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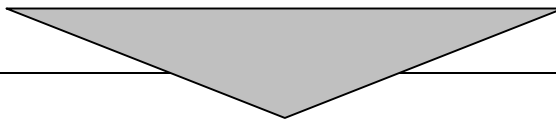


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REPORT ON POST-DELIVERY COMMODITY LOSSES FOR THE PERIOD 1 JANUARY–31 DECEMBER 2001

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

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INTRODUCTION

1. This report deals with country- and commodity-specific issues and describes the corrective measures taken by WFP to keep post-delivery commodity losses to a minimum. It follows the same format as in previous years, with the reporting period covering the calendar year 1 January to 31 December 2001.
2. For the purpose of this report, losses occurring after delivery to recipient governments or during internal transport arranged by WFP country offices and paid out of landside transport, storage and handling (LTSH) funds are defined as “post-delivery losses”. Such losses are not covered by WFP’s insurance fund and associated insurance, and they generally correspond with the passage of title from WFP to a recipient. On the other hand, losses that occur during ocean and overland transport (not covered by this report) are defined as “pre-delivery losses”.
3. The three annexes to this report break down the year’s commodity losses by reason, commodity and country. Losses equal to or greater than 2 percent of the total net cost, insurance and freight (c.i.f.) value of commodities handled in any individual country’s project(s) for the period under review are also specified in Annex III and are ranked in terms of the amount lost in United States dollars (US\$). The largest losses incurred in both absolute and proportional net c.i.f. value terms are also identified and receive specific mention in this report. In this way, significant but proportionally small losses in countries where large programmes are under implementation are also captured.

CORRECTIVE ACTIONS TAKEN TO MINIMIZE FUTURE COMMODITY LOSSES

4. In 2001, for the third consecutive year, the Programme secured a marked reduction in post-delivery commodity losses in absolute terms compared with the previous reporting period, despite having handled a larger volume of commodities than in previous years. This improved performance may be attributed to initiatives taken by WFP to address the problem of post-delivery losses. These initiatives are described below.

Particular Attention to Countries with Proportionally High Losses

5. As recommended by the Executive Board during its annual session in 2001, the Executive Director addressed letters to the governments of countries that had incurred losses greater than or equal to US\$20,000 and 2 percent of commodities handled by individual projects during the 1999 to 2000 reporting period. The governments involved were requested to strengthen efforts to minimize such incidents and reimburse any losses as far as possible.
6. Countries where significant or repeated losses have occurred over the past three or more consecutive years continue to be singled out for attention by WFP. Approval of activities in such countries is closely reviewed and subject to proof of action taken to address the causes of loss. The only case in point last year was Nicaragua. It is worth noting here that post-delivery losses in Nicaragua during 2001 decreased considerably in proportional and absolute terms as a result of the Government and implementing partners taking measures to address the problem.
7. Countries with high and repetitive post-delivery loss rates did not receive funds from the 2001 United States-funded Global Food for Education Initiative (GFEI). A positive



development is that since the submission of the project proposals to the donor in late 2000, the six countries in this category—Bangladesh, Burkina Faso, Eritrea, Guatemala, Lesotho and Yemen—have taken corrective action in order to be eligible for any future GFEI funding tranches.

8. The 1998–1999 report referred to a substantial loss of 717 metric tons (mt) of canned fish and meat in Burkina Faso from 1 January 1996 to 31 March 1999, representing a loss of US\$1.75 million in c.i.f. value terms. The authorities took remedial action and reported the loss to the Executive Board during its annual session in 2000. The Government made a firm commitment to reimburse the full value of this loss to the WFP project. In 2001, an agreement establishing a repayment plan was jointly signed by the Prime Minister's Office, the Ministry of Agriculture and the WFP country office. According to this agreement, WFP will be repaid the total value over five years starting from 2002. The Government has already made an advance on its 2002 tranche of just over 400 mt of sorghum, equivalent to almost US\$71,000 in c.i.f. value terms.

WFP's Oversight Mechanisms Help Troubleshoot Potentially High Losses

9. The Programme's oversight mechanisms, particularly the Office of the Inspector-General, Office of Internal Audit and WFP's external auditors, play an important role in preventing or troubleshooting potentially serious cases of loss and in reporting on cases of fraud and mismanagement. In all such cases, the Programme takes action to address the existing problems and to avoid similar incidents in the future.
10. The Office of Internal Audit includes commodity management as one of the audit thrust areas covered during country office audit missions. This entails tracking commodity movements and noting how the country office monitors and documents losses and what corrective action is taken. Recommendations are made where the controls are deemed to be inadequate or non-existent. Warehouses are visited during internal audit missions and physical inspections are conducted—counting commodity stocks, reviewing warehouse records and management and issuing recommendations. The Deputy Executive Director, as chairperson of WFP's audit committee, issues a document annually to all country offices indicating recommended best practices for each audit thrust area, including commodity management. These best practices are based on the consolidated results of all internal audits during the preceding year and are shared with country offices so that they can take corrective action. WFP has instituted an audit cycle, which establishes that higher-risk country offices, determined on the basis of internal risk assessment, are audited either internally or externally at least once every two years.

