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World Food Programme

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BUDGET INCREASES TO DEVELOPMENT ACTIVITIES ARISING FROM FOOD COMMODITY AND OTHER PRICE INCREASES

NOTE TO THE EXECUTIVE BOARD

This document is submitted to the Executive Board for approval.

The Secretariat invites members of the Board who may have questions of a technical nature with regard to this document to contact the WFP staff focal point indicated below, preferably well in advance of the Board's meeting.

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Should you have any questions regarding matters of dispatch of documentation for the Executive Board, please contact Ms C. Panlilio, Administrative Assistant, Conference Servicing Unit (tel.: 066513-2645).

DRAFT DECISION*

The Board approves the technical budget revisions for the projects detailed in “Budget Increases to Development Activities Arising from Food Commodity and Other Price Increases” (WFP/EB.A/2008/9-B).

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document (WFP/EB.A/2008/16) issued at the end of the session.

1. In January 2008, WFP implemented a review and, where necessary, a technical revision of all the project budgets of its active projects approved prior to 1 January 2008. The review was a response to several factors that have had an impact on project budgets, particularly the recent marked increase in commodity costs, rising fuel prices and a weakening of the US dollar. The review engaged staff in country offices and regional bureaux, and from the Programme Design and Support Division, the Logistics Division, and the Finance and Legal Division at Headquarters.

2. There were 104 operations identified as requiring technical revision, which included a full review of the commodity budget, taking particular account of the type of commodities required for each operation, whether the project was expected to receive in-kind or cash contributions, and whether commodities would be purchased on local, regional or international markets. These factors also have a direct impact on transport and support cost budgets.

3. The summary table below provides details on the number of projects and value of the revisions according to the project category and the approval level.

Approved Level	WFP Executive Board		WFP Executive Director/FAO Director-General		WFP Executive Director		WFP Regional Director		Total revisions and US$ value	
Project category	**Number of projects**	**US$ value of revision**	**Number of projects**	**US$ value of revision**	**Number of projects**	**US$ value of revision**	**Number of projects**	**US$ value of revision**	**Number of projects**	**US$ value of revision**
EMOPS	0		3	26 838 791	0		5	6 961 242	8	33 800 033
PRROs	8	564 942 669	0		21	252 429 535	23	40 046 091	52	857 418 295
DEV/CPs	25	339 656 467	0		0		19	41 691 162	44	381 347 629
Total	**33**	**904 599 136**	**3**	**26 838 791**	**21**	**252 429 535**	**47**	**88 698 495**	**104**	**1 272 565 957**

4. Commodity costs for international purchases were updated using commodity rates provided by the Food Procurement Branch. Commodity costs for in-kind contributions were provided by the donors, and for local and regional purchases by country offices and regional bureaux.

5. External transport rates were reviewed by the Shipping Branch, using current information on worldwide shipping rates. Strongly rising rates were posted in 2007, in both the charter and liner sectors. Increased freight rates are a result partly of higher fuel costs, but also of increased trade volumes in general. Project budgets have therefore been adjusted for projects that are expected to purchase increased volumes on the international market, those that will receive significant in-kind contributions, and in cases where transport rates had not been aligned previously to reflect increased costs.

6. Country offices reviewed and, where appropriate, updated project landside transport, storage and handling (LTSH) rates following normal procedures for LTSH reviews. More than 85 percent of WFP's LTSH expenditures are in Africa, where operating expenses are under constant pressure from local increases due to inflation and exchange rate fluctuation. These affect LTSH, particularly at the port entry level through higher port taxes, levies and handling costs. Ports are more frequently congested and vessel discharge is delayed, resulting in higher transport fees on land and increased storage costs.

7. Higher costs of fuel, tyres and lubricants also contributed significantly to increases in transport expenditure. These costs account for between 45 and 70 percent of running costs in the African trucking industry. Fuel costs alone account for about 25 percent of total LTSH costs. Relatively poor road conditions in Africa contribute to higher maintenance costs for truck fleets. Increasingly, governments impose axle weight limitations to prevent the deterioration of national road networks, and these further increase transport costs. Secondary transport and distribution expenditures per metric ton have doubled since 2005.

