



**Monetization and Development:
A Case Study of Title II Sales in Uganda
(1989-2006)**

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Background:

ACDI/VOCA was awarded a five year Institutional Capacity Building (ICB) grant by the United States Agency for International Development's (USAID) Office of Food for Peace (FFP) in September 2003 for the FY2004-FY2008 period. The award is ACDI/VOCA's third such capacity building grant for its food security programs, and is managed by the Food Security and Specialty Crops portfolio. The purpose of the grant is to enable ACDI/VOCA to enhance capacity for effective implementation of Title II food security programs.

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 believes that monetization activities have a positive 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. Thus, ACDI/VOCA, through its ICB grant, is developing studies and frameworks which provide the empirical evidence that will help maximize the developmental impact of future monetization sales. To this end, this paper's assesses the impact of Title II sales conducted in Uganda by ACDI/VOCA. It explores the sales methodology undertaken by ACDI/VOCA, investigates the results of these sales and draws conclusions that will inform the development and implementation of future monetization programs.



About the author:

Mr. Emmet Murphy is the President of Agro Afrique Consulting, a firm that specializes in diagnostics of agricultural marketing systems in Africa. With over 13 years experience in Africa, Mr. Murphy has expertise in project management, agricultural finance, smallholder economic development, market information systems, farm to market road rehabilitation, food aid commodity management, freight logistics and agricultural market analysis. He has written numerous Title II Bellmon Analyses, Title II proposals, project evaluations and recently completed a “Rapid Market Analysis Toolkit for Sudden-Onset Emergencies” currently being field tested by Oxfam GB and other humanitarian organizations.

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Background

ACDI/VOCA sells (“monetizes”) various P.L. 480 Title II commodities provided by USAID Food for Peace throughout the world to fund food security interventions for vulnerable households. The firm developed a draft “monetization as a development” framework through its Institutional Capacity Building (ICB) grant to assess the impact of their Title II monetization activities in country programs, such as Cape Verde, Uganda and Rwanda. A volunteer consultant was recruited to conduct a monetization impact assessment in Uganda to determine the degree to which the monetization process assisted traders who bought vegetable oil (vegoil) or wheat millers buying hard red winter (HRW) wheat grain to begin and expand their businesses since the program’s inception in 1989.

In 1989, ACDI/VOCA embarked on a unique “small-lot sales” methodology to monetize vegoil in Uganda. Traditionally, monetization commodities, such as oil, rice, and beans had been sold in bulk to the largest, well-capitalized importers/wholesalers. In the interest of leveling the playing field for small, medium and large traders alike, the program proposed a monthly tender sale allowing buyers to bid on a minimum of one “lot” (45 cartons, equivalent to one metric ton). After advertising in local newspapers, potential bidders were invited to submit bid forms with a 5% bank draft deposit up to the day of the tender closing. Bid envelopes were opened the following day with at least one bidder present. Early tenders were characterized by near mob scenes - hundreds of anxious traders appeared on the day of the tender closing with envelopes hoping to “win” lots of oil. Given the limited supply of cooking oil on the market and the lack of local oil production, competition was keen among a wide range of buyers. The avid competition produced commodity cost and freight (C&F) recovery rates above 130% for the program and handsome profit margins of 25% or greater for successful bidders. The proceeds were for use for developmental activities in Uganda including improving agricultural production, post harvest handling, road rehabilitation, competitive grants for rural production and marketing, assistance to internally displaced persons, among other uses.

Following the growth of the local edible oil sector several years later, management recognized the need to diversify monetization commodities. In 1997, ACDI/VOCA began to import wheat to serve this burgeoning sector. Prior to beginning this sale, there were no wheat mills in Uganda, however, two industrialists expressed an interest in investing in this sector. ACDI/VOCA selected hard red winter wheat grain for its excellent quality for bread production, which is normally blended with cheaper soft wheat varieties. Over the years, new NGOs were awarded Title II programs and ACDI/VOCA has served as the lead monetizer for wheat grain up to the present day. As of FY07, these include: Save the Children and World Vision. Vegoil, on the other hand, is not sold by the consortium and proceeds are generated for ACDI/VOCA programming only. Wheat tenders are restricted to wheat millers who submit sealed bids, then a bargaining process begins if bid offers are too low. Whereas Title II wheat sales began with only two mills, nine mills now serve the domestic market in four locations – Kampala, Jinja, Mbale and Kabale. Six of these mills are regular buyers of PL-480 US HRW wheat.