Ongoing Investment in WFP's Computerized Commodity Tracking System, COMPAS

11. WFP stepped up implementation of its computerized commodity tracking system, COMPAS (Commodity Movement Processing and Analysis System), a management-information application that helps WFP and its counterparts to track commodity movements from arrival in-country to final delivery points. By means of this system, information on food-commodity movements and stock positions can be shared at sub-office, country office, subregional office, regional bureau and headquarters levels, thus ensuring that all parties are kept fully aware of developments. COMPAS acts as an early-warning mechanism to help minimize future losses. It is also a standard tool deployed in emergency interventions so that commodity movements can be tracked from the start. It is designed to work in any office with e-mail facilities.



12. In 2001, there were several noteworthy developments in COMPAS. The system was installed in 72 offices in 18 new countries, bringing the number of countries using COMPAS to 53; it is now installed in more than 300 WFP offices and sub-offices. Thanks to funding from the United Kingdom Department for International Development (DFID) Institutional Strengthening Programme (ISP), development continued on the second generation version of COMPAS, due for completion in early 2002. WFP provided further support to the six government-operated COMPAS stations in Ethiopia and supported creation of five similar stations for use by the Government of Eritrea. The development and release of the COMPAS pre-arrival module—a new read-only feature of the system that interfaces with WINGS-SAP—brings users the latest planning, purchasing and shipping data for the goods they are expecting. In 2001, the new COMPAS website was created, which forms part of the Programme's intranet site, WFPgo. This website is a one-stop shop for commodity-tracking information and documents, including user guides and other explanatory and procedural material in the Programme's five working languages. The site features a special report-generating facility that allows users to see the latest COMPAS data for any country or location. COMPAS figured prominently at the 2001 annual NGO consultation, where it was agreed that work should proceed on a special interface allowing COMPAS to communicate with implementing partners' commodity-tracking systems and track commodity movements beyond extended delivery points (EDPs).

Capacity-building of WFP Staff and Project Counterparts

13. WFP completed a warehouse-management training package in 2001 and incorporated it into its corporate training for all logistics-related WFP and partner staff. During 2001, 662 people were trained in good storage practices, of whom 302 were WFP staff, 246 were host-government counterparts and 114 were non-government implementing partners.
14. In 2001, WFP's logistics-management training activities were particularly aimed at national logistics staff, with 57 national staff from 49 countries being trained through comprehensive on-the-job logistics management training at the Transport and Logistics Division (OT) at Headquarters. An important aspect of this training was follow-up on knowledge dissemination and implementation in country offices upon return.
15. The revision of WFP's food-storage guidelines booklet was completed; it was distributed to all WFP project warehouse keepers throughout the world.
16. Targeted logistics management reforms in country offices with high post-delivery losses were carried out in 2001 through more complex interventions such as upgrading of staff capacity, agreeing on more appropriate arrangements in logistics management with host governments and enhanced commercial transport contracting.

Newly Established Commodity Management Working Group

17. OT established a commodity-management working group in 2001, the main objectives of which are to identify the origin of commodity losses, to address them with corrective and preventive measures and develop suitable commodity-management policies.

Streamlining of WFP's Commodity Pipeline Management System

18. Efforts continued to improve and streamline WFP's commodity-pipeline management system. The objective is to avoid undersupply of food or oversupply that can lead to underutilization and deterioration of food as a result of prolonged storage. Within the context of decentralization, WFP is making a concerted effort to develop a new standardized commodity pipeline management system. Each country office is in the



process of identifying a pipeline focal point responsible for providing shipment call-forward schedules and preparing monthly pipeline reports for all operations, using standard formats. Each regional bureau has already assigned a regional pipeline manager responsible for compiling country pipeline reports and providing a regional perspective. The regional pipeline managers liaise between country offices and Headquarters sections such as the Resources Division, Programming Service, Transport and Logistics Division and Procurement and Contracts Branch. Such coordination ultimately helps to ensure prompt delivery of well-balanced food baskets to beneficiaries.

19. With funding support from DFID's ISP project, WFP conducted commodity-pipeline seminars at each regional bureau in 2001. Some 175 staff were trained in commodity-pipeline management, of which minimizing post-delivery losses is an important element. Common procedures and reporting formats have been introduced in all regions. New training materials and a combination of existing directives and other training documents are now at the disposal of the regional bureaux and country offices to enable them to continue training staff.
20. Future work in this field will include analysis of actual lead times for WFP commodities that will support more realistic delivery time estimates, training of all headquarters-based staff to complement the field based staff who have already been trained, finalization and compilation onto CD-ROM of all related guidelines and training materials and completion of the technical pipeline reporting tool, which will take full advantage of WINGS.

