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REPORT ON POST-DELIVERY LOSSES FOR THE PERIOD 1 JANUARY–31 DECEMBER 2003

NOTE TO THE EXECUTIVE BOARD

This document is submitted for consideration 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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EXECUTIVE SUMMARY

This report concerns country-specific and commodity-specific issues and describes the measures taken by WFP to keep post-delivery commodity losses to a minimum. The reporting period covered is the calendar year 1 January to 31 December 2003.

Post-delivery losses are defined as losses suffered after arrival at the delivery point, either during handling, storage or internal transport. Delivery point refers to the point in the recipient country where external or landside transport, storage and handling overland transport ends. When transport is by sea, the delivery point is where the commodities are contractually delivered from the vessel. Unlike pre-delivery losses, not included in this report, post-delivery losses are not covered by WFP's Special Insurance Account, which insures commodities from the time WFP takes possession until the delivery point. Instead, post-delivery losses must be recovered from the liable party by the recipient government or the WFP country office.

Annexes I, II and III to this report list commodity losses by reason, commodity and country. Losses equal to or greater than two percent of the total net cost, insurance and freight value of commodities handled in any individual country and greater than US$20,000 in absolute value, are included in Annex III and ranked in terms of the amount lost in US$. The largest losses, both in terms of absolute and proportional net c.i.f. value, receive specific mention in this report; significant but proportionally small losses in countries where large programmes are under implementation are also mentioned. Annex IV describes in more detail the corrective measures taken by WFP to reduce losses at the regional level.

The estimated total net cost, insurance and freight value of losses during the 2003 reporting period was US$7.6 million, or 0.41 percent of the cost, insurance and freight value of all commodities handled (6.8 million mt, at a total estimated cost, insurance and freight value of US$1.9 billion). There was an increase in both absolute and proportional terms compared with the previous reporting period of US$4.2 million, or 0.09 percent more than in 2002. This increase is mainly as a result of the enormous amount of food handled in the Iraq operation. Over half of all food losses during 2003 were caused by looting during war, civil strife and insecurity in many countries. WFP made significant progress during 2003 in capturing losses suffered during final distribution by implementing partners; the total losses reported increased as a result. The fact that the proportional level of losses remains relatively low can be attributed to a number of initiatives to address this problem, which are described in this report.

DRAFT DECISION*

In considering the Report on Post-Delivery Losses for the Period 1 January to 31 December 2003 (WFP/EB.A/2004/7-A), the Board notes the country-specific and commodity-specific losses suffered and the corrective actions taken by WFP, governments and other partners to minimize post-delivery losses. It encourages the Secretariat to take all necessary measures to ensure that losses are reduced, to seek reimbursement from governments that had lost commodities through negligence, and to continue to report to the Board annually.

* 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.

Corrective Actions Taken to Minimize Future Commodity Losses

Follow-Up to Internal Audit of 2002 Post-Delivery Commodity Losses Report

1. Since late 2001, donors have sought reassurances of the accuracy of WFP's post-delivery loss tracking and reporting. The Programme considers this a serious issue, especially when donors seek confirmation that in-house accountability systems and procedures meet their requirements. In 2002 the Operations Department requested that the Office of Internal Audit review post-delivery commodity loss tracking and reporting; WFP's Audit Committee endorsed this request. The review, conducted during the first half of 2003, addressed definitional, methodological, technical, procedural, control and management aspects, as well as accountability of country directors in loss reporting. The results are being used to improve reporting in WFP and to the Board.

2. The audit did not make any "fundamental" recommendations, however it made ten recommendations of "significance" or "meriting attention". These can be summarized under 4 main headings: (i) poor commodity management practices in government counterpart (GC) and/or implementing partner (IP) warehouses, including lack of commodity tracking systems, inadequate commodity reporting and lack of expertise; (ii) inadequate corporate guidelines/procedures on standard commodity tracking to the point of distribution to beneficiaries (usually carried out by GCs and IPs), commodity loans and borrowings; (iii) need to reinforce WFP's computerized commodity tracking system (COMPAS), particularly at the final distribution point (FDP), and discourage the use of other systems to track commodity movements; and (iv) need for clarification of the definition of post-delivery commodity losses, whether it should include the deficits resulting from milling/transformation or losses/leakage incurred after distribution to beneficiaries. The Office of Internal Audit cited some of these same findings during their country office audit missions in 2003; these are elaborated below with follow-up actions taken.

WFP's Oversight Mechanisms Help Troubleshoot Potentially High Losses

3. WFP's oversight mechanisms, particularly the Office of the Inspector-General, Office of Internal Audit and external auditors, are important in preventing loss and reporting fraud and mismanagement. In these cases, WFP takes action both to address the problems and to avoid similar incidents in the future.

4. The Office of Internal Audit includes "commodity management" as one of the audit thrust areas covered during country office audit missions. It confirms that: (i) a clear structure for managing commodities is in place; (ii) the country office prepares comprehensive, accurate and timely commodity tracking reports; (iii) commodities in warehouses are subject to adequate controls; (iv) commodity losses are reported promptly; and (v) superintendent procedures are adequate. Recommendations are made where controls are deemed weak, inadequate or non-existent. Auditors also visit warehouses during missions to conduct physical inspections, count commodity stocks and review warehouse records and management; recommendations are issued as needed. WFP has instituted an "audit cycle" which dictates that country offices established as high-risk by an internal risk assessment are audited, either internally or externally, on a regular basis.

5. The Office of Internal Audit reviewed commodity management practices in 13 field offices visited during 2003. Its 71 findings can be summarized under the following five headings: (i) COMPAS not capturing all commodity movements and losses at FDPs; (ii) poor commodity management practices in GC/IP warehouses; (iii) inadequate GC/IP commodity reporting; (iv) food infestation; and (v) inadequate guidelines on commodity loans and borrowings. These are detailed below, with follow-up actions taken.

6. In 2003, the Office of the Inspector General assisted in the prevention of serious commodity losses by conducting inspections of country offices and sub-offices, and by investigating reported cases of loss to determine their cause and initiate recovery. During 2003, the Office conducted inspections in four southern African countries and made recommendations on improving: (i) the physical state of warehouses; (ii) recovery of stolen and diverted food; (iii) cessation of advance payments to IPs; (iv) proper stacking of food and maintenance of stock cards; and (v) security of warehouses. Officers have agreed to corrective action and implementation will be monitored.

7. The Office of Oversight Services commenced a Risk Management Initiative. Control Risk Self-Assessment workshops were carried out for several country offices in 2003, including to identify post-delivery commodity loss risks and produce action plans to reduce identified risks.

Follow-Up in Countries with High Past Losses — Burkina Faso and Bangladesh

8. As mentioned in the 1998–1999 report, 717 mt canned fish and meat was lost in Burkina Faso between 1 January 1996 and 31 March 1999, for a total loss of US$1.75 million in cost, insurance and freight (c.i.f.) value terms. In addition to remedial action already reported to the Board in 2000, the Government committed to reimburse the full value of this loss. In 2001, an agreement establishing a repayment plan was signed by the Prime Minister's Office, Ministry of Agriculture and WFP country office. The Government has already repaid US$830,000 in c.i.f. value terms, leaving US$920,000 to be recovered. A further reimbursement of US$500,000 has been included in the national budget for 2004.

