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# **ADMINISTRATIVE AND MANAGERIAL MATTERS**

**Agenda item 13**

*For consideration*

**E**

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## **REPORT ON POST-DELIVERY LOSSES FOR THE PERIOD 1 JANUARY–31 DECEMBER 2008**

This document is printed in a limited number of copies. Executive Board documents are available on WFP's Website (<http://www.wfp.org/eb>).

## NOTE TO THE EXECUTIVE BOARD

**This document is submitted to the Executive Board for consideration.**

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 measures taken by WFP to keep post-delivery commodity losses to a minimum. The reporting period is 1 January to 31 December 2008.

Post-delivery losses are commodity losses suffered after arrival at the delivery point, during handling, storage or internal transport. The delivery point is the point in the recipient country where external or landside transport, storage and handling end. When transport is by sea, it is where the commodities are contractually delivered from the vessel. Unlike pre-delivery losses, post-delivery losses are not covered by WFP's International Cargo Self-Insurance Special 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.

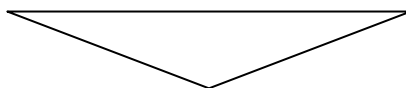
During the reporting period, the estimated total net cost of losses, including commodity price, insurance and freight value, was US\$11.4 million, or 0.44 percent of the US\$ 2.6 billion cost, insurance and freight of all commodities handled. In commodity terms, net post-delivery losses were 21,699 mt, or 0.45 percent of the total 4.8 million mt handled during the year. Compared with 2007, this represents an increase of US\$4.25 million or 4,975 mt. However, in relative terms, WFP decreased its post-delivery losses by 0.01 percent, as the quantities it handled climbed to 4.8 million mt from 4.2 million mt in 2007.

In 2008, WFP adopted International Public Sector Accounting Standards, bringing its accountability and transparency in line with international principles, including commodity accounting. WFP also enhanced collaboration with food processors to improve the efficiency of blended food and to adapt to the latest food technology, which helped reduce commodity losses. Increased purchases from local suppliers helped limit transport time and spoilage.

Capacity-building on proper commodity handling for the staff of WFP and its governmental and non-governmental partners remains a priority, along with the upgrade of tracking and reporting instruments and procurement procedures.



## DRAFT DECISION\*



In considering the “Report on Post-Delivery Losses for the Period 1 January–31 December 2008” (WFP/EB.A/2009/13-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 reduce losses, seek reimbursement from governments that have lost commodities through negligence and continue to report to the Board annually.

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\* 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 TO MINIMIZE FUTURE COMMODITY LOSSES

### Improvements in Commodity Procurement to Minimize Losses

1. In 2008, as in previous years, the Food Procurement Branch (OMLP) took measures to minimize commodity losses. A record quantity of food was purchased: approximately 2.8 million mt, or 72 percent of the 3.9 million mt distributed.
2. Total food procurement for 2008 was valued at US\$1.4 billion, and originated from 85 countries. Three quarters of this food was purchased in least-developed countries, other low-income countries, lower-middle income countries and upper-middle income countries. The remaining quarter was purchased from developed countries.
3. Actions taken in previous years proved efficient in reducing delivery losses, and consignment rejections were strengthened and reinforced. New procurement staff have been given intensive training, ensuring that lessons learned are passed on and the institutional memory is kept alive, to continue improving loss control.
4. A new initiative started in 2008 was to train farmers' organizations on food quality issues, including post-harvest handling during processing, bagging and storage, within the framework of Purchase for Progress (P4P).
5. WFP extended the implementation of good manufacturing practices (GMPs) and Hazard Analysis Critical Control Point (HACCP) principles to eastern Africa by monitoring maize meal and corn-soya blend (CSB) plants to ensure that they complied. Monitoring was carried out by WFP-appointed superintendence companies and through regular visits by WFP staff. The adoption of GMP and HACCP principles optimizes the quality of final products, reducing losses due to commodity deterioration.
6. To improve the general quality of food procured and to reduce potential disputes during customs clearance a food technologist/nutritionist was hired in 2008. This staff member's work focuses on ensuring further improvements in food fortification and processing, production optimization and enhanced quality and loss control, particularly:
  - enhanced monitoring of the quality of food delivered, through further standardization of food specifications, especially sampling procedures, parameters and methods for analysis, by conducting regular quality visits to producers;
  - staff training to ensure sufficient knowledge of food quality and related matters, through the preparation of a guide book for procurement and logistics officers on how to interpret the results of food quality analyses, and the design of an e-learning tool in cooperation with the Food and Agriculture Organization of the United Nations (FAO);
  - more specific instructions for quality and quantity inspectors, including a detailed checklist to ensure standardized inspection services and easy interpretation of reports; and
  - support missions to improve assistance to country offices for quality disputes.

### Loss-Minimization at the Regional Level

7. Each regional bureau continued to formulate and monitor its annual results-based work plan, which includes the monitoring of post-delivery losses. As part of WFP's decentralization initiative, regional logistics officers support country offices on all logistics issues, including post-delivery losses, increasing the awareness of loss containment. For



the Regional Bureau for the Middle East, Central Asia and Eastern Europe (OMC), where there is no longer a regional logistics officer posted, support was provided by the Logistics Division at Headquarters.

