



MONETIZATION AS A DEVELOPMENT TOOL:

A Framework for Measuring the Impact of the
Monetization Process

May 2008

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I. Background

ACDI/VOCA Institutional Capacity Building grant calls for the development of state of the art models that maximize the food security and developmental impact of the monetization process. ACDI/VOCA is a leader in employing innovative monetization models that seek to integrate development into the monetization process; therefore, ACDI/VOCA is in the best position to lead such an assessment, using in-house technical expertise to expedite the review and model development process.

ACDI/VOCA has conducted monetization programs since 1989 and has, whenever possible, utilized the monetization process as a development tool. Under Title II programs both in Uganda and Rwanda, ACDI/VOCA monetizes vegetable oil utilizing small lot sealed bid sales. This methodology includes training of buyers in order to open markets, encourage entrepreneurship, and promote transparent business transactions. Furthermore, it allows ACDI/VOCA to target specific geographic areas, thereby directing commodity to specific regions, as well as to promote women in business activities. ACDI/VOCA has also utilized the out-cry auction approach in Kyrgystan under a USDA program to promote transparency and expand the open market in an otherwise very opaque market atmosphere.

While ACDI/VOCA staff believe that these monetization activities have a food security impact, there is currently little empirical evidence or studies to support this belief, nor have there been tools for assessing how impact could be measured or maximized. In fact, no PVO has undertaken this kind of assessment. Therefore, ACDI/VOCA will develop capacity to integrate developmental aspects based on evidence and measure the food security impact of monetization programs. The objective of this paper is to provide a framework for assessing the effectiveness of current monetization approaches. Through that assessment, practitioners will be able to create state of the art monetization models that will enhance the developmental impact of the commodity management and sales processes as well as contribute to FFP's evidence base.

II. Introduction

U.S. food aid is implemented through a number of different types of programs and implementing partners. USDA manages Food for Progress and Food for Education programs; whereas Food for Peace within USAID/DCHA manages Title II programs. Within programs, donated commodity may be used for direct distribution, bartering or monetization.

Monetization, or the sale of the commodity, is often viewed as simply a means by which to generate proceeds for developmental activities. However, limited monitoring and evaluation (M&E) has been conducted to date to determine whether there is developmental impact from the sales process, be it negotiated sale, sealed auction or outcry auctions. USDA does require some qualitative assessment of the monetization process, including description of unintended impact, or resulting development of the private sector, however, the determination is left to the discretion of the implementing partner, to date, Title II development programs funded through the US

Agency for International Development's (USAID) Food for Peace office have focused their M&E efforts on the development activities funded using monetization proceeds.

Given the level of resources that are often committed to the monetization process, ACIDI/VOCA has taken the position that it is now critical to assess whether monetization processes in fact stimulate trade among small businesses, teach transparency in marketing systems, and/or create fora for traders to interact and create new relationships.

This paper, funded under ACIDI/VOCA's Institutional Capacity Building grant (ICB) from USAID's Food for Peace Office, is intended to serve as a guide to private voluntary organizations (PVOs) conducting monetizations as to what can be measured in order to monitor the impact of the monetization process on the participating traders and, to some extent, the industries in which they participate.

The remainder of this document is split into four sections. Section III provides a list of information that can be gathered regarding changes in the industry over time which may or may not be directly or indirectly related to the monetization, but can provide context to the evaluation. Section IV contains recommendations on information that can be gathered to measure the efficacy of the monetization sales process Section V presents an illustrative list of indicators that can be used to measure developmental impact of the monetization process on the participating traders. The indicators fall under three categories a) impact on participating traders' business practices, b) impact on participating traders' growth and competitiveness, and c) impact on other industry stakeholders. Appendix A contains an illustrative list of trader surveys used to conduct a case study of the ACIDI/VOCA Uganda Title II monetization process and its impact on participating traders¹. This Uganda assessment served as a base in the development of this first edition of this document. Appendix B contains the conclusions of the study, which gives a sense of the kind of judgments that can be rendered on monetization as a development tool.

ACIDI/VOCA presents this framework to assist PVOs to begin thinking about monetization as a development tool and how to best capture the developmental impact. Ideally, PVOs would incorporate indicators such as the ones suggested in this document into their M&E systems. Other indicators may be developed based on some suggestions within the document or based on other experience in the field. What is important to consider in developing the indicators is the type of monetization methodology utilized, the cultural context in which it takes place, the enabling environment and donor restrictions as well as the motivation and capacity of the PVO itself.²

This framework does not provide step by step guidelines on how to measure each indicator nor does it provide detailed surveys to be used. It is expected that the PVO teams will be able to

¹ The questions used in these surveys are slightly different, but still relevant, to those that would be used together with this tool since the Uganda surveys were used to gather a substantial amount of data going back a number of years whereas what is being proposed here is that the information be gathered periodically throughout the program's implementation. For example, in the surveys that would accompany this tool, traders would not be asked to provide information on how things were in the past as compared to today.