Methodology of Study

Questionnaire Development

Given the significant difference between wheat grain and cooking oil buyers and the sales process used by ACDI/VOCA in Uganda, separate questionnaires were needed to interview the two groups of Title II commodity buyers. Following several days of field testing, questionnaires were refined based on buyer response and lessons learned during the initial interview process, then an analysis tool was developed. One of the key changes in this period was to limit buyer responses to a range of answers so that results could be assessed in a more uniform manner using the analytical/financial tool. These choices could only be gleaned once a pattern of responses began to emerge.

Based on the objectives of the study, each questionnaire included a qualitative and quantitative section and distinct categories of inquiry (Annexes A & B). Vegoil qualitative categories included:

- Business Start-up, Entry to USA Oil Market
- Earnings and Profits
- PL-480 Title II Small-lot Sales Monetization Bidding Process

For wheat millers, qualitative categories included:

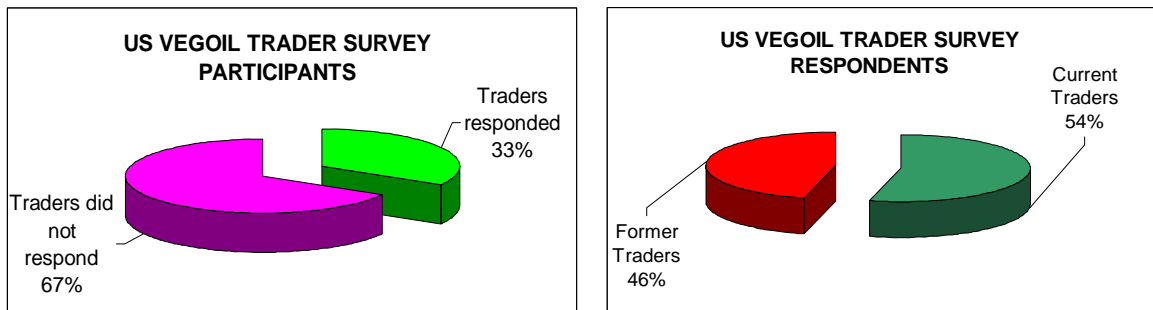
- Business Start-up, Capital, Operations
- Competition and Wheat Supply
- Earnings and Profits
- Title II Monetization Impact

The quantitative section of the questionnaire collected information about the characteristics of the informant's business, including type of trader, balance sheet (wheat millers), years in business, inventory/weekly sales, access to credit, etc. Both quantitative and qualitative sections included questions which measured changes in the market or their business over time to provide a comparative analysis.

Buyer Interviews

Over nearly two decades, hundreds of small traders participated in ACDI/VOCA monthly small-lot vegoil sales, especially in the early years when the cooking oil supply in Uganda was limited. However, most of these buyers could not be found since many of them died from AIDS in the interim or moved onto other businesses, hence they were untraceable. ACDI/VOCA sales staff composed a list of current and former buyers with whom they were familiar. Out of 30 potential respondents, only 13 agreed to participate

in the survey. Four buyers interviewed had participated consistently since the start. A nearly equal portion of current and former traders responded, providing a higher level of confidence that responses reflect a balanced range of opinion. Since most of the vegoil traders operate out of small shops in the central market (Williams St.-“*Kikuubo*”, Kampala), we interviewed each of them at their premises during the quietest sales period of the day. Interviews lasted about one hour with three interviewers present – one asking questions, and the others taking notes.



Increasing demand for wheat products in Uganda since ACDI/VOCA began selling US HRW ten years ago led to the installation of seven new mills. Today, nine mills serve the Ugandan market, and six mills bid on Title II wheat on a regular basis¹. Out of seven potential respondents for the study, six participated in the survey. The mills tend to have a corporate structure with separate departments and well-developed accounting systems. For this reason, the wheat questionnaire included more questions about the mill’s balance sheet and changes in sales over time. The team sent the questionnaire to management by email or fax prior to the interview so that financial data could be researched and provided during the meeting. Half of the interviews were conducted in person at the mills with two interviewers, while the rest were completed then returned by the respondent, with a follow-up call for clarification.

