

## COUNTRY STRATEGIC PLAN REVISION

### REVISION – FOR APPROVAL

#### **|State of Palestine| country strategic plan, revision |4|**

Gender and age marker code: |2A<sup>1</sup>|

	Current	Change	Revised
<b>Duration</b>	<i>2018-2022</i>	<i>No change</i>	<i>2018-2020</i>
<b>Beneficiaries</b>	<i>314,000</i>	<i>90,000</i>	<i>404,000</i>
<b>Total Cost (USD)</b>	253 159 003	15 278 158	268 437 161
Transfer	206 469 490	14 353 286	220 822 776
Implementation	16 863 878	- 7 597	16 856 280
Direct Support Costs	14 374 616		14 374 616
Sub-total	237 707 984	14 345 688	252 053 672
Indirect Support Costs	15 451 019	932 470	16 383 489

#### **|State of Palestine| country strategic plan, revision |4|**

### 1. RATIONALE

1. The State of Palestine CSP 2018-2022 continues to be implemented in a context of protracted conflict, economic stagnation, high unemployment, gender inequalities and high rates of poverty. Ongoing humanitarian assistance has prevented further deterioration in food security and is a key element in the international and government-led responses. Restricted trade and access to resources, especially in the Gaza Strip, combined with the impact of civil unrest and conflict present challenges to sustainable recovery and economic growth.
2. Food insecurity in Palestine remains at very high levels, where a little more than a third of households (32.7 percent) were food insecure in 2018.<sup>2</sup> The food insecurity rates are higher for non-refugees than refugees in Gaza Strip while for the West Bank has the opposite scenario exists that is the refugee has higher percentage compared to non-refugee percentage.
3. In the Gaza Strip, food insecurity reached 68.5 percent in 2018, the highest rate in the Middle East and the highest in the past 20 years. This deterioration in the food insecurity in Gaza Strip is due to many factors; the increased Israeli restrictions in 2018, the deteriorating economy which has witnessed a -6.5 percent growth in the third quarter of 2018, high unemployment rate (54.9 percent overall and over 70 percent among youth), shortage of funding to UNRWA, and salary cuts and delays to Palestinian Authority employees. The improvement of food security in the West Bank is due to the increase in the household consumption financed by bank loans.
4. In 2018 there were 404,000 severely food insecure people in the Gaza Strip and West Bank compared to 220,000 in 2016. Severely food insecure families have a severe or

<sup>1</sup> The gender and age marker should be reviewed in case of new SO or additional activity.

<sup>2</sup> Palestinian Central Bureau of Statistics and Food Security Sector, Socio-Economic and Food Security Survey (Safesec), Result 2018.

significant consumption gap that they cannot counter through economic means or coping mechanisms and are thus in urgent need of food assistance. Food insecurity reached 61 percent among Bedouins and herding communities in Area C of the West Bank where 40 percent have poor to borderline food consumption. The joint assessment related to food security among Bedouins and herding communities in the Area C found clear evidence of the deterioration in their food security status and livelihoods, as well as their reliance on WFP/UNRWA assistance to meet their basic food needs and strengthen their resilience in the face of increased hardship. Humanitarian food assistance to these communities is critical as their access to other basic services and essentials remains challenging. The regular United Nations presence also has a positive secondary impact on safeguarding their protection.

