PROJECT REVISION FOR THE APPROVAL OF:
Deputy Executive Director and Chief Operating Officer

ORIGINATOR
Country Office or Regional Bureau on behalf of Country Office

CLEARANCE
Regional Director, Project Budget and Programming Officer, RMBP Chief, RMBP Chief, OSLT (change in LTSH and/or External Transport) Director, RMB
Director, OSZ

APPROVAL
Deputy Executive Director and COO

PROJECT
Start date: 1/1/2013 End date: 31/12/2015 Extension/Reduction period: …… New end date: ……

<table>
<thead>
<tr>
<th>Previous Budget (US$)</th>
<th>Revision (US$)</th>
<th>New Budget (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food cost 1</td>
<td>107,999,691</td>
<td>107,999,691</td>
</tr>
<tr>
<td>External transport 2</td>
<td>1,240,475</td>
<td>1,240,475</td>
</tr>
<tr>
<td>LTSH 3</td>
<td>17,486,067</td>
<td>8,371,881</td>
</tr>
<tr>
<td>ODOC 4</td>
<td>7,806,023</td>
<td>7,806,023</td>
</tr>
<tr>
<td>DSC 5</td>
<td>22,185,112</td>
<td>22,185,112</td>
</tr>
<tr>
<td>ISC (7%) 6</td>
<td>10,970,216</td>
<td>586,032</td>
</tr>
<tr>
<td>Total WFP cost (US$)</td>
<td>167,687,584</td>
<td>8,957,913</td>
</tr>
</tbody>
</table>

TYPE OF REVISION
☐ Additional commodity ☐ Additional DSC ☐ Additional ODOC ☒ Additional LTSH ☐ Additional external transport ☐ Other ☐ Re-orientation ☐ Extension or Reduction in time

DISTRIBUTION:
DED and COO Regional Director
Chief, OSLT Chief, OSZP, RMBP, OSZR, OSZC RB Programme Advisor
Country Director Programme Officer, RMBP RB Programme Assistant
OD Registry Programming Assistant, RMBP RB Chrono
PGG RMB Liaison Officer, OM @

1 Food cost can comprise both commodities and cash/voucher transfers.
2 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.
3 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.
4 Other Direct Operational Costs - ODOC include deliverable goods (non-food items), services and training to beneficiaries and/or to implementing partners.
5 Direct Support Costs - DSC are those costs which are incurred directly in support of projects by a WFP Country Office.
6 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 INCREASE

- This budget revision to Myanmar protracted relief and recovery operation (PRRO) 200299 has been prepared to reflect the increase in the landside transport, storage and handling (LTSH) rate from US$99.61 to US$167.50 per mt. The revised rate was approved by the Logistics and Transport Service (OSLT) on 3 May 2013.

- The total increase to the project budget, including indirect support costs, is US$8,957,913.

JUSTIFICATION FOR BUDGET INCREASE

The main reasons for the change in the LTSH rate are as follows:

- Changes in delivery terms for local food purchases for Sittwe and Myitkyina (i.e. from Delivered at Place Sittwe and Myitkyina, to Delivered at Place Yangon). The delivery cost from Yangon to Sittwe and Myitkyina averages US$68 and US$120 per mt respectively.

- Revised salary scale and staffing structure with 26 percent increase for fixed-term and 60-87 percent increase for service contract holder staff. The high increase is related to the depreciation of the local currency. The 2013 maximum rates are also used for service contract holder staff instead of the 2012 minimum rate.

- The salaries of 9 pickup drivers were not budgeted for in the previous matrix. The drivers are required for WFP pickups allocated to sub/field offices, or logistics bases for movement of small quantities of food from WFP main warehouses to distribution points, especially in the direct implementation areas of Lashio and Wa regions where no commercial transporter is available.

- Higher handling and fumigation costs incurred. As no fumigation service provider is available at sub-office level, the fumigation company staff need to be deployed from Yangon, adding to the cost.

- Storage capacity has been increasing in the field in line with operational requirements. Extended delivery point storage cost has increased as follows: two warehouses in Magway and Lashio and additional Mobile Storage Units are being erected in Sittwe to enhance the capacity to respond to the Rakhine Crisis.

- The country programme distribution staff cost has been entirely budgeted under the LTSH budget.