

**Country<sup>1</sup> & Project No.: 200343**  
**B/R No.: 2**

**BUDGET REVISION FOR THE APPROVAL OF REGIONAL DIRECTOR**

	<u>Initials</u>	<u>In Date</u>	<u>Out Date</u>	<u>Reason For Delay</u>
<b><u>ORIGINATOR</u></b>				
Country Office or Regional Bureau on behalf of Country Office	.....	.....	.....	.....
<b><u>CLEARANCE</u></b>				
Project Budget & Programming Officer, RMBP	.....	.....	.....	.....
Chief, RMBP	.....	.....	.....	.....
Chief, OSLT (change in LTSH and/or External Transport)	.....	.....	.....	.....
<b><u>APPROVAL</u></b>				
<input checked="" type="checkbox"/> Regional Director	.....	.....	.....	.....

<b>PROJECT</b>			
<b>Start date:</b> 1/01/2012	<b>End date:</b> 30/06/2014	<b>Extension/Reduction period:</b> N/A	<b>New end date:</b> 30/06/2014
	<b>Previous Budget</b>	<b>Revision</b>	<b>New Budget</b>
Food cost <sup>2</sup>	US\$ 20,905,392	US\$ 0	US\$ 20,905,392
External transport <sup>3</sup>	US\$ 1,367,445	US\$ 0	US\$ 1,367,445
LTSH <sup>4</sup>	US\$ 10,420,835	US\$ (686,913)	US\$ 9,733,922
ODOC <sup>5</sup>	US\$ 1,817,157	US\$ 0	US\$ 1,817,157
DSC <sup>6</sup>	US\$ 9,576,107	US\$ 0	US\$ 9,576,107
ISC (7%) <sup>7</sup>	US\$ 3,086,086	US\$ (48,084)	US\$ 3,038,002
<b>Total WFP cost (US\$)</b>	<b>US\$ 47,173,022</b>	<b>US\$ (734,997)</b>	<b>US\$ 46,438,025</b>

**TYPE OF REVISION**

- Additional commodity     
 Additional DSC     
 Additional ODOC     
 Reduction in LTSH  
 Additional external transport     
 Extension or Reduction in time     
 Other

<sup>1</sup> If a regional project, please specify the countries concerned

<sup>2</sup> Food cost can comprise both commodities and cash/voucher transfers.

<sup>3</sup> The first leg of transport for commodities: from the donor country to the recipient country port, or in cases of regional commodity purchases, from the place of purchase to the recipient country.

<sup>4</sup> Landside, Transport, Storage and Handling - LTSH comprises the actions required to (a) care for and (b) physically deliver the commodities from the completion of external transport through to final distribution.

<sup>5</sup> Other Direct Operational Costs - ODOC include deliverable goods (non-food items), services and training to beneficiaries and/or to implementing partners.

<sup>6</sup> Direct Support Costs - DSC are those costs which are incurred directly in support of projects by a WFP Country Office.

<sup>7</sup> Indirect Support Costs - ISC is a fixed rate resourced from all donor contributions, which is used to cover (non-project) corporate overhead costs, i.e. PSA.

## NATURE OF THE DECREASE

This budget revision (BR) to the Protracted Relief and Recovery Operation (PRRO) 200343 is proposed to revise the LTSH rate from **US\$272.43/mt** to **US\$222.25/mt**, representing an 18% reduction resulting in overall decrease of **US\$ 734,997** including ISC.

## JUSTIFICATION FOR BUDGET DECREASE

As part of its regular LTSH cost review, the Rwanda Country Office identified areas where costs needed to be adjusted in the LTSH budget to reflect the current approach on logistics implementation. Over the past year, the logistics setup has been refined to facilitate faster and more cost efficient delivery of WFP food to its beneficiaries. For this PRRO, there has been a significant increase in local purchase of cereals and pulses. The key changes to the logistics operational plan which have resulted in a decrease in LTSH costs include the following:

- The assumption that 85 percent of international purchases would be imported through Dar-es-Salaam port which would not only cost US\$50/mt less in overland costs as compared to Mombasa port, but also has much shorter lead times for the Country office. Experience with using Dar-es-Salaam port over the past year has been good.
- With the support of OMN Regional Bureau and neighboring countries, it has been possible to ensure direct delivery of cargo from the ports of Mombasa and Dar-es Salaam into Rwanda without the need to transship cargo in Kampala and the Isaka Hub in Tanzania. Direct delivery has so far proven successful and is expected to continue. Transshipment costs have therefore been completely eliminated from this LTSH budget. A provision has been made for a relatively small quantity of commodities which may be regionally purchased from Kampala or Isaka.
- In examining the operations for WFP Rwanda office over the past year, most of the cereals and pulses distributed by WFP have been locally sourced from traders, through the Government and P4P cooperatives. This has been factored in the review of the LTSH budget, with lower costs when compared to regional and international purchases.

The factors outlined above have contributed greatly to the reduction in the PRRO's LTSH rate by 18% as stated.

### DISTRIBUTION:

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