8. OMC's mitigation measures in 2008 included training on loss reporting. Comparisons between monthly Commodity Movement Processing and Analysis System (COMPAS) reports and physical inventory reports showed that discrepancies in commodity reporting were largely caused by erroneous reporting, so all COMPAS training sessions during 2008 focused on upgrading the capacity of COMPAS focal points to define types of loss, record losses and mitigate loss.
9. During the past year, the Regional Bureau for Asia (OMB) continued its efforts to mitigate loss and improve overall food quality through collaboration with local producers to improve HACCP plans and GMP. Work with suppliers aimed to improve the shelf life of ready-to-use foods and fortified blended food by monitoring the quality of oil used in production, using different antioxidants and improving packaging.
10. Regional local production was increased in India, Indonesia, Myanmar, Pakistan, Sri Lanka and Timor-Leste. This reduced prices and delivery times and ensured lower food losses and fresher products. In India, for example, the local supplier of ready-to-use foods is now capable of producing 3 mt per day.
11. The food quality control website set up by OMB (<http://foodquality.wfp.org>) was updated, and support provided to develop a database that includes recall of products, standing operational procedures for inspection companies on various topics, and guidelines on GMP and HACCP to support the production of ready-to-use foods, fortified biscuits and fortified blended food.
12. The Regional Bureau for West Africa (OMD) faces relatively high post-delivery losses because of poor transport infrastructure in most countries combined with four-month rainy seasons, which require WFP to pre-position large quantities of food, thus prolonging storage in high temperatures and humidity.
13. During 2008, enhanced coordination and pipeline monitoring between programme and logistics activities within OMD optimized the turnover of stocks, helping to reduce losses.
14. Penalties were applied when necessary. Expiry dates were monitored, and first-in, first-out principles were better observed to avoid prolonged storage. Regular stock fumigations combated infestation.
15. WFP initiated training in commodity and warehouse management for its own and partner staff in Benin, Burkina Faso, Cameroon, the Central African Republic, Chad, Guinea-Bissau, Liberia, Mali, Mauritania, Niger and Togo.
16. Regular physical stock inventories throughout the region ensured accurate and prompt data capture in COMPAS. This allowed better tracking of stocks in warehouses managed by WFP and its partners, helping to prevent poor storage conditions in the deep field.
17. During 2008, the Regional Bureau for Latin America and the Caribbean (OMP) provided training in food storage to 120 people from WFP counterparts in Bolivia, Cuba, Ecuador and Panama, and improved COMPAS management through on-the-job training. The training was supported by experts from Headquarters. Additional logistics staff were recruited in Bolivia, El Salvador and Peru, and the Haiti office introduced check-weight bridges to detect underweight bags already at the port.
18. The Regional Bureau for Eastern, Central and Southern Africa (OMJ) focused on measures to minimize post-delivery losses in the different corridors using the ports of



Djibouti, Mombasa, Dar es Salaam, Beira and Durban. At a corridor coordination meeting in Nairobi in mid-2008 cargo was prioritized to prevent transport delays from entry points to final destinations in landlocked countries. This will also help avoid long storage in warehouses, and allow for the timely distribution of food.

19. Within countries, refresher courses in warehouse management ensured compliance with WFP storage and handling procedures for reducing losses. Joint training sessions with superintendents improved surveillance and superintendence during the procurement of local purchases and provided quality and quantity assurance.
20. OMJ provided monthly exception reports to country offices to improve their reporting on quality loss and loss mitigation. Loss category reports highlighted erroneous recording of pre- or post- delivery losses, and missing or incorrect reasons for losses. Commodity age reports indicated the total numbers of days that the commodities in storage facilities had been in the pipeline from when they were first received or purchased in-country. This assisted in prioritizing dispatches to limit prolonged storage. Unconfirmed receipts reports identified dispatches that were apparently still to be received, with overlong transit times, thus flagging potential unaccounted losses. Monthly comparisons between COMPAS and physical inventory reports highlighted commodity accounting gaps and curbed losses due to erroneous loss reporting or pilferage from storage facilities. Oversight missions to several country offices reviewed commodity management procedures and sought to identify potential unreported losses.
21. The Regional Bureau for The Sudan (OMS) augmented the food management capacity of WFP and partner staff through training on warehouse management and commodity handling. This investment in human capacity proved crucial to implementing regular loss prevention activities, such as early advice for required dispatches in line with commodity shelf life, regular physical stock inventories at the end of each month and the supervision of superintendents' quality and quantity checks of the delivered food. It also ensured that damaged or spoiled food was disposed of on time and in line with WFP procedures.
22. Close supervision and technical advice from contracted companies resulted in timely and effective pest-control measures. The supply of empty jerry cans and cartons to area and field offices allowed immediate repacking and minimized oil leakage during long-distance drives on rough roads.
23. Having to cover long distances without fuel stations, mainly to Darfur, obliges transporters to load diesel; WFP advises transporters to load food and fuel separately. Following an arrangement with the Government, transporters are now also provided with armed escorts in high-risk areas of Darfur, which will help prevent losses from looting.

## **International Public Sector Accounting Standards**

24. In January 2008, WFP became the first United Nations agency to adopt International Public Sector Accounting Standards (IPSAS) for its financial accounting and reporting. This was in line with administrative and financial reform efforts agreed by the United Nations system. One IPSAS requirement is that inventories on hand be valued as assets, recognized in monetary terms in statutory financial reports and subsequently expensed when distributed.
25. IPSAS have greatly enhanced WFP's accountability and transparency in handling food commodities. Managers have accurate financial reports of both the tonnage and the value of food on hand and in the supply chain.



## COMMODITY LOSSES SUSTAINED AFTER DELIVERY TO RECIPIENT GOVERNMENTS IN 2008

### Overview

26. This report covers the period from 1 January to 31 December 2008, during which WFP handled 4.83 million mt of commodities with an estimated cost, insurance and freight (c.i.f.) value of US\$2.6 billion. The c.i.f. value of losses during the period was US\$11.34 million, or 0.44 percent of the value of all commodities handled.
27. Applying ISPAS, WFP recorded a recovery of US\$6.9 million through the sale of commodities no longer fit for human consumption and through recovery actions for losses suffered by private contractors. Salvage sales occur only when food is certified unfit for human consumption but has value as animal feed or for industrial purposes. Such sales are subject to strict controls to ensure that the food cannot be reintroduced for human consumption.
28. In the Sudan, WFP recovered US\$3.4 million of the US\$5.29 million of all losses in the country in 2008. As stipulated in all working transport contracts for the country, WFP deducts the value of losses from transporters' invoices.