8. Direct support costs (DSC) were reviewed by country offices and adjusted where necessary to take account of the new standard rates for international staff for 2008–2009; both DSC and other direct operational costs (ODOC) were reviewed in the light of foreign exchange fluctuations. The value of the US dollar relative to other currencies has a direct impact on DSC and ODOC, because a significant portion of expenditures for these cost categories – including local staff charges, recurring office costs and implementing partner costs – are incurred in-country and denominated in local currencies.

9. Arising from this review, 25 of the technical revisions for country programmes and development projects involving no change to the food basket require Executive Board approval. Projects with a change to the food basket have gone through the usual approval process. The total food value of these increases is US$286,779,782, and the total cost of these budget increases is US$339,656,467, including indirect support costs (ISC). Detailed budget figures for each increase are given in the following table.

ANNEX : BUDGET INCREASES TO DEVELOPMENT ACTIVITIES ARISING FROM FOOD COMMODITY AND OTHER PRICE INCREASES

Region/ country	Project number	Title (duration)	Previous budget			Amount of revision			Revised budget		
			Food cost (*US$*)	Other costs (excl. ISC) (*US$*)	Total WFP cost (inc. ISC) (*US$*)	Food cost (*US$*)	Other costs (excl. ISC) (*US$*)	Total WFP cost (inc. ISC) (*US$*)	Food cost (*US$*)	Other costs (excl. ISC) (*US$*)	Total WFP cost (inc. ISC) (*US$*)
Asia											
Nepal	10093.0	Country Programme – Nepal (2002–2010)	69 040 242	34 862 655	111 176 100	8 101 858	338 840	9 031 546	77 142 100	35 201 494	120 207 646
Details of revision: The commodity budget has increased by US$8,101,858 (12%) because commodity prices for all commodities have more than doubled since this operation's last budget revision in early 2006.The increase is applied only to the remaining planned tonnage for the project. The external transport budget has increased by US$138,149 to cover increased transport prices. The US$200,691 increase in DSC is due to application of the increased standard cost rate for international staff over the remaining three years of the project (2008–2010). There has been a small increase in recurring costs, such as utilities and vehicle running costs, with an inflation rate of 5–6% per annum.											
Pakistan	10269.0	Country Programme – Pakistan 10269.0 (2004–2008)	60 437 454	13 562 452	79 179 900	27 827 600	1 002 804	30 848 532	88 265 054	14 565 256	110 028 432
Details of revision: The commodity budget has increased by US$27,827,600 (46%). Commodity prices in this budget had not been adjusted since it was originally approved in 2003 so although only 40% of total tonnage has been re-costed, the increase in the rate per mt is substantial. The 2008–2009 budget includes only two commodities: vegetable oil and wheat. The budgeted price of oil has increased by 107%, from US$710 to $1,467/mt, and that of wheat by 134%, from US$155 to $363/mt. The increase in transport budget of US$1,002,804 reflects increased costs for shipping because of both market capacity and increased fuel costs.											
Bangladesh	10410.0	Country Programme – Bangladesh 10410.0 (2007–2010)	75 469 001	48 658 993	132 816 954	52 425 357	2 225 503	58 476 420	127 894 358	50 884 496	191 293 374
Details of revision: The commodity budget increased by US$52,425,357 (69%). Cereals (wheat and rice) comprise 81% of the 2008–2010 tonnage. The average budgeted price of cereals has increased by 174%, from US$151 to $413/mt, since the project was last revised. Three of the four years of this project budget have been revised. The external transport budget has increased by US$2,225,503 because of increased shipping costs and fuel prices.											
Latin America and the Caribbean											
Honduras	10538.0	Country Programme – Honduras 10538.0 (2008–2011)	4 883 184	2 007 964	7 373 528	4 710 147	-1 188 711	3 767 936	9 593 331	819 253	11 141 464
Details of revision: The increase in the commodity budget of US$4,710,147 (96%) is because assumptions made about the origin of commodities reflected in the original budget are no longer appropriate, even though the project was approved in late 2007. Rice and maize, originally planned to be purchased in Asia and Argentina, have now been budgeted for local purchase, and all commodities in the food basket show price increases of near 100%. The switch from international to local purchases of cereals has led to a decrease in the external transport budget of US$1,188,711.											

