

PROJECT BUDGET REVISION FOR APPROVAL BY THE CHIEF OF STAFF

5) To:	Division	Room	Approval and Date
Mr. Jim Harvey Chief of Staff	OED	6G36	
4) Through:	Division	Room	Signature and Date
Ms. Barbara Noseworthy Assistant Executive Director (a.i)	PG	6G72	
3) Through:	Division	Room	Signature and Date
Mr. Manoj Juneja Assistant Executive Director	RM	6G00	
2) Through:	Division	Room	Signature and Date
Mr. Ramiro Lopes da Silva Assistant Executive Director	OS	6G62	
1) From:	Regional Bureau	Signature and Date	
Valerie Guarneri Regional Director	RBN		

**Ethiopia¹ & PRRO 200712
BR No. 01**

Total revised number of beneficiaries	6,143,267
Duration of entire project	36 months
Extension / Reduction period	n.a.
Gender marker code	n.a.
WFP food tonnage	1,194,001

Start date: 01.Jul.2015 **End date:** 30.Jun.2018 **Extension/Reduction period:** n.a **New end date:** 30.Jun.2018

Cost (United States dollars)

	Current Budget	Increase (Decrease)	Revised Budget
Food and Related Costs	US\$ 772,527,332	US\$ 4,627,235	US\$ 777,154,567
Cash and Vouchers and Related Costs	US\$ 75,626,360	US\$ -	US\$ 75,626,360
Capacity Development & Augmentation	US\$ 11,055,545	US\$ -	US\$ 11,055,545
DSC	US\$ 107,401,145	US\$ -	US\$ 107,401,145
ISC	US\$ 67,662,727	US\$ 323,906	US\$ 67,986,633
Total cost to WFP	US\$ 1,034,273,110	US\$ 4,951,142	US\$ 1,039,224,251

CHANGES TO:
Food Tool

- MT
 Commodity Value
 External Transport
 LTSH
 ODOC

C&V Tool

- C&V Transfers
 C&V Related Costs

- CD&A
 DSC
 Project duration
 Other

Project Rates

- LTSH (\$/MT)
 ODOC (\$/MT)
 C&V Related (%)
 DSC (%)

¹ If a regional project, please specify the countries concerned.



NATURE OF THE INCREASE

1. ***Change in LTSH rate from US\$ 185.57/mt to US\$ 189.79/mt resulting in a total budget increase of US\$ 4,951,142, including ISC.***

JUSTIFICATION FOR THE REVISION

1. ***The LTSH rate has increased from US\$ 185.57/mt to US\$ 189.79/mt and shown an overall increment of 2.2% mainly due to the following;***

- a. Djibouti port costs have increased due to the following reason: (i) The overall vessel discharge cost increased because of changing the proportion of USA in kind contribution from 25% to 40% which results in increases of US\$ 3.6 million; (ii) Increase on Shunting cost of US\$ 2.5 million due to poor offtake of Ethiopian transporters; (iii) Increase in Djibouti support cost by US\$ 1.4 million. Therefore, the overall Djibouti port cost increased by US\$ 7.5 million.
- b. Due to limited number of trucks on the Djibouti to Ethiopia corridor, a premium has to be paid to transporters, resulting in an increase of US\$ 2.6 million.
- c. The increase in Hubs & Spokes (H&S) operation (Somali Region) proportion from 48% to 61% increased inland transport cost by 10.8M\$. Both storage at Djibouti and overland transport-related costs are expected to reduce once new Humanitarian Hub is commissioned before end 2015 and when newly built standard gauge railway from Djibouti to Ethiopia become operational within early 2016.
- d. There have been costs incurred as result of double handling between WFP inland Hubs. Limited storage at some WFP Hubs such as for Somalia Region requires that food is shifted between the WFP Hubs leading to double handling costs. This cost estimate increased by US\$ 2.4 million. Mitigation action include construction of a 5,000 Mt capacity warehouse at Jijiga enabling more tonnage to be delivered overland and stored within Somalia Region (cost is estimated at US\$ 2.3 million) and better coordination with RMBP and Programme Unit within WFP Ethiopia to ensure more unsold food positioned at Hubs closest to Regions of expected use.
- e. There is a considerable reduction in the distribution cost US\$ 18.4 million because of the change in proportion between DRMFSS and H&S respectively from 52% to 39% and from 48% to 61% and a similar reduction in NFI costs of US \$ 7.3 million.

2. ***Hence, this budget revision will result in a total budget increase of US\$ 4,951,142, i.e. an increase of US\$ 4,627,235 in LTSH and US\$ 323,906 in ISC budgets. The CO has obtained approval of the revised LTSH matrix from OSL.***

Drafted by: [Mensur OMER] Country Office
 Cleared by: [Belkacem MACHANE] Country Office on [August 13, 2015]
 Reviewed by: [name] Regional Bureau
 Cleared by: [name] Regional Bureau on [date]

ANNEX I-A

PROJECT COST BREAKDOWN			
	Quantity (mt)	Value (US\$)	Value (US\$)
<i>Food Transfers</i>			
Cereals	-	-	
Pulses	-	-	
Oil and fats	-	-	
Mixed and blended food	-	-	
Others	-	-	
Total Food Transfers	-	-	
External Transport		-	
LTSH		4,627,235	
ODOC Food		-	
Food and Related Costs ²		4,627,235	
C&V Transfers		-	
C&V Related costs		-	
Cash and Vouchers and Related Costs		-	
Capacity Development & Augmentation		-	
<i>Direct Operational Costs</i>			4,627,235
Direct support costs (see Annex I-B)			-
Total Direct Project Costs			4,627,235
Indirect support costs (7.0 percent) ³			323,906
TOTAL WFP COSTS			4,951,142

² This is a notional food basket for budgeting and approval. The contents may vary.

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

ANNEX I-B

DIRECT SUPPORT REQUIREMENTS (US\$)	
WFP Staff and Staff-Related	
Professional staff *	-
General service staff **	-
Danger pay and local allowances	-
Subtotal	-
Recurring and Other	-
Capital Equipment	-
Security	-
Travel and transportation	-
Assessments, Evaluations and Monitoring⁴	-
TOTAL DIRECT SUPPORT COSTS	-

* Costs to be included in this line are under the following cost elements: International Professional Staff (P1 to D2), Local Staff - National Officer, International Consultants, Local Consultants, UNV

** Costs to be included in this line are under the following cost elements: International GS Staff, Local Staff - General Service, Local Staff - Temporary Assist. (SC, SSA, Other), Overtime

⁴ Reflects estimated costs when these activities are performed by third parties. If WFP Country Office staff perform these activities, the costs are included in Staff and Staff Related and Travel and Transportation.