### Losses by Cause

29. Short-delivered commodities accounted for 46 percent of WFP's post-delivery losses in 2008, followed by pilferage and theft, representing 10 percent. Most significant losses occurred through attacks on convoys in the Sudan and Afghanistan. Annex I gives a detailed list of losses by cause.

### Losses by Commodity

30. In terms of net c.i.f. value, a quarter of all losses were of sorghum, followed by vegetable oil, which accounted for a fifth. Annex II shows the most significant losses in terms of net c.i.f. value. Cereals accounted for 48 percent of the total for 2008, representing an 8 percent drop from 2007. Mixed foods – such as CSB, high-energy biscuits (HEB) and wheat-soya blend – accounted for 12 percent of total value lost, a significant reduction from 22 percent in 2007. Vegetable oils represented 18 percent and pulses 17 percent of losses for 2008. The remaining 5 percent comprised other less frequently used foods such as canned meats, dairy products and dried fruits.

### Losses by Responsible Party

31. Capacity-building of WFP's cooperating partners resulted in relative and absolute decreases in their post-delivery losses. The 33 percent of losses attributed to non-governmental cooperating partners in 2007 declined to 22 percent in 2008. Just over 72 percent of all post-delivery losses were incurred while under the direct management of WFP, and 5 percent were suffered by government counterparts.

### Losses by Recipient Country

32. Annex III-A provides information on total losses for each country in 2008. Details of large losses are provided in Annex III-B, and discussed in the following paragraphs. As Annex III-B indicates, 13 projects in 12 countries registered single commodity losses of at





least 2 percent of total tonnage handled, with absolute net c.i.f. value of more than US\$20,000. The countries are Angola, Cameroon, the Dominican Republic, Ethiopia, Madagascar, Mozambique, Myanmar, Pakistan, Rwanda, Somalia, the Sudan and Timor-Leste. In addition, six countries – Afghanistan, Chad, the Democratic Republic of the Congo (DRC), Ethiopia, Liberia and the Sudan – incurred single-commodity post-delivery losses with an absolute net c.i.f. value greater than US\$100,000. These losses are substantial in value, but less significant as percentages given the large quantities handled. Ethiopia and the Sudan fell under both categories.

⇒ *Afghanistan*

33. WFP Afghanistan sustained post-delivery commodity losses totalling 1,183 mt of wheat, with an estimated net c.i.f. value of US\$528,494. This represents 0.53 percent of the total quantity of wheat handled. Most of these losses were from attacks on commercial truck convoys carrying WFP food, mainly on the southern ring road from Kandahar to Hirat; the food was either looted or burned. To prevent such losses, WFP arranged with the Ministry of Interior to have convoys escorted by Afghan National Police. In addition, alternative corridors from the Islamic Republic of Iran and Turkmenistan are being used to supply the Hirat area office.

⇒ *Angola*

34. WFP Angola sustained post-delivery commodity losses totalling 386 mt, or 4.6 percent of the total 8,390 mt handled. The most significant losses concerned CSB (298 mt) and canned meat (27 mt). CSB losses were caused by infestation due to prolonged storage by counterparts. Losses of canned meat were from deterioration of poor-quality packaging material. Future measures will focus on training counterparts in commodity management and reinforcing monitoring activities.

⇒ *Cameroon*

35. WFP Cameroon sustained post-delivery commodity losses totalling 103 mt of red beans, with an estimated c.i.f. value of US\$48,084. An international purchase of red and black beans arrived at government warehouses in October 2005, where it was discovered that the consignment did not meet the agreed specifications. Following laboratory analysis by the Natural Resources Institute in London, the country office segregated the beans: 104 mt of black beans were deemed fit for human consumption, but the remaining 103 mt of red beans were recommended for destruction or sale as fertilizer. Following a lengthy process to obtain the required authorizations, the beans were finally destroyed in December 2008 following WFP procedures. As this pre-delivery loss had originated with the supplier abroad, the country office drew the superintendent's attention to the necessity for more vigilance during inspections: the poor quality of the beans could have been noticed at port level.

⇒ *Chad*

36. The Chad country office sustained post-delivery losses of sorghum of 127 mt, with an estimated net c.i.f. value of US\$111,209, from a total of 26,583 mt handled under Emergency Operation (EMOP) 10559. Although this loss is low compared with the quantity handled, it is considerable in terms of value.
37. WFP Chad is strengthening measures at the bagging stage and expediting deliveries from ports of entry. This will help avoid long in-transit storage and reduce the reconditioning that is often required in the harsh Sahara environment. Warehouse



operations during transit and at extended delivery points were enhanced with regular, improved pest-control exercises and timely reconditioning of cargo on receipt in-country, to cope with weight and quality irregularities.

⇒ *Democratic Republic of the Congo*

38. In the DRC, WFP sustained post-delivery commodity losses of 340 mt of maize meal, with an estimated net c.i.f. value of US\$162,288, from a total of 76,245 mt handled with a c.i.f. value of US\$43 million. The losses were caused by armed groups looting trucks in the east of the country during transport and at WFP or partner warehouses. To avoid looting of trucks, WFP strengthened security measures, including arranging escorts from the United Nations Organization Mission in the Democratic Republic of the Congo (MONUC). Training sessions are being organized for warehouse personnel.