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Region/ country	**Project number**	**Title (duration)**	**Previous budget**			**Amount of revision**			**Revised budget**		
			Food cost (*US$*)	**Other costs (excl. ISC) (*US$*)**	**Total WFP cost (inc. ISC) (*US$*)**	**Food cost (*US$*)**	**Other costs (excl. ISC) (*US$*)**	**Total WFP cost (inc. ISC) (*US$*)**	**Food cost (*US$*)**	**Other costs (excl. ISC) (*US$*)**	**Total WFP cost (inc. ISC) (*US$*)**
Bolivia	10596.0	Country Programme – Bolivia 10596.0 (2008–2012)	8 952 894	850 074	10 489 176	3 891 315	50 336	4 217 567	12 844 209	900 411	14 706 743
Details of revision: The commodity budget has increased by US$3,891,315 (43%). Although the CP was approved in October 2007, commodity prices for the food basket have increased by an average of 40% since then. There is also a small increase in the external transport budget of US$50,366.											
Nicaragua	10597.0	Country Programme – Nicaragua 10597.0 (2008–2012)	13 701 125	3 665 897	18 582 714	6 392 844	83 526	6 929 715	20 093 969	3 749 423	25 512 429
Details of revision: The increase in the commodity budget of US$6,392,844 (47%) is because prices for both pulses (29% of the food basket) and corn-soya blend (CSB) (23% of the food basket), have doubled on both local and international markets since the project was prepared in mid-2007. Dried skimmed milk and vegetable oil prices have increased by 70%. There has also been a small increase in the external transport budget of US$83,526.											
Middle East, Central Asia and Eastern Europe											
Egypt	10450.0	Country Programme – Egypt 10450.0 (2007–2011)	9 023 774	12 582 119	23 118 306	5 578 712	1 009 524	7 049 412	14 602 486	13 591 643	30 167 718
Details of revision: The commodity budget increase of US$5,578,712 (62%) is mainly due to an updating of commodity costs, which were originally budgeted at the end of 2006. Cereals represent 78% of the food basket, and the prices of both rice and wheat flour have doubled since the beginning of the CP. The increased commodity prices are applied to the remaining four years of the CP. The external transport budget has increased by US$128,898. ODOC has increased by US$660,293, mainly owing to the weakening value of the US dollar against the Euro in the last two years, which is reflected in all capital equipment lines (building material and project supplies) and national consultants. A DSC increase of US$220,333 arises from an 11 to 17% increase in national staff costs and new standard staff rates for international staff. Vehicle maintenance and running cost increases result from a 40% increase in fuel prices in Egypt since the project was approved.											
Yemen	10435.0	Country Programme – Yemen 10435.0 (2007–2011)	26 622 685	18 243 019	48 006 303	25 142 550	1 344 791	28 341 455	51 765 235	19 587 810	76 347 758
Details of revision: The increased commodity budget of US$25,142,550 (94%) is because the original commodity rates were estimated in early 2006. Cereals represent 87.5% of the food basket, and the current average price for cereals has more than doubled since 2006. The increased commodity prices are applied to the remaining four years of the CP. The external transport budget has increased by US$507,250. The DSC budget increase of US$780,225 is due mainly to updated standard costs for national and international staff rates.											