9. Commodity losses and leakage in Bangladesh have been a subject of the Board's discussion since 2001. The final report of the food aid leakage study carried out in Bangladesh by the International Food Policy Research Institute (IFPRI) during 2002 and 2003 was distributed to stakeholders in October 2003. This report contained an analysis and recommendations to reduce leakages. During a subsequent meeting in December 2003, the steering committee comprising the Government of Bangladesh, donors and WFP, voiced commitment to implement the study's recommendations. Since then, a number of specific measures have been undertaken, including: (i) establishment of a technical committee and task forces to ensure a focused, well-organized approach to implementation; (ii) improved distribution systems such as standardized measuring scoops and use of pre-packaged food rations; (iii) food tracking systems; and (iv) recruitment of logistics staff and improved monitoring and evaluation expertise. Prior to that meeting, WFP had taken steps towards reducing leakages.

Need to Further Improve Commodity Management Practices by GCs/IPs

10. This was given much attention in 2003 through training of GC and IP staff on the WFP warehouse-training module, developed in 2001 with funding from the Department for International Development, United Kingdom (DFID). This training aimed to improve and standardize warehouse practices, prevent commodity losses and raise awareness about the

quality and quantity of food available to beneficiaries. The demand for training is growing, with 500 WFP logistics staff and partners trained during 2003. Since the start of this initiative, 2000 officials have been trained; 40 percent of trainees are WFP staff and 60 percent are partners.

11. Although the Office of Internal Audit raised this as a significant issue in 2002 and 2003, it is important to monitor medium to longer-term trends and improvements by WFP's partners. It is too early to measure the results of these training efforts, and the impacts will be noted in future internal audits and annual loss reports.

12. One of the areas emphasized in NGO consultations during 2003 was improved reporting from WFP's IPs. The reporting responsibilities of WFP's GCs and IPs have been strengthened in the revised field-level agreement, which now includes standard commodity accounting templates for completion by all IPs. These monthly reports automatically feed into COMPAS, strengthening the use of this corporate system up to the beneficiary distribution point.

Focus on Corporate Guidelines and Procedures for Commodity Management

13. WFP's Food Storage Manual was updated in 2003 and disseminated to all logisticians and field offices after a review by WFP's Transport, Emergency Preparedness and Response Division (OTP) and the National Resource Institute (NRI), University of Greenwich, United Kingdom.

14. OTP conducted a survey of warehouse food storage pallets with country offices in 2003. The survey identified climatic conditions and quality specifications for pallets; these have been added to WFP's standard warehouse equipment list. In addition to identifying possible suppliers, a matrix was designed matching five prototype conditions with their recommended pallet specifications. These specifications are being used to set up long-term agreements with pallet suppliers, ensuring an economical, reliable supply of quality pallets.

15. Another study has begun with WFP's private sector partner, TPG to evaluate the use of plastic pallets instead of wooden pallets. The anticipated advantages of using plastic pallets include easier standardization, no need for nails, less damage to food containers and inflammability.

16. WFP's surface transport contracting and management training initiative, started in 2003, is rolling out to the field as planned. The first three training workshops were held in Rome and Africa in 2003, with a total of 45 WFP staff trained. Workshops will be organized in all regions and replicated at the country level during 2004. This training programme was developed to standardize knowledge and practices, and build aptitude in strategic planning, preparedness, contracting and implementation of surface transport management. It includes a module dedicated to mitigation and recovery of transport losses, food safety and food technology.

17. WFP's COMPAS web site is now part of a larger site on the WFP intranet, providing access to commodity management information for all country offices.

Reinforce COMPAS as the Corporate Commodity Tracking System, Especially at FDP

18. WFP stepped up implementation of COMPAS, a management information application that helps WFP and its counterparts track all commodity movements from the completion of external transport to the final delivery point. COMPAS acts as a warning mechanism to

minimize future losses. It is also a standard tool in emergency interventions to track commodity movements from the start.

19. In 2003, COMPAS was installed in five new countries; in others the existing set-up was augmented to respond to emergency needs or expanded operations. COMPAS is now used in 377 field offices located in 77 countries. Installation is expected by the end of 2004 in the remaining country offices: Cape Verde, the Central African Republic, China, Colombia, Cuba, Democratic People's Republic of Korea (DPRK), Ecuador, The Gambia, Ghana, Madagascar, Mauritania, Namibia, São Tomé e Príncipe and Senegal. Some of these countries already have the COMPAS pre-arrival module.

20. In 30 percent of cases, COMPAS is already tracking all commodity movements up to the beneficiary point or FDP. But COMPAS still predominantly tracks movements only to the point where WFP hands food over to the government or NGO partner. COMPAS does have the ability to capture all information, if it is received. This depends on how WFP manages relationships with its partners, particularly at the country office level. Much emphasis was given to this issue in 2003, following the internal audit of 2002 post-delivery commodity losses. The target is for 80 percent of all country offices to track commodity movements until the beneficiary point by the end of 2004.

21. An Operations Department directive has mandated that all field offices use COMPAS as the corporate commodity tracking system, and clarified the responsibilities of country office and regional bureau managers in commodity tracking.

22. Consultations with NGOs during 2003 culminated in a revision of WFP's standard field level agreement with all IPs. A monthly distribution report template has been incorporated, with increased emphasis on IPs' reporting responsibilities. Full reimbursement of food distribution costs to IPs will now be contingent on the submission of monthly food distribution reports. This will help COMPAS to capture complete commodity movement information, including losses at FDPs.

23. Development of an improved version of COMPAS commenced in 2003. Rollout of this new version, COMPAS 2.0, has begun; the system is running in Kenya and Somalia country offices in Nairobi and the port office in Mombassa. COMPAS 2.0 includes enhanced versions of the COMPAS pre-arrival and commodity tracking system, a new invoice processing tool and cooperating partner interface modules. Rollout plans and timelines have been drawn up for other regions, with expected completion at the end of 2004.

24. COMPAS captures and monitors commodity loans and repayments, and its users are trained on guidelines on tracking. The internal audit on 2002 post-delivery commodity losses, however, recognized the need for corporate normative guidelines to address commodity loans and borrowings, not just tracking. This is an issue that WFP plans to address.

Addressing Food Infestation Issues

25. OTP and NRI, University of Greenwich, United Kingdom, conducted a fumigation practices survey in East Africa and issued recommendations on best practices. These were the basis for the pest control/fumigation training being developed and to be implemented during 2004. The training aims to advise on pest-control preventive measures, quality assessments and performance evaluation of contractors, spraying performance and reducing stock fumigation costs.

Clarification on the Definition of Post-Delivery Commodity Losses

26. The internal audit of the 2002 post-delivery commodity loss report recommended that the definition of post-delivery losses be clarified to specify, for example, whether bran resulting from grain milling, losses and leakage incurred by beneficiaries after receiving full rations, and commodity consignments rejected by host governments should be included.