⇒ *Dominican Republic*

39. In the Dominican Republic, WFP sustained losses of 22 mt of HEBs, with an estimated cost of US\$24,492, because of authorities refusing to clear the contents of an entire container of HEBs. The HEBs arrived from WFP's emergency contingency stock for the Caribbean stored in Barbados, and contained an insect not present in the Dominican Republic. The losses were proportionally high, owing to the low tonnages of HEBs distributed during an EMOP in support of hurricane-affected people. WFP closed the Barbados warehouse and reduced the tonnage of HEBs stored in other hubs to reduce the risk of HEB losses.

⇒ *Ethiopia*

40. Ethiopia sustained post-delivery commodity losses totalling 579 mt, with an estimated net c.i.f. value of US\$362,250, representing 3.6 percent of the total 16,063 mt handled. The losses included wheat-soya blend and vegetable oil, which expired during improper or extended storage. Corrective measures include closer monitoring and reporting on best-used-before dates, timely allocation of food and improved call-forward systems.

⇒ *Liberia*

41. Liberia sustained post-delivery losses of 200 mt of bulgur wheat, with an estimated net c.i.f. value of US\$120,012, from a total of 28,049 mt handled. This represented 0.71 percent of the more than US\$19 million total value of bulgur wheat handled during the reporting period. The most significant loss involved a shipment of bulgur diverted by a transporter; WFP recovered that US\$58,000 loss in full.

⇒ *Madagascar*

42. Madagascar sustained post-delivery commodity losses totalling 64 mt, with an estimated net c.i.f. value of US\$22,479, from a total of 1,503 mt handled under country programme 10340.0. This represented a relatively high 4.3 percent of the US\$500,000 total value of commodities handled during the reporting period. The loss concerned maize subject to warehouse infestation.
43. Actions to avoid such losses in the future include signing a long-term fumigation contract to ensure regular treatment of commodities. Staff involved in commodity and warehouse management have been trained in best practices and minimizing losses.



⇒ *Mozambique*

44. Mozambique sustained post-delivery commodity losses of about 448 mt of rice and maize meal, with a net c.i.f. value of US\$169,897. This represented 4.8 percent of the total 9,281 mt of these commodities handled under country programme 10446.0. The loss was caused mainly by cargo diversions at the Nacala warehouse in the north. Following an investigation into the incident, WFP ended the warehouse lease, rented a new warehouse with contractual terms covering future losses, and upgraded staffing and control mechanisms. The operation in the north is now closely monitored, with regular visits from the Beira sub-office and the country office.

⇒ *Myanmar*

45. WFP Myanmar imported 58 mt of ready-to-use food for children (RUFC) for Cyclone Nargis victims, with a net c.i.f. value of US\$131,176. Owing to defective packaging, 46 mt was reported as post-delivery loss, and the commodity had to be discarded. This represented 79 percent of the total value of the commodity handled during the reporting period. The India-based supplier has been informed by the India country office and formally requested to improve the packaging.

⇒ *Pakistan*

46. Pakistan sustained post-delivery commodity losses totalling 400 mt, with an estimated net c.i.f. value of US\$466,805, from a total of 16,084 mt handled under the country programme. This represented a relatively high 2.49 percent of the more than US\$22 million total value of commodities handled during the reporting period. The most significant losses concerned vegetable oil destroyed in a warehouse fire set by miscreants. WFP and government warehouses have been placed under strict control, security measures strengthened and food distribution confined to more secure areas. Warehouse management training was organized for all warehouse personnel and COMPAS was introduced for tracking; an additional landside transport, storage and handling (LTSH) component is planned, to address government transporters' efficiency.

⇒ *Rwanda*

47. Rwanda sustained post-delivery commodity losses totalling 540 mt, with an estimated net c.i.f. value of US\$267,553, representing 5 percent of the total 10,795 mt handled. The losses included maize meal and vegetable oil, owing to the introduction by the Rwanda Bureau of Standards of new quality standards on best-used-before dates, which deemed the commodities expired and unfit for human consumption. As a mitigation measure, the country office has made barter arrangements with the local soap factory and a local farm, based on local market values. The Rwanda Bureau of Standards has agreed to advise the WFP country office in a timely manner of any future changes to the country's quality standard norms and regulations.

⇒ *Somalia*

48. WFP Somalia sustained losses of 304 mt, with a c.i.f value of US\$171,740. The losses were caused mainly by the escalation of conflict and the limited capacity of partners and contractors to handle WFP commodities. The country office hired a quality control officer and additional storekeepers to assist contractors and partners with enforcing proper warehouse procedures. Training has been provided to all contractor and WFP staff and to most partners. To minimize transit losses, the country office is enforcing a bond system



that retains cash equivalent to 30 percent of the c.i.f. value of all commodities in a contractor's custody.

⇒ *The Sudan*

49. In the Sudan, WFP sustained losses of 10,355 mt, mainly owing to the volatile security situation and frequent lack of adequate infrastructure in the country. The long transport routes to remote areas in Darfur and the south of the country make it necessary for transporters to carry large quantities of fuel and water in addition to food.
50. To mitigate the looting of trucks, WFP arranged with the Government for military escorts. Food contamination by diesel and water was addressed by deducting the c.i.f. value of spoiled food from transporters' invoices, as stipulated in all working transport contracts. Transporters were also frequently reminded to refrain from loading diesel on top of food.

⇒ *Timor-Leste*

51. Timor-Leste had post-delivery CSB losses of 144 mt, or 9.7 percent of the total CSB handled during the reporting period. The losses were due to high levels of infestation and water damage, caused by a lack of proper storage facilities in remote warehouses, and by some WFP partners and government counterparts not following safe storage procedures. The protracted shipping time to Timor-Leste accounts for a significant part of the shelf-life of CSB, making correct storage even more important.
52. To address these issues, all staff concerned with food handling will participate in ongoing training on safe food storage. The *Handbook for Storekeepers of Food Aid* is being distributed in the local language to all staff and storage facilities. WFP and the Government are building a factory to produce locally blended fortified food, and an ongoing special operation is improving government warehouses and developing the capacity of partners and government counterparts.