Questionnaire development and interviews of key informants occurred 27th June – 28th July 2007.

Data Analysis

Final versions of the wheat and vegoil questionnaire served as source documents to develop a statistical, financial tool to analyze the data. Questions were categorized at this stage and formulas developed to conclude how the majority of respondents answered the questions. Separate sections were designed for wheat and oil responses and further divided between quantitative and qualitative analyses. After all data was captured, extensive analysis was required to determine key findings and statistical data used to write this report. The analytical tool developed herein could serve as a model for future studies in different markets and for various Title II commodities sold by ACDI/VOCA

¹ The smallest mill in Kabale near the Rwandese border operates irregularly, but occasionally bids on Title II wheat. Out of seven potential respondents for the study, six participated in the survey.

and other Title II Cooperating Sponsors throughout the world. Historical data for tender sales from 1996-2007 was also compiled to display trends in which traders were successfully winning vegoil lots over time.

Assessment of Results

Vegoil

Sector Overview

Vegoil traders sell primarily to the secondary market as both wholesalers and retailers selling a range of products out of general goods stores. Some buyers managed supermarkets, while others were strictly trading from small stores in the traditional marketplace in central Kampala – *Kikuubo*. All interviewees were urban-based and 58% located in Kampala, followed by Jinja (14%). The majority of traders interviewed operate strictly within the location where their central store is located. Only one Title II vegoil buyer had a presence in more than one district and could be classified as an international importer. Apart from sourcing some of its inventory from PL-480, 85% of traders purchase directly from local producers.

Vegoil Trader Locations

Urban	14	100%
Capital Kampala	8	58%
Jinja	2	14%
Mbale	1	7%
Masaka	2	14%
Mbarara	1	7%

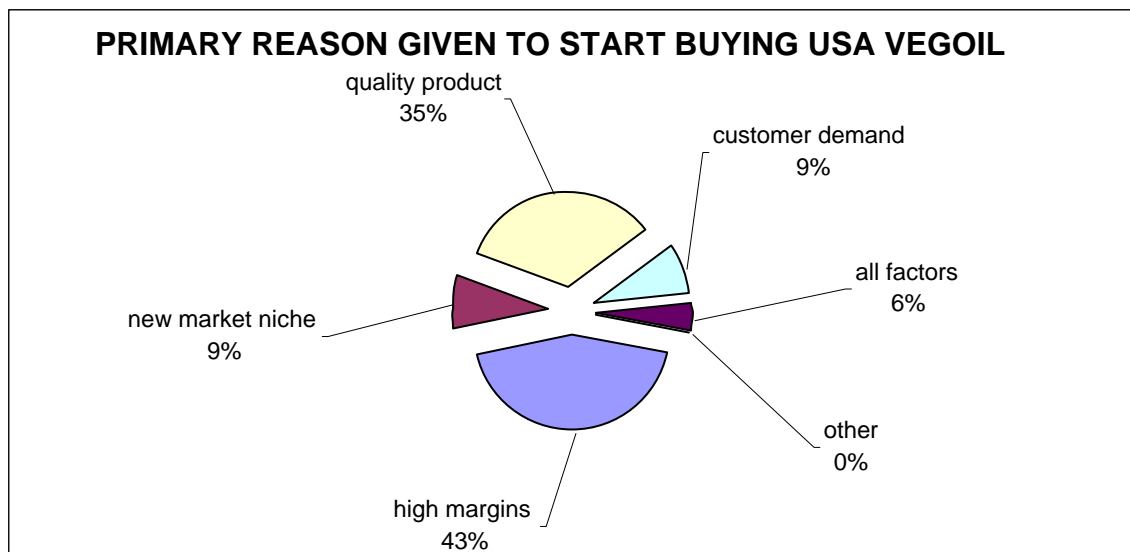
Vegoil Trader Characteristics

Primary Trader (producers who sell to traders, wholesalers or retailers)	3	19%
Secondary Market (wholesaler who sells to traders/retailers)	6	38%
Consumer Market (Retailer sells to final consumer)	2	13%
Combined (Wholesaler sells to trader & also operates retail outlets)	5	31%

Most vegoil buyers are well-established entities with an average of 26 years in business, though this figure was skewed by one trader who had set up shop in Jinja in 1917. On average, traders had been engaged in vegoil trading for ten years. This figure was higher for more established traders – 14 years. Traders overwhelmingly rent their premises (69%) and trading is their primary activity (77%). Additionally, most buyers (69%) have accessed credit at one time or another, especially secondary market traders.

