

**Country Occupied Palestinian Territory oPt & Project No.200037:
B/R No.:2**

BUDGET REVISION FOR THE APPROVAL OF REGIONAL DIRECTOR

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

PROJECT: oPt PRRO 200037

Start date: 01 Jan. 2011 **End date:** 31 Dec. 2012 **Extension period:** N/A **New end date:** N/A

	Previous Budget	Revision	New Budget
	US\$	US\$	US\$
Food cost	67,535,289	2,787,065	70,322,354
External transport	2,403,083	470,754	2,873,837
LTSH	7,268,378	733,792	8,002,170
ODOC	5,661,271	-	5,661,271
DSC	10,627,564	-	10,627,564
ISC (7%)	6,544,691	279,413	6,824,104
Total WFP cost (US\$)	100,040,277	4,271,023	104,311,300

TYPE OF REVISION

- | | | | |
|---|---|--|---|
| <input checked="" type="checkbox"/> Additional commodity | <input type="checkbox"/> Additional DSC | <input type="checkbox"/> Additional ODOC | <input checked="" type="checkbox"/> Additional LTSH |
| <input checked="" type="checkbox"/> Additional external transport | <input type="checkbox"/> Extension or Reduction in time | <input type="checkbox"/> Other | |

NATURE OF THE INCREASE

1. The purpose of this budget revision is to capture the additional need for Land, Transport, Storage and Handling (LTSH) and External Transport cost for 2012. The LTSH rate is now of USD 147.85/ mt.
2. Furthermore, this budget revision adjusts some negative Outstanding Balance of Commitments (OBC) for 2012 for commodity and external transport, to reflect actual purchasing rates which are higher than the planned rates.

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

Summary of existing project activities

3. Six decades of political instability have led to economic stagnation in the West Bank. Although humanitarian aid has prevented further deterioration in food security, a quarter of the population remains unable to meet daily food requirements. Military occupation, dependency on imported food, weak agricultural infrastructure and low production levels are hindering future food security.
4. Protracted relief and recovery operation 200037 aims to meet immediate food needs, enhance food consumption and improve dietary diversity. It will promote long-term resilience by supporting the re-establishment of agricultural livelihoods in areas affected by conflict.
5. WFP will support the national social safety net by developing capacity for monitoring food security and increasing the Palestinian Authority's capacity to manage food and voucher programmes with a view to eventual hand-over. WFP's purchasing power will help to support the economy.
6. The operation supports the Palestinian Reconstruction and Development Plan 2011-2013, WFP Strategic Objectives 1, 3 and 5, and Millennium Development Goals 1, 2, 3, 4 and 5.

Purpose of extension and/or budget increase (applicable for all projects)

7. The initial LTSH matrix for this project which started in January 2011 was carried out in February 2010. The rate since then has been USD 81.96 per metric ton. In the interim period several LTSH reviews were carried out, however, with no changes as per the internal analysis. The Country Office (CO) has in consultation with ODLT in HQ carried out a revision of the rate early 2012. The new rate proposed by the CO and approved by ODLT on 16 February 2012 is USD 147.85 per metric ton.
8. This 80 per cent increase of the LTSH rate per metric ton is mainly due to the insufficient funding received by the PRRO 200037 in its initial months that has led to the distribution of reduced rations while the LTSH fixed costs were not decreasing at the same pace. WFP warehouse in Qalandia and distribution costs are the main LTSH increases due to the reduced rations.
9. A significant part of the LTSH rate increase is also due to the increased port charges that WFP is paying as of 1st Jan 2012 for various services at the Port of Ashdod.

10. Furthermore, the increased LTSH rate is also a consequence of a higher ratio of international purchase compared to local purchase (delivered on DAP basis i.e. Delivered at Place). This different than planned origin of commodities has also impacted the external transport and the lower than needed external transport issue is addressed in this BR.
11. In addition some negative OBC balances in the 2012 plan are addressed in this BR, both in tonnage and US\$ value. The BR increases by 5,031 mt the wheat flour and decreases by the same tonnage the wheat grain, increases 338 mt of lentils and decrease by the same amount the chick peas and increases 108 mt canned fish. So overall tonnage results increased only for the canned fish, however, the different US\$ value of the commodities results in an overall increase in value of commodities.

FOOD REQUIREMENTS

TABLE 2. FOOD REQUIREMENTS BY ACTIVITY TYPE			
	Food requirement (mt)		
Activity	Present	Increase	Revised
Assistance to the most-vulnerable groups under MoSA, in-kind	20 842	108	20 950
Assistance for the most vulnerable rural groups (AVG) in-kind	5 913	0	5 913
WFP/ UNRWA programme in Area C (AVG) in-kind	6 185	0	6 185
School feeding	2 731	0	2 731
Total MT	35 671	108	35 779

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