### **Losses Sustained during Previous Reporting Periods but Reported for the First Time during 2008**

53. In 2008, 12 single commodity losses from previous reporting periods were reported for the first time. The total quantity lost was 48.2 mt in Mozambique and Niger. Losses of 26.7 mt in Mozambique were all related to poor handling by the partner. In response, WFP has increased monitoring visits and commodity handling training for partners and transporters. Niger is discussed in the following section.

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### **FOLLOW-UP ON LOSSES UNDER VERIFICATION DURING THE PREVIOUS REPORTING PERIOD**

54. In 2007, losses under investigation by WFP were reported in Bangladesh, Iraq, Lesotho and Niger.

⇒ *Bangladesh*

55. Figures reported as losses under verification are estimates based on sample monitoring findings in 2007 and aim to inform and sensitize the Government about corrective actions for post-delivery loss. The Government's follow-up actions in 2008 included a meeting of



the Joint Technical Committee, several meetings with the respective ministries/agencies and implementation of a revised carrying cost subsidy in 2009 to combat post-delivery losses.

56. Actions by the WFP country office included joint visits and programme review workshops with partners to ensure appropriate follow-up actions on losses, and briefing sessions to improve WFP loss monitoring. WFP installed seven new milling and fortification units to increase the distribution of fortified wheat flour in sealed bags.

⇒ *Iraq*

57. WFP confirms the loss of 258 mt of vegetable oil in Iraq. Owing to the extremely volatile security situation and the rapid change of cooperating partners, the issue remains under investigation by the Iraqi Ministry of Health, in coordination with the Directorate of Health in the concerned governorate of Tikrit.

⇒ *Lesotho*

58. WFP Lesotho confirms the loss of 3 mt of vegetable oil. A police investigation into the potential theft at the Maseru warehouse is not yet completed.

⇒ *Niger*

59. WFP confirms losses of 20.4 mt of rice and 1.1 mt of sorghum. These losses were discovered following a routine inventory. The government counterpart was notified and a joint WFP/Government investigation initiated; theft is suspected. Appropriate storage and recording procedures were not followed, particularly when processing the borrowing and repayment of food from one project to another.
60. WFP has reinforced the physical separation of food commodities by shipping instruction; intensified monitoring and supervision by WFP staff, including the head of the sub-office, in Niamey and Tahoua; instituted regular inventory and record checking; and increased the number of storekeepers from two to four, which also supports more regular conducting and checking of inventories. As a result, stores are now better controlled and standard storage and recording procedures are in place. No further cases have been reported since these measures were put in place.

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## LOSSES CURRENTLY UNDER VERIFICATION AND FOR FOLLOW-UP IN FUTURE REPORTS

61. WFP is verifying post-delivery commodity losses totalling approximately 5,800 mt in four countries: Georgia, the Islamic Republic of Iran, Iraq and the Syrian Arab Republic. The results of these investigations and any recoveries will be provided in future reports.





### ANNEX I: LOSSES BY CAUSE

Cause	Value (US\$)	% of total loss
BROKEN DURING LOADING	5 747	0.05
DETERIORATION OF FOOD COMMODITIES MAINLY ATTRIBUTABLE TO PROBLEMS AT ORIGIN	196 163	1.72
DETERIORATION OF PACKAGING MATERIALS	610 484	5.36
FLOODING AND OTHER NATURAL DISASTERS	77 412	0.68
IMPROPER/OVERLONG STORAGE	1 046 880	9.19
INADEQUATE TRANSPORT	161 715	1.42
INFESTATION	664 577	5.84
FIRE	315 450	2.77
SAMPLING FOOD ANALYSIS	11 272	0.10
CIVIL STRIFE	245 997	2.16
PILFERAGE/THEFT	1 166 598	10.24
POOR HANDLING	896 708	7.87
PROCESSING/TRANSFORMATION OF COMMODITY	11 144	0.10
RECONSTITUTION/REBAGGING/REPACKING	402 622	3.54
SHORT-DELIVERED	5 199 415	45.65
UNAUTHORIZED DISTRIBUTION	6 603	0.06
VARIANCE IN WEIGHT	59 000	0.52
WET BY GASOIL	120 146	1.05
WET BY WATER	190 964	1.68
<b>TOTAL</b>	<b>11 388 899</b>	<b>100.00</b>