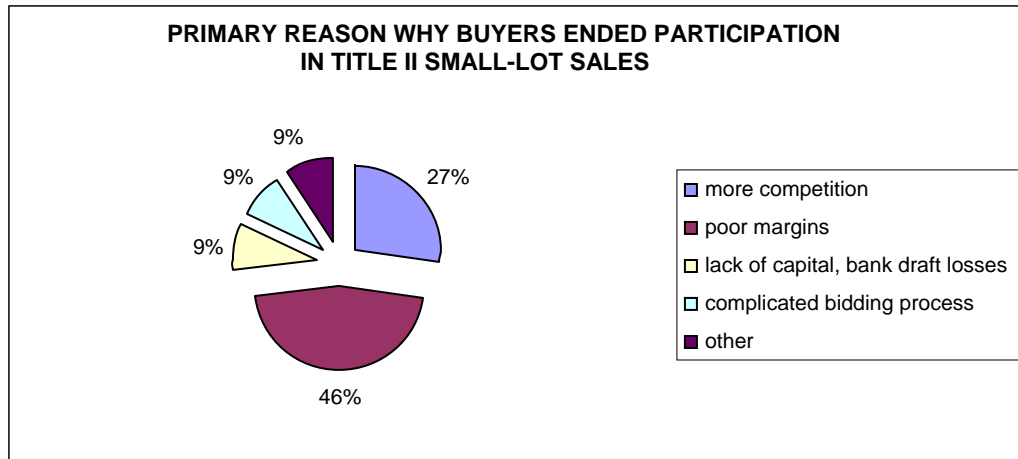
Business Start-Up/Entry to USA Oil Market

Traders interviewed generally started their businesses using their own savings (69%). Similarly, the majority (86%) submitted their first bids for USA cooking oil using existing capital/cash savings. Their interest was initially piqued for the product based on high margins and because it is a high quality product. Ten respondents (83%) emphasized the importance of USA soybean oil as a healthy option for consumers compared to other oil on the market made from refined palm oil. USA cooking oil buyers tend to prioritize health benefits over price, suggesting that the oil may not be consumed by the poorest sectors of society who are price sensitive. Many agreed (70%) that following USA oil marketing campaigns, awareness increased significantly and demand spiked accordingly. During these discussions, it emerged that the market had changed significantly in recent years and that consumers are more health conscious than before and willing to pay a premium price for quality products.



Earnings, Profit and Business Growth Linked to Title II Participation

Without exception, traders enjoyed growth in their businesses from inception and since participating in USA vegoils sales. On average, businesses grew nearly 300% since they opened their doors, and 67% asserted that they could attribute part of this growth to their participation in USA vegoils small-lot sales. Growth was measured by other factors also, including purchase or move to a new shop, increase in buyers, increase in staff, diversification into other business, etc. Though margins for USA oil had been quite good compared to other products in the 1990s, all buyers agreed that current margins were low or average (0-5%) compared to other products they buy. Respondents who continued to buy vegoils despite low margins stated that they still bought USA oil because it was a quality product (50%) and demand remains strong (38%). For those who stopped buying USA oil, buyers blamed poor margins, increasing competition, the complicated bidding process and lack of capital as their primary reasons for ending their participation.