5. WFP and UNICEF conducted assessments related to nutrition at the end of 2018 and based on the findings of these assessments, WFP and UNICEF will develop an action plan on how to address micronutrient deficiencies and improve the nutrition and health of Palestinians in the Gaza Strip and West Bank through nutrition-sensitive activities.
6. The Palestinian economy has not been able to create enough jobs, especially in the Gaza Strip, which has resulted in unemployment rates reaching on average 31.7 percent in the third quarter of 2018 (up from 26 percent in 2016). About one in every three persons (29.2 percent) are living below the poverty level, with 53 percent of people in the Gaza Strip found to be poor, compared to 13.9 percent in the West Bank.<sup>3</sup> In both regions, poverty rates are vulnerable to external shocks, including a drop-in expenditure in the West Bank or a further decline in social assistance and transfers in Gaza.
7. Under a baseline scenario that assumes a continuation of the restrictions imposed by Israel and the persistence of the internal divide between the West Bank and Gaza, private sector activity is not expected to pick up and real GDP growth of the Palestinian economy is projected to hover around 1.8 percent between 2018 - 2020. This growth level implies a decline in real per capita income by more than 2 percent and an increase in unemployment to 35 percent by 2020.<sup>4</sup>
8. While the decade-long blockade is the core issue, a combination of factors has more recently impacted the situation in Gaza; including the decision of the Palestinian Authority (PA) to reduce monthly payments by USD30 million to the Gaza Strip, the winding down of the USD50-60 million per year contribution of the US Government aid program, and cuts to the United Nations Relief and Works Agency program.<sup>5</sup>
9. WFP has received USD 25 million for 2019 and thus has a remaining deficit of USD 42 million. WFP Palestine is expecting to receive an additional USD 14 million in the coming period. Should the funds not materialize, this will affect the continuity and amount of assistance beyond June 2019.
10. This budget revision relates only to year two (2019) of the CSP. Specifically, this budget revision will:
  - Increase the overall budget and total to accommodate the increase in needs;

<sup>3</sup> PCBS, Household expenditure and consumption survey report, May 2018

<sup>4</sup> World Bank, Palestine's Economic Outlook - October 2018

<sup>5</sup> World Bank Press Release 2018- Cash-Strapped Gaza and an Economy in Collapse Put Palestinian Basic Needs at Risk

- Increase the overall planned number of beneficiaries for the year 2019 by 90,000 people (from 314,000 to 404,000 people);
- Increase the total CBT transfer value as more beneficiaries receive CBT assistance in lieu of in-kind food;

11. The overall budget decrease slightly from 2020-2022 due to a decrease in the food transfer costs, mainly related to the reduction of warehouse rental costs, materials, supplies and total staff and staff related costs.

## 2. CHANGES

### *Strategic orientation*

12. There are no changes on the strategic orientation of the CSP.

### *Strategic outcomes*

13. The proposed budget revision includes an increase in the number of beneficiaries assisted, required due to the increase in the food insecurity in the Gaza Strip and in order to prevent further deterioration of food insecurity in the Gaza strip in light of the drastic cuts in humanitarian aid and ongoing conflict. The revised number of beneficiaries also reflects an increase in the number of beneficiaries receiving CBT and a decrease in the number of beneficiaries receiving food.

### *Beneficiary analysis*

Strategic Outcome	Activity/transfer modality[1]	Period	Women	Men	Girls	Boys	Total
			(18+ years)	(18+ years)	(0-18 years)	(0-18 years)	
1	1/Food	Current	56,708	57,274	36,361	38,057	188,400
		Decrease	-35,036	-35,386	-22,465	-23,513	-116,400
		Revised	<b>21,672</b>	<b>21,888</b>	<b>13,896</b>	<b>14,544</b>	<b>72,000</b>
	1/CBTs-value voucher	Current	33,080	33,410	21,211	22,200	109,900
		Increase	62,126	62,746	39,835	41,693	206,400
		Revised	<b>95,206</b>	<b>96,155</b>	<b>61,046</b>	<b>63,893</b>	<b>316,300</b>
	1/CBTs-cash	Current	4,402	4,302	3,354	3,642	15,700
		Increase/decrease	0	0	0	0	0
		Revised	<b>4,402</b>	<b>4,302</b>	<b>3,354</b>	<b>3,642</b>	<b>15,700</b>
<b>TOTAL (without overlap)</b>	Current	94,190	94,985	60,926	63,899	314,000	
	Increase/decrease	27,090	27,360	17,370	18,180	90,000	
	Revised	<b>121,280</b>	<b>122,345</b>	<b>78,296</b>	<b>82,079</b>	<b>404,000</b>	

