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Projects for Executive Board Approval

For approval

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Budget Increases to Protracted Relief and Recovery Operations — State of Palestine 200709

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Food Assistance for Food-Insecure Populations in the West Bank and Gaza Strip

Cost (United States dollars)			
	Current budget	Increase	Revised budget
Food and related costs	64 766 193	19 340 546	84 106 739
Cash-based transfers and related costs	54 015 600	25 130 001	79 145 601
Capacity development and augmentation	2 461 504	605 500	3 067 004
Total cost to WFP	151 419 232	58 436 372	209 855 604

Gender marker code 2A

<https://www.humanitarianresponse.info/system/files/documents/files/gm-overview-en.pdf>.

Draft decision*

The Board approves the proposed budget increase of USD 58.4 million for State of Palestine protracted relief and recovery operation (PRRO) 200709 – Food Assistance for Food-Insecure Populations in the West Bank and Gaza Strip (WFP/EB.2/2016/8-C/2).

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.

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Nature of the Increase

1. Protracted relief and recovery operation (PRRO) 200709 began in January 2015 and is being implemented in a context of protracted conflict, economic stagnation, high unemployment, high poverty, and food insecurity rates of 47 percent in Gaza and 16 percent in the West Bank.¹ Humanitarian assistance has prevented further deterioration in food security and is a crucial element in international and government-led responses. Restricted trade and access to resources in both areas combined with the impact of civil unrest and conflict is preventing sustainable recovery and the growth of the Palestinian economy.
2. The budget revision will:
 - extend the PRRO for one year from 1 January 2017 until 31 December 2017;
 - reduce the annual operational cost by 19 percent and increase the budget as a result of the extension in time by USD 58.4 million, including:
 - an additional 37,222 mt in food transfers valued at USD 14.4 million;
 - an increase in cash-based transfers (CBTs) valued at USD 24.9 million; and
 - additional indirect support costs of USD 3.8 million; and
 - reduce the number of planned beneficiaries from 601,940 in 2016 to 496,000 in 2017, mainly by discontinuing school feeding, food assistance-for-training (FFT) and food assistance-for-assets (FFA) activities, based on the recommendations of the 2015/16 country portfolio evaluation (CPE).

Justification for Extension in Time and Budget Increase

Summary of Existing Project Activities

3. PRRO 200709 assists the non-refugee population; the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA) assists refugees. The PRRO objectives will continue to be aligned with: the United Nations Development Assistance Framework (UNDAF) 2014–2017; the new WFP Strategic Plan (2017–2021); the WFP country strategy (2014–2016); the Regional Gender Implementation Strategy; the National Development Plan 2014–2016; Zero Hunger Challenge goals 2 and 3; and Sustainable Development Goals 2 and 17.
4. The PRRO responds to the crisis in the Gaza Strip resulting from the 2014 war. It combines operations in the West Bank and Gaza Strip to address urgent humanitarian needs coherently, facilitate early recovery and promote the sustainable, long-term food security of non-refugees. It aims to: meet urgent food needs; enhance food consumption and dietary diversity; reinforce the food security of food-insecure people supported by the national social safety net programme; and strengthen government capacity. The approach complements other large-scale assistance programmes, ensuring maximum impact and flexibility in responding to diverse needs, and providing the basis for more resilience in the future.

Conclusions and Recommendations of the Re-Assessment

5. Food insecurity in the State of Palestine is driven by limited economic access to food arising from restrictions of movement, trade and investment, and high unemployment. According to the 2014 *Socio-Economic and Food Security Survey*,¹ the prevalence of food insecurity is 16 percent in the West Bank and 47 percent in the Gaza Strip. The average household in the State of Palestine devotes 55 percent of its monthly expenditures to food and employs negative coping strategies to meet basic food requirements.