² Some PVOs are willing to take on a more rigorous and time-consuming process such as small lot sealed bid auctions whereas others simply utilize the monetization process to generate proceeds in order to begin the developmental activities.

develop appropriate questionnaires and data processing systems to gather and analyze the information as part of their overall M&E systems.

It should be noted that this framework also does not cover in detail the impact on the local industry and disincentive analyses, but instead focuses on the impact on direct buyers of monetization commodity. To the degree possible, ACDI/VOCA has highlighted other areas of potential development impact that could be evaluated by the PVO such as impact on the local transportation industry, port operations, as well as government regulations and policies.

III. Industry Overview

One point of assessment in determining the developmental impact of the monetization process is whether the dynamism, effectiveness and competitiveness of local markets has increased and/or the capacity of market stakeholders to maintain regular supplies of commodities important to food security in the country is enhanced. Although the extent to which the monetization process has impacted the industry, if at all, can be difficult to measure, an industry overview can be included in any impact assessment to provide context. Monitoring the industry in question, as well as competing commodities' industries, can tell us how the industry is changing overtime and how the participating traders fit into this ever-evolving environment. This section contains information that can be taken into consideration:

General Social and Economic Trends:

In order to understand changes in the social and economic context in which the monetization is taking place, the PVO could consider overall social and economic trends such as inflation, gross domestic product, unemployment rate, and other relevant trends that could affect the activities of the participating buyers and other industry stakeholders. This could help the PVO understand how the participating buyers' situation compares to that of the general population.

Supply and demand characteristics of the monetized commodity and close substitutes:

- Is there a gap between supply and demand?
- What are the main sources of supply for the commodity (local and international), in addition to the PVO? What are the relative size and market share?
- What are the characteristics of the buyers of the commodity and what is the commodity being used for? Roughly how many buyers are there and what are their relative size and market share from those sources?
- What are the prices, costs, and margins like for this commodity? What is the price elasticity?
- What are some of the seasonality issues to consider?
- What are the potential risks to supply disruption?

Profile and function of participating traders. This can include size and type of business, years in business, location, products traded, main suppliers, main buyers, and main competitors. What are the participating traders' functions in the value chain? Monitoring this over time allows the program to see how participating traders' roles in the value chain and business characteristics change within the context of the broader industry. Is the monetization helping to level the

playing field – do we see that the smaller buyers are starting to compete more with larger buyers?

Degree of industry collaboration at various levels of the value chain. It is one possibility that through the monetization process traders will come together and perhaps start new trading relationships, see the benefits of collaboration through a traders association, or other type of organizational structure that can represent their interests. To bid on even small lots such as one MT, it is possible that traders may pool their resources to make a bid. During the initial assessment, it is important to understand the dynamics of the industry players. Are there industry associations, do traders collaborate at all? What is the nature of the vertical relationships among industry players at different levels of the value chain (traders with their suppliers, and traders with their clients)? For example, are the commercial relationships long-standing, trusting relationships, or merely one-off transactions?

Market Linkages and Secondary Markets. In addition to the growth of the buyers or the sector that may occur through monetization, other areas of potential impact and/or key relationships to understand are secondary markets that are affected. What is done with the wheat bran or empty tin cans? Is there additional local value addition through improved quality or processing and manufacturing beyond the direct buyers themselves?

Enabling environment issues. This includes areas such as infrastructure (transportation, communication systems, etc), financial services, relevant government policies and regulations, and so on. These factors can significantly affect industries positively or negatively and need to be monitored and taken into account when assessing changes in these industries.

IV. Basic Questionnaire

This section provides some guidance on how the PVO can monitor the effectiveness of the monetization sales process. Participating traders can be asked their views on the effectiveness of the process and how it can be improved. If the process is not effective this can reduce the potential developmental impact on the buyers' businesses and local industry. If the monetization proves to be an effective tool for developmental impact, then a less than perfect monetization process will also create a disincentive for buyers to participate, the program would therefore reach a smaller number of people, reducing the potential developmental impact.

Question #1: Average number of buyers participating in sales annually. If an increasing number of buyers participate this could reflect on the popularity and effectiveness of the bidding system and the training provided.

Question #2: Average number of new buyers that stop participating in sales. What are the reasons for them no longer purchasing monetized commodity? Is it due to, for example, more competition, poor margins, lack of capital, complicated bidding process? This indicator would only be relevant for projects that have frequent sales over a period of time, allowing buyers to continue purchasing commodities repeatedly over this period and new buyers to enter the market for monetized commodities over the course of the project as well.

Question #3: Why do traders participate? Is their participation due to, for example, profitable/good margins, the quality of the product, new niche market; the demand of the product; direct access to imported commodity without having to go through a larger importer or tying up funds during the long importation process?

Question #4: What do traders like about the system? The transparency of the system, lower prices, small buyers can compete with larger buyers, timing or frequency of the sales, bidding system means that buyers determine the market price for the commodity?