## ANNEX II

LOSSES BY COMMODITY				
Commodity code	Commodity	Total handled (B) (US\$)	Post-delivery losses (US\$)	Losses as % of total handled (B)
CERBAR	BARLEY	1 124 317	1 434	0.13
CERMAZ	MAIZE	250 294 295	313 936	0.13
CERMMF	SOYA-FORTIFIED MAIZE MEAL	2 938 515	10 647	0.36
CERMML	MAIZE MEAL	133 151 257	520 995	0.39
CEROAT	OATS	305 121	197	0.06
CERPAS	PASTA	5 554 560	1 441	0.03
CERRIC	RICE	263 594 497	499 505	0.19
CERSOF*	SORGHUM FLOUR	0	62	-
CERSOR	SORGHUM	355 552 052	2 980 253	0.84
CERWBG	BULGUR WHEAT	58 353 362	151 741	0.26
CERWHE	WHEAT	358 418 473	718 968	0.20
CERWHF	WHEAT FLOUR	138 662 938	252 919	0.18
DAICHE	CHEESE	427 408	313	0.07
DAIDSE	ENRICHED DRIED SKIM MILK	392 994	2 335	0.59
DAIDSP	PLAIN DRIED SKIM MILK	17 525 317	43 069	0.25
DAIDWM	DRIED WHOLE MILK	4 010 145	0	0
DAILSB	LACTO-SOYA BLEND	799 575	2 874	0.36
DAIUHT	ULTRA-HIGH TEMP. MILK	693 004	0	0
FRUDFR	DRIED FRUITS	3 054 333	18 605	0.61
FSHCFI	CANNED FISH	9 532 809	2 490	0.03
MEAMEA	CANNED MEAT	2 008 847	131 900	6.57
MIXBIS	BISCUITS	12 040 702	2 636	0.02
MIXCSB	CORN-SOYA BLEND	184 500 528	988 610	0.54
MIXFAF	FAFFA	24 998 100	1 080	0.00
MIXHEB	HIGH-ENERGY BISCUITS	24 874 710	64 589	0.26
MIXHPW	HIGH-PROTEIN BISCUITS	580 665	117 878	20.30
MIXIND	INDIA MIX	584 983	10	0.00
MIXLIK	LIKUNI PHALA	1 231 135	3 778	0.31
MIXPWB	PEA/WHEAT BLENDED	3 028 652	23 275	0.77
MIXRSF	PLUMPY	1 530 154	0	0
MIXWCE	WEANING CEREALS	39 000	0	0
MIXWSB	WHEAT-SOYA BLEND	8 476 730	204 026	2.41
MIXWSM	WHEAT-SOYA MILK	940 484	16 483	1.75
MSCAPI	API CEREALS	278 310	18	0.01
MSCBWH	BUCKWHEAT	711 655	439	0.06
MSCHES	HIGH-ENERGY SUPPLEMENT	2 919 240	7 285	0.25



<b>LOSSES BY COMMODITY</b>				
<b>Commodity code</b>	<b>Commodity</b>	<b>Total handled (B) (US\$)</b>	<b>Post-delivery losses (US\$)</b>	<b>Losses as % of total handled (B)</b>
MSCSAL	IODIZED SALT	5 434 752	32 068	0.59
MSCSUG	SUGAR	34 837 876	344 120	0.99
OILGHE	GHEE	484 244	1 870	0.39
OILOLV	OLIVE OIL	282 519	99	0.04
OILVEG	VEGETABLE OIL	362 506 318	2 044 640	0.56
PPFFFP	FAMILY FOOD PARCELS	79 345	821	1.03
PREMIX*	CSB, SUGAR AND DSM	0	100	-
PULBEA	BEANS	114 569 906	344 619	0.30
PULLEN	LENTILS	53 315 646	746 467	1.40
PULPEA	PEAS	50 341 009	91 548	0.18
PULSPL	SPLIT PEAS	2 355 009	12	0.00
PULSPY	YELLOW SPLIT PEAS	106 602 083	698 740	0.66
PULTSP	TEXTURED SOY PROTEIN	68 020	0	0
<b>Total</b>		<b>2 604 005 598</b>	<b>11 388 899</b>	<b>0.44</b>

\* Total handled is considered 0 mt because these commodities were transformed (sorghum to sorghum flour; corn-soya blend, sugar and plain dried skim milk milled to PREMIX).

Total handled (B) = opening stocks in recipient country + commodities received in recipient country





## ANNEX III-A

QUANTITIES AND VALUES BY RECIPIENT COUNTRY						
Region	Recipient country	Total handled (B)		Post-delivery losses		Losses (US\$) as % of total handled (B)
		Mt	US\$	Mt	US\$	
OMB	AFGHANISTAN	280 742	152 135 345	1 238.9	592 416	0.39
	BANGLADESH	212 668	92 497 445	8.5	5 821	0.01
	BHUTAN	3 649	1 707 340	0.6	398	0.02
	CAMBODIA	37 719	21 830 021	14.0	7 866	0.04
	CHINA	635	440 134	0.3	130	0.03
	DEM. PEOPLE'S REPUBLIC KOREA	162 635	74 499 374	4.5	3 586	0.00
	INDIA	70 135	15 363 200	15.1	10 852	0.07
	INDONESIA	20 742	20 667 172	1.1	1 046	0.01
	LAO PEOPLE'S DEM. REPUBLIC	18 428	10 366 542	23.4	10 211	0.10
	MYANMAR	95 351	46 418 804	103.4	146 115	0.31
	NEPAL	57 788	27 405 119	32.4	17 487	0.06
	PAKISTAN	109 558	53 742 523	450.4	495 632	0.92
	PHILIPPINES	14 407	6 660 161	153.5	62 821	0.94
	SRI LANKA	95 469	50 771 227	354.2	177 623	0.35
TIMOR-LESTE	11 805	6 403 942	208.2	111 677	1.74	
<b>OMB total</b>		<b>1 191 731</b>	<b>580 908 347</b>	<b>2 608.4</b>	<b>1 643 680</b>	<b>0.28</b>
OMC	ALGERIA	29 005	19 631 051	26.1	23 500	0.12
	ARMENIA	5 978	4 659 946	0	0	0.00
	AZERBAIJAN	4 389	3 189 941	0.3	747	0.02
	EGYPT	2 889	2 052 995	0.2	108	0.01
	GEORGIA	9 352	6 818 481	27.4	14 699	0.22
	IRAN	5 210	1 573 631	4.4	2 117	0.13
	IRAQ	34 652	29 487 374	68.9	42 156	0.14
	OCC. PAL. TERR..	86 155	51 287 963	249.3	114 114	0.22
	RUSSIAN FED.	6 721	4 017 424	1.5	945	0.02
	SYRIAN ARAB REP.	31 189	24 030 032	37.3	27 890	0.12
	TAJIKISTAN	31 597	22 497 250	3.0	1 591	0.01
	YEMEN	23 375	12 134 869	24.2	7 506	0.06
<b>OMC total</b>		<b>270 512</b>	<b>181 380 957</b>	<b>442.6</b>	<b>235 373</b>	<b>0.13</b>
OMD	BENIN	8 263	3 978 690	49.5	27 350	0.69
	BURKINA FASO	23 372	12 452 414	227.2	123 174	0.99
	CAMEROON	16 578	9 898 694	152.5	73 413	0.74
	CAPE VERDE	1 640	1 094 929	3.0	1 330	0.12
	CENTRAL AFR. REP.	29 394	21 925 127	36.7	25 399	0.12
	CHAD	79 237	76 806 824	322.2	308 530	0.40