¹ Palestinian Central Bureau of Statistics (PCBS) and the Food Security Sector. 2015. *Socio-Economic and Food Security Survey (SEFSec) 2014 Summary Report*. Available at <http://fscluster.org/state-of-palestine/document/sefsec-2014-summary-report>

6. Women in the State of Palestine are especially affected by food insecurity and poverty: one third of households headed by women are food-insecure compared to only one fourth of households headed by men.¹ The poverty rate² in households headed by women is also higher at 29.8 percent compared to 25.5 percent in households headed by men. This is in part fueled by unemployment,³ which shows a similar trend: the unemployment rate for households headed by women was 39.2 percent in 2015 – a significant increase from 28.4 percent in 2011 – compared with 22.5 percent – up from 19.2 percent in 2011 – within households headed by men.
7. According to the most recent national surveys,⁴ Palestinians are facing a double burden of malnutrition: a high level of micronutrient deficiencies, and growing overweight and obesity. Approximately 50 percent of those assessed had very low levels of essential minerals and vitamins. Prevalence of mild anaemia in children 6 to 59 months averaged between 20 percent and 24 percent, and moderate anaemia 8 percent,⁵ with similar results found for pregnant and lactating women. According to the World Health Organization (WHO) standards anaemia is a moderate public health problem; overweight and obesity are moderate public health problems for pregnant and lactating women. Wasting, stunting and underweight are mild public health problems in the State of Palestine.
8. The State of Palestine is a lower middle-income country with an average per capita gross domestic product (GDP) of USD 4,484 in 2013.⁶ The West Bank and East Jerusalem have become integral to the Israeli economy: 69.6 percent of the imports into the State of Palestine come from Israel, while 83.9 percent of Palestinian exports are targeted to Israel. The cost of living in the State of Palestine is linked to that of Israel, which has a per capita GDP of USD 30,927.⁶
9. Gaza continues to suffer from the impact of the 2014 conflict and the ongoing blockade, which has had direct socio-economic consequences and led to a catastrophic economic situation. In 2014, Gaza's GDP contracted by 15 percent while unemployment rose to over 41 percent in 2015 – the highest in the world, according to the International Monetary Fund. If the current situation continues, Gaza's already serious socio-economic situation is expected to deteriorate further, with continued high levels of food insecurity and need for food assistance.
10. The CPE conducted in 2015/16 recommended changes to the PRRO, which are reflected in this extension:⁷
 - end school feeding to better utilize scarce resources and shift to an advisory role for WFP;
 - discontinue WFP's resilience-building interventions (FFA and FFT) because the Palestinian context is currently not conducive to using food assistance to develop or enhance livelihoods;
 - expand nutrition-awareness activities; and
 - by refocusing WFP's interventions to support national social safety nets, reframe general food assistance (GFA) activities to not only ensure food security but also protect livelihoods.

Purpose of Extension and Budget Increase

11. This extension in time will allow the country office to develop a Country Strategic Plan in collaboration with the Palestinian Authority and in line with the Humanitarian Programme Cycle and UNDAF. WFP will also ensure that the new approach is in line with the Palestinian public policy agenda and sectoral strategies for 2017–2022, and that activities continue to be aligned

² PCBS 2010 Poverty Report.

³ PCBS labour force survey data for 2011 and 2015.

⁴ 2013 and 2014 micronutrient surveys.

⁵ No severe anaemia was observed.

⁶ 2015 Human Development Report.

⁷ The extension will also allow WFP to begin work on the other CPE recommendations related to human resources, monitoring and partnerships.

with those of the Palestinian Authority's national social safety net programme. The extension will also enable alignment with the regional gender implementation strategy and the country office gender action plan.

12. WFP will continue to meet the food needs of food-insecure non-refugee Palestinians falling below the "deep poverty" line⁸ and with poor or borderline food consumption scores, with priority given to:

- the Gaza Strip and Area C of the West Bank;
- food-insecure households headed by women; and
- households with the largest consumption and dietary gaps.

The extension will enable the implementation of the CPE recommendations as specified in WFP's management response.