Question #5: What do traders not like about the bidding system? Examples of responses could be: a) the system is not transparent enough, b) prices change every month, c) the system is unpredictable so they don't know whether or not they'll get the commodity every month, d) the process is difficult and takes too much time.

Question #6: How could the system be improved? This open-ended question allows the interviewee to provide a more nuanced answer. The information gathered here would be qualitative and help the PVO improve the monetization system.

V. Illustrative Indicators

The charts included below can illustrate the potential impact on industry stakeholders and indicators that could be used to measure that impact at various stages of the monetization process. Two types of monetization processes are used here as examples: vegetable oil small lot auctions and negotiated wheat sales. The "Indicators" section below will describe some of these indicators in more detail.

Small Lot Sales (Uganda/Rwanda)

	Commodity Flow	Stakeholders	Potential development impact	Possible Indicator
1	Auction Notice	Wholesaler/Retailer/ Consumer.	- Market Transparency - Improved Access to Commodity	- # of buyers - % women buyers - Average sales amount
2	Auction Training	Small/big potential buyers	- Improved business skills - Improved collaboration, networks	- Business knowledge (pre/post test) - # of MOUs, partnerships of buyers with other buyers
3	Bid / Submitting Deposit	Bidders / banks	- Improved relationship with formal banking sector	- number of buyers with bank accounts - number of buyers accessing credit
4	Opening Bids	Buyers	- Enhanced market information - Improved collaboration, networks	- % of buyers more accurately reflecting market prices - # of MOUs, partnerships of buyers
5	Charting Bids/Selecting Winners	Bidders	- Enhanced market information	- % of traders able to set competitive prices
6	Contracts with Winners	Winning bidders	- Improved contracting capabilities	- % of buyers using new or improved contracts
7	Pricing	Buyers; Consumers	- Increased profit through better pricing - Pricing stability throughout the year	- Percent increase in profits
8	Paying Balance	Winning bidders/banks	- Improved accountability in on-time payment of bills - Increased contracting capacity - Improved use of formal banking sector	- % of buyers who have documentation in order at first attempt at payment - % of buyers using formal sales agreements (other than monetization) - % of buyers with bank accounts
10	Pick-up	Winning bidders/transport	- Improved accountability in documentation, contracting	- % of buyers who have documentation in order at first attempt at pick-up
11	Wholesale Sales	Wholesalers/Retailers	- Increased sales revenues	- Monthly sales revenues - Average number of daily customers - % of customers purchasing monetization commodity
12	Retail Sales	Retailer/Consumer	- Better supply/reliability? Better quality, healthier product	- How do retailers benefit from auction oil vs. Other oil purchases?
13	Consumer	Consumer	- Availability; Better quality/healthier product	- Improved nutrition
14	Consumer	Consumer	- Availability; Nutritional Benefits	

Negotiated Sales Wheat (Uganda / Rwanda)

	Commodity Flow	Stakeholders	Potential Development Impact	Possible Indicators
1	Sale Notice	Millers	- Market Transparency - Improved Access to Commodity	- # of buyers - % women buyers - Average sales amount
2	Sales Information / Training	Millers	- Market Transparency	
3	Bid / Submitting Deposit	Millers / Banks	- Improved relationship with formal banking sector	- number of buyers with bank accounts - number of buyers accessing credit - increase in services offered by banks
4	Opening Bids	Millers / Banks	- Price Transparency	
5	Charting Bids/Selecting Winners	Millers	- Price Transparency	What are the benefits of more transparent process in Uganda?
6	Contracts with Winners	Millers	Increased use of formal sales contracts	Do all millers use formal sales contracts for other commercial purchases?
7	Preparing Payment Guarantee / LC	Millers / Banks	No of buyers using formal payment guarantees vs other comm sales?	Is this a common practice for commercial transactions?
8	Commodity Arrival	Millers / Transport	Handling Commodity Arrival	Anything different for buyers vs. commercial transactions?
9	Survey	Millers / Surveyor	Better supply/reliability, lower transaction costs (more flexible purchasing)	With regular wheat sales, do buyers get better availability and lower transaction costs?
10	Reconciliation / Final Payments	Millers	Better supply/reliability? Better quality, more nutritious product	How do millers benefit from US wheat vs. other suppliers?
11	Wholesaler / Retailer / Consumer	Wholesaler/Retailer/Cons.	Better supply/flexibility, better quality/more nutritious product	How do bakers benefit from US wheat vs. other suppliers?

Indicators:

In considering the impact of the monetization process, ACDI/VOCA has delineated three areas to be assessed: a) impact on participating traders' business practices, b) impact on participating traders' business growth and competitiveness, and c) impact on other industry stakeholders.

As mentioned earlier, although this framework focuses on measuring direct impact on monetized commodity buyers, some secondary data related to the impact on supporting industries (e.g. transportation), and buyers further down the supply chain can also be gathered to understand the greater impact of these programs. In some cases, the indicators listed below can also be used for some of these secondary players. It is also important to collect qualitative information in addition to quantitative data as described below.