<b>QUANTITIES AND VALUES BY RECIPIENT COUNTRY</b>						
Region	Recipient country	Total handled (B)		Post-delivery losses		Losses (US\$) as % of total handled (B)
		Mt	US\$	Mt	US\$	
	CÔTE D'IVOIRE	19 708	11 434 488	29.6	16 819	0.15
	GAMBIA	5 397	3 261 257	20.3	9 917	0.30
	GHANA	14 830	8 366 323	36.1	16 331	0.20
	GUINEA	30 134	17 499 237	41.0	22 520	0.13
	GUINEA-BISSAU	7 161	4 189 503	8.0	4 353	0.10
	LIBERIA	38 107	27 508 042	247.1	150 882	0.55
	MALI	16 904	10 705 964	94.4	55 013	0.51
	MAURITANIA	42 330	24 724 535	94.6	42 523	0.17
	NIGER	43 426	29 197 642	86.5	51 880	0.18
	SAO TOME AND PRINCIPE	1 972	1 151 708	10.2	7 703	0.67
	SENEGAL	19 867	10 536 717	36.0	19 023	0.18
	SIERRA LEONE	20 206	13 800 431	9.2	6 067	0.04
	TOGO	6 987	3 895 202	32.4	17 390	0.45
<b>OMD total</b>		<b>425 513</b>	<b>292 427 726</b>	<b>1 536.4</b>	<b>979 617</b>	<b>0.33</b>
OMJ	ANGOLA	8 377	5 197 395	385.5	310 730	5.98
	LESOTHO	25 062	10 437 854	23.7	12 325	0.12
	MADAGASCAR	21 196	11 222 177	207.7	95 009	0.85
	MALAWI	52 448	26 207 811	94.0	41 066	0.16
	MOZAMBIQUE	67 872	29 340 335	727.8	297 980	1.02
	NAMIBIA	4 230	2 117 910	4.2	3 211	0.15
	SWAZILAND	18 812	8 916 455	1.6	960	0.01
	ZAMBIA	45 054	16 894 159	87.1	35 609	0.21
	ZIMBABWE	235 975	130 010 368	505.8	248 472	0.19
<b>OMJ total</b>		<b>479 027</b>	<b>240 344 465</b>	<b>2 037.3</b>	<b>1 045 361</b>	<b>0.43</b>
OMJK*	BURUNDI	48 955	28 094 277	247.2	113 256	0.40
	CONGO	5 423	3 357 096	33.4	19 789	0.59
	DRC	112 797	73 677 078	556.9	313 921	0.43
	DJIBOUTI	13 272	7 991 391	38.8	26 651	0.33
	ETHIOPIA	575 239	299 209 155	877.0	501 524	0.17
	KENYA	264 783	136 586 525	341.9	194 369	0.14
	RWANDA	29 125	17 435 999	562.2	282 013	1.62
	SOMALIA	268 950	145 082 568	541.9	287 648	0.20
	UGANDA	198 519	96 180 896	204.7	97 273	0.10
UNITED REPUBLIC OF TANZANIA	63 608	27 842 836	303.6	156 206	0.56	
<b>OMJK total</b>		<b>1 580 671</b>	<b>835 457 820</b>	<b>3 707.7</b>	<b>1 992 650</b>	<b>0.24%</b>



<b>QUANTITIES AND VALUES BY RECIPIENT COUNTRY</b>						
Region	Recipient country	Total handled (B)		Post-delivery losses		Losses (US\$) as % of total handled (B)
		Mt	US\$	Mt	US\$	
OMP	BARBADOS	9	10 037	3.1	3 453	34.40
	BOLIVIA	11 722	9 972 121	0.3	324	0.00
	COLOMBIA	19 225	16 014 126	100.8	63 471	0.40
	CUBA	2 503	2 710 285	5.4	5 174	0.19
	DOMINICAN REP.	1 879	1 654 951	23.4	26 508	1.60
	ECUADOR	2 838	2 842 126	1.8	1 514	0.05
	EL SALVADOR	3 835	2 829 258	0.1	117	0.00
	GUATEMALA	12 122	8 179 329	1.2	818	0.01
	HAITI	60 342	51 490 552	176.5	97 303	0.19
	HONDURAS	3 736	3 325 265	0.6	383	0.01
	NICARAGUA	20 011	15 209 784	6.2	7 654	0.05
PERU	9 216	8 400 582	0.4	405	0.00	
<b>OMP total</b>		<b>147 438</b>	<b>122 638 415</b>	<b>319.7</b>	<b>207 125</b>	<b>0.17</b>
OMS	SUDAN	736 174	350 847 868	11 046.5	5 285 094	1.51
<b>OMS total</b>		<b>736 174</b>	<b>350 847 868</b>	<b>11 046.5</b>	<b>5 285 094</b>	<b>1.51</b>
<b>Grand total</b>		<b>4 831 067</b>	<b>2 604 005 598</b>	<b>21 698.8</b>	<b>11 388 899</b>	<b>0.44</b>

