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INTRODUCTION

Impact of Demand Visibility

- USAID current demand visibility is approximately 3 months
- Extend demand visibility to at least 6 months:
  - Potentially leading up to 10% operational cost savings
  - Achieving 100% average on time delivery ratio

Impact of Inventory Prepositioning

- Within 4 months (shorter) demand visibility: larger amount of prepositioned commodities are desired and beneficial
- Within 6 months (longer) demand visibility (total supply chain lead time is less): simply carry efficient operations by pipeline inventory

Impact of Flag Rules

- USAID has to use US flagged vessels on ocean shipping. Additional cost saving can be gained by:
  - Reconstruct to whole year criteria (instead of applying to each planning time)
  - Relaxation on ocean transportation percentage of US flag.

Total Cost Decomposition

- Cost decomposition fit in with data assumption and historical data analysis
  - Inland transportation cost does not vary due to limited data
  - Cost component: Highest percentage – Procurement
  - Lowest percentage – Prepositioning

POLICY IMPLICATIONS & CONCLUSION

Taking advantage of seasonality cost swings of procurement and ocean transportation by extending demand visibility and allowing proper level of commodity prepositioning

Extending demand visibility and allowing prepositioning, independently and jointly, improve the on-time demand satisfaction

Reducing the status quo of US- carrier flag rule from 50% to reduce ocean transportation cost

Making investments in data collection and data management is vital