27. The issue of milling was clarified in the 2002 post-delivery commodity loss report and in the 2003 standard project reports for donors. Bran, a product of milling operations, is not considered a loss resulting from fraudulent or neglectful commodity management action.

28. The Operations Department agreed in 2003 on a standard list of commodity loss reasons; it has been hard-coded into COMPAS 2.0. Losses will be clearly marked in COMPAS 2.0 as either pre-delivery or post-delivery. This will enable WFP to address the reasons most frequently cited with corrective and preventive measures.

Improvements in Commodity Procurement to Minimise Losses

29. WFP's Food Procurement Service (ODF) increased the number and volume of local and regional commodity purchases in 2003, contributing to the reduction of delivery losses and consignment rejections. Whenever possible, food is purchased locally and regionally in developing countries. Buying food at the closest point to beneficiaries requires less transport, handling and storage, reducing losses. Local and regional purchases also assure that food is more acceptable to beneficiaries, reducing rejection of commodities.

30. In 2003, WFP bought 2.7 million mt of food valued at US$634 million in 84 countries, of which 70 percent was procured in 70 developing countries. In 2002, WFP purchased 1.5 million mt of food valued at US$307 million, less than half in 2003. The 2003 statistics do not include extraordinary activities such as the procurement of 1.3 million mt of local wheat in Iraq through the Iraqi Ministry of Trade (MoT) or the renegotiation of oil-for-food contracts amounting to 4.2 million mt.

31. WFP has strict food procurement procedures to control commodity losses: (i) WFP hires inspection companies to verify the quality, quantity and bagging of food prior to loading, with damaged lots rejected; (ii) performance bond and penalty clauses are enforced in cases of suppliers' non-compliance with contractual obligations, providing WFP leverage against suppliers who fail to deliver the right product; (iii) only reliable, experienced suppliers with demonstrated capacity are maintained on WFP's supplier lists; and (iv) purchase contracts based on delivered duty unpaid (DDU) terms have reduced losses because only delivered quantities are charged to WFP and missing or damaged cargo is billed to suppliers.

Ongoing Work of Commodity Management Working Group

32. The commodity management working group (CMWG), established by OTP in 2001 and expanded in 2003 to include a representative from the Food Procurement Service, identifies causes of commodity losses in order to develop commodity management policies, procedures and guidelines.

33. To put the concepts addressed in the CMWG into practice, approval has been granted for the OTP to establish a fully dedicated commodity quality-control staff post during the 2004–2005 biennium. The terms of reference of this post include providing advice to country offices on improved commodity packaging, and troubleshooting pre-delivery and post-delivery commodity losses.

34. The CMWG has also identified weaknesses in milling and fortification skills in WFP. A comprehensive survey of milling operations is planned for the first quarter of 2004. A milling workshop was organized to enhance understanding of food quality management, cereal transformation and fortification processes. The first workshop was held in Rome in late 2003, with 14 senior staff from all regions trained. Training will be rolled out during 2004, initially targeting senior logistics and procurement officers, food procurement specialists and programme officers from both regional and country offices, followed by a second phase to train junior staff.

Further Streamlining of WFP's Commodity Pipeline Management System

35. Efforts continue to improve WFP's commodity pipeline management system, to avoid either an under-supply of food, or an over-supply leading to deterioration after prolonged storage. Within the context of decentralisation and the business process review, WFP is making a concerted effort to develop a more responsive commodity and cash pipeline management system and studying how to minimise donor-to-beneficiary commodity lead times. Each country office's pipeline focal point is responsible for providing shipment call-forward schedules and monthly pipeline reports for all operations. Each regional bureau's pipeline manager is responsible for compiling country pipeline reports and liaising between country offices and Headquarters.

Expanded Pilot of School Feeding Monitoring System, Argos

36. WFP's School Feeding Service has been working with country offices to pilot a school feeding monitoring system based in recipient schools. Trained personnel at the school enter monthly data into Argos, an electronic device similar to an automated teller machine. The data is transmitted to a data-collection center in France, where it is made available to the Ministry of Education and WFP on a web site. The data includes information about the amount and type of food received and the number of meals provided; it can be compared with COMPAS and other WFP databases to identify gaps.

37. The Argos system is now operational in 650 schools in 10 countries: Afghanistan, Cape Verde, Chad, El Salvador, Guinea Bissau, Lesotho, Malawi, Mozambique, São Tomé e Príncipe and Sudan. In four of these countries, Afghanistan, Cape Verde, Guinea Bissau and Mozambique, the device is installed in a sufficient number of WFP-assisted schools to assure a scientifically representative sample for the whole country. The data entered includes: (i) pupil information by grade and gender, such as attendance, enrollment and number of school days; (ii) quantity and type of commodities received and distributed by the school; (iii) days of distribution for each commodity; (iv) total planned feeding days versus actual feeding days; and (v) the ration balance, or portion of total ration distributed on feeding days.

38. The School Feeding Service encourages increased transparency throughout the school feeding system, especially at the school and parent levels. When parent-teacher associations or other school management groups are aware of how much food is intended for schools and for each child, they more effectively monitor, report and troubleshoot problems.

LOSSES OF COMMODITIES SUSTAINED AFTER DELIVERY TO RECIPIENT GOVERNMENTS DURING THE REPORTING PERIOD UNDER REVIEW

Overview

39. This report covers commodities provided through WFP's operations between 1 January to 31 December 2003. During this period, WFP handled 6.8 million mt of commodities, at an estimated c.i.f. value of US$1.9 billion. The net c.i.f. value of losses during the period was US$7.6 million, or 0.41 percent of the c.i.f. value of all commodities handled.

40. WFP also registered US$215,000 of recoveries through the sale of commodities no longer fit for human consumption or through recovery actions for losses suffered by private contractors. Salvage sales take place only when commodities are certified unfit for human consumption but have value as animal feed or for industrial purposes. Sales are subject to strict controls to ensure that they cannot be reintroduced for human consumption. WFP is strengthening the accounting of these recoveries through the WFP Information Network and Global System (WINGS), and reported more than twice the amount of recoveries generated in 2002. WFP tracked the penalties applied to service providers for losses under their control with COMPAS 2.0 in 2003.

Losses by Cause

41. Annex I shows that 50 percent of all losses during 2003, amounting to almost US$4 million, were the result of looting during war and civil strife, while the leading causes of the remaining losses were pilferage, poor commodity handling during transit, reconditioning and rebagging.

Losses by Commodity

42. Annex II shows that the most significant losses in terms of net c.i.f. value were experienced with cereals (bulgur wheat, maize, maize meal, rice, wheat and wheat flour) followed by pulses and vegetable oil. Losses in these three commodity groups amounted to 75 percent of all those reported. This is not surprising because WFP's global food basket included the same percentage of these commodity types. There were also major losses of corn-soya and wheat-soya blends, and corn-soya and wheat-soya milk because of looting during war in Iraq and Liberia.