TABLE 1: BENEFICIARIES BY ACTIVITY^a

Activity	Area	Current (2016)			Planned beneficiaries during extension period (2017)			Revised total (entire operation)		
		Boys/ men	Girls/ women	Total	Boys/ men	Girls/ women	Total	Boys/ men	Girls/ women	Total
GFA food	West Bank	71 298	76 702	148 000	63 717	66 283	130 000	71 298	76 702	148 000
	Gaza	86 851	83 149	17 000	77 342	72 658	150 000	86 851	83 149	170 000
GFA cash-based transfers (CBTs) via e-vouchers	West Bank	46 670	45 330	92 000	50 197	56 803	107 000	50 197	56 803	107 000
	Gaza	35 051	32 949	68 000	43 696	41 304	85 000	43 696	41 304	85 000
GFA food and CBTs via e-vouchers	Gaza	5 318	4 682	10 000	5 318	4 682	10 000	5 318	4 682	10 000
GFA institutional feeding – food	West Bank	3 363	3 637	7 000	4 298	2 702	7 000	4 298	2 702	7 000
	Gaza	2 103	1 897	4 000	2 103	1 897	4 000	2 103	1 897	4 000
GFA institutional feeding – CBTs via e-vouchers	West Bank	1 441	1 559	3 000	1 530	1 470	3 000	1 441	1 559	3 000
School feeding – food	West Bank	29 497	28 503	58 000	-	-	-	29 497	28 503	58 000
	Gaza	26 197	26 803	53 000	-	-	-	26 197	26 803	53 000
FFA/FFT – CBTs via e-vouchers	West Bank	5 044	4 956	10 000	-	-	-	5 044	4 956	10 000
	Gaza	5 317	4 683	10 000	-	-	-	5 317	4 683	10 000
TOTAL^b		301 832	300 108	601 940^c	248 201	247 799	496 000	301 832	300 108	601 940^d

^{a)} A total of 205,000 beneficiaries will receive CBTs via e-vouchers. In Gaza, there will be a decrease of 20,000 GFA food beneficiaries from 170,000 to 150,000; these beneficiaries will receive CBTs via e-vouchers.

^{b)} Adjusted total for current and revised beneficiary numbers, taking overlaps into consideration. There are no overlaps of beneficiaries during the period of this budget revision.

^{c)} Planned under budget revision 2. Budget revisions 3 and 4 factored in technical changes with no implications for beneficiary numbers.

^{d)} This total reflects the total planned for the entire operation, excluding beneficiary overlaps.

⁸ The "deep poverty" line is currently USD 509 per month/family.

13. The number of planned beneficiaries will decrease to 496,000 during the extension period, including a shift of 20,000 beneficiaries⁹ in the Gaza Strip from food – in partnership with the Ministry of Social Affairs– to CBTs via e-vouchers.¹⁰ Overall, the proportion of CBTs will increase from 32 percent to 41 percent. This is in line with WFP’s support to the national social safety net, which was initiated in 2013 in the West Bank. Nutrition-awareness activities will be expanded in both the Gaza Strip and the West Bank, incorporating important nutrition messages for children and targeting both women and men. These activities will aim to improve nutrition and health awareness, along with household-level dietary diversity, among WFP beneficiaries. This will help to achieve Objectives 2 and 3 of WFP’s Gender Policy.
14. In the area of livelihood protection, WFP will work with the Ministry of Social Affairs on livelihood analysis for households benefitting from the national social safety net. These efforts will be guided by the study of WFP’s role in social protection conducted by the regional bureau and the Institute of Development Studies. WFP operations will continue to ensure the safety of beneficiaries and emphasize protection.

