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INFORMATION NOTE ON THE WFP COMMODITY TRACKING SYSTEM

* In accordance with the Executive Board's decisions on governance, approved at the Annual and Third Regular Sessions, 2000, items for information should not be discussed unless a Board member specifically requests it, well in advance of the meeting, and the Chair accepts the request on the grounds that it is a proper use of the Board's time.

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NOTE TO THE EXECUTIVE BOARD

This document is submitted for information to the Executive Board.

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 points indicated below, preferably well in advance of the Board's meeting.

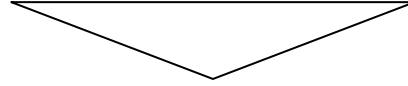
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DRAFT DECISION*



The Board takes note of the information contained in the "Information Note on the WFP Commodity Tracking System" (WFP/EB.A/2005/12-B).

* This is a draft decision. For the final decision adopted by the Board, please refer to the Decisions and Recommendations document issued at the end of the session.



INTRODUCTION

1. In 1995, WFP decided to improve significantly its capacity to manage, monitor and report on food resources. This need came about as a result of a rapid increase in activities, significant changes in the nature of WFP operations over time and growing donor reporting expectations.
2. WFP therefore set out to implement and support a standard system for tracking commodities all the way to distribution to beneficiaries. Some of the benefits envisaged from a standard corporate tracking system were (i) to provide quantitative and qualitative information on WFP food aid in a standard format, (ii) to ensure easy implementation of the commodity-tracking function when new operations emerge and (iii) to provide ready access to project information in a standard format.
3. In response to a request by some Board members, this information note is being presented (i) to inform Board members about progress to date in commodity tracking, particularly recording and reporting losses, (ii) to highlight organizational challenges to improving commodity tracking and (iii) to give information about initiatives that are under way to enhance commodity tracking in WFP.

COMMODITY TRACKING

4. As a global food aid organization, WFP needs to know in real time where its commodities are in order to manage distribution and logistics. This is fundamental to efficient implementation of projects, just as it is for a commercial entity. The principle of commodity tracking in WFP is therefore to enable users and programme managers to monitor food resources as they are transported through the pipeline, transformed, damaged or lost, handed over to cooperating partners and government counterparts and distributed to beneficiaries. In short, commodity tracking enables better planning, decision-making and reporting.
5. Project managers are better able to monitor commodities from a country office's request for a particular food resource through to distribution to beneficiaries. Examples of important commodity-related information that can be monitored through WFP's Commodity Movement Processing and Analysis System (COMPAS) include (i) donor details, (ii) tonnages and dates relating to commodity purchases, shipping, arrival and unloading, (iii) quantities transported or in stock anywhere in the supply network and (iv) quantities handed over to government counterparts or cooperating partners, or directly distributed. COMPAS also records commodity processing transactions such as quantities damaged, salvaged or disposed of.
6. When commodities from overseas arrive at the end of a sea voyage, WFP utilizes its network of independent cargo surveyors to supervise cargo operations, ascertain the quantity and condition of the commodities received and assist WFP to investigate and report on the cause of loss or damage found when the commodities are delivered.
7. WFP is therefore able to monitor losses along the entire supply chain, starting with the bill of lading quantity – the quantity of a commodity actually loaded at the port of origin – and to ascertain the magnitude of losses occurring along the chain.



COMPAS

8. COMPAS is a proprietary WFP management tool developed in-house for the purpose of tracking commodity movements. It was designed to ensure information flow between Headquarters, country offices and offices in the field. It therefore serves three vital purposes: (i) commodity management, (ii) reporting and analysis and (iii) accountability.

Evolution of COMPAS

COMPAS VERSION 1.0: CHRONOLOGY	
February 1996	The Executive Director approves the Three-Stage Implementation Plan under the Financial Management Programme (FMIP).
March 1997	The US Defence Information Services Agency (DISA), and Booz Allen Hamilton and Co. engaged to support WFP to develop user and system requirements.
May 1997	Workshop held in Kampala to review and validate a draft statement of requirements.
July 1997	Statement of requirements finalized.
March 1998	Completion and delivery of system design; business-level testing begins.
July 1998	The pilot commodity tracking system is launched in Kenya and Uganda.
December 1998	First implementation of COMPAS in Djibouti and Ethiopia.
December 1999	COMPAS implemented in 22 countries.
January 2000	The Transport Division takes over responsibility for COMPAS from FMIP.
December 2003	COMPAS implemented in 79 countries.