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East, Central and Southern Africa											
Kenya	10264.0	Country Programme – Kenya 10264.0 (2004–2008)	53 915 166	37 829 800	98 167 114	8 276 824	-574 239	8 241 766	62 191 990	37 255 561	106 408 881
Details of revision: The commodity budget has increased by US$8,276,824 (15%). The budgeted tonnage for cereals represents 76% of the food basket; and approximately 65% of the increase in commodity budget (US$5,194,202) results from cereal price increases, both local and international. The overall project increase is relatively low because the project comes to an end in 2008. The external transport budget has increased by US$585,759 owing to increased transport rates. The decrease in ODOC by US$1,674,101 is because budget underutilization in prior years offsets current potential increases. The increase in DSC by US$514,103 results from increased vehicle running costs (fuel, repairs, spare parts) and increasing primary and secondary transportation rates. The CP had to increase DSC to meet increased field operational costs, office rent, day and night security guards, increasing fuel costs, vehicle maintenance and repair costs, and security escort costs in phase III districts, which account for three quarters of the CP area. The DSC budget has also been increased to cater for the new standard international staff rates.											
Madagascar	10340.0	Country Programme – Madagascar 10340.0 (2005–2009)	12 942 311	14 688 705	29 565 187	4 325 432	1 053 124	5 755 055	17 267 743	15 741 829	35 320 242
Details of revision: The US$4,325,432 (33%) increase in the commodity budget is mainly a result of an 88% price increase in cereals (especially rice), which make up 70% of the food basket. The external transport budget has increased by US$702,592. The increase in LTSH of US$350,532 is attributable mainly to the increase of fuel prices in Madagascar and the US dollar devaluation against the Malagasy currency (Ariary). The fuel price went up from US$1.01/litre in March 2007 to US$1.58/litre in March 2008, which has had an impact on all the LTSH rates for destinations where WFP activities are being implemented. The dollar devaluation is at the origin of the increase in other logistics services such as port and clearing/forwarding costs. Implementation of a huge new mining project in the Toamasina area (which is one of the two entry ports for commodities in Madagascar) has increased competition for warehouses access and, therefore, warehouse costs.											
Uganda	10426.0	Country Programme – Uganda 10426.0 (2006–2010)	39 008 577	28 334 546	72 057 142	16 617 417	447 501	18 259 462	55 625 994	28 782 047	90 316 604
Details of revision: Locally purchased mixed and blended CSB constitutes 47% of the project food requirements, and has increased in price by 63% since the last budget estimation. Together with increases of 80% for cereals, 27% for vegetable oil and 99% for pulses, this has resulted in a commodity budget increase of US$16,617,417 (43%). The external transport budget has increased by US$1,063,394 owing to increased transport prices. The LTSH budget decrease of US$911,182 is due to underutilization of budget in prior years offsetting current potential increases resulting from higher transport and fuel costs. The increase in DSC budget of US$295,290 is attributable to application of the new standard staff rates for international and national staff, and increased fuel prices.											