Indicators used will vary from program to program depending on several factors, such as the type of monetization process used, the commodity being sold, local industry characteristics, and so on. ACIDI/VOCA advocates using a select few factors that can most accurately measure impact rather than choosing to measure too many indicators which can be costly, tiring for interviewers and interviewees, and might not add much more value. However, as the process of measuring monetization as a development tool develops, it should be recognized that there will be some lessons learned along the way and experience will be the best judge as to number and type of indicator to include in the monitoring and evaluation plan.

All indicators should be measured at baseline, and then at least one or two more times over the course of the project – preferably once a year. Ideally, two sets of indicators would be reported on: 1) participating traders 2) and non-participating traders as a control group if they can be identified. It is important to see how the participating traders’ businesses change over time; however, in order to understand whether certain changes are just a trend in the industry in general or whether they can be directly or indirectly attributed to the monetization program, it is necessary to measure changes in non-participating traders businesses as well, if at all possible. Clearly, this is not always easy to do and the PVO would have to address issues of incentives to interviewees in participating and so on. The PVO will also need to ensure that the businesses being evaluated are of similar character – geographic area, operating environment, etc.

a. Impact on participating traders’ business practices

It is possible that through the traders’ participation in the monetization process, they will develop skills and business habits that they did not previously have. The expectation is that these improved business skills would then be used by the traders to improve their businesses and contribute to a more competitive and transparent market. The indicators below are illustrative indicators that could be used to help measure this impact.

Again, it is important to gather qualitative and contextual information to be included in the assessment as well as the quantitative information which may be collected through the example indicators below. During the mid-term and final evaluations, participating traders should be asked how much of the change in business practices measured through the indicators below, in their opinion, can be attributed to their participation in the monetization process and why. More general questions can follow at the end, such as: What did you learn from the bidding system? Has it helped you improve your business management? In what ways? These questions will

cover any areas that are not directly measured through the indicators below.

i. Percentage of traders using formal sales contracts outside the monetization sales

ii. Percentage of traders modifying contracts based on clauses from the monetization process

Commodity markets in less developed nations often operate informally with buyers and sellers making business deal arrangements without the use of formal contracts. This can place either party at risk if both parties do not act upon the agreed upon terms. Indicator ii can be appropriate if dealing with middle size traders who already use contracts.

iii. Number of traders participating in other tenders outside the monetization process

Through their experience in using the tender sales system as a means for competing for monetization commodities, buyers should be able to use the same skills to pursue other similar business opportunities.

The ability to use this indicator depends on the context in which transactions occur. If this is not standard protocol in-country, this would not be an appropriate indicator.

iv. Percentage change in number of suppliers per participating trader

There are several ways to look at the percentage change in number of suppliers: if the market is generally closed, there may only be one supplier for the buyer – meaning that the buyer is at the mercy of the supplier for the particular commodity. By increasing the number of suppliers, the buyer may be able to mitigate his/her risk and increase his/her negotiating position. At the same time, if the buyer has a large number of suppliers due to the fact that he/she is only able to acquire a limited amount from each, this can increase the operating costs of multiple negotiations, etc. Multiple suppliers over a period of time could also mean that the buyer himself/herself is at high risk for non-payment, delinquent payment, etc. and a change to one or two consistent suppliers could improve business relations. The PVO must determine the operating environment in which the buyers operate and decide if an increase or a decrease would signify improved business practices.

This indicator can also be used to measure participating traders' growth and competitiveness (Part b of this section).

v. Percentage of traders setting prices

Traders' participation in the monetization process can enable them to learn about price determination. Just one example of how this might be achieved is through the posting of sales data during small-lot sealed bids.

In order to increase the market information available to participating traders, the PVO typically posts data regarding the auction results. For small-lot sealed bid auctions, for example, information is posted and/or published in the media about every bid submitted. At a minimum, information posted includes bids submitted, winning bids, average price, lots sold and delivery window. With posted information, participating traders have accurate detailed information they can use to develop marketing plans. Traders are sometimes also provided with some basic training by the PVO on how to calculate costs in order to come up with a suitable selling price

that will provide them with an acceptable profit margin for their business, as well as general budgeting and cash flow management.