Regional Efforts to Minimize Post-delivery Losses in WFP

21. Each regional bureau produced an annual results-based workplan for 2002. Common strategic objectives in every region included effective monitoring and troubleshooting of post-delivery losses.
22. As part of WFP's ongoing decentralization initiative, logistics officer posts were established in each regional bureau to provide closer support to country offices on logistics-related issues, including post-delivery losses. OT delegated more operational responsibilities related to the food-supply chain to the regional bureaux and country offices. OT redefined its role to concentrate on corporate preventive measures to minimize losses, such as identifying and addressing the most important causes of loss. Solutions included improved food quality, shelf-life studies, review of distribution and scooping methodologies.
23. Each regional bureau holds a regional logistics meeting once a year at which OT participates. Commodity-management issues are discussed in every meeting, which contributes greatly to the awareness of post-delivery loss containment and preventive measures.

Asia Region

24. The Asia regional bureau carried out a number of initiatives aimed at reducing post-delivery losses in the country offices in its region. Regional warehouse-management training took place in Cambodia for the logistics and commodity pipeline focal point staff of the countries in the region. Country office pipeline strategies including commodity call-forward plans were established. These plans allow the country offices to call forward commodities in line with their absorption capacity and distribution plan, thus reducing losses from prolonged storage and limited handling and storage capacity. The regional bureaux facilitated commodity exchanges between country offices in cases where excess food is delivered and between projects within a country operation. A review of logistics



staff coverage was conducted for each country operation. Cost-sharing of logistics staff was adopted in order to ensure proper supervision and implementation of logistics activities related to food management. Dialogue continued with Headquarters regarding resistance to commodities with limited shelf life, as well as reduction of shipping time of international purchases and in-kind donations. Translation of WFP's warehouse management handbook into local languages was initiated. It will serve as a training and reference book.

Mediterranean, Middle East and Central Asia Region

25. The Mediterranean, Middle East and Central Asia regional bureau undertook initiatives to address post-delivery losses in its region. Contacts and collaboration with counterparts were strengthened at central and provincial levels, repeatedly emphasizing the need to keep losses at the lowest level possible at any time. There were more joint WFP/counterpart visits to project warehouses, with stock controls conducted at least twice a month. Training and advice was provided to impart good warehouse management and food-stacking procedures to counterparts. Warehousing conditions were systematically improved through structural repairs, supply of sufficient storage pallets, plastic sheeting covers and disposal of empty bags. The first-in-first-out (FIFO) commodity-management procedure was adopted throughout the region in order to avoid prolonged food storage and infestation.

Latin America and Caribbean Region

26. In 2001, for the second consecutive year, post-delivery losses diminished in the Latin America and Caribbean region. Action taken by this regional bureau included an increase of logistics staff presence and expertise, which contributed to a substantial reduction of losses. Training in effective food-storage practices was given to 262 WFP and counterpart staff in 11 countries. WFP contracted new logistics staff in Cuba, El Salvador, Guatemala and Peru, thus reducing port storage times and commodity losses. The number of field visits to monitor accountability of stocks was increased in these countries. WFP staff from Bolivia, Cuba, El Salvador, Haiti, Honduras and Peru received on-the-job training in the Rome-based logistics offices and the United Nations Humanitarian Response Depot in Brindisi. An annual regional logistics meeting was held in 2001, which supported the work of WFP's logisticians in their efforts to improve food-management practices and reduce commodity losses.

Central Africa Region

27. The Central Africa regional bureau implemented a number of initiatives in order to reduce post-delivery losses in the region. Warehouse-management training was provided to all WFP and counterpart logistics staff. COMPAS was implemented throughout the region. Commodity pipeline focal points were identified and trained. Frequent field visits were conducted, particularly in areas where WFP food is handled by implementing partners, and recommendations were made to implement improved food-management measures as necessary.

West Africa Region

28. In the West Africa region, initiatives to reduce post-delivery losses included closer attention to the suitability of commodity packaging before food orders are placed. For example, jute bags are now more widely used to ensure better ventilation of food and more efficient fumigation. All WFP and implementing-partner storekeepers and warehouse managers have been trained in improved food-management techniques, especially



stacking. Improved commodity handling during discharge from ships has been implemented in various countries, including provision of high-quality port pallets, increased use of net slings and hiring of private security firms to improve security from ship's hold to warehouse. The value of losses recovered from transporter invoices has been systematically introduced and enforced throughout the region, with appropriate clauses included in all transport service provider contracts. Centrally controlled warehouse facilities have been introduced in some countries to keep sensitive food items such as pulses, corn-soya blend, milk powder and vegetable oil under tighter and more streamlined stock control. Further rollout of COMPAS to new sub-offices and EDPs automatically reinforces WFP's project-monitoring capacity, thus helping to minimize food losses and diversions.

