

STAKEHOLDER WORKSHOP ON THE PROCUREMENT AND SUPPLY OF PESTICIDES FOR LOCUST CONTROL

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OPTIONS FOR PROCUREMENT OF INSECTICIDES FOR LOCUST CONTROL

Introduction

Countries that are affected by locusts require sufficient insecticides to be available during a control campaign. At the same time, over-purchasing should be avoided, to minimize the risk of stocks being unused and becoming obsolete.

Striking a proper balance between these two, potentially contradictory, requirements, has been shown to be difficult. This is due to the relatively unpredictable nature of locust outbreaks and upsurges, difficulties in planning the logistics of a control campaign, unavailability of appropriate insecticides from suppliers, insufficiently coordinated procurement by different donors/actors, political pressure to build up large insecticide stocks, among others.

For instance, large amounts of insecticides delivered during the 2003-2005 Desert Locust major upsurge has not been used at the end of the campaigns¹. This occurred in spite of coordination among donors and locust-affect countries and technical advice to limit purchasing of large stocks. At the same time, an independent review of that campaign concluded that goods (including insecticides) were not delivered fast enough, even at the height of the emergency situation (an average delivery time of 7 weeks, while some goods have not been delivered after 4 months or more).

Objective of the insecticide procurement system

An effective insecticide procurement system for locust control insecticides has the following objectives:

- Ensure timely delivery of good quality insecticides.
- Avoid oversupply of insecticides and prevent accumulation of obsolete stocks.
- Allow competition for price.
- Allow for the sustainable management of wastes resulting from pesticide use, e.g. empty containers.

Such a system will need to have at least the following characteristics:

- Availability of sufficient quantities of different types of insecticides, to be able to control different locust targets (see working paper 4).

¹ Approximately 6.1 million litres of locust insecticides remained in stock in early 2006, after the locust upsurge had ended, of which approx. 0.5 million litres were used in other countries through triangulation (see below) and 1.5 million litres have – so far – been declared obsolete.

- Availability of good (guaranteed) quality ULV formulations of these insecticides.
- Rapid tendering procedure to obtain bids for the required insecticides, or a longer term framework contract which allows rapid delivery.
- Rapid delivery of the insecticides after the order has been placed, generally to a central location in the locust affected country. This could involve a third party to locally deliver the insecticides to central/decentralized locations in the country. (in emergency situations, a maximum delivery time of 4 weeks will be required).
- Avoidance of over-supply of insecticides and reduction of the risk of generation of obsolete stocks.

Below, various options are provided on how to improve procurement procedures for locust control insecticides. Some options focus primarily on improving the speed of supply; others on preventing or managing left-over stocks. Options may need to be combined to allow for both objectives.

In assessing these options, all costs of the insecticide should be taken into account including, but not limited to, direct insecticide costs, possible storage at supplier, international transport, local transport and storage, cost of damage to crops if the insecticide arrives too late, cost of disposing of possible obsolete stocks, and other environmental and social costs.

Note that these options are limited to procurement procedures. Other approaches and measures to reduce over-purchasing and the accumulation of obsolete stocks, such as strengthened donor/country coordination, are not discussed in this working paper.

1. **Pesticide bank**

Principle: Stocks of either active ingredients, or formulated products, of selected insecticides are reserved and stored at the supplier, and consignments out of this stock are delivered within guaranteed – short – delivery times to locust-affected countries.

Advantages:

- Delivery within an acceptable delay
- Generation of limited local stocks – i.e. the risk of accumulation of obsolete stocks is reduced

Disadvantages:

- Likely extra cost (e.g. for “reservation” of stocks at the supplier; for last minute shipment to locust affected countries, which will generally be by aircraft)
- Larger contracts may need to be established at the start of a control campaign

Questions that may be considered:

- Can only larger companies meet this approach, or can (consortia of) smaller companies/traders also provide this service?
- Would it be better to stock the a.i. or the formulated UL formulation?
- What are realistic delivery times of the insecticide in a pesticide bank system?
- What would be the possible contractual arrangements between the buyer and the supplier?

- What would be the indicative extra cost of a pesticide bank system compared to single purchases?
- Would there be any costs if the quantity of contracted insecticides is not required within the contract period?
- What type of sanction should be applied if a company cannot provide the required quantity, or within the required delay?

2. **Product purchase with return option**

Principle: The supplier/manufacturer of the insecticide will take back unused stock.

Advantages:

- The risk of accumulation of obsolete stocks is reduced

Disadvantages:

- There is no certainty that the products will arrive in time (does not solve supply constraint)
- It may encourage over-purchase, since the risk of unused stocks remaining is removed
- Extra cost for return and possible reformulation of remaining insecticides

Questions that may be considered:

- Would this approach be possible for ULV formulations?
- Would there be minimum storage conditions in the locust-affected countries?
- Is this approach only feasible for companies that have access to reformulation capacity?
- Who would organize the return transport of the insecticide; the supplier or the buyer?
- What would be estimated extra costs of returning and reformulating the pesticides?

3. **Trust fund for removal and disposal of unused stocks that have become obsolete**

Principle: A percentage of the insecticide/control budget in each locust control project or programme is placed in an international trust fund for possible future disposal of obsolete insecticides.

Advantages:

- Funding would be available for disposal of obsolete insecticide stocks.
- The costs per project/procurement may be limited, as in many cases no obsolete stocks will be generated.

Disadvantages:

- There is no certainty the products will arrive in time (does not solve supply constraint)
- It may encourage over-purchase of insecticides, since obsolete stocks will be disposed of.

Questions:

- What percentage of the control/insecticide budget would be required and reasonable?
- Should unused funds at the end of a project/programme be returned to donor or remain in the trust fund for later?

4. Triangulation of unused stocks

Principle: Good quality insecticides in stock in one country are donated to another locust-affected country; quality control and shipment are funded/organized by a third party.

This approach is already put into practice by FAO.

Advantages:

- Already purchased existing insecticide stocks are being used.
- Reduction of stocks that may later become obsolete.
- Rapid delivery should generally be possible, since there is no manufacturing/formulation delay but only shipping.

Disadvantages:

- Requires quality control of the insecticides before shipment.
- It may encourage over-purchase of insecticides, since remaining stocks will be “triangulated away”.

Questions:

- Who should be responsible for triangulation (i.e. testing and transport)? An independent organization like FAO; the supplier; the country with the remaining stock?
- What are the costs of recent examples of this approach?

The discussion during the workshop is not limited to these options, and participants are invited to suggest additional possibilities.