9. COMPAS has grown in coverage and importance over the years. Starting with pilot implementation in Kenya and Uganda in 1998, it was implemented in another 20 countries in 1999; by the end of 2003, COMPAS (Version 1.0) had been implemented in 79 countries and six regional bureaux, and there were 300 tracking stations – sites where commodity movement information is electronically recorded and transmitted.
10. Before 1998 and 2003, several issues arose that required modifications to COMPAS (Version 1.0): (i) new business requirements and system functionalities were identified; (ii) compatibility issues arose when SAP was introduced in 2001; (iii) standard project report requirements to donors were changed; and (iv) there was a need to streamline the way COMPAS captured distribution information
11. From March 2004, roll-out began of an improved system, COMPAS (Version 2.0); by the end of 2004 it had been implemented in 74 countries¹ in which WFP had food aid programmes, and in all six regional bureaux. Currently, COMPAS is used to track over 95 percent of WFP's food resources.

¹ At the end of 2004 only six countries – China, Colombia, Cuba, Ecuador, Ghana and São Tomé and Príncipe – were tracking commodities outside COMPAS. COMPAS is being installed in Ecuador and Ghana; the remaining countries will have it before the end of 2005 except where WFP operations are coming to an end.



12. To ensure transparency and personal accountability for information entered, data entries into COMPAS must be backed by documentation. In COMPAS (Version 2.0), an electronic audit trail has been introduced, which logs details of any user who enters or changes information in the system. In this way, any data entered can be traced back to a user.

Supporting Improved Programme Management

13. COMPAS has contributed to improved data capture on food received, food delivered to cooperating partners and government counterparts, and food distributed to beneficiaries. It also captures quantitative and qualitative data on losses sustained in the supply chain. The system is designed to distinguish between losses that occur prior to delivery to the recipient country – pre-delivery losses – from losses that occur after delivery to the recipient country – post-delivery losses. In the WFP business warehouse,² reasons for losses recorded in COMPAS will soon be automatically aggregated into three major loss categories: losses resulting from (i) *management*, (ii) *external factors* and (iii) the *nature of the product*. This categorization of loss information enables WFP managers to focus and prioritize mitigation efforts.
14. WFP has designed standard reporting formats in COMPAS that mirror the reporting requirements on distributions for cooperating partners and government counterparts. This has significantly improved WFP's ability to capture in a single system the entire supply chain for a project. As a result of these improvements in COMPAS (Version 2.0), WFP was able to use COMPAS as the sole data source for commodity accounting in 69 countries for the 2004 standard project reports (SPRs).
15. Better forward planning by project managers is now possible because of the easy availability of upstream commodity information. Country offices can now see the evolution of their commodity calls forward – whether their food call-forward request has been programmed, whether the commodity has been procured, and when it was shipped and its expected time of arrival. Such information is today available down to the smallest field office in the most remote location provided it has a COMPAS station.
16. COMPAS has also made it possible for managers to carry out more regular reconciliations of commodity accounts to flag discrepancies or problems early in project cycles. Starting with the last quarter of 2004, project managers now receive a quarterly snapshot of the status of their projects – the Project Status Report – based on information in COMPAS. Significant losses or unrealistically low loss figures are also highlighted to the country director for follow-up. Losses recorded in COMPAS can be disaggregated further, for example to show ocean losses, port losses or transportation losses.

Linkages to Other Corporate Initiatives

17. WFP's renewed emphasis on results-based management (RBM) aims to improve programme management through regular performance measurements and reporting on results achieved. WFP has compiled a compendium of corporate performance indicators, for which COMPAS is a significant data source; it is also a crucial data source for the Transport and Procurement Division's (ODT) performance indicators.

² The WFP business warehouse is where management information from different corporate systems is collected, organized, and used for standard ad-hoc reporting and for business intelligence.



18. One of the core aims of the business process review (BPR) initiative is to enable project managers to have timely access to resources so that they can meet food needs on time through the working-capital financing facility. Project managers need to determine their net food requirements on the basis of their commodity inventory so that they can determine their future food requirements and their supply time-line and decide if they need working-capital financing. COMPAS enables them to do this.
19. The common monitoring and evaluation approach (CMEA) aims to improve WFP's management and accountability by generating a consistent monitoring and evaluation (M&E) process integrated into all its work. CMEA has two important and critical links to commodity tracking: (i) good commodity tracking is crucial to the goal of getting food to beneficiaries, the core component of meeting WFP's management and accountability objectives; and (ii) CMEA and COMPAS provide interlinked information technology systems to enable managers to make decisions on the basis of sound information, to make work easier and more efficient for WFP staff, to improve the sharing of information and to reduce data entry at all levels.