Losses by Responsible Party

43. Just under half of all post-delivery commodity losses were incurred while under direct management of government counterparts, 20 percent were suffered by WFP itself, 15 percent were incurred by non-government IPs, and 15 percent by transport, food supply and other service providers. Compared to a decade ago, WFP is managing an increasing proportion of the food entrusted to it by donors, especially in large and complex emergency operations (EMOPs). For this reason, the Programme suffers a correspondingly high proportion of all losses. The accurate reporting of commodity movements not under WFP's direct management is receiving more attention as recommended by the internal audit of 2002 post-delivery commodity losses.

Losses by Recipient Country

44. As Annex III indicates, there were 26 individual projects in 13 countries registering net commodity losses equal to or greater than 2 percent of the total value handled, with an absolute net c.i.f. value of US$20,000. These countries were the Central African Republic, Georgia, Iraq, Laos, Liberia, Madagascar, Mauritania, Malawi, Nicaragua, Pakistan, Sudan and Zimbabwe.

45. Four countries registered a global proportional post-delivery loss equal to or greater than 2 percent of the total value handled, with an absolute net c.i.f. value of US$20,000. They were the Central African Republic, Laos, Liberia and Nicaragua. These are described in more detail below.

46. Eight countries incurred post-delivery commodity losses with an absolute net c.i.f. value greater than US$100,000. They were the Central African Republic, Iraq, Liberia, Malawi, Nicaragua, Pakistan, Sudan, and Zimbabwe. They are described in greater detail below, in decreasing order of absolute net c.i.f. value loss.

⇒ *Liberia*

47. Liberia sustained post-delivery commodity losses totaling 7.473 mt, from a total quantity handled of 53,836 mt, with a net c.i.f. value of US$2.5 million. This 17 percent loss was large compared to the US$15.2 million of total commodities handled. The most significant losses concerned pulses, bulgur wheat, vegetable oil and corn-soya blend from looting that occurred during the war. At the end of the war in August 2003, the country office took action at the port and warehouse levels to strengthen commodity management, including; (i) rehabilitation of warehouse facilities at Monrovia; (ii) making COMPAS fully operational and recruiting a United Nations volunteer to manage the system; (iii) recruitment of warehouse staff for greater control over commodity movements; (iv) enhanced security services; (v) monthly physical inventories by an independent superintendent; and (vi) monthly food loss reports. Measures taken at the extended delivery point (EDP) and FDP levels included: (i) food management training for WFP and IP staff; (ii) regular inspections of IP warehouses; (iii) beneficiary registration and verification exercises to determine accurate numbers of beneficiaries in internally displaced person (IDP) camps; (iv) adoption of the cluster food distribution method by the majority of IPs; (v) food loading plans established with IPs for distribution within an agreed timeframe to avoid the return of undistributed food; and (vi) United Nations Mission in Liberia (UNMIL) escorts and protection at distribution sites with unstable security conditions.

⇒ *Iraq*

48. Iraq sustained post-delivery commodity losses totalling 2,805 mt, from a total quantity handled of 1.9 million mt, with a net c.i.f. value of US$1.7 million. This 0.2 percent loss was small compared with the US$740 million of total commodities handled. The most significant losses concerned blended foods, wheat-soya blend, ghee, pulses and sugar during the war.

49. Many efforts were made in Iraq to minimize post-delivery commodity losses. At the beginning of 2003, it became clear that the supply chain for the MoT's public distribution system (PDS), through the Oil-for-Food programme, would likely be interrupted by war, leaving 26 million Iraqis, 60 percent of them dependent on the PDS, without food. WFP launched its largest EMOP in history, which combined with the bilateral operation funded by the Oil-for-Food programme, delivered 2.1 million mt of commodities over six months.

Given the large volume of food procured and transported into Iraq’s 18 governorates through 6 transport corridors, losses during transit from arrival points and MoT warehouses were minimal.

50. The Iraq country office’s initiatives to limit losses included capacity-building initiatives. Pre-war training of warehouse management and rapid assessment of facilities to 50 national staff enabled them to receive and distribute food when an in-country international presence was impossible. With the re-entry of international staff, Just in Time training on operations, logistics, warehouse management, office setup, rapid assessment of facilities and programming was conducted for short-term consultants, national staff, standby partners and MoT staff. COMPAS was rolled out to Iran, Iraq, Jordan, Kuwait, Lebanon, Syria and Turkey. This ensured the efficient delivery of massive quantities of food into Iraq.

51. Despite insecurity, WFP's logistics operation continued with minimal interruption; dispatches into Iraq were suspended for only two days after the 19 August 2003 bomb attack on United Nations headquarters in Baghdad. Monitoring activities were affected by security deterioration and halted after the second bomb attack on the United Nations in Baghdad in September 2003. In the three northern governorates, the WFP was fully responsible for the operation. Agreements with the Coalition Provisional Authority for warehouse protection reduced looting to a minimum. Market monitors revealed sporadic selling of WFP commodities; this was communicated to the MoT. Most post-delivery losses occurred during transport and the reconditioning of broken bags in warehouses.

52. Information on post delivery losses during the last phases of distribution was not available because WFP was not responsible for final distribution to beneficiaries; MoT did not provide figures for these losses. WFP monitors were only allowed to assess whether families had received their monthly entitlement, but considering the volume of dispatches, losses were kept to a minimum.

⇒ *Zimbabwe*

53. Zimbabwe sustained post-delivery commodity losses totalling 1,818 mt, from a total quantity handled of 373,899 mt, with a net c.i.f. value of US$442,550. This 0.6 percent loss was small compared with the US$77 million of total commodities handled. The most significant losses concerned maize, maize meal and vegetable oil as a result of theft during transit. The country office immediately strengthened security at central warehouses, using undercover security personnel. Country-wide training for IPs on best warehouse practices, refresher trainings and training for new IPs has been instituted. Staffing and training was augmented for the commodity tracking unit. Where outdoor stacking of commodities is unavoidable, pyramid-shaped stacks are used to ensure adequate water shedding. The country office has also implemented stronger coordination between logisticians, food aid monitors and IP field staff. For example, food aid monitors receive guidance from logistics staff on commodity management issues. Independent superintendents audit warehouse operations and recommend controls, highlighting improper practices.

⇒ *Central African Republic*

54. The Central African Republic sustained post-delivery commodity losses totalling 1,809 mt, from a total quantity handled of 5,809 mt, with a net c.i.f. value of US$442,100. This 27 percent loss was large compared to the US$1.6 million of total commodities handled. The most significant losses concerned maize meal, corn-soya blend and sugar because warehouses were looted in early 2003 during coup attempts; after this, the authorities augmented security. The country office has strengthened food distribution

monitoring, recruited more tally clerks to control food movement and applied penalty clauses in transport and food supply contracts. In 2004, the Central African Republic expects to conduct management training for all warehouse staff, roll out COMPAS and implement agreements with private transport firms.

⇒ *Nicaragua*

55. Nicaragua sustained post-delivery commodity losses of 501 mt, from a total quantity handled of 24,454 mt, with a net c.i.f. value of US$371,550. This 4.5 percent loss was large compared with the US$8 million of total commodities handled. The most significant loss concerned vegetable oil following a fire in the Leon warehouse. Security measures were strengthened in WFP and Government warehouses after the fire. Training was given to all warehouse personnel, and fire extinguishers and electrical systems were carefully checked. All WFP warehouses have now been insured and the Government is considering insuring all commodities under its direct responsibility.