This increased transparency in market price, together with increased capacity to estimate costs can lead to increased bargaining power. The participating traders might also be able to move from being price takers to being price setters.

vi. Percentage of buyers successfully performing on contract requirements

It is possible that with the experience gained using contracts during the monetization process, buyers will improve their performance on contract requirements – contracts with the PVO as well as with other suppliers. The PVO would have to define what constitutes “success” in terms of contract performance – for example, success might just refer to the buyers paying for the commodity purchased on time as stipulated in the contract.

vii. Percentage of buyers establishing bank accounts

viii. Number of buyers accessing credit for business improvement or expansion purposes

ix. Loan amounts received for business improvement or expansion purposes

Depending on the operating environment, utilization of credit can be seen as a positive or a negative change. The monetization process may result in increased interaction with the formal banking sector. For example, a PVO’s bidding system can require that the bidder submit a deposit with each bid, requiring the potential buyer to go to the bank, or establish his/her own bank account in order to make a wire transfer. Other types of monetization processes have stringent bank guarantee and payment schemes, again requiring interaction with the formal banking sector. Do participating traders who have had limited interaction, if any, with banks prior to their participation in the monetization process see an improvement in their relationship with the bank and perhaps start to receive credit to expand or improve their businesses?

x. Number of participating buyers forming trading partnerships

It is believed that through traders’ participation in certain types of monetization processes, such as the small lot sealed bid and out-cry auctions, trading relationships can be formed, and collaborations can develop among traders who might find it beneficial to work together in order to achieve economies of scale and improve their bargaining power. This indicator can measure trading partnerships formed that did not previously exist between two monetization participants.

On the qualitative side, if no such formal relationships form, perhaps the PVO can find out whether the participating traders value the opportunity of coming together with other traders in an environment in which ideas and information can be exchanged. And if so, how does this help their businesses?

xi. Number of traders preparing monthly cost projections or budgets

Through the monetization process, potential buyers may receive training on developing cost projections or budgets. The PVO may wish to monitor whether the traders are doing this for a defined period of time – such as three months in a row.

The PVO may further wish to capture qualitative information such as how the traders believe these cost projections have helped their businesses.

b. Impact on participating traders’ growth and competitiveness

In addition to monitoring the use of predefined business practices, the PVO may wish to monitor and evaluate the buyers’ growth and competitiveness. Although it is difficult to attribute changes in the participating traders’ growth and competitiveness to the monetization process, it is useful to measure these changes to see how their businesses change over time as opposed to those of non-participating traders, if possible.

In addition to the quantitative measurements below, the PVO may wish to augment this information with qualitative information. Buyers may be willing to share how they believe their participation in the monetization affected their business. Examples of responses could include reasons such as,

- a) high profit margins allowed them to reinvest,
- b) having access to the imported commodity without having to go through a middle man,
- c) access to commodity of certain specifications improved their overall product,
- d) ability to access commodity in smaller, affordable tonnages,
- e) improved relationships with banks led to increased access to credit to grow their businesses,
- f) improved business skills resulted in increased bargaining power,
- g) more favorable sales terms enabled them to expand their business,
- h) the American commodity was viewed of better quality which drew more customers.

xii. Total annual sales (in metric tons or other relevant unit /value)

This indicator, measured over time, will give the program an idea as to the changes in traders’ business size. Ideally, the participating businesses would be growing in size (if not in size, in profitability – an indicator that appears later in this section). The annual sales number should reflect the whole business; if traders trade more than one commodity, then the PVO should try to gather information on annual sales in other commodities as well in order to arrive at the entire business value/size.

xiii. Number of employees

The number of employees may be an indicator of business growth.³ PVOs should define the

³ When measuring the size of the company using number of employees as a proxy, the PVO should ask whether the employees are paid or unpaid. There are situations in which businesses expand but family members are working and not getting paid. This should be taken into account in order to better understand the nature of expansion.

indicator in the context of the culture and whether unpaid family members are being utilized as employees, whether seasonality affects the sales/employees, etc.

- xiv. Number or percentage of traders owning their own store/warehouse⁴*
- xv. Number or percentage of traders moving to a better trading location*
- xvi. Money (or percentage increase in money) invested by traders in their business for fixed capital assets⁵*
- xvii. Traders' capital asset value (balance sheet)/ Percentage increase in traders' capital asset value*

Another sign of growth is if traders over time are able to move from renting to owning their business premises, or move to a better trading location. Measuring the traders' investment in their businesses and getting a grasp on what their investments are buying (vehicles, machinery, land, etc.) can also be a measure of business growth if investments increase over time. If traders have balance sheets, indicator xvii can be measured, otherwise the PVO can get an idea as to the level of investment and fixed capital assets by using indicator xvi.

- xviii. Average number of clients per participating trader (this can be disaggregated by commodity)*

In determining whether or not to use this indicator, the PVO could consider whether the buyers of the monetized commodity tend to be small traders or larger buyers/wholesalers. In the case of small traders, the number of clients per trader could change significantly from one day, or month, to the next.

Some additional qualitative information that could complement the indicator includes the type of client the trader is selling to (and is covered also to some extent under the industry overview section). Is the trader moving from retail to wholesale, taking on new clients such as restaurants, businesses, and so on?

- xix. Average number of products/commodities sold*

Traders might diversify into new products, process existing products, and so on. This type of diversification and product differentiation can allow traders to take advantage of new demand making them more adaptable to changes in demand, not dependent on one product type, and increasing their profitability through the sale of products to which they've added value.