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Ethiopia	10430.0	Country Programme – Ethiopia 10430.0 (2007–2011)	64 604 944	45 735 619	118 064 403	35 423 263	6 693 075	45 064 481	100 028 207	52 428 694	163 128 884
Details of revision: The commodity budget has increased by US$35,423,263 (55%). When the project was designed in mid-2006, it was envisaged that 50% of the cereals would be procured locally. However, a recent government ban on such procurement means that the country office will now have to purchase all remaining cereal requirements on the international market. This has resulted in a 69% increase in cereal costs. For other commodities in the food basket, prices have increased by averages of 123% for vegetable oil, 62% for blended foods, and 18% for salt. As a result of the shift from local to international procurement, the external transport budget has increased by US$2,907,898. The LTSH budget has increased by US$3,374,779 owing to increases in landside transport costs (Djibouti to Ethiopia) resulting from higher fuel and overall transport prices due to increased demand for trucks. The ODOC budget has increased by US$105,207 to reflect the current inflation rate in Ethiopia. The DSC budget has increased by US$305,192 to take into account higher national staff rates and increased fuel prices.											
Tanzania	10437.0	Country Programme – United Republic of Tanzania 10437.0 (2007–2010)	21 223 476	17 302 853	41 223 172	10 884 649	692 044	12 387 061	32 108 125	17 994 897	53 610 233
D *Details of revision:* The increase in the commodity budget of US$10,884,649 (51%) is a result of an increase in the costs of cereals (43%), which comprise 60% of the project budget, combined with cost increases of 51% for mixed and blended foods and 86% for pulses. The external transport budget has increased by US$316,486 owing to higher transport costs. DSC has increased by US$330,942 because of new standard staff rates for international and national staff, and a substantial increase in fuel prices. Because of frequent power cuts, the country office relies on generators, sometimes for 24 hours a day. Increases in wages decreed by the Government of the United Republic of Tanzania have also increased costs for most administration and security-related activities throughout the country.											
Zambia	10447.0	Country Programme – Zambia 10447.0 (2007–2010)	17 319 593	14 834 873	34 405 279	5 944 410	2 193 888	8 707 975	23 264 003	17 028 761	43 113 257
Details of revision: The commodity budget has increased by US$5,944,410 (34%), mainly owing to cost increases of 23% for high-energy protein supplement, 59% for vegetable oil and 120% for pulses. The LTSH budget has increased by US$2,006,222, mainly because of increases in overland transport rates and fuel prices. The increase of the DSC budget by US$163,888 can be explained by application of the new standard staff rates for international staff.											
Malawi	10581.0	Development project – Malawi 10581.0: Strategic Focus of the WFP Development Project: Support to Education (2008–2011)	19 307 404	18 328 390	40 270 299	11 117 108	2 320 388	14 378 120	30 424 511	20 648 778	54 648 419
Details of revision: The commodity budget has increased by US$11,117,108 (58%) because since the original project budget of early 2007, prices have risen by 60% for blended food and 48% for cereals; blended food forms 67% of the project budget. The budget for external transport has increased by US$623,984. The DSC budget has increased by US$1,552,684 because of application of the new increased standard staff rates for international and national staff, increased vehicle running costs (attributed to a 10% rise in fuel cost, spare parts costs and Malawi import tariffs), facility rentals (by 5%) and telecommunication costs (by 10%).The LTSH budget has increased by US$143,720 mainly owing to increased transport rates and fuel prices.											

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Rwanda	10677.0	Development project – Rwanda 10677.0:Food Assistance Support for Education (2008–2012)	11 325 498	7 797 212	20 461 300	4 087 050	2 375 923	6 915 381	15 412 548	10 173 135	27 376 681
Details of revision: The commodity budget has increased by US$4,087,050 (36%) owing to a change in the planned origin of the commodities. It is now anticipated that a large part of commodities will be contributed in kind, resulting in budget increases of 21% for cereals, 56% for pulses, and 45% for vegetable oil. The change in origin of commodities has also affected the external transport budget, which has increased by US$2,375,923.											
West Africa											
Mauritania	10209.0	Country Programme – Mauritania (2003–2008)	14 025 656	21 780 618	38 312 713	11 602 610	1 019 593	13 505 757	25 628 266	22 800 211	51 818 470
Details of revision: The commodity budget has increased by US$11,602,610 (83%), mainly because the average prices of cereals (wheat, bulgur wheat and rice), representing 73% of the remaining food to be purchased, have increased by more than 100% since the previous budget was approved. CSB prices have increased by 42% and vegetable oil prices by 65%. The external transport budget has increased by US$1,019,593 owing to increased transport prices for international purchases.											
Burkina Faso	10399.0	Country Programme – Burkina Faso 10399.0 (2006–2010)	18 859 878	15 406 752	36 665 295	10 952 346	1 547 853	13 375 213	29 812 224	16 954 606	50 040 508
Details of revision: The increase in commodity budget of US$10,952,346 (58%) is due to increased commodity prices since the project was approved in late 2005. Cereals represent approximately 68% of the remaining tonnage to be purchased. The cereals budget has increased by approximately 55% owing to increased prices of local sorghum and maize meal and imported maize meal. CSB budgets have increased by 84% and vegetable oil budgets by 39% because of increased prices in Europe. The DSC increase of US$717,511 is mainly due to the new standard staff rates for international and national staff and consultants. As the local currency is tied to the Euro, recurring expenses and equipment costs are also much higher in US dollar terms because of exchange rate factors. The increase in ODOC of US$859,400 is because of the exchange rate and much higher fuel and local electricity costs.											
Ghana	10418.0	Country Programme – Ghana 10418.0 (2006–2010)	14 484 434	2 772 049	18 464 438	7 151 274	892 570	8 606 913	21 635 708	3 664 619	27 071 351
Details of the revision: The commodity budget has increased by US$7,151,274 (49%) mainly because CSB, which represents approximately 51% of the remaining tonnage to be purchased, has registered a budget increase of approximately 58% since the project was approved in late 2005. Vegetable oil prices have also increased drastically. Marginal increases have been registered for salt and sugar, on both local and international markets. The external transport budget has increased by US$650,024 owing to higher shipping costs. The DSC budget has increased by US$242,546 because of application of the new staff rates for international and national staff, and increased fuel costs.											