⇒ *Sudan*

56. Sudan sustained post-delivery commodity losses totalling 728 mt, from a total quantity handled of 219,660 mt, with a net c.i.f. value of US$291,200. This 0.6 percent loss was small compared with the US$45 million of total commodities handled. The most significant loss concerned vegetable oil because of deterioration during storage. In 2003, the country office conducted a commodity warehouse management and fumigation training in El Obeid to address losses. More attention is now paid to hygiene and controlling infestation. To minimize losses of vegetable oil, containers are stacked at a maximum of only five rows high. Shelves were constructed in El Obeid to accommodate these fragile containers in order to prevent losses and maximize space; reconstitution was carried out when required.

⇒ *Malawi*

57. Malawi sustained post-delivery commodity losses of 1,136 mt, from a total quantity handled of 134,384 mt, with a net c.i.f. value of US$270,450. This 0.8 percent loss was small compared with the US$34 million of total commodities handled. The most significant losses concerned maize and maize meal as a result of theft during transit. The Malawi country office now analyses all transit loss rates to alert transporters and, if needed, place them on probation or financially penalize them. Transporters are also penalized the c.i.f. value for any commodity under their responsibility that is lost or damaged. Storekeepers inspect the trucks to ensure that canopies or tarpaulins are intact and watertight; if not, the storekeepers refuse to load until faults have been rectified. Damage to commodities resulting from warehouse problems, such as rain leakage, is deducted from warehouse owners' invoices. Commodity and warehouse management training has been conducted for warehouse staff. Warehouse data is reconciled with COMPAS data on a daily basis in order to minimize the gap between physical warehouse stocks and COMPAS stocks. Connectivity is currently being improved between the warehouses and the country office with a wireless e-mail system.

⇒ *Pakistan*

58. Pakistan sustained post-delivery commodity losses of 148 mt, from a total quantity handled of 54,274 mt, with a net c.i.f. value of US$101,600. This 0.6 percent loss was small compared with the US$18 million of total commodities handled. The most significant losses concerned vegetable oil as a result of deterioration in packing materials.

To address this problem, the Pakistan country office considered transportation of vegetable oil in containers, invoice deductions for transporters delivering damaged packaging, fostering competition among service providers and commodity projections that avoid long storage.

⇒ *Laos*

59. Laos sustained post-delivery commodity losses of 311 mt, from a total quantity handled of 9,328 mt, with a net c.i.f. value of US$71,550. This 3 percent loss was large compared with the US$2 million of total commodities handled. This largely resulted from the certified destruction of 257 mt of corn-soya blend, which did not meet specifications for human consumption. In this case, the country office immediately ceased all use and sought to determine the cause. The original suppliers were consulted and independent tests confirmed that the commodity had high iron levels and a pH well over the acceptable threshold; food specialists confirmed that it could not be provided to children. Replacement of the lost quantity is being sought from the suppliers.

LOSSES SUSTAINED DURING PREVIOUS REPORTING PERIODS BUT REPORTED FOR THE FIRST TIME DURING THE CURRENT REPORTING PERIOD

60. A total of 11 commodity losses in 5 countries were reported for the first time this year. The overall quantity lost was 109 mt, or 0.2 percent of the value handled in those operations; most individual country losses were small. The countries were Eritrea, Madagascar, Niger, Serbia and Montenegro, and Sri Lanka. Losses concerned rice, pulses, sorghum, vegetable oil, wheat, wheat flour and sugar; most were a result of poor handling.

FOLLOW-UP ON LOSSES UNDER INVESTIGATION DURING THE PREVIOUS REPORTING PERIOD

61. As mentioned in the 2002 report, losses still under investigation by WFP were reported in nine countries: Armenia, the Central African Republic, the Dominican Republic, El Salvador, Ethiopia, Laos, Madagascar, Mozambique and Zambia.

⇒ *Armenia, El Salvador, Ethiopia, Laos and Zambia*

62. Upon review, there were no additional losses incurred during 2002 in Armenia, El Salvador, Ethiopia, Laos and Zambia.

⇒ *Central African Republic*

63. In 2002, 22 mt of corn-soya blend, maize meal, yellow split peas and salt was lost in the Central African Republic. The country office suspended all activities with the IPs responsible and disciplinary action was taken against Ministry of Education officials who pilfered food from kindergartens.

⇒ *Dominican Republic*

64. In the Dominican Republic, 1 mt of bulgur wheat was robbed from a Government warehouse that WFP was temporarily using. The warehouse was never used again by the country office.

⇒ *Madagascar*

65. Five metric tons of rice and vegetable oil was lost in Madagascar during 2002 as a result of poor commodity handling. The country office has recruited a logistics officer to supervise the Toamasina warehouse and port operations, and is deducting the value of losses due to negligence from transporters' invoices.

⇒ *Mozambique*

66. In Mozambique, a government investigation followed the 2002 theft by Government counterpart staff of 17 mt maize in the Zumbo district, Tete province; the authorities took steps to avoid future theft. In order to reduce commodity losses in general, the country office has introduced monitoring of waybills and introduced a pilot site to monitor distributions by IPs at the FDP level. A superintendent has been appointed at every warehouse to check commodities and secure warehouse doors. In some warehouses, a separation of responsibility has been introduced, with different entities responsible for commodity handling, documentation and storage. A quality control assistant now assesses commodities and warehouses in addition to managing commodity shelf lives and ensuring the first-in-first-out (FIFO) principle is applied. Each month, warehouse stock count reports, annexed to the monthly warehouse loss report, are sent to the head office in Maputo to produce the country office's consolidated monthly warehouse loss report. Transport and service provider invoices are not processed for payment unless losses have been entered into COMPAS and recovered.

LOSSES CURRENTLY UNDER INVESTIGATION AND FOR FOLLOW-UP IN FUTURE REPORTS

67. WFP is currently investigating commodity losses in nine countries: Cambodia, Côte d'Ivoire, Eritrea, India, Myanmar, Nepal, Sierra Leone, Yemen, and Zimbabwe. Updated accounts of these losses will be provided in future reports.

