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FOOD AID QUALITY REVIEW PHASE III: YEAR 4

SUPPLY CHAIN OVERSIGHT WORK STREAM: CONCEPT NOTE

PROBLEM STATEMENT

In FAQR Phase III, the Supply Chain team focused on analyzing the current FFP supply chain system in the context of Ethiopia and developing a proof of concept tool that supports decision-making for more effectively and cost-effectively procuring and delivering food aid products. Collaborative links with major partner agencies for in-country distribution were built to better understand and to map the entire food aid distribution system for Ethiopia, from procurement to final delivery points. All data sets provided by USAID and major partners were analyzed to identify investments and/or changes in procurement/shipping/storage/etc. options that might improve in effectiveness and cost-effectiveness of the current system, and to serve as an empirical basis for creating and meaningful scenarios to be run by the optimization tool. Findings from data analysis, knowledge sharing meetings with USAID and major partners, and insights gained from running initial supply chain optimization scenarios pointed to (among other things) the importance of prepositioning using international warehouse for enhancing effectiveness and efficiency. In the extension year, the team will continue to develop insights through scenario analyses with the supply chain tool and perform an initial prepositioning study including of the identification of economically optimal warehouse locations and inventory levels.

GOAL/OBJECTIVE

The work stream will develop recommendations for improving supply chain cost-effectiveness in the context of Ethiopia by creating meaningful and strategic scenarios and analyzing them using the supply chain optimization tool developed in FAQR Phase 3. The scenarios under consideration include in-country distribution for Ethiopia.

Furthermore, the work stream will adopt the previously developed supply chain optimization model to provide initial recommendations on effective prepositioning strategies, including an analysis of economically optimal global warehouse locations and inventory levels for heavily-used commodities.

SIGNIFICANCE TO USAID/FFP AND PARTNERS

The outputs of the supply chain oversight work stream develops recommendations on how the FFP supply chain effectiveness and efficiency could be improved in terms of cost-effectiveness and on-time delivery, provides a proof of concept tool for performing what-if analyses regarding supply chain decisions, and draws a road map for USAID FFP for incorporating supply chain optimization analytics and tools into existing decision-making frameworks.

FINAL DELIVERABLE(S)

- Final USAID FFP Supply Chain results report: key findings from data analyses, model simulation results, and technical and policy insights gained
- Initial insights and findings report on the international warehouse location and inventory study
- Proof of concept supply chain optimization tool and a road map for incorporating it into USAID FFP
- Manuscript from scenario analysis

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