

**State of Palestine  
Project No.200298  
B/R No.:#3**

**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>				
Ms. Michelle Barrett Project Budget & Programming Officer, RMBP	.....	.....	.....	.....
Mr. Laurent Bukera Chief, RMBP	.....	.....	.....	.....
Mr. Adrian Van Der Knaap Chief, ODLT (change in LTSH and/or External Transport)	.....	.....	.....	.....
<b><u>APPROVAL</u></b>				
Mr. Daly Belgasmi <input checked="" type="checkbox"/> Regional Director	.....	.....	.....	.....

**PROJECT:** Palestine EMOP 200298

**Start date:** 01 January 2012    **End date:** 31 December 2013

**Extension/Reduction period:** N/A    **New end date:** N/A

	<b>Previous Budget US\$</b>	<b>Revision US\$</b>	<b>New Budget US\$</b>
Food cost	65,593,207	-	65,593,207
External transport	4,259,208	-	4,259,208
LTSH	7,923,314	355,298	8,278,612
ODOC	3,690,784	-	3,690,784
DSC	7,318,355	-	7,318,355
ISC (7%)	6,214,941	24,871	6,239,812
<b>Total WFP cost (US\$)</b>	<b>94,999,808</b>	<b>380,169</b>	<b>95,379,977</b>

**TYPE OF REVISION**

- Additional commodity   
 Additional DSC   
 Additional ODOC   
 Additional LTSH  
 Additional external transport   
 Extension or Reduction in time   
 Other

## NATURE OF THE INCREASE

1. The purpose of this budget revision is to capture the additional need for Landside Transport, Storage and Handling (LTSH) cost for 2013. The overall budget for the project will increase by USD 380,169 to a total value of USD 95,379,977.

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

### Summary of existing project activities

2. Political instability, effects of the blockade and major destruction of private and public property have contributed to the disintegration of the productive economy in the Gaza Strip. The Gaza economy is highly dependent on international assistance, and has not yet returned to pre-blockade levels; daily wages, for instance, have declined 23 percent since 2007<sup>1</sup>. Israel's near-total restrictions on exports from Gaza hindered economic recovery. Due to low per capita income, over half of the Gaza Strip population was unable to meet their basic needs and were classified as food insecure in 2012<sup>2</sup>.
3. Through Emergency operation 200298, WFP assists the non-refugee population in the Gaza Strip while the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNWRA) assists registered refugees. The number of refugees is 1,213,800, while the non-refugee population in Gaza is estimated at 542,600 people.<sup>3</sup>
4. The EMOP aims to meet the immediate food needs, enhance the food consumption and improve the dietary diversity of targeted beneficiaries while promoting the Palestinian economy through prioritisation of local purchases based on cost effectiveness. WFP is assisting 285,000 beneficiaries (60 percent of the non-refugee population in Gaza).
3. WFP interventions respond to assessed needs and mitigate the impact of restricted access through:
  - General Food Distributions to social hardship cases and vulnerable households in partnership with the Ministry of Social Affairs and Cooperative Housing Foundation International (CHF);
  - School feeding as an emergency safety net for schoolchildren in non-refugee public primary schools managed by the Ministry of Education;
  - A value-based electronic voucher programme implemented in partnership with OXFAM-GB to promote dietary quality and diversity;
  - support to specialized institutions through the provision of food rations in partnership with the Ministry of Social Affairs; and
  - technical capacity development.
4. 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.

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<sup>1</sup> Human Rights Watch, *2012 Country Summary, Israel/Occupied Palestinian Territories*, [http://www.hrw.org/sites/default/files/related\\_material/israel\\_opt\\_2012.pdf](http://www.hrw.org/sites/default/files/related_material/israel_opt_2012.pdf)

<sup>2</sup> PCBS, FAO, UNRWA, WFP. 2012. *Annual Socio-Economic and Food Security Survey 2012*.

<sup>3</sup> Palestinian Central Bureau of Statistics. (20/06/2012). Statistical review 'On the Eve of the International Day of Refugees'. [http://www.pcbs.gov.ps/Portals/\\_pcbs/PressRelease/RefuDay2012E.pdf](http://www.pcbs.gov.ps/Portals/_pcbs/PressRelease/RefuDay2012E.pdf)

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

5. In line with WFP rules and regulations the Landside Transport, Storage and Handling (LTSH) budget needs to be reviewed and revised accordingly at least every six (6) months. The Palestine Country Office carried out its last revision in September 2012, where the LTSH rate was reduced from US\$ 123.04 per metric ton to US\$ 105.17 per mt.
6. With this budget revision, the Palestine CO is increasing the LTSH rate from US\$ 105.17 to US\$ 125.40 based on a review and financial analysis that shows that there is an increased need for longer storage time in WFP's Ashqelon warehouse before the cargo enters the Gaza Strip. In addition, there has been a increase in the distribution cost covered in the FLAs.
7. The new proposed LTSH rate has been endorsed by OMC RB and OSTL in March 2013.
8. The Palestine Country Office will continue to review the LTSH cost for this project in order to revise the rate in timely manner in order to avoid generating surplus or deficit.

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