitute (ATD, in-kind)	Assistance to the most- vulnerable groups under MoSA, in-kind	Beneficiaries below the deep poverty line	126 000	-34 000	92 000
Assistance for the destitute (ATD, unconditional vouchers)*	Assistance to the most- vulnerable groups under MoSA, voucher	Beneficiaries below the deep poverty line	-	23 000	23 000
Institutional feeding (ATD, in-kind)		Institutions under the Ministry of Social Affairs	10 000	-	10 000
Assistance for the most-vulnerable urban groups (AVG, unconditional vouchers)		Beneficiaries below the deep poverty line	100 000	-37 000	63 000
Assistance for the most-vulnerable rural groups (AVG, in-kind)		Beneficiaries below the deep poverty line	48 500	-3 500	45 000
Assistance for marginalized herders in Area C (AVG, in-kind)		Herders/ Bedouins residing in Area C of the West Bank	35 000	-5 000	30 000
Emergency (contingency)			20 000	-20 000	-
School feeding		School children in public basic schools	75 000	-	75 000
VFT/VFW (conditional vouchers)		Beneficiaries below the deep and relative poverty line	40 000	-15 000	25 000
TOTAL			454 500	91 500	**363 000
* The bread project will be part of the assistance to the most vulnerable groups under MoSA, voucher activity.					
** The total number of beneficiaries receiving vouchers will be 111,000.					

10. The unconditional voucher value will increase from US\$12.70 per capita per month to US\$13.60, corresponding to 60 percent of the monthly average food consumption patterns of urban/semi-urban population.

11. The conditional voucher value, which is based on the daily rate for agricultural sector employees, will change from US\$13.40 per capita per month to US\$14.20 given the fluctuation of the new Israeli shekel : United States dollar values.

FOOD REQUIREMENTS

12. The revised food and cash and voucher requirements by activity are shown below in table 3. To the extent possible, WFP will procure in-kind food locally, especially wheat flour given: quality problems with wheat flour procured internationally in the past, so the Palestinian

Authority's policy is to buy locally to meet fortification specifications; and WFP's intention to support the local market and to enhance economic activity in the West Bank.

TABLE 3: FOOD/CASH AND VOUCHER REQUIREMENTS BY ACTIVITY				
		Food requirements (mt) Cash/voucher (US\$)		
Activity	Commodity / Cash & voucher	Current	Increase/ Decrease	Revised total
Assistance to the most-vulnerable groups under MoSA, in-kind	Commodity	27 789	(6 947)	20 842
Assistance for the most vulnerable rural groups (AVG) in-kind	Commodity	6 373	(460)	5 913
WFP/ UNRWA programme in Area C (AVG) in-kind	Commodity	7 ,215	(1 030)	6 185
Emergency contingency	Commodity	1 ,016	(1 016)	0
School feeding	Commodity	2 731	-	2 731
TOTAL mt	Commodity	45 125	(9 454)	35 671
Assistance to the most-vulnerable groups under MoSA, voucher	Cash & voucher	US\$1 329 912	US\$105 912	US\$1 224 000
Assistance for most vulnerable urban groups (AVG), voucher	Cash & voucher	US\$15 209 011	US\$(2 397 811)	US\$12 811 200
VFT/VFW	Cash & voucher	US\$3 809 524	US\$(1 273 810)	US\$2 535 714
TOTAL US\$	Cash & voucher	US\$20 348 447	US\$(3 777 533)	US\$16 570 914

RECOMMENDATION

The Executive Director is requested to approve the proposed budget revision to protracted operation 200037 "Targeted Food Assistance to Destitute and Marginalized Groups to Enhance Livelihoods in the West Bank".

APPROVAL

 Josette Sheeran
 Executive Director
 United Nations World Food Programme

 Date

ANNEX I-A

BUDGET INCREASE (DECREASE) COST BREAKDOWN			
Food	Quantity (mt)	Value (US\$)	Value (US\$)
Cereals	(8,301)	927,735	
Pulses	(456)	131,510	
Oil and fats	(251)	141,825	
Mixed and blended food	(96)	96,394	
Others	(350)	(946,349)	
Total food	(9,454)	351,116	
Cash transfers		-	
Voucher transfers		(3,777,532)	
Subtotal food and transfers			(3,426,416)
External transport			(442,175)
Landside transport, storage and handling			(774,850)
Other direct operational costs			(2,041,921)
Direct support costs (see Annex I-B)			(1,290,500)
Total WFP direct costs			(7,975,862)
Indirect support costs (7.0 percent)			(558,310)
TOTAL WFP COSTS			(8,534,173)

ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
Staff and staff-related costs	
International professional staff	(411,000)
International general service staff	-
Local staff - national officers	(345,000)
Local staff - general service	(445,000)
Local staff - temporary assistance	-
Local staff - overtime	(9,000)
Hazard pay and hardship allowance	-
International consultants	-
Local consultants	-
United Nations volunteers	-
Commercial consultancy services	-
Staff duty travel	(80,500)
Subtotal	(1,290,500)
Recurring expenses	
Rental of facility	-
Utilities	-
Office supplies and other consumables	-
Communications services	-
Equipment repair and maintenance	-
Vehicle running costs and maintenance	-
Office set-up and repairs	-
United Nations organization services	-
Subtotal	-
Equipment and capital costs	
Vehicle leasing	-
Communications equipment	-
Local security costs	-
Subtotal	-
TOTAL DIRECT SUPPORT COSTS	(1,290,500)

ANNEX II - LIST OF ACRONYMS USED IN THE DOCUMENT

ATD	food assistance for the destitute
AVG	assistance for vulnerable groups
FAO	Food and Agriculture Organization of the United Nations
GFD	general food distribution
MoSA	Ministry of Social Affairs
NIS	New Israeli Shekel
PCBS	Palestinian Central Bureau of Statistics
PRRO	protracted relief and recovery operation
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
VFW	voucher for work
VFT	voucher for training
WFP	United Nations World Food Programme

ANNEX III – MAP