TABLE 2: REVISED DAILY FOOD RATION/TRANSFER BY ACTIVITY (g/person/day)					
	GFA food	GFA vouchers	GFA combined food and vouchers	GFA institutional feeding – food	GFA institutional feeding – vouchers
Fortified wheat flour	300	-	300	300	-
Chickpeas	15	-	-	15	-
Lentils	10	-	-	10	-
Vegetable oil	15	-	-	15	-
Iodized salt	5	-	-	5	-
Voucher (USD/person/month)	-	10.30	6.90	-	10.30
TOTAL	345	-	300	345	-
Total kcal/day	1 271	-	-	1 271	-
Percent kcal from protein	12.7	-	-	12.7	-
Percent kcal from fat	14.5	-	-	14.5	-
Number of feeding days per year	360	360	360	360	3

⁹ This group already comprises WFP food assistance beneficiaries; the modality will shift from food to CBTs via e-vouchers.

¹⁰ All CBT beneficiaries will continue to have access to a beneficiary feedback mechanism through secure boxes at retailers and a hotline operated by WFP partners.

Food Requirements

15. WFP continues to follow standard WFP procurement procedures for procuring food from the most cost-effective sources, while supporting local production and markets in line with the country office strategy.
16. The revised food and voucher requirements by activity for 2017 compared with original PRRO figures are shown in Table 3 below.

TABLE 3: FOOD/CASH-BASED TRANSFER REQUIREMENTS BY ACTIVITY				
Activity	Transfer modality	Food requirements (<i>mt</i>) cash/vouchers (<i>USD</i>)		
		Current	Increase	Revised total
GFA	Food (<i>mt</i>)	78 387	34 776	113 163
GFA	CBTs via e-vouchers (<i>USD</i>)	39 552 000	23 731 200	63 283 200
GFA	Food (<i>mt</i>) and CBTs via e-vouchers	540	1 080	1 620
	Food CBTs via e-vouchers (<i>USD</i>)	1 242 000	828 000	2 070 000
School feeding	Food (<i>mt</i>)	3 894	-	3 894
GFA institutional feeding	Food (<i>mt</i>)	2 732	1 366	4 098
GFA institutional feeding	CBTs via e-vouchers (<i>USD</i>)	741 600	370 800	1 112 400

ANNEX I-A

PROJECT COST BREAKDOWN		
	Quantity (<i>mt</i>)	Value (<i>USD</i>)
Food		
Cereals	32 508	10 012 464
Pulses	2 619	2 713 284
Oil and fats	1 571	1 566 686
Others	524	130 950
Total food	37 222	14 423 384
External transport		380 884
Landside transport, storage and handling		4 536 278
Food and related costs¹		19 340 546
Cash-based transfers		24 930 000
Related costs		200 001
Cash-based transfers and related costs		25 130 001
Capacity development and augmentation		605 500
Direct operational costs		45 076 047
Direct support costs (see Annex I-B) ²		9 537 385
Total direct project costs		54 613 432
Indirect support costs (7 percent) ³		3 822 940
TOTAL WFP COSTS		58 436 372

¹ This is a notional food basket for budgeting and approval. The contents may vary.

² Indicative figure for information purposes. The direct support cost allotment is reviewed annually.

³ The indirect support cost rate may be amended by the Board during the project.

