

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	RB - RBN		

Budget Revision No. 5 to Ethiopia CP 200253

Total revised number of beneficiaries	1,220,086
Duration of entire project	54 months
Extension / Reduction period	N/A
Gender market code	N/A
WFP food tonnage	261,975

Start date: 01/01/2012 **End date:** 30/06/2016 **Extension/Reduction period:** N/A **New end date:** 30/06/2016

Cost (United States dollars)

	Current Budget	Increase (Decrease)	Revised Budget
Food and Related Costs	US\$ 219,506,771	US\$ 3,252,864	US\$ 222,759,635
Cash and Vouchers and Related Costs	US\$ 39,114,009	US\$	US\$ 39,114,009
Capacity Development & Augmentation	US\$ 12,249,755	US\$	US\$ 12,249,755
DSC	US\$ 35,677,690	US\$	US\$ 35,677,690
ISC	US\$ 21,458,376	US\$ 227,700	US\$ 21,686,076
Total cost to WFP	US\$ 328,006,601	US\$ 3,480,564	US\$ 331,487,165

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 (%)

NATURE OF THE INCREASE

1. *Change in LTSH rate from US\$ 150.72 per Mt to \$ 197.64 per Mt, and corresponding ISC, resulting in a total budget increase of \$ 3,480,564.*

JUSTIFICATION FOR THE REVISION

2. *The LTSH rate for this project being increased from US\$ 150.72 per Mt to US\$ 197.64 per Mt, showing an overall increase of 31 percent from last revision. The increase was due to:*

(a) Contracted secondary transport rates increased by 20% increase since the last review was done in May 2013. With GDP at over 10%, Ethiopia continues to experience increasing demand for transport while the transport sector lacks investment to match these needs. Despite the limited inland transport capacity, the Ethiopian Authorities have transferred some trucking to operate on the Djibouti corridor in response to the increasing volume of imports. This has further affected transport capacity available to be contracted for inland movements. For medium to longer-term Ethiopia Authorities expect that newly built railway lines will serve more of the needs on main overland as well as some inland routes.

(b) There was a US\$3.68 per Mt increase in storage costs. This was mainly due to longer warehouse dwell-time for a reduced tonnage of food in the contracted storage. For this and other projects, Logistics Unit working closely with other Country Office functions in continuously reviewing programming needs to align with food storage requirement aimed at avoiding instances where excess storage capacity held for extended period.

(c) There was a 12 percent increase in Field Level Agreements (FLA) costs mainly due to increase in inland transport cost main hubs to Final Distribution Points (FDPs) – an activity handled by the CPs.

(d) Reduced proportion of locally purchased food by 8 percent as compared to project plan also contributed for the average LTSH rate increment.

3. *The LTSH revision includes a deficit recovery component. The same revision also includes a Commodity Insurance set at US\$3 per Mt.*

4. *This budget revision will result in a total budget increase of US\$ 3,480,564. Out of this, there is an increase of US\$ 3,252,864 in LTSH and US\$ 227,700 in ISC. OSL approved the revised LTSH matrix.*

C&V Tool beneficiaries are 231,045



World Food Programme

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