Eastern and Southern Africa Region

29. In the Eastern and Southern Africa region, there has been a continuation of efforts of previous years to ensure minimal post-delivery commodity losses. A concerted effort has been made in training implementing partners in warehousing procedures, which has led to enhanced awareness of the need for improved commodity pipeline management. Increased reliance on COMPAS in the region has strengthened management capacity by ensuring timely information on the status of commodities. The regional bureau has developed a COMPAS-based commodity-age report that flags stored commodities approaching their normal shelf life, thus triggering quicker utilization and minimization of post-delivery losses. The regional bureau is planning to add more COMPAS sites in the region, especially in new operations. The proximity of a regionally based senior management team responsible for the country offices in the region has had a positive effect. The field-based regional bureau now has closer firsthand knowledge of the region to help ensure more timely and accurate advice on commodity pipeline and logistical issues to the country offices it supports.

Eastern Europe Region

30. The Eastern Europe regional bureau implemented a number of initiatives in order to reduce post-delivery losses. The c.i.f. value of losses occurring during primary and secondary transport are systematically deducted from transporters invoices, or in-kind reimbursements are requested. A regional warehouse-training event was carried out for the Balkans offices for all WFP and implementing partner logistics staff. COMPAS has been installed in all EDPs and entry ports. WFP stepped up its monitoring of implementing-partner storage facilities, with more regular visits to their warehouses by WFP logistics staff. The port of St Petersburg was identified as the new entry port for the northern Caucasus area. Since cargo can now be delivered directly from the port to EDPs in Nazran, thus avoiding the Vladikavkaz trans-shipment point, double-handling of cargo is avoided, with fewer possible losses. All warehouses in the southern Caucasus area have direct rail links, with cargo discharged directly into WFP warehouses from wagons.



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

Overview

31. This report covers commodities provided worldwide through the Programme's development projects, protracted relief and recovery operations (PRROs) and emergency operations (EMOPs) for the period 1 January to 31 December 2001. During that period, WFP handled 5.067 million mt of commodities, at an estimated c.i.f. value of US\$0.99 billion. The estimated net c.i.f. value of losses during the period under review amounted to US\$3.08 million, or 0.31 percent of the c.i.f. value of commodities handled. In absolute terms, this represents a very substantial decrease of almost half, or US\$2.74 million, over the previous reporting period, despite the fact that the volume of commodities handled by the Programme in 2001 was higher than in 2000. This is the third consecutive reporting period in which the Programme has reduced its post-delivery commodity losses in proportional terms.
32. The Programme recovered just over US\$115,000 through the sale of commodities no longer fit for human consumption or through recovery action against private transport or warehouse contractors. Salvage sales take place only in the event that commodities are certified as unfit for human consumption or when they cannot be reconditioned but may have some value as animal feed or for industrial purposes. Sales are subject to strict controls, which as far as possible ensure that the commodities cannot be reintroduced for human consumption.

Losses by Cause

33. Annex I shows that 19 percent of all losses, amounting to US\$0.59 million, occurred principally as a result of problems at origin, while 81 percent, amounting to US\$2.49 million, were mainly attributable to problems in the recipient countries. Almost 75 percent of losses were due to the five leading causes of unauthorized distributions: theft, pilfering at ports or during transport, degraded original commodity packaging, poor commodity handling during transit and prolonged storage.

Losses by Commodity

34. Annex II shows that the most significant losses in terms of net c.i.f. value were once again this year experienced with cereals (mainly wheat, maize meal and maize) followed by vegetable oil and pulses. Losses in these three commodity groups amounted to US\$2.15 million in net c.i.f. value terms, or 70 percent of losses reported. This is hardly surprising, however, since more than 60 percent of WFP's global food basket included these commodity types.

Losses by Programme Category

35. Commodity losses in the EMOP or PRRO programme categories accounted for almost 70 percent of losses, amounting to US\$2.10 million, followed by 30 percent, or US\$0.98 million, in the development portfolio. This is hardly surprising, however, since almost 75 percent of commodities handled were in either the EMOP or PRRO programme categories.



Losses by Recipient Country

36. As shown in Annex III, there were ten cases of individual projects registering net commodity losses equal to or greater than 2 percent of the total value handled and with an absolute net c.i.f. value of more than US\$20,000. These occurred in seven countries—Afghanistan, Angola, Indonesia, Sri Lanka, Sudan, Uganda and Zambia. This is almost half the number of countries and cases registered in 2000.
37. Unlike 2000, not a single country in 2001 registered a global post-delivery loss, across all projects, equal to or greater than 2 percent of the total value handled in-country and with an absolute net c.i.f. value of more than US\$20,000.
38. A total of seven countries (less than half the number of cases registered in 2000) incurred post-delivery commodity losses with a net c.i.f. value greater than US\$100,000—Afghanistan, Angola, Bangladesh, Ethiopia, Indonesia, Sudan and Tanzania. These cases are described in greater detail below, in decreasing order of absolute net c.i.f. value loss terms.