Total handled (B) = opening stocks in recipient country + commodities received in recipient country.  
\*OMJK = Kampala office of OMJ

**ANNEX III-B: COMMODITIES WITH POST-DELIVERY LOSSES  
GREATER THAN 2% IN TONNAGE AND VALUE OVER US\$20,000, OR VALUE GREATER THAN US\$100,000**

Region	Recipient country	Project number/Work breakdown structure	Commodity	Total handled (A) (mt)	Total handled (A) (US\$)	Post-delivery losses (mt)	Post-delivery losses (US\$)	Losses (mt) as % of total handled (A)
OMB	AFGHANISTAN	10427.0.01.01	CERWHE	223 351.231	98 012 307.32	1 182.502	528 493.90	0.53
OMB	MYANMAR	10749.0.01.01	MIXHPW	57.923	131 175.84	45.660	117 009.26	78.83
OMB	PAKISTAN	10269.0.01.01.ACT1	OILVEG	16 083.657	22 623 553.15	400.099	466 804.51	2.49
OMB	TIMOR-LESTE	10388.0.01.01	MIXCSB	1 474.830	701 200.01	143.621	66 842.47	9.74
OMD	CAMEROON	10530.0.01.01.ACT1	PULBEA	293.855	200 860.31	103.318	48 084.07	35.16
OMD	CHAD	10559.0.01.01	CERSOR	26 583.132	22 394 474.36	127.448	111 208.76	0.48
OMD	LIBERIA	10454.0.01.01	CERWBG	28 048.887	19 468 803.91	200.470	120 012.16	0.71
OMJ	ANGOLA	10433.0.01.01	MEAMEA	283.857	1 334 979.47	26.864	126 341.39	9.46
OMJ	ANGOLA	10433.0.01.01	MIXCSB	1 613.919	813 085.80	298.390	152 144.84	18.49
OMJ	MADAGASCAR	10340.0.01.01.ACT2	CERMAZ	1 502.540	564 588.60	63.971	22 478.72	4.26
OMJ	MOZAMBIQUE	10446.0.01.01.ACT1	CERMML	3 183.220	1 217 737.88	181.000	63 613.07	5.69
OMJ	MOZAMBIQUE	10446.0.01.01.ACT1	CERRIC	6 097.595	2 833 951.25	266.986	106 283.87	4.38
OMJK	DRC	10608.0.01.01	CERMML	76 245.138	43 399 088.33	340.285	162 287.78	0.45
OMJK	ETHIOPIA	10665.0.01.01	MIXWSB	334.700	195 642.19	334.700	195 642.19	100.00
OMJK	ETHIOPIA	10665.0.01.01	OILVEG	15 728.061	21 136 695.07	243.915	166 607.98	1.55
OMJK	RWANDA	10531.0.01.01	CERMML	4 496.787	2 550 389.92	150.221	64 274.92	3.34
OMJK	RWANDA	10531.0.01.01	OILVEG	1 417.066	1 732 206.89	159.204	134 916.99	11.23
OMJK	RWANDA	10677.0.01.01	CERMML	4 881.370	2 000 871.50	230.395	68 361.58	4.72
OMJK	SOMALIA	10191.1.01.01	CERWHF	732.400	761 073.80	56.500	20 997.10	7.71
OMJK	SOMALIA	10191.1.01.01	PULSPY	8 034.921	5 182 122.37	247.550	150 742.88	3.08
OMP	DOMINICAN REP.	10714.0.01.01	MIXHEB	68.216	76 667.02	21.756	24 491.82	31.89
OMS	SUDAN	10693.0.01.01	DAIDSP	541.607	3 024 580.26	18.187	38 446.05	3.36
OMS	SUDAN	10693.0.01.01	PULLEN	39 593.402	25 943 104.44	990.103	662 223.92	2.50
OMS	SUDAN	10693.0.01.01	PULSPY	20 001.729	12 916 294.97	490.094	314 126.44	2.45
OMS	SUDAN	10693.0.01.01	CERSOR	414 558.343	147 071 162.20	7 146.793	2 696 179.52	1.72
OMS	SUDAN	10693.0.01.01	MIXCSB	37 660.388	21 279 715.92	711.510	373 309.51	1.89
OMS	SUDAN	10693.0.01.01	MSCSUG	28 510.433	15 551 261.79	466.228	254 482.06	1.64
OMS	SUDAN	10693.0.01.01	OILVEG	37 467.614	51 133 307.29	531.963	721 006.54	1.42

Total handled (A) = opening stocks in recipient country + commodities received in recipient country + incoming transactions in recipient country



## ACRONYMS USED IN THE DOCUMENT

c.i.f.	cost, insurance and freight
COMPAS	Commodity Movement Processing and Analysis System
CSB	corn-soya blend
DRC	Democratic Republic of the Congo
EMOP	emergency operation
FAO	Food and Agriculture Organization of the United Nations
GMP	good manufacturing practice
HACCP	Hazard Analysis Critical Control Point
HEB	high-energy biscuit
IPSAS	International Public Sector Accounting Standards
MONUC	United Nations Organization Mission in the Democratic Republic of the Congo
OMB	Regional Bureau Bangkok (Asia)
OMC	Regional Bureau Cairo (Middle East, Central Asia and Eastern Europe)
OMD	Regional Bureau Dakar (West Africa)
OMJ	Regional Bureau Johannesburg (Southern, Eastern and Central Africa)
OMLP	Food Procurement Branch
OMP	Regional Bureau Panama City (Latin America and the Caribbean)
OMS	Regional Bureau The Sudan
P4P	Purchase for Progress
RUFC	ready-to-use food for children