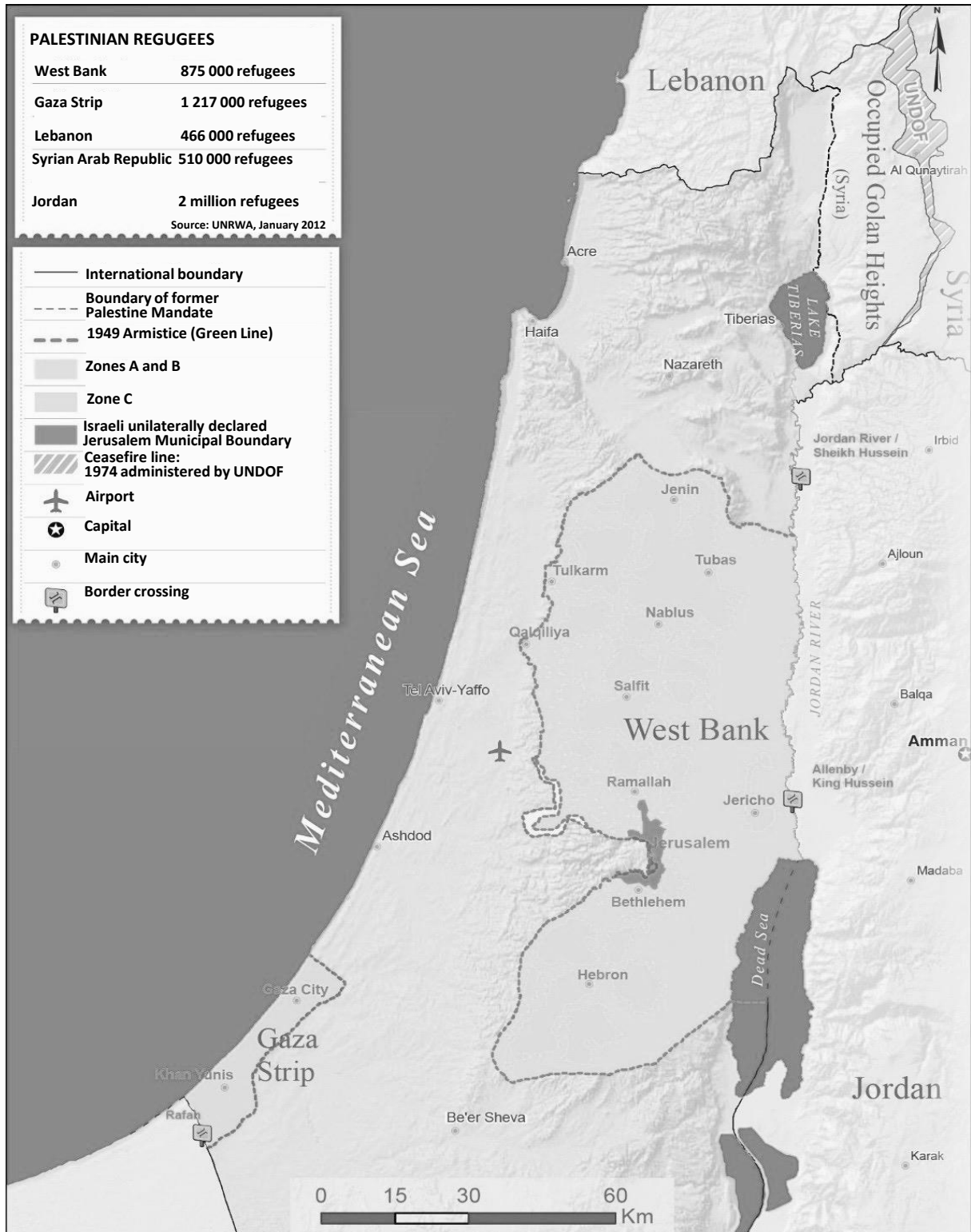
ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (USD)	
Staff and staff-related	
Professional staff	2 353 385
General service staff	4 445 000
Subtotal	6 798 385
Recurring and other	1 060 000
Capital equipment	350 000
Security	385 000
Travel and transportation	644 000
Assessments, evaluations and monitoring¹	300 000
TOTAL DIRECT SUPPORT COSTS	9 537 385

¹ Reflects estimated costs when these activities are carried out by third parties.

ANNEX II

State of Palestine PRRO 200709



The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of the Secretariat of the United Nations concerning the legal status of any country, territory, city or area of its authorities, or concerning the delimitation of its frontiers or boundaries.

Acronyms Used in the Document

CBT	cash-based transfer
CPE	country portfolio evaluation
FCS	food consumption score
FFA	food assistance for assets
FFT	food assistance for training
GDP	gross domestic product
GFA	general food assistance
PCBS	Palestinian Central Bureau of Statistics
PCD	Palestinian Civil Defence
PRRO	protracted relief and recovery operation
UNDAF	United Nations Development Assistance Framework
UNDOF	United Nations Disengagement Observer Force
UNRWA	United Nations Relief and Works Agency for Palestine Refugees in the Near East
WHO	World Health Organization