Afghanistan

39. Afghanistan sustained post-delivery commodity losses of 4,196 mt, estimated net c.i.f. value US\$573,329, from a total quantity handled of 402,973 mt. In proportional terms, this loss was quite small (1 percent) compared with the value of commodities handled during the reporting period—almost US\$59 million. The most significant losses concerned wheat, mainly as a result of a massive one-off theft from WFP warehouses in Kandahar and two road convoys at Ghazni and Helmand by the retreating Taliban military forces during the seven-weeks from 8 October to 24 November 2001. It was next to impossible for WFP to avoid such losses, given the extremely tense security situation in the country at the time. Since the return of WFP international staff to Afghanistan, however, all necessary measures and controls, in line with WFP standards, have been implemented to prevent further post-delivery commodity losses. Establishment of telecommunication facilities inside Afghanistan has allowed all area offices and the country office to be better informed of all commodity movements. COMPAS is fully operational, allowing for more accurate accountability of food stocks in transit, distributed and stored in warehouses inside and outside Afghanistan.



Angola

40. Angola sustained post-delivery commodity losses of 1,130 mt, estimated net c.i.f. value US\$445,249, from a total quantity handled of 154,465 mt. In proportional terms, however, this loss was quite small (1 percent) compared with the value of commodities handled during the reporting period—over US\$46 million. The most significant losses concerned maize, vegetable oil, maize meal and beans, mainly as a result of deterioration due to prolonged storage in humid weather, defective original packaging, milling losses and accidents during transport by sea. Current milling losses are well within expected limits, but the country office will continue to liaise closely with commercial millers and to monitor losses to ensure that they remain within acceptable limits. Storage periods in primary warehouses, especially in the very humid coastal port cities, will be kept to a minimum. As part of its annual logistics workplan, the country office will carry out a review of all sources of commodity loss and take corrective steps aimed at eliminating the commonest ones. The country office will also implement warehouse and commodity management training for all warehouse staff throughout the country, using commodity-management training modules developed by the Programme.

Bangladesh

41. Bangladesh sustained post-delivery losses of 2,824 mt, estimated net c.i.f. value US\$343,388, less than half the loss value in 2000, from 323,902 mt handled. Compared with the value of commodities handled in the country—more than US\$47 million—in proportional terms this was 0.7 percent, still well below the 2 percent ceiling. The most significant losses were experienced with wheat, owing mainly to wastage during lightering of bulk commodities from large shipments on chartered vessels arriving mainly at the port of Mongla. To address this recurring problem, since early 2001 the country office has implemented the terms of the 2001–2005 Country Programme Operational Contract, which stipulates that for bulk shipments the landed quantities will equal the bill of lading quantities if confirmed by the draft and light draft surveys. The country office has received temporary assistance from a port captain. His advice has included use of only one discharge port in future, Chittagong, and employment of coastal lighters to forward freight needed in Mongla port. This approach will be implemented with future shipments.

Sudan

42. Sudan sustained post-delivery losses of 1,041 mt, estimated net c.i.f. value US\$264,283, from a total quantity handled of 198,541 mt. Compared with the value of commodities handled in the country—more than US\$34 million—in proportional terms this was 0.8 percent, below the 2 percent ceiling. The most significant losses involved wheat, maize and vegetable oil, mainly the result of unauthorized distributions and leakage from fragile packaging. WFP suspends food distributions whenever irregularities are discovered and until measures are implemented by authorities to remedy the situation. Major incidents are discussed at the highest political level in order to ensure adequate security and support to WFP. Remedial action taken by WFP included establishment and training of local relief committees to strengthen supervision of the food distribution process. This will help to minimize such losses in the future. Food-distribution planning and monitoring workshops were conducted with local authorities.

Tanzania

43. Tanzania sustained post-delivery losses of 832 mt, estimated net c.i.f. value US\$182,028, from a total quantity handled on behalf of its own in-country programme and



the Great Lakes regional operation of 184,480 mt. Compared with the value of commodities handled in the country—almost US\$40 million—in proportional terms this was 0.5 percent, far below the 2 percent ceiling. The most significant losses were of maize meal and pulses, mainly as a result of reconditioning and poor handling. Because most losses continue to occur in Dar es Salaam port, WFP has taken over the reconditioning operation from the port authority in order to facilitate faster commodity rebagging. WFP is negotiating a standing reconditioning contract with a bagging company for the port operation. WFP continues to train its warehouse staff in commodity storage and management techniques.

Indonesia

44. Indonesia sustained post-delivery losses of 760 mt, estimated net c.i.f. value US\$171,194, less than half the loss value in 1999–2000, from a total quantity handled of 138,767 mt. Compared with the net c.i.f. value of commodities handled in the country—more than US\$23 million—the losses amounted to only 0.7 percent, well below the 2 percent ceiling. The bulk of the losses concerned rice, mainly as a result of reduced net weight following prolonged storage, changes in humidity, infestation and exposure to flooding and pilfering during transport. The country office registered a proportionally high loss of 62 metric tons of high-energy biscuits, with a net c.i.f. value of US\$53,000. The main cause of loss was insect infestation during prolonged storage. In spite of all efforts, it was not possible to salvage the infested commodity. The country office's improved programme-management practices, combined with training of implementing partners, intensive monitoring, regular reporting and close supervision of the delivery and distribution of WFP commodities have contributed to the lower level of losses.