- xx. Number of traders starting new businesses*

Some traders' businesses might grow substantially and some of the profits might be used to start new businesses. This is also useful to track. New businesses should be defined at the beginning of the program as the PVO may want to consider satellite offices new businesses, new activities

⁴ Indicators xiv and xv should be considered within the context of the rest of the analysis in order to determine their validity.

⁵ Care should be taken to distinguish between assets used solely for business purposes and those used for family purposes.

within the same location (e.g., establishing a computer/internet center in the corner of the store), or a completely different business altogether.

c. Impact on support markets and other stakeholders

Other value chain players

Value chain players further up or down the supply chain could also see changes in their businesses as a result of the monetization. For example, if the monetization commodity buyer is a wholesaler, his/her retail clients might benefit from improved product quality, or more competitive pricing – since the wholesaler is now purchasing directly from the PVO rather than going through one or more middle men passing some of this cost savings down to the wholesaler’s clients. To understand the impact on other value chain players, the PVO could gather similar information to that collected from the participating traders.

Support markets

The monetization process could also impact support markets such as ports, transportation companies, banks, and so on. A list of illustrative indicators that could be measured to analyze the impact on support markets is listed below. As mentioned in other parts of this tool, careful analysis needs to be conducted to determine how much of the change in conditions can be directly attributed to the monetization process.

Transportation:

xxi. Average increase in rating of proposals from inland transportation companies

The PVO might notice that over the years the quality of proposals received from inland transportation companies to transport improves. A system for rating proposals would have to be developed.

xxii. Reduced delays in delivery

The PVO could also be demanding on-time delivery – penalizing transportation companies who do not deliver the commodity on time. As a result of this experience, the PVO could see an improvement in the timeliness on the part of the transportation companies over the years.

xxiii. Average increase in rating of service provided by inland transportation companies

Similar to the proposals rating under indicator xxv, the PVO could also prepare a rating system to study changes in the quality of the service provided by in-land transportation companies. Examples of aspects of the service provision that could be included in the rating system are: consistent maintenance, record keeping and invoicing abilities, responsiveness to client, and so on.

Port facilities:

xxiv. Average increase in rating of storage facilities

The PVO would prepare a rating system including areas to be monitored such as size and condition of warehouse facilities, decrease in rodent infestation, changes in security, and so on.

xxv. Percentage decrease in losses

The PVO might observe that over time the losses experienced at the port decrease.

Surveyors:

xxvi. Average increase in service rating

Examples of areas that can be included in the rating system would be timeliness of report submission, accuracy and/or completeness of report, and so on.

Banking Sector:

xxvii. Increase in services offered

As a result of working with the PVO and having to adapt to their monetization sale requirements, banks involved might develop new services or change existing services. For example, banks might open open wire services or facilitated deposits.

VI. Conclusion

A lot of information can be gathered to measure the potential of the monetization process to have developmental impact on direct buyers and other industry stakeholders. It is key to choose a select few indicators that will most accurately measure impact and to carefully analyze issues regarding attribution of impact to the monetization process. Complementary information regarding general industry trends should also be studied to provide context to the evaluation.

APPENDIX A – Uganda Title II Case Study Surveys

The Uganda assessment was conducted in 2007 and studied the impact of the ACDI/VOCA Title II Program's monetization process from 1989-2006. No baseline had been conducted nor information gathered throughout the program on the impact of the monetization on participating traders. Most of the data (covering several years) was gathered over a two month period in 2007. Many of the questions are therefore asking the traders to provide the interviewees with estimates from previous years and changes in their businesses over time. This framework, however, is intended to be used to gather information periodically and therefore questions regarding *how things used to be before* would be captured in the baseline and interviewees would only be asked about the current year.

**ACDI/VOCA PL-480 Title II Program Uganda
Trader Survey: Vegoil Monetization Sales**

Date: _____ Name of Interviewer: _____

Name of Respondent: _____ Position: _____

Shop/Trader Name: _____

Phone: _____ City: _____

Rural/Urban: _____

Type of Trader (a)	Group of Trader (b)	Type of Dealer (c)	Purchase from (d)	Date Opened	Trading main activity	Trading Location	Inventory Levels per week	Years in USA Vegoil sales	Own shop or rent?	Access to credit (yes/no)

- a. Type of Trader: 1. Primary Trader (producers who sell to traders, wholesalers or retailers); 2. Secondary Market (wholesaler sells to traders/retailers); 3. Consumer Market (Retailer sells to final consumer); 4. Combined (Wholesaler sells to trader & also operates retail outlets)
- b. Group of Trader: 1. Grains/oil; 2. Fruits & vegetables; 3. General Store; 4. Other (specify)
- c. Type of Dealer: 1. Local dealer (operates within city/district only); 2. Provincial dealer (operates in several districts); 3. Regional/national dealer (Operates throughout country); 4. International (Importer/exporter: formal/informal)
- d. Purchase From: 1. producer; 2. local dealer; 3. Provincial dealer; 4. Regional/national dealer; 5. Int'l Exporter; 6. ACDI/VOCA PL480 small lot sales