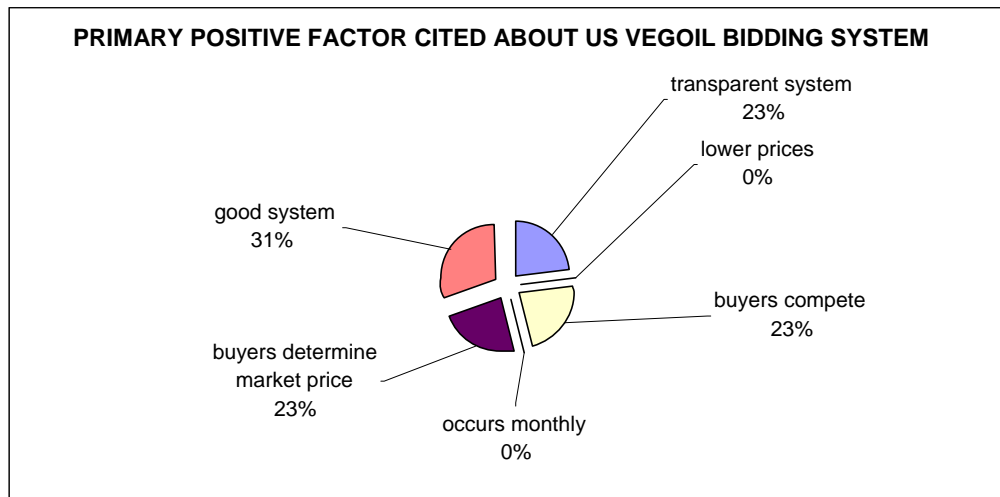


Traders emphasized that they deal in a wide range of products and overall growth is attributed to many products and good business decisions at key junctures. Many noted the tremendous growth in Uganda’s commercial sector over the last 15 years, evident in the growing number of suppliers, a point upon which all concurred. Additionally, the share of cooking oil in traders’ gross stock had diminished since they began bidding on USA oil from 10% to 3% of their total stock. They attributed this change to the greater number of products now available on the market. All agreed that they have more suppliers now than when they opened. Another indicator of growth was that many had moved to a better trading location (85%) since they began bidding on oil, though a majority of respondents continued to rent their premises. Some traders used USA cooking oil profits to start entirely new businesses, and credited higher margins in the early years as key. A total of 77% of respondents cited that they had more buyers since they began buying USA oil, suggesting that they had diversified their inventory to maintain and attract new buyers. However, considering additional assets to measure growth, such as ownership of vehicles, no appreciable change was apparent before and after participation in Title II sales.

PL-480 Title II Small-Lot Sales Monetization Bidding Process

While a majority of interviewees like the PL-480 small-lot sale bidding system (69%), most feel that the system needs to be improved (69%). Many broadly stated that the system was good and allowed buyers to compete and set market prices in a transparent manner. The sales methodology is a departure from the norm whereby producers or wholesalers set fixed prices and buyers are price takers. One trader commented that the system worked very well in the early years of the program by establishing an equitable market price and the bid system selected buyers among a large number of bidders. Additionally, half of the buyers stated that the bidding process has helped their business management skills. Some commented that it honed their skills in business planning, price projections, market research, stock management, etc. While most buyers agreed that USA vegoil is no longer a price setter in the Ugandan cooking oil market, most concurred that it used to set the price despite having a small market share compared to the largest

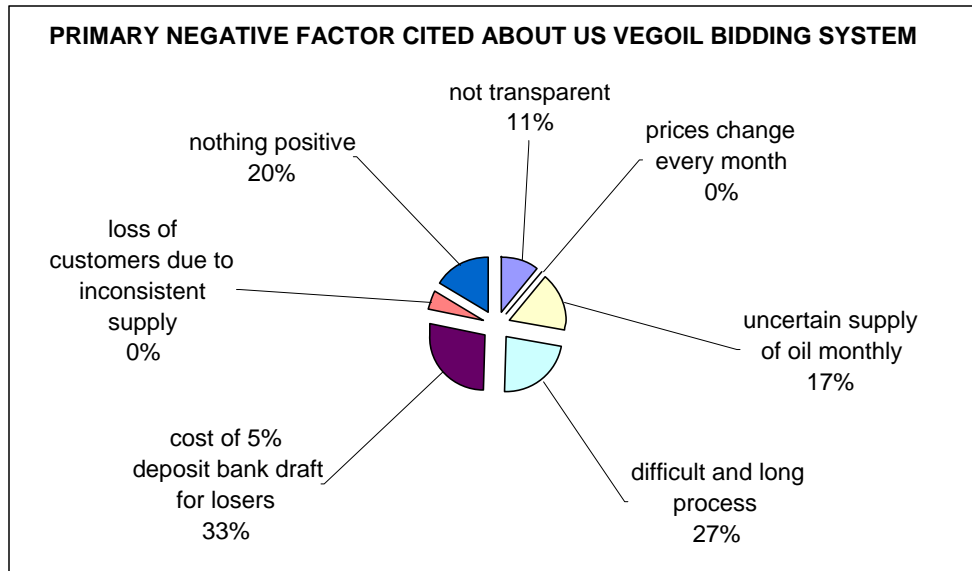
producer – Mukwano. Most traders had no opinion about the packaging (54%) and only two interviewees said that it affects sales.