Ethiopia

45. Ethiopia reported post-delivery losses of 785 mt, net c.i.f. value US\$113,834, from a total quantity handled of 440,824 mt. Compared with the value of commodities handled in the country—more than US\$68 million—in proportional terms this was 0.2 percent, well below the 2 percent ceiling. The most significant losses, detected by WFP food-aid monitors based in the sub-offices, resulted from unauthorized distribution of wheat, which was used as a payment to beneficiaries for portage fees. The country office is liaising with the project implementing authority, the Disaster Prevention & Preparedness Commission (DPPC), to ensure that this practice is avoided in future and that provision is made to handle food at field level without resorting to payments using WFP food.

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

46. There were 56 commodity losses in 13 countries sustained in previous reporting periods reported for the first time this year. The quantity lost was 1,046 mt, .05 percent of the quantity handled, and most individual country losses were small. The countries involved were Burundi, Central African Republic, East Timor, Guatemala, India, Laos, Mauritania, Morocco, Niger, Rwanda, Senegal, Sudan and Tajikistan. Most losses concerned cereals, pulses and corn-soya blend and were mainly to the result of poor condition or infestation at origin, poor rebagging or damage after rain in poor storage facilities.



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

47. As mentioned in the 1999–2000 report, losses of which the Programme was aware but which were still under investigation were reported in eight operations: Bangladesh, Cameroon, Democratic Republic of the Congo, Egypt, Ethiopia, Honduras, Indonesia and Uganda.

Bangladesh

48. The issue of post-delivery commodity losses in Bangladesh was subject to much discussion by the Executive Board during its Annual Session in 2001, and it requested the Secretariat to keep it apprised of the situation. A task force comprising the Government of Bangladesh, WFP and donors—Australia, Canada, the European Community and the United States—have agreed to conduct a four-month in-depth analytical study of the commodity leakage problem, which is expected to focus on recommendations to reduce leakage. The final report is due by early 2003. In 2001, with the assistance of the German Agency for Technical Cooperation (GTZ), the country office designed a comprehensive monitoring and evaluation (M&E) system. It has started to implement this new approach on a systematic basis in all its activities. As part of this new approach, six sub-offices were established using 31 field monitors, thus moving the focus of project monitoring away from the capital city to where the activities are actually implemented. In the EMOP and PRRO, the new M&E approach has already resulted in dramatic improvements. In the vulnerable group development activity, the first three of a planned 40 wheat flour milling and fortification plants began operating in March 2002, providing fortified wheat flour to beneficiaries in sealed bags, thus reducing the risk of leakage.

Cameroon

49. A loss of 70 metric tons of maize flour (estimated c.i.f. value of US\$18,000) was under investigation in 1999–2000. The country office discovered that these losses occurred due to lack of sufficiently rigorous warehouse and food transport management practices by the project counterpart, and has since implemented greater discipline, which includes regular physical stock inventories, as well as a more careful choice of transport providers.

Democratic Republic of the Congo

50. A loss of 643 mt of maize, estimated c.i.f. value US\$109,000, was under investigation in 1999–2000. The country office has assigned a lawyer to deal with this case in Lubumbashi. A prompt resolution is expected.

Egypt

51. The Egypt country office confirmed that various small losses that were under investigation in 1999–2000 turned out to be negligible—less than 1 mt—and mainly the result of poor handling. Logistics service providers were nevertheless requested to take greater care in implementing improved bag-handling techniques.

Ethiopia

52. A loss of 394 mt of maize, estimated c.i.f. value US\$375,000, less than 0.4 percent of the quantity handled, was under investigation in 1999–2000. It was discovered that most of the losses resulted from insect-infested wheat, which also deteriorated as a result of high



humidity. As stated in last year's report, to address such loss problems the country office contracted in 2000 a full-time officer for commodity fumigation and reconditioning and held several commodity-management workshops for counterpart staff. More than 200 staff have been trained so far.

Honduras

53. In 1999–2000 the Honduras country office reported as under investigation a loss of almost 70 mt of rice, estimated net c.i.f. value almost US\$20,000. The investigation concluded that the commodity had been stolen from the port warehouses. The matter is still under discussion between the port authorities and the country office.

Indonesia

54. A small loss of just over 6 mt of various commodities, estimated c.i.f. value less than US\$5,000, was under investigation in 1999–2000. It was mainly a result of spillage of pulses from bags during transit and distribution.

Uganda

55. The Uganda country office confirmed that a 221 mt loss of maize under investigation in 1999–2000 resulted mainly from reconditioning of bags, which contained broken grain from the place of origin. The estimated c.i.f. value of this loss was US\$37,000 and constituted 1 percent of the quantity handled at the time.