Qualitative Questions

- 1. What was the source of capital you used to start your business? a) own savings; b) loan from family or friend; c) joint venture with other partner; d) bank loan e) other
- 2. Did you participate in buyer training offered by ACDI/VOCA?
- 3. If so, how would you rate this training? (Good/fair/poor)?
- 4. Why did you first decide to buy USA Vegetable oil? a) margins were high; b) new niche market; c) quality product; d) customer demand; e) all of the above; f) other
- 5. Did you have the capital to bid at the beginning? How did you access capital to buy the vegoil? a) borrowed; b) existing capital/cash savings; c) customer demand; d) other

6. Do you still buy USA Vegoil now? If yes, why? a) profitable; b) quality product; c) other
If no, why? a) more competition; b) poor margins; c) lack of capital; d) complicated bidding process; e) other
7. What did you learn from the bidding system? Describe. Has it helped you improve your business management?
8. What do you like about the bidding system? a) transparent system; b) lower prices; c) small buyers can compete with larger buyers; d) occurs monthly; e) bidding system means that buyers determine the market price for USA oil; f) other
9. What do you not like about the bidding system? a) system is not transparent; b) prices change every month; c) system is unpredictable so I don't know whether or not I'll get oil every month; d) the process is difficult and takes too much time; e) 5% deposit by bank draft means if I don't win oil, I lose money; f) I lose customers because sometime I don't have oil to sell; g) other
10. Do you think the bidding system needs improvement? If yes, what would be a better system? A) have a fixed price; b) get rid of bidding system completely; c) increase the minimum lot bid size from 1 to 5, 10 lots or more; d) other
11. Can you estimate the percentage of cooking oil you sold before bidding to bid on USA vegoil?
12. What is the percentage now?
13. Has the size of your business changed since you began buying USA vegoil? Yes/No
14. Do you attribute any of this growth to the purchase of USA vegoil due to profit margins? Yes/No How?
15. Do you think that monthly bidding for USA vegoil: a) sets the market price for other oils on the market; b) establishes fair market prices; c) stimulates competition among bidders; d) no opinion; e) other
16. Do the health benefits of USA vegoil (fortified with Vit. A and lower in cholesterol than refined palm oil and other oils available) help you to sell more than competing oils? a) Yes, this is very important to all consumers; b) yes, this is important to only more wealthy consumers; c) yes, USA oil quality is important in consumer decisions; d) yes, buyers are more health conscious today than a few years ago; e) yes, marketing campaign stressing low cholesterol and Vitamin A sells more oil; f) No, price is the most important factor when clients buy oil; g) no, other oils are no offering Vitamin A fortification and lower cholesterol options ; h) other

17. Did you have a relationship with a bank for your business prior to bidding on USA oil?
a) yes, had an existing relationship; b) yes, but I only use the bank for savings and to process bank drafts for bidding, never credit; c) no, my business is cash only, I don't need credit.
18. Did the requirement to bid on USA vegoil with a bank draft help you to further your relationship with a bank? a) yes, the program bank draft requirement helped to establish a relationship with the bank for credit; b) yes, but I never use credit for my business; c) no, I only use the bank for bank draft and normal transactions; d) No, I already had a strong relationship with the bank; e) no, there has not been a change.
19. Do you think that ACDI/VOCA PL480 monthly vegoil sales and the changing prices every month based on the bidding system means that USA oil sets the price for cooking oil in the market compared to competing brands such as Mukwano? A) yes, USA Oil bids every month sets the market price; b) Yes, USA oil monthly bid used to set the Mukwano price, but now there are more choices and USA oil is not a price setter; c) No, USA oil does not and never has had any impact on market prices for other brands.
20. Have you been able to form new trading relationships by coming to bid for USA vegoil?
a) Yes; b) no, the system is competitive and we don't talk to each other; c) No, other reason
21. Has your trading location changed since you began bidding on USA vegoil? If yes, why?
a) business has grown; b) better location; c) high rent; d) a & b; e) all of the above; f) other
22. Did you rent or own your trading shop prior to beginning sales of USA vegoil? a) yes, my participation in USA vegoil sales allowed me to own my shop; b) yes, I now own my shop, but it is not related to buying USA oil; c) no, I always rented
23. What items do you sell in large quantities?
24. What are your current sales per week? (Ushs)
25. What were your sales per week when you began trading? (Ushs)
26. Has this changed prior to beginning purchase of USA vegoil? By how much?
27. Do you have more or less buyers since beginning purchase of USA vegoil?
28. Do you have more or less suppliers since beginning purchase of USA vegoil?
29. How do margins on USA vegoil compare today to other products you sell?
30. Do you have your own vehicles? Did you have these prior to beginning purchase of USA vegoil?