On the negative side, traders stated that the small-lot bidding system was cumbersome and costly given the requirement to include a 5% bank draft deposit with their bids. The bank draft creates an extra cost for the bidder, in addition to the time and fuel costs needed to go to the bank, come to the office with bid documents, and then return the following day to get the results. Many expressed frustration with losing several consecutive months, and some discontinued participation as a result. Buyers offered a range of options to refine the system, such as:

- all bidders should get at least one lot of oil
- have a fixed price and get rid of the bidding system
- stop off-bid sales to single buyers for expiring stock

On the last point, one buyer commented that although he understood the challenge of trying to off-load expiring stock quickly through one large-scale wholesaler, he felt that the off-bid negotiated sales process made the system less transparent.

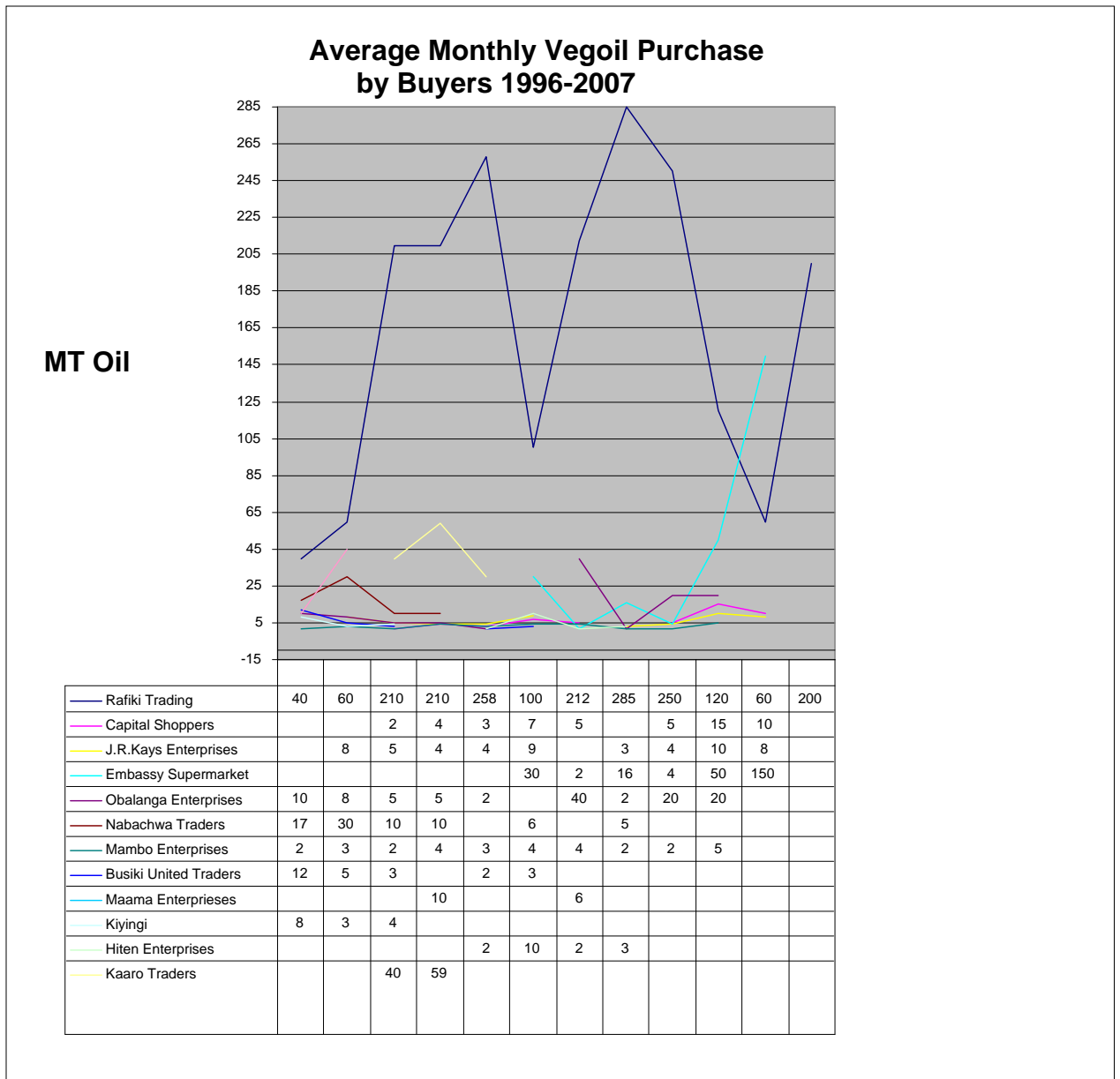


Other Effects

Regarding ancillary effects of the bidding process such as an improvement in traders' relationship with the banking sector, the results do not show a correlation. A majority of buyers had a pre-existing relationship with a bank (77%) prior to bidding on USA oil. Since most traders have a cash and carry system, they use banks primarily for savings deposits, rather than credit. When asked if the requirement to bid on USA vegoil with a bank draft helped them to improve their relationship with their bank, only 46% confirmed this. Roughly half of those who acknowledged this point said that it helped them to get credit at the bank. Other respondents stated that there was no change, they already had a strong relationship with the bank, or they only used the bank for simple transactions or for PL-480 5% deposit bank drafts. Although, there is no definitive evidence to show that the bidding process helps traders to establish new trading relationships (54%) or trade associations to represent their interests, one trader stated that the bidding process brings them together and allows them to exchange opinions or to debate.

Tender Results (1996-2007)

