

**oPt EMOP 200298:  
B/R No.: 01**

**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><u>ORIGINATOR</u></b>				
Country Office or Regional Bureau on behalf of Country Office	.....	.....	.....	.....
<b><u>CLEARANCE</u></b>				
Project Budget & Programming Officer, RMBP	.....	.....	.....	.....
Chief, RMBP	.....	.....	.....	.....
Chief, ODLT (change in LTSH and/or External Transport)	.....	.....	.....	.....
<b><u>APPROVAL</u></b>				
<input checked="" type="checkbox"/> Regional Director	.....	.....	.....	.....

<b>PROJECT:</b> oPt EMOP 200298			
<b>Start date:</b> 01 Jan. 2011 <b>End date:</b> 31 Dec. 2012 <b>Extension period:</b> N/A <b>New end date:</b> N/A			
	<b>Previous Budget</b>	<b>Revision</b>	<b>New Budget</b>
	<b>US\$</b>	<b>US\$</b>	<b>US\$</b>
Food cost	28,114,862	2,707,915	30,822,778
External transport	1,495,842	664,200	2,160,042
LTSH	3,540,100	303,210	3,843,310
ODOC	1,902,523	-	1,902,523
DSC	3,843,395	-	3,843,395
ISC (7%)	2,722,771	257,273	2,980,043
<b>Total WFP cost (US\$)</b>	<b>41,619,492</b>	<b>3,932,599</b>	<b>45,552,091</b>

<b><u>TYPE OF REVISION</u></b>			
<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.
2. This budget revision adjusts some negative Outstanding Balance of Commitments for 2012 commodities. This entails an increase in canned meat and canned fish (total 196 mt) and an overall increase in commodity value for cereals and vegetable oil.
3. In addition, External Transport cost has been increased in order for CO to absorb the lately confirmed in-kind US Food For Peace (FFP) contribution

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

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

4. Six decades of political instability, five years of blockade and major destruction of private and public property during military confrontations, have led to the disintegration of the productive economy in the Gaza Strip. Approximately 50 percent of people in Gaza are unable to meet their daily food requirements without support due to few employment opportunities, low incomes and limited economic access to food. In spite of a partial relaxation on import restrictions since June 2010, an ongoing ban on exports and on some imports has hampered recovery and improvements in 2011, and high food insecurity levels are persisting in 2012.
5. Emergency operation 200298 aims to meet immediate food requirements enhance food consumption and improve dietary quality of targeted beneficiaries. The operation is also supporting government capacity at the technical level to ensure successful implementation of the activities, and promoting the Palestinian economy through the prioritization of local purchases where cost-effective.
6. WFP interventions respond to assessed needs and mitigate the impact of restricted access through:
  - in-kind general food distributions to social hardship cases and vulnerable households;
  - school feeding in public basic schools;
  - provision of electronic cash-vouchers to promote dietary quality;
  - support to specialized institutions through the provision of food rations; and
  - technical capacity development.
7. The operation was designed on the basis of recent food security and market assessments and a mid-term review of the voucher project. A controlled expansion of voucher assistance, on the basis of lessons learned from a pilot voucher project, reflects a planned shift from direct food aid towards a food assistance approach incorporating different transfer modalities.
8. The operation is aligned with the Palestinian Authority's priorities for the Gaza Strip. It addresses WFP's Strategic Objectives 1 "Save lives and protect livelihoods in emergencies" and 5 "Strengthen the capacities of countries to reduce hunger, including through hand-over strategies and local purchases", and Millennium Development Goals 1 and 2.

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

9. The initial LTSH matrix for this project which started in January 2012 was carried out in November 2011. The rate since then has been USD 89.93 per metric ton. The Country Office (CO) has in consultation with ODLT in HQ carried out a revision of the rate. The new rate proposed by the CO and approved by ODLT on 9 February 2012 is USD 123.04 per metric ton.

10. This 37 per cent increase of the LTSH rate per metric ton is mainly due to the insufficient funding received during the first months of implementation of the EMOP 200298, leading to reduced rations while the LTSH fixed costs were not decreasing at the same pace. WFP warehouse in Gaza and distribution costs are the main LTSH increases due to the reduced rations.
11. A significant part of the LTSH rate increase is also due to the increased port charges that WFP is paying as of 1<sup>st</sup> Jan 2012 for various services at the Port of Ashdod. 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) compared to what was originally planned.
12. For all the above mentioned reasons the CO initiated this budget revision in order to reflect the changes in the LTSH rate as approved by ODTL in February 2012.
13. In March 2012 the CO received new large contributions and is in the process of determining to which extent the original planned rations can be reinstated, the LTSH rate will be revised accordingly in order to avoid generating surplus or deficit.
14. In addition some over programming of 127 mt of canned fish and 69 mt of canned meat in 2012, resulting from the resources transfer of these commodities from previous EMOP, have been offset by adding this tonnage to the 2012 commodity plan.
15. The commodity value was also increase to address issues of higher volume of wheat flour purchased, with respect to the planned wheat grain, and an increased cost of the vegetable oil respect to what was originally planned.
16. In addition, external transport cost has been increased in order to absorb the lately confirmed in-kind US Food For Peace (FFP) contribution.

## FOOD REQUIREMENTS

<b>TABLE 2. FOOD REQUIREMENTS BY ACTIVITY TYPE</b>			
	<b>Food requirement (mt)</b>		
<b>Activity</b>	<b>Present</b>	<b>Increase</b>	<b>Revised</b>
General food distribution	37 087	196	37 283
Support to institutions	1 446	0	1 446
School feeding	830	0	830
Voucher	4,416,500	0	4,416,500
<b>Total MT</b>	<b>39 363</b>	<b>196</b>	<b>39 559</b>
<b>Total (US\$)</b>	<b>4,416,500</b>	<b>0</b>	<b>4,416,500</b>

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