**ACDI/VOCA PL-480 Title II Program Uganda
Miller Survey: Wheat Monetization Sales**

Date: _____ Name of Interviewer: _____

Name of Respondent: _____ Position: _____

Miller Name: _____

Phone: _____ City: _____

Rural/Urban: _____

Qualitative Questions

1. How did you raise capital to open the mill? a) own savings; b) loan from family or friend; c) bank loan; d) investment from multinational company outside of Uganda; e) other
2. What challenges did you face when you first opened the mill? a) capital; b) technical skills, c) equipment; d) suppliers; e) customers; f) other
3. Has competition increased since you first opened? a) yes b) no; c) other
4. What were the challenges of milling US HRW? a) getting supply; b) getting good flour by mixing with soft wheat blend; c) equipment; d) finding customers; e) getting bakers to appreciate the difference in the flour; f) other
5. Do you still profit from US HRW? If yes, how? Has this changed over the years? If so, how did you address this challenge?
6. How many mills serve your market? What share of the market does the mill have?
7. Has the PL480 bidding system helped you to determine prices for other wheat you buy? If you are a smaller mill, is there a benefit to competing with larger mills through this process? Please describe.
8. How do bakers benefit from US HRW? a) bread quality; b) sales; c) other
9. Did your business grow as a result of buying US HRW from PL480? If yes, how?
10. As a result of buying PL480 HRW wheat, has it helped you to access more credit or other financial guarantee mechanisms from your financial institution?
11. Do you think that ACDI/VOCA PL-480 wheat sales raises or lowers prices for competing wheat from other countries (e.g. Australia, etc.)?
12. Have you been able to form new trading relationships or established a Miller's Business Association by coming to bid for US HRW?

13. Do monetizations from other countries affect sales price in Uganda?
14. Does bagging commodity affect price? How much?
15. Has your mill location changed sites you began bidding on HRW wheat? Why?
a) business has grown; b) better location; c) lower rent; d) bought own land; e) other
16. Would you be able to buy US HRW commercially if PL480 Title II sales come to an end? How would this affect your supply, quality and profit margins?
17. Do you have more or less suppliers since beginning purchase of US HRW?
18. What other types of wheat do you buy for your milling operations? How do the margins on USA HRW and final sales price compare to other wheat you buy?
19. Have your assets increased since you began milling?
20. Do you buy HRW wheat grain (Canada, Australian-origin etc.) from other commercial traders?

Quantitative information:

Date Mill Opened	Initial Investment Capital	Balance Sheet for first year of operation (Profit/loss)	2006 Balance Sheet (P/L)	First year Milling Capacity	Current Milling Capacity	First year Wheat MT purchase/yr	Current Wheat MT purchase/yr

First year PL480 Annual Wheat Purchase	Current Annual PL480 Wheat Purchase	Initial production/ week	Current Production/ Week	Initial Weekly Sales (Ushs)	Current Weekly sales (Ushs)	% PL480 Wheat purchase of total/yr

First year No. of Employees	Current No. of Employees	First Year Capital Asset Value	Current Capital Asset Value	First Year Annual Sales	Current Year Annual Sales

APPENDIX B - Conclusions of Uganda Study

The case study presents a different perspective on previously overlooked aspects of monetization sales. Buyers participating in Title II sales generally benefit, but the exact nature of these benefits varies by commodity given specific market conditions. Traders who participated in small-lot vegoil sales benefited in the 1990s from high margins and many used these gains to grow their business. The Ugandan edible oil sector matured in the last two decades, witnessing the rise of local manufacturing and the importation of more cooking oil brands. USA oil was no longer a “hotcake” for consumers and traders. As a result of increased competition, traders’ margins declined and they diversified their product range. Thus, traders’ business growth in more recent years is likely attributed to higher margins on a wide range of products and business acumen. Simultaneously, consumers became more health conscious, seeking cooking oil brands such as USA oil which offer a healthier alternative to cheaper, competing local brands. In this respect, we can conclude that USA oil’s price elasticity rose over the years, i.e. It went from being a “necessity” to a “luxury” wherein demand is now more sensitive to changes in price. The small-lot bidding process assisted some buyers to improve their business skills through better market analysis and price projections, but there is no evidence to show that it improved their access to credit.

US hard red winter wheat grain sales appear to have had a greater impact on the growth of the wheat flour sector in Uganda. Title II monetization sales began when the industry was in its infancy. The steady supply of US-origin hard wheat during this period allowed new mills to build a market for quality flour required by bakers. Since supply was a problem at this early stage, it is more likely that millers would have bought primarily Australian soft wheat – the dominant wheat available in East Africa during this period. At commercial rates, US HRW would not have been a viable option for millers. As with the vegoil sector, competition increased drastically since Title II sales began. Increasing consumer demand for wheat flour and construction of new mills gave all millers more grain choices. Critically, most millers concurred that Title II sales were instrumental in their growth in terms of sales, assets and employees, but had no bearing on their access to credit or increased their capacity to work cooperatively with competitors through an association.