### *Transfers*

<b>TABLE 2: FOOD RATION (g/person/day)<sup>6</sup> or CASH-BASED TRANSFER VALUE (USD/person/day) BY STRATEGIC OUTCOME AND ACTIVITY</b>					
Strategic outcome	1				
Activity	1				
Beneficiary type	Poor and food-insecure non-refugee Palestinians	Poor and food-insecure non-refugee Palestinians	Poor and food-insecure non-refugee Palestinians		
Modality (indicate food or CBT)	CBTs - cash	CBTs – e-vouchers	Food		
Cereals			300		
Pulses			25		
Oil			15		
Salt			5		
Canned – fish					30
Canned - Pulses				14	
micronutrient powder					
total kcal/day (to be completed for food and cash modalities)	N/A	N/A			
% kcal from protein	N/A	N/A			
Cash-based transfers (USD/person/day; use average as needed)	0.666	0.343			
Number of feeding days per year	360	360	360	180	270

<b>TABLE 3: TOTAL FOOD/CASH-BASED TRANSFER REQUIREMENTS &amp; VALUE</b>						
Food type / cash-based transfer	Current Budget		Increase/Decrease		Revised Budget	
	Total (MT)	Total (USD)	Total (MT)	Total (USD)	Total (MT)	Total (USD)
CEREALS	59 303	20 348 424	- 4 093	-1 348 320	55 210	19 000 104
FISH	594	3 267 000	492	2 708 640	1 086	5 975 640
MISCELLANEOUS	988	282 341	-68	- 19 293	920	263 048
OILS & FATS	2 965	3 409 911	-205	- 235 359	2 760	3 174 552
PULSES	5 030	5 425 452	-341	- 355 428	4 689	5 070 024
<b>Total (FOOD)</b>	68 880	32 733 128	- 4 215	750 240	64 666	33 483 368
CBT TRANSFER VALUE		140 720 273		15 793 092		156 513 365
<b>TOTAL (Food and CBT value - USD)</b>	68 880	173 453 401	- 4 215	16 543 332	64 666	189 996 733

<sup>6</sup> Verify that the ration is in line with WFP guidelines in terms of energy, protein, fat and micronutrient content, using the NUTVAL food basket calculator on the PGM, along with specific WFP programmatic guidance. For commodity vouchers and cash-based transfer values see the relevant manual.

### 3. COST BREAKDOWN

<b>TABLE 4: COST BREAKDOWN OF THE REVISION ONLY (USD)</b>			
WFP Strategic Results/ SDG Targets	<b>TOTAL</b>	<b>SR 01</b>	<b>SR 05</b>
WFP Strategic Outcomes		<b>Strategic Outcome 1</b>	<b>Strategic Outcome 2</b>
Focus Area		<b>01 CRISIS RESPONSE</b>	<b>02 RESILIENCE BUILDING</b>
<b>Transfer</b>	14 353 286	14 353 286	
<b>Implementation</b>	- 7 597	- 7 597	
<b>Direct Support Costs</b>			
<b>Sub-total</b>	14 345 688		
<b>Indirect Support Costs</b>	932 470		
<b>TOTAL</b>	15 278 158		

<b>TABLE 5: OVERALL CSP/ICSP/LEO COST BREAKDOWN, AFTER REVISION (USD)</b>			
WFP Strategic Results/ SDG Targets	<b>TOTAL</b>	<b>SR 01</b>	<b>SR 05</b>
WFP Strategic Outcomes		<b>Strategic Outcome 1</b>	<b>Strategic Outcome 2</b>
Focus Area		<b>01 - CRISIS RESPONSE</b>	<b>02 - RESILIENCE BUILDING</b>
<b>Total</b>	268 437 161	264 634 337	3 802 824
<b>Transfer</b>	220 822 776	218 297 318	2 525 458
<b>Implementation</b>	16 856 280	16 017 144	839 136
<b>Direct Support Costs</b>	14 374 616	14 168 484	206 133
<b>Sub-total</b>	252 053 672	248 482 946	3 570 727
<b>Indirect Support Costs</b>	16 383 489	16 151 391	232 097

<b>Annex: COUNTRY PORTFOLIO BUDGET (USD)</b>						
	<b>Total</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
<b>Total</b>	15 278 158		17 001 252	- 563 410	- 574 256	- 585 428
<b>Strategic Outcome 1</b>	14 345 688		15 963 617	- 529 023	- 539 208	- 549 698
<b>Strategic Outcome 2</b>						
<b>DSC</b>						
<b>INDIRECT SUPPORT COST</b>	932 470		1 037 635	- 34 386	- 35 048	- 35 730