ANNEX I

POST DELIVERY LOSSES OF COMMODITIES, BY MAJOR REASON FOR LOSS (1 JANUARY TO 31 DECEMBER 2003)		
	Estimated net c.i.f. value of commodity lost (US$ million)	**Share of total loss (%)**
Losses mainly attributable to problems at origin		
Deterioration of packaging material	0.257	3.3
Deterioration of food commodities	0.271	3.6
Other	0.079	1.0
Subtotal	**0.607**	**8.0**
Losses mainly attributable to problems in recipient country		
Civil strife	3.956	51.9
Theft/pilferage	0.715	9.4
Poor handling	0.572	7.5
Other	0.567	7.5
Reconditioning/rebagging	0.374	4.9
Improper or excessively long storage	0.196	2.6
Natural disasters and fire	0.501	6.6
Processing of commodity	0.057	0.7
Infestation	0.039	0.5
Subtotal	**6.977**	**92.0**
Total, all causes	**7.584**	**100.0**

ANNEX II

POST DELIVERY LOSSES OF COMMODITIES, BY COMMODITY (1 JANUARY–31 DECEMBER 2003)			
Commodity	**Estimated net c.i.f. value of quantity handled (US$)**	**Estimated net c.i.f. value of quantity lost (US$)**	**Loss as % of net c.i.f. value of quantity handled**
Cereals			
Maize meal	54.614 million	717 150	1.3
Bulgur wheat	20.939 million	444 350	2.1
Maize	175.380 million	361 300	0.2
Rice	137.437 million	274 800	0.2
Wheat	358.918 million	262 750	0.1
Wheat flour	129.557 million	159 300	0.1
Sorghum	28.557 million	17 100	0.1
Other cereals	0.066 million	0	0.0
Oil and fats			
Vegetable oil	244.883 million	2 083 650	0.9
Other fat	82.439 million	178 500	0.2
Dairy products			
Dried whole milk	129.987 million	190 300	0.1
Enriched dried skim milk	18.210 million	90 300	0.5
Other dairy	33.978 million	26 950	0.1
Pulses			
Peas	42.216 million	317 450	0.8
Beans	102.707 million	256 250	0.2
Lentils	37.990 million	34 050	0.1
Other pulses	32.529 million	755 100	2.3
Other			
Corn-soya and wheat-soya milk	1.837 million	580 200	31.6
Corn-soya and wheat-soya blend	80.985 million	571 450	0.7
Sugar	42.159 million	179 100	0.4
Canned fish and canned meat	29.821 million	14 650	negligible
Salt	2.033 million	10 250	0.5
Biscuits	6.494 million	9 950	0.2
Faffa, Likuna Phala & Indiamix	4.826 million	1 250	negligible
Miscellaneous	60.374 million	48 950	0.1
All commodities	**1.859 billion**	**7.584 million**	**0.4**

ANNEX III. POST DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY (1 JANUARY–31 DECEMBER 2003)

Recipient country	Estimated c.i.f. value of total commodity handled (US$)	Estimated net c.i.f. value of commodity loss (US$)	Loss as % of total value handled	Losses of commodities equal to or greater than 2% of value of quantity handled in individual projects (only those losses over US$20,000)		
				Commodity	**%**	**Value (US$)**
Eastern and Central Africa region						
Burundi	16.104 million	35 800	0.2			
Congo (Dem. Rep. of)	22.784 million	27 050	0.1			
Congo (Rep. of)	2.838 million	16 250	0.6			
Djibouti	2.854 million	under 1000	negligible			
Eritrea	35.279 million	60 300	0.2			
Ethiopia	143.642 million	51 300	negligible			
Kenya	17.842 million	39 750	0.2			
Rwanda	9.539 million	3 900	negligible			
Somalia	3.263 million	4 600	0.1			
Sudan	45.939 million	291 200	0.6	vegetable oil	54.4	190 450
Tanzania	30.541 million	41 600	0.1			
Uganda	31.760 million	29 750	0.1			
Total — Eastern and Central Africa region	**362.385 million**	**602 500**	**0.2**			
Southern Africa region						
Angola	48.285 million	71 050	0.1			

ANNEX III. POST DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY (1 JANUARY–31 DECEMBER 2003)

Recipient country	Estimated c.i.f. value of total commodity handled (US$)	Estimated net c.i.f. value of commodity loss (US$)	Loss as % of total value handled	Losses of commodities equal to or greater than 2% of value of quantity handled in individual projects (only those losses over US$20,000)		
				Commodity	%	Value (US$)
Lesotho	12.023 million	7 300	0.1			
Madagascar	4.606 million	39 050	0.9	corn-soya blend	2.7	26 550
Malawi	34.985 million	270 450	0.8	maize meal	7.7	38 600
Mozambique	28.613 million	29 600	0.1			
Namibia	1.143 million	5 150	0.5			
Swaziland	5.135 million	11 850	0.2			
Zambia	36.884 million	49 000	0.1			
Zimbabwe	77.972 million	442 550	0.6	Maize meal	2.4	38 800
Total — Southern Africa region	**249.646 million**	**926 000**	**0.4**			
West Africa region						
Benin	2.719 million	4 950	0.2			
Burkina Faso	6.169 million	5 450	0.1			
Cameroon	2.271 million	2 600	0.1			
Cape Verde	1.793 million	3 800	0.2			
Central African Republic	1.639 million	447 100	27.3	maize meal	35.1	124 650
				corn-soya blend	42.1	95 450

ANNEX III. POST DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY (1 JANUARY–31 DECEMBER 2003)						
Recipient country	**Estimated c.i.f. value of total commodity handled (US$)**	**Estimated net c.i.f. value of commodity loss (US$)**	**Loss as % of total value handled**	**Losses of commodities equal to or greater than 2% of value of quantity handled in individual projects (only those losses over US$20,000)**		
				Commodity	**%**	**Value (US$)**
				sugar	80.5	37 050
				maize meal	37.4	111 450
Chad	3.488 million	3 300	0.1			
Côte d'Ivoire	7.375 million	16 800	0.2			
Gabon	0.016 million	under 1 000	negligible			
Gambia, The	2.286 million	6 000	0.3			
Ghana	2.259 million	43 850	1.9			
Guinea	9.383 million	11 450	0.1			
Guinea Bissau	1.532 million	under 1 000	negligible			
Liberia	15.154 million	2 525 500	16.7	yellow split peas	70.2	124 500
				maize meal	56.9	93 200
				bulgur wheat	20.1	355 750
				vegetable oil	30.5	104 750
				yellow split peas	59.1	91 350
				maize meal	2.3	90 850
				corn-soya blend	51.7	220 000

ANNEX III. POST DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY (1 JANUARY–31 DECEMBER 2003)

Recipient country	Estimated c.i.f. value of total commodity handled (US$)	Estimated net c.i.f. value of commodity loss (US$)	Loss as % of total value handled	Losses of commodities equal to or greater than 2% of value of quantity handled in individual projects (only those losses over US$20,000)		
				Commodity	%	Value (US$)
				vegetable oil	40.4	918 350
				yellow split peas	37.9	467 700
Mali	4.557 million	3 850	0.1			
Mauritania	15.061 million	79 550	0.5	vegetable oil	3.5	45 250
Niger	3.470 million	under 1 000	negligible			
São Tomé e Príncipe	0.445 million	5 000	1.1			
Senegal	5.696 million	under 1 000	negligible			
Sierra Leone	14.474 million	94 000	0.7			
Total — West Africa region	**99.787 million**	**3 257 200**	**3.3**			
Asia region						
Bangladesh	36.479 million	8 300	negligible			
Bhutan	4.676 million	3 200	0.1			
Cambodia	12.689 million	5 300	negligible			
China	14.944 million	11 400	0.1			
India	9.069 million	7 200	0.1			
Indonesia	21.955 million	66 300	0.3			