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Senegal	10451.0	Country Programme – Senegal 10451.0 (2007–2011)	10 573 293	9 193 767	21 150 754	4 764 603	1 997 547	7 235 501	15 337 896	11 191 314	28 386 255
Details of revision: The commodity budget has increased by US$4,764,603 (45%) owing to the sharp increase in market price of rice since the project was approved in late 2006. Cereals represent approximately 65% of the remaining tonnage to be purchased, and their budget has increased by approximately 33%. The price of vegetable oil, both in-kind and internationally purchased, has increased by 43%. The price of pulses has also drastically increased. The increase in the external transport budget of US$758,114 is due to increased shipping costs on the international market. The increases in ODOC by US$156,825 and DSC by US$450,513 can be explained partly by US$ currency depreciation against the Central African franc (CFA); in February 2008, the US$ stood at CFA443, down from CFA522 in the initial project budget. Increased salary scales for local staff became effective after the initial project was approved, and standard costs for international staff also increased, affecting the DSC budget component.											
Guinea	10453.0	Country Programme – Guinea 10453.0 (2007–2011)	8 710 974	12 113 719	22 282 421	4 418 322	1 276 730	6 093 706	13 129 296	13 390 449	28 376 127
Details of revision: The commodity budget has increased by US$4,418,322 (51%). Cereals (60% of the remaining food to be purchased) have increased in price by 46% and CSB (19% of the remaining food to be purchased) has increased in price by 51% as a result of increased rice and CSB prices from Asia and North America. Vegetable oil (from Asia and North America) has increased in price by 65%. The external transport budget increase of US$724,730 is due to higher transport costs for international purchases. The increase in DSC of US$552,000 is due to movements of approximately 38% in the US$/Guinea franc exchange rate since the original budget was formulated. Fuel price increases of 62% also contribute to an increase in DSC.											
Chad	10478.0	Country Programme – Chad 10478.0 (2007–2010)	9 166 427	17 907 925	28 969 556	5 800 621	363 522	6 595 633	4 967 048	18 271 447	35 565 190
Details of revision: The increase in commodity budget by US$5,800,621 (63%) is due mainly to increased cereals prices. Cereals represent approximately 84% of the remaining tonnage to be resourced. The cereals budget has increased by 64% from the previous budget due to the increased prices of rice and maize meal from international markets. Also, the CSB budget has increased by 72% and the vegetable oil budget by 70% from previous estimates, due to an increase in the prices of imported commodities from Europe. The external transport budget decreased slightly, by US$162,454. The increase in the ODOC budget by US$135,164 is due to exchange rate fluctuations. The increase in the DSC budget of US$390,812 is mainly due to the application of the new standard staff rates for international and national staff, and increased fuel costs.											
Gambia	10548.0	Development Project – The Gambia 10548.0: Support to Basic Education in Rural Vulnerable Regions (2007–2011)	4 199 089	4 277 809	9 070 281	3 044 733	718 799	4 026 979	7 243 822	4 996 608	13 097 260
Details of revision: The commodity budget has increased by US$3,044,733 (73%) because cereals, representing 73% of the outstanding tonnage to be purchased, registered a budget increase of approximately 61% since the project was approved in late 2006, mainly because of the increased price of imported rice from Asia. Vegetable oil and CSB budgets have increased considerably owing to higher commodity prices from Asia and Canada respectively. The external transport budget increase of US$401,227 is caused by increased shipping rates on the international market. The increases in ODOC of US$87,222 and DSC of US$230,350 are mainly due to the readjustment of local costs to match the appreciation of the Gambian dalasi against the US dollar.											