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

56. Commodity losses that the Programme is generally aware of but is currently investigating have been reported in five operations: Democratic Republic of the Congo, Mozambique, Palestinian Territory, Uganda and Yugoslavia. 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 2001)
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	Estimated net c.i.f. value of commodity lost (US\$)	Share of total loss (%)
Losses attributable mainly to problems at origin		
Deterioration of packaging material	341 936	11.1
Deterioration of food commodities	210 272	6.8
Other	37 983	1.2
Subtotal	590 191	19.1
Losses attributable mainly to problems in recipient country		
Unauthorized distribution	672 699	21.8
Theft/pilfering	547 471	17.8
Poor handling	337 512	11.0
Improper or excessively long storage	327 429	10.6
Reconditioning/rebagging	187 553	6.1
Other	185 677	6.1
Processing of commodity	123 533	4.0
Infestation	98 877	3.2
Natural disasters	5 068	0.2
Fire	1 946	0.1
Civil strife	885	0.0
Subtotal	2 488 650	80.9
Total, all causes	3 078 841	100.0



ANNEX II

**POST-DELIVERY LOSSES OF COMMODITIES, BY COMMODITY
(1 JANUARY TO 31 DECEMBER 2001)**

Commodity	Quantity handled (mt)	Quantity lost (mt)	Estimated net c.i.f. value of quantity lost (US\$)	Loss as % of net c.i.f. value of quantity handled
Cereals				
Wheat	1 948 912	8 431	993 733	32.3
Maize meal	224 661	1 400	299 958	9.7
Maize	763 978	1 641	243 857	7.9
Rice	771 977	680	135 060	4.4
Wheat flour	382 867	434	86 238	2.8
Sorghum	90 550	143	31 760	1.0
Bulgur wheat	44 856	111	20 815	0.7
Millet	1 241	1	192	0.0
Other cereals	15 609	9	2 282	0.1
Oil and fats				
Vegetable oil	270 897	1 413	610 097	19.8
Edible fat	2 077	0	0	0.0
Dairy products				
Enriched dried skim milk	1 120	5	16 798	0.5
Plain dried skim milk	1 030	0	0	0.0
Other dairy	105	0	0	0.0
Fish				
Canned fish	10 260	22	43 161	1.4
Meat				
Canned meat	1 567	1	1 227	0.0
Pulses				
Beans	86 252	361	169 952	5.5
Peas	125 076	392	98 871	3.3
Lentils	29 296	54	17 600	0.6
Other				
Corn-soya blend	126 651	569	132 018	4.3
Biscuits	6 698	120	99 828	1.8
Sugar	33 833	107	27 764	0.9
Wheat-soya blend	10 202	32	12 777	0.4
Faffa	17 745	12	4 699	0.2
Salt	13 284	20	1 624	0.1
Dates	6 136	5	555	0.1
Corn-soya milk	36 037	0	0	0.0
Miscellaneous	55 935	54	25 605	2.3
All commodities	5 066 636	16 019	3 078 841	100.0



**POST-DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY
(1 JANUARY TO 31 DECEMBER 2001)**

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 losses of more than US\$20,000)		
				Commodity	%	Value (US\$)
Central Africa Region						
Angola	46 413 957	445 249	1.0	Vegetable oil	3.8	144 111
				Beans	3.1	114 235
				Maize meal	3.2	81 250
Benin	1 985 669	8 569	0.4			
Cameroon	1 911 966	30 357	1.6			
Central African Republic	4 707 942	11 525	0.2			
Chad	3 573 249	10 437	0.3			
Congo (Dem. Rep. of)	15 241 563	61 617	0.4			
Congo (Rep. of)	545 675	3 355	0.6			
Gabon	265 749	2 217	0.8			
Ghana	2 362 999	10 212	0.4			
Namibia	705 169	2 142	0.3			
Sao Tome & Principe	834 234	8 401	1.0			
Total Central Africa Region	78 548 173	594 079	0.8			



**POST-DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY
(1 JANUARY TO 31 DECEMBER 2001)**

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 losses of more than US\$20,000)		
				Commodity	%	Value (US\$)
Eastern and Southern Africa Region						
Burundi	2 536 097	2 979	0.1			
Djibouti	2 630 102	<1 000	0.0			
Eritrea	36 594 981	14 048	0.0			
Ethiopia	68 237 472	113 834	0.2			
Kenya	35 938 770	50 037	0.1			
Lesotho	1 043 489	4 417	0.4			
Madagascar	3 469 825	4 300	0.1			
Malawi	3 276 191	5 573	0.2			
Mozambique	9 376 748	12 168	0.1			
Rwanda	5 367 734	<1 000	0.0			
Somalia	2 234 158	1 315	0.1			
Sudan	34 308 089	182 028	0.8	Biscuits	27.8	23 783
				Vegetable oil	80.8	100 520
Tanzania	39 697 530	182 028	0.5			
Uganda	18 758 128	87 391	0.5	Maize meal	3.3	54 313
Zambia	9 230 634	56 823	0.6	Maize meal	4.2	22 070
Total Eastern and Southern Africa Region	272 699 947	800 875	0.3			