ANNEX III. POST DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY (1 JANUARY–31 DECEMBER 2003)

Recipient country	Estimated c.i.f. value of total commodity handled (US$)	Estimated net c.i.f. value of commodity loss (US$)	Loss as % of total value handled	Losses of commodities equal to or greater than 2% of value of quantity handled in individual projects (only those losses over US$20,000)		
				Commodity	%	Value (US$)
Korea, D.P.R.	75.605 million	92 900	0.1			
Laos	2.390 million	71 550	3.0	corn-soya blend	14.2	62 800
Myanmar	1.396 million	under 1 000	0.1			
Nepal	14.474 million	23 850	0.2			
Sri Lanka	5.757 million	5 900	0.1			
Timor Leste	0.496 million	under 1 000	negligible			
Total — Asia region	**199.930 million**	**297 900**	**0.1**			
Mediterranean, Middle East & Central Asia						
Afghanistan	62.286 million	46 550	0.1			
Algeria	7.321 million	27 800	0.4			
Egypt	0.923 million	under 1 000	negligible			
Iran	6.001 million	5 500	0.1			
Iraq	740.348 million	1 690 600	0.2	wheat-soya milk	62.4	571 700
				sugar	76.5	119 850
				peas	72.2	239 650
Jordan	1.226 million	under 1 000	negligible			

ANNEX III. POST DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY (1 JANUARY–31 DECEMBER 2003)

Recipient country	**Estimated c.i.f. value of total commodity handled (US$)**	**Estimated net c.i.f. value of commodity loss (US$)**	**Loss as % of total value handled**	**Losses of commodities equal to or greater than 2% of value of quantity handled in individual projects (only those losses over US$20,000)**		
				Commodity	**%**	**Value (US$)**
Morocco	1.163 million	14 600	1.3			
Occupied Palestinian Territories	13.592 million	2 950	negligible			
Pakistan	18.481 million	101 600	0.6	vegetable oil	3.7	53 100
Syria	1.139 million	2 900	0.3			
Tajikistan	19.162 million	17 650	0.1			
Yemen	7.279 million	31 450	0.4			
Total — Mediterranean, Middle East & Central Asia	**878.921 million**	**1 943 600**	**0.2**			
Latin America and Caribbean region						
Bolivia	2.698 million	19 400	0.7			
Colombia	2.530 million	2 350	0.1			
Cuba	2.749 million	under 1 000	negligible			
Dominican Republic	0.969 million	under 1 000	negligible			
Ecuador	1.128 million	under 1 000	negligible			
El Salvador	3.305 million	1 750	0.1			
Guatemala	4.810 million	2 550	0.1			
Haiti	3.835 million	19 000	0.5			

ANNEX III. POST DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY (1 JANUARY–31 DECEMBER 2003)

Recipient country	Estimated c.i.f. value of total commodity handled (US$)	Estimated net c.i.f. value of commodity loss (US$)	Loss as % of total value handled	Losses of commodities equal to or greater than 2% of value of quantity handled in individual projects (only those losses over US$20,000)		
				Commodity	%	Value (US$)
Honduras	6.014 million	26 000	0.4			
Nicaragua	**8.334 million**	371 550	**4.5**	vegetable oil	24.2	94 350
				vegetable oil	14.7	246 500
Peru	2.706 million	under 1 000	negligible			
Total — Latin America and Caribbean region	**39.078 million**	**446 600**	**1.1**			
Eastern Europe region						
Albania	1.865 million	4 850	0.3			
Armenia	5.126 million	under 1 000	negligible			
Azerbaijan	4.685 million	under 1 000	negligible			
Georgia	4.849 million	77 250	1.6	wheat flour	5.2	68 500
Russian Federation	7.851 million	13 000	0.2			
Yugoslavia, F.R.	5.409 million	13 650	0.3			
Total – Eastern Europe region	**29.785 million**	**110 750**	**0.4**			
TOTAL — ALL REGIONS	**1.859 billion**	**7.584 million**	**0.41**			

ANNEX IV

REGIONAL EFFORTS TO MINIMIZE POST DELIVERY LOSSES IN WFP

1. Each regional bureau produces an annual results-based work plan; its objectives include monitoring post-delivery losses. As part of WFP's decentralization initiative, regional logistics officers provide support to country offices on all logistics issues, including post-delivery losses. Each regional bureau normally holds an annual logistics meeting with OTP where commodity management issues are discussed. This contributes greatly to awareness of post-delivery loss containment.

Asia Region

2. The Asia regional bureau carried out a number of initiatives to reduced food losses in its country offices. More local purchases were made, ensuring timely receipt of commodities and reducing the need for prolonged storage; losses were reduced where warehouse conditions are poor. Split local purchase consignments further improved the situation, allowing country offices in Indonesia, Nepal and Sri Lanka to receive limited quantities of commodities. The regional bureau encouraged improvement in food quality and packaging, especially in local and regional purchase contracts. Quality-control assessments are ongoing throughout the region.

3. The region's logistics operation was reorganized, with updated terms of reference for country office logistics staff to ensure greater accountability and responsibility at all levels in the commodity management chain. COMPAS coverage was expanded to cover the commodity movement chain up to the beneficiary point, and rollout of COMPAS 2.0 commenced. The regional COMPAS officer provided monitoring, supervision, training and capacity building for WFP staff, government and NGO IPs throughout 2003; this has enhanced effectiveness of the system, improving commodity management and accountability. Warehouse training workshops were held for government partners and private companies, with strict observance of the FIFO commodity management principle. In Bangladesh, Laos and Nepal, WFP manuals were translated into local languages to serve as reference tools. Food distribution systems were improved, and rural warehouses serving remote areas were established in Bhutan and Laos, where distribution points are inaccessible for long periods. In Cambodia, fumigation, pest control and warehouse security activities were outsourced to commercial companies. Transport contracts were reviewed to fully reflect the liability of transport companies. All government and NGO partner warehouses were assured of essential equipment, such as scales, pallets and fire extinguishers. In-country warehouses were upgraded, and there were commitments from host governments to refurbish old warehouses.

Mediterranean, Middle East and Central Asia Region

4. The Mediterranean, Middle East and Central Asia regional bureau also undertook initiatives to address post-delivery losses. Warehouse management training for IPs was carried out in 2003, particularly in Algeria, Iran, Morocco, Syria and Tajikistan. The Afghanistan and Pakistan country offices reviewed existing procedures and modes of transport, such as: (i) delivering vegetable oil in containers; (ii) close monitoring of port-bagging activities; (iii) invoice deductions for transporters delivering damaged packages; (iv) fostering competition among service providers to discourage transit losses; (v) coordination between pipeline and logistics units in commodity pipeline management; and (vi) commodity projections that avoid prolonged storage in warehouses. The Tajikistan

country office carried out: (i) commodity handling training; (ii) regular stock reconciliation checks; (iii) improved transport contracts stipulating penalties for loss or delay; (iv) design of a shelf life database; (v) timely fumigation; (vi) maintenance of warehouses and tools; and (vii) updating of distribution plans. Recurring transit losses from organized theft at the Uzbekistan–Tajikistan border were addressed by the Government of Tajikistan, which has enhanced security along the route. The Yemen country office undertook several measures to reduce losses, such as: (i) closer monitoring of transport operations, deducting short-shipments from transport bills; (ii) immediate cessation of all unauthorized distributions; (iii) training in improved warehouse management; and (iv) remedial action such as reconstitution of poor-quality commodity containers, monitoring of food expiry dates and warehouse fumigation.