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			Food cost (*US$*)	Other costs (excl. ISC) (*US$*)	Total WFP cost (inc. ISC) (*US$*)	Food cost (*US$*)	Other costs (excl. ISC) (*US$*)	Total WFP cost (inc. ISC) (*US$*)	Food cost (*US$*)	Other costs (excl. ISC) (*US$*)	Total WFP cost (inc. ISC) (*US$*)
Mali	10583.0	Country Programme – Mali 10583.0 (2008–2012)	10 211 799	10 244 996	21 888 770	3 949 199	2 302 056	6 688 842	14 160 998	12 547 051	28 577 612
Details of revision: The commodity budget has increased by US$3,949,199 (39%), mainly because cereals, representing 88% of the remaining food to be purchased, have registered a budget increase of approximately 31% since the project was created in mid-2007. This is due to the increased prices of maize meal on the international market and of locally produced millet. Pulses and vegetable oil international prices have increased by 70% and 51% respectively. Mali is a vast, landlocked country with poor road infrastructure, and internationally procured commodities must transit through the ports of Lome and Dakar using private transporters to reach beneficiaries at project sites around the country. The LTSH budget has increased by US$1,642,578 and the ODOC budget by US$200,559 to reflect increases in fuel costs and US dollar fluctuations, which translate into higher transport fees, handling and storage costs and other non-staff costs. The DSC budget increase of US$425,835 is due mainly to increased national and international staff rates.											
Sierra Leone	10584.0	Country Programme – Sierra Leone 10584.0 (2008–2010)	5 415 265	4 845 999	10 979 553	4 349 538	469 191	5 156 039	9 764 803	5 315 190	16 135 592
Details of revision: The commodity budget has increased by US$4,349,538 (80%) because cereals, representing approximately 46% of the outstanding tonnage to be purchased, have registered a budget increase of approximately 94%, mainly for bulgur wheat, which has almost doubled in cost since the previous budget estimate of mid-2007. The budget for vegetable oil has increased by 69% and for CSB by 71%. The external transport budget has increased by US$221,118 owing to increased shipping rates. The DSC increase of US$161,052 is due to application of the increased salary scale for national staff (40%), increased costs for United Nations common services and increased fuel costs in Sierra Leone.											
The total costs of the above budget increases amount to:											
Food costs:		**US$286 779 782**									
Other costs:		**US$30 656 178**									
Total cost to WFP:		**US$339 656 467**									

ACRONYMS USED IN THE DOCUMENT

CFA	Central African franc
CP	country programme
CSB	corn-soya blend
DEV	development project
DSC	direct support cost
EMOP	emergency operations
FAO	Food and Agriculture Organization of the United Nations
ISC	indirect support cost
LTSH	landside transport, storage and handling
ODOC	other direct operational cost
PRRO	protracted relief and recovery operation