Commodity Tracking Challenges

20. Projects implemented through government institutions have sometimes presented challenges, especially where WFP hands over commodities to them early in the supply chain, for example at the port of arrival. In such instances, WFP is highly dependent on receiving accurate and timely commodity-movement information from the implementing agency, because the information obtained forms the basis for data entry into COMPAS; without such information, commodity tracking can be obstructed. To overcome the problems experienced in gathering such data, WFP has experimented with approaches that include installing COMPAS in government counterpart offices, but results have varied from country to country.
21. Loss reporting by government counterparts and cooperating partners continues to be challenging. Best practices indicate that a certain amount of operational loss is inevitable in handling, storing, transporting and distributing commodities. In 2004, for example, 90 percent of WFP commodities distributed were handled by cooperating partners and government counterparts, but less than 10 percent of losses recorded in COMPAS could be attributed to them.
22. A commodity-tracking system can highlight anomalies in records and flag errors in data entry. To be fully effective, however, it should be complemented by good warehouse management and monitoring of food distributions and post-distribution situations. ODT is currently training field staff on the prerequisites for good commodity tracking (see para. 28).

THE WAY FORWARD

23. In late 2004, ODT asked WFP's corporate partner TNT to carry out a functional and technical review of COMPAS, including advice on new technology, under the Moving the World initiative. The review was completed early in 2005. The TNT experts recommended ways in which some of the technical and functional aspects of COMPAS could be strengthened. A one-year TNT/WFP joint project to implement some of the recommendations has started.



24. To address the problem of late reporting by government counterparts on commodity movements in school-feeding activities, ODT and the School Feeding Unit (PDPS) have launched an experimental project. One possible solution is to provide government counterpart trucks with a global positioning system (GPS) device to enable drivers and school authorities to confirm delivery of commodities. The information entered into the device is to be transmitted to COMPAS via the Global System for Mobile Communications (GSM). If this initiative is successful, it will help WFP to be ready to leverage radio frequency identification (RFID) for commodity-tracking purposes when the cost of the technology falls to acceptable levels.
25. At the next annual consultations with non-governmental organization (NGO) partners, WFP plans to devote a session to discussions of monitoring and reporting of losses. The session will aim to identify all factors contributing to under-reporting of losses and will work on ways of improving tracking and loss reporting.
26. Random sampling techniques for monitoring losses have been proposed as a possible and more realistic way to improve commodity-tracking data capture, especially regarding losses. ODT will work with other divisions, government counterparts and NGOs to determine whether and how sampling techniques may be employed to improve data capture. This method could be used to validate losses reported in COMPAS.
27. COMPAS information can be put to more uses if the information is presented in a user-friendly format. ODT and the Analysis, Assessment and Preparedness Service (ODA) have launched a project to translate all 35,000 locations in COMPAS into real-world coordinates, which will enable representation of commodity-tracking information in spatial terms. The project aims to geo-reference the entire database of existing locations and potential locations where food assistance may be required in the future on the basis of WFP's vulnerability analysis and mapping (VAM) work – for example spatial representation of commodity-tracking information on maps for analysis of vulnerability, assessment of needs and logistics planning.
28. ODT has designed a training package on commodity tracking, supported by the Institutional Strengthening Partnership programme (ISP) and funded by the Department for International Development (DFID). The objective is to ensure that commodity tracking is managed consistently in all offices, and to enable middle managers in country offices to understand the capabilities and limitations of COMPAS. The course targets pipeline officers, programme officers and heads of sub-offices. It has already been delivered in the following regional bureaux: East and Central Africa (ODK), Middle East, Central Asia and Eastern Europe (ODC), Latin America and the Caribbean (ODPC) and West Africa (ODD).



ACRONYMS USED IN THE DOCUMENT

BPR	business process review
CMEA	common monitoring and evaluation approach
COMPAS	Commodity Movement Processing and Analysis System
DFID	Department for International Development
DISA	Defence Information Services Agency
FMIP	Financial Management Programme
GPS	global positioning system
GSM	Global System for Mobile Communications
ISP	Institutional Strengthening Partnership
M&E	monitoring and evaluation
NGO	non-governmental organization
ODA	Analysis, Assessment and Preparedness Service
ODC	Middle East, Central Asia and Eastern Europe Regional Bureau
ODD	West Africa Regional Bureau
ODK	East and Central Africa Regional Bureau
ODPC	Latin America and the Caribbean Regional Bureau
ODT	Transport and Procurement Division
PDPS	School Feeding Unit
RBM	results-based management
RFID	radio frequency identification
SRPs	Standard project reports
VAM	vulnerability analysis and mapping