Latin America and Caribbean Region

5. The Latin America and Caribbean regional bureau implemented the following actions to minimize commodity losses: (i) the regional bureau deployed a senior logistics officer, commodity pipeline assistant, COMPAS officer and extra staff to the food procurement unit; (ii) new logistics and commodity pipeline staff received training and a regional logistics meeting was held in Panama in 2003; (iii) the regional logistics office conducted follow-up missions to Colombia, Ecuador, Guatemala and Haiti; (iv) Government staff in El Salvador were trained in food conservation techniques; (v) equipment was purchased to address warehousing and food management needs; (vi) lessons from the Leon, Nicaragua warehouse fire were shared with logistics staff; (vii) logistics officers were deployed to Colombia and Ecuador; and (viii) experience gained from the arrival in Guatemala of 5,000 mt of mouldy maize was shared with logistics staff (the donor also re-examined the quality of grain sent as food aid).

West Africa Region

6. West Africa regional country offices made many efforts to reduce post-delivery losses. In Bénin, research by phytosanitary and plant protection firms made it possible to employ a private contractor. A regular fumigation programme was designed. Local women groups were contracted to ensure warehouse cleaning. A physical audit of stocks was instituted by a private firm in the port and all EDPs.

7. Based on lessons from 2002, the Sierra Leone country office logistics unit initiated a "Total Quality Logistics" initiative aimed at improving logistics support services, preventing losses, reducing costs and empowering local staff. Specific measures to prevent losses included: (i) supply-chain process improvements, resulting in standard operating procedures, staff training, and improved monitoring of commodity reception, storage, dispatch and delivery; (ii) monthly verification and reconciliation of COMPAS data against warehouse records; (iii) immediate investigation of commodity diversion allegations; (iv) warehouse management training for 120 WFP, GC and IP officials; (v) regular warehouse fumigation; (vi) penalties to transport and security companies for losses due to negligence; and (vii) application of the FIFO system in all warehouses to minimize storage-related losses. In 2003, Sierra Leone was chosen to pilot the new arrangements agreed to by the Office of the United Nations High Commissioner for Refugees (UNHCR), in which WFP is responsible for food management up to the FDP (in this case, Liberian refugee camps). A number of initiatives were also undertaken to ensure that food reached intended beneficiaries.

8. The Mauritania country office introduced improved food management procedures to reduce losses: (i) NGOs became partners in food distribution — World Vision, Lutheran World Federation, ACORD and Oxfam acted as IPs for the EMOP, participating in needs assessments, beneficiary identification, food distribution monitoring and training at the village level and ensuring that women were active in management; (ii) WFP built and operated a truck fleet and encouraged other local transportation options for lower cost and better service; (iii) commodities are now stored only in Nouakchott central and regional warehouses, where food can be transported directly to beneficiaries; (iv) three United Nations volunteers were joined by food monitors to work with GCs and IPs and to accompany trucks departing for FDPs; (v) all Government storekeepers were trained in warehouse management; and (vi) monthly inventories are now carried out in all warehouses and regular monitoring is conducted to ensure that commodities are stored correctly.

9. In the Central Africa sub-region, comprising Benin, Cameroon, the Central African Republic, Chad, Ghana and São Tomé e Príncipe, a number of initiatives during 2003 addressed food losses. Warehouse management training was provided throughout the region, reinforcing the importance of the FIFO food management system and the need for fumigation and security. A regional logistics meeting was organized in Douala, Cameroon on issues such as port operation and surface transport contracting. This resulted in land-side transport of food, handed over to private transit companies and governed by agency agreements, in most countries. COMPAS is now rolled out to all countries except the Central African Republic, and São Tomé e Príncipe. In Chad, the country office awarded a monetary prize for excellence in warehouse management to staff; the prize money was raised from the personal contributions of WFP logistics staff in N'djamena.

Southern Africa Region

10. The southern Africa regional bureau carried out a number of initiatives aimed at reducing losses. The Angola country office carried out commodity management and basic fumigation training for all its sub-office storekeepers and logistics staff, reinforcing cargo handling procedures and applying the FIFO method. Physical inventory checks and daily inventories are now encouraged at all warehouses. Swaziland, a landlocked country receiving food through two main corridors, has only one delivery point; this reduces loss because consignments are always received by WFP staff. Food aid monitors are responsible for checking and reporting on IP warehouses on a weekly basis. Food is also tracked up to the FDP through monthly IP stock reports and commodity movement reports, entered into COMPAS. The Zambia country office recruited a commodity pipeline officer in 2003, which led to improved management of food stocks, call forwards, loans and borrowings.

Eastern and Central Africa Region

11. The Eastern and Central Africa region handles two thirds of Africa's food requirements. There were a number of initiatives in the region during 2003 to improve commodity handling and reduce losses. The regional bureau hosted six workshops to improve the functionality and quality of data at 100 COMPAS sites. The system now provides reliable information on stocks, commodity movements, storage, transport, handling, losses, pipeline and distributions. One COMPAS report shows the age of commodities and flags those near their expiry date. The regional bureau also held a surface transport training workshop in late 2003, attended by 25 logistics officers from the COs and the bureau. Warehouse training was held in Eritrea, the Republic of Congo and Sudan.

Recommendations made in Kenya during 2002 for better-quality pest management were implemented in 2003, including improved specifications for food fumigation, storage and management.

Eastern Europe Region

12. The Eastern Europe regional bureau implemented several initiatives to reduce post-delivery losses. The c.i.f. value of losses suffered during primary or secondary transportation is now routinely deducted from transporters’ invoices or reimbursed. WFP food aid monitors continue to ensure that food distribution reports are received from implementing partners. COMPAS is installed in all EDPs and entry ports.

ACRONYMS USED IN THE DOCUMENT

c.i.f.	cost, insurance and freight
CMWG	commodity management working group
COMPAS	WFP's computerized commodity tracking system
DDU	delivered duty unpaid
DFID	Department for International Development (United Kingdom)
DPRK	Democratic People's Republic of Korea
EDP	extended delivery point
EMOP	emergency operation
FDP	final distribution point
FIFO	first-in-first-out
GC	government counterpart
IFPRI	International Food Policy Research Institute
IP	implementing partner
MoT	Iraqi Ministry of Trade
NGO	non-governmental organization
NRI	National Resource Institute
ODF	WFP's Food Procurement Service
OTP	WFP's Transport, Emergency Preparedness and Response Division
PDS	public distribution system
UNHCR	Office of the United Nations High Commissioner for Refugees
UNMIL	United Nations Mission in Liberia
WINGS	WFP Information Network and Global System