POST-DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY
(1 JANUARY TO 31 DECEMBER 2001)

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 losses of more than US\$20,000)		
				Commodity	%	Value (US\$)
West Africa Region						
Burkina Faso	4 261 763	5 828	0.1			
Cape Verde	1 081 707	5 278	0.5			
Côte d'Ivoire	955 682	2 268	0.2			
Gambia, The	2 513 009	1 427	0.1			
Guinea	6 121 674	42 521	0.7			
Guinea-Bissau	1 196 763	<1 000	0.0			
Liberia	4 790 301	8 960	0.2			
Mali	3 527 679	3 321	0.1			
Mauritania	555 467	1 483	0.3			
Niger	7 507 250	36 291	0.5			
Senegal	1 435 922	10 323	0.7			
Sierra Leone	10 090 821	42 434	0.4			
Total West Africa region	44 039 037	160 439	0.4			



**POST-DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY
(1 JANUARY TO 31 DECEMBER 2001)**

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 losses of more than US\$20,000)		
				Commodity	%	Value (US\$)
Asia Region						
Bangladesh	47 085 684	343 388	0.7			
Bhutan	995 229	<1 000	0.1			
Cambodia	15 345 721	10 763	0.1			
China	14 064 631	59 920	0.4			
East Timor	2 238 251	36 450	1.6			
India	21 373 715	27 335	0.1			
Indonesia	23 415 534	171 194	0.7	High-energy biscuits	42.4	53 096
Korea, D.P.R.	174 553 431	<1 000	0.0			
Lao People's Democratic Republic	1 873 710	1 535	0.1			
Myanmar	891 698	<1 000	0.0			
Nepal	14 198 024	21 639	0.2			
Sri Lanka	6 869 000	78 367	1.1	Corn-soya blend	30.4	44 507
Viet Nam	1 949 170	<1 000	0.0			
Total Asia Region	324 853 798	751 806	0.2			



POST-DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY
(1 JANUARY TO 31 DECEMBER 2001)

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 losses of more than US\$20,000)		
				Commodity	%	Value (US\$)
Mediterranean, Middle East and Central Asia Region						
Afghanistan	58 645 245	573 329	1.0	Vegetable oil	2.2	98 236
Algeria	4 371 193	7 442	0.2			
Egypt	3 207 849	<1 000	0.0			
Iran	2 615 670	1 918	0.1			
Iraq	2 857 113	<1 000	0.0			
Jordan	4 694 522	<1 000	0.0			
Morocco	1 909 609	<1 000	0.0			
Pakistan	29 255 175	23 228	0.1			
Palestinian Territory	3 421 242	5 408	0.2			
Syria	4 568 670	2 940	0.1			
Tajikistan	21 350 363	4 813	0.0			
Yemen	3 488 245	5 271	0.2			
Total Mediterranean, Middle East and Central Asia Region	140 384 893	625 021	0.4			



POST-DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY
(1 JANUARY TO 31 DECEMBER 2001)

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 losses of more than US\$20,000)		
				Commodity	%	Value (US\$)
Latin America and Caribbean Region						
Belize	65 021	<1 000	0.0			
Bolivia	6 912 831	<1 000	0.0			
Colombia	2 267 360	<1 000	0.0			
Cuba	1 614 459	<1 000	0.0			
Dominican Republic	1 756 432	<1 000	0.0			
Ecuador	1 670 026	5 271	0.3			
El Salvador	8 065 036	9 599	0.1			
Guatemala	4 908 650	1 000	0.0			
Haiti	7 336 249	5 956	0.1			
Honduras	9 276 910	3 684	0.0			
Nicaragua	8 385 774	<1 000	0.0			
Peru	2 057 074	<1 000	0.0			
Total Latin America and Caribbean region	54 415 822	25 723	0.0			



**POST-DELIVERY LOSSES OF COMMODITIES, BY REGION AND RECIPIENT COUNTRY
(1 JANUARY TO 31 DECEMBER 2001)**

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 losses of more than US\$20,000)		
				Commodity	%	Value (US\$)
Eastern Europe region						
Albania	2 897 731	20 162	0.7			
Armenia	6 084 393	1 708	0.0			
Azerbaijan	4 611 914	<1 000	0.0			
Georgia	12 792 090	27 106	0.2			
Macedonia	994 241	1 347	0.1			
Russian Federation	7 107 477	12 143	0.2			
Yugoslavia, F.R.	41 084 702	58 339	0.1			
Total Eastern Europe region	75 572 549	120 897	0.2			
TOTAL ALL REGIONS	990 514 219	3 078 841	0.31			