On average, ACDI/VOCA sold 400 MT (lots) of vegoil ten times per year from 1996-2007. Without a doubt, Rafiki Trading dominated sales in this period. Rafiki Trading was by far the largest wholesaler tender participant with multiple businesses and commercial networks throughout Uganda. The company was able to consistently win multiple bids at the lowest awarded bid prices. The system awards bids up to 400 MT by the ACDI/VOCA sales team with a minimum price based on market surveys of competing brands and the landed cost. Successful bidders are awarded their allotted tonnage at the bid price, thus buyers pay different amounts. An interesting recent trend is the ascendancy of Embassy Supermarket which effectively challenged Rafiki's control of the USA vegoil market in 2006.



US Hard Red Winter Wheat Grain

Sector Overview

The wheat milling sector in Uganda is quite young. Millers have only been in business an average of six years. Ntake Bakery and Kengrow are the oldest mills having run for a decade. Nine mills currently serve the Uganda flour market, seven mills buy PL-480 US HRW wheat grain from ACDI/VOCA and other Title II Cooperating Sponsors and USDA. All interviewees operate in an urban area, and half are located in Kampala. Other locations include Jinja and Mbale in Eastern Uganda. On average, mills have a milling capacity of 125 MT/day. Mills buy an average of 29,952 MT wheat grain per year from

all sources, whereas total PL-480 annual wheat sales in recent years have averaged 18,000 MT for which all seven millers have bid. The sales process is a departure from how they normally purchase wheat. Generally, millers do not order grain independently from the source, rather, they buy from brokers such as Louis Dreyfus in Mombasa, Kenya who import various types of wheat grain, then parcel out supply to a range of mills in the East African region at market price.

The wheat flour market is segmented between the home-baking and bakery sectors. The home baking market is targeted to the individual consumer and small business operator (e.g. village bakeries, chapati and pastry makers) and packaged in 2 kg. bags. This flour is produced from cheaper, soft-wheat varieties from Argentina, etc. The bakery market requires higher quality wheat flour for which US HRW is ideal, thus Title II sales serve this market. Ntake Bakery started as a bakery and diversified into milling to improve the quality of flour and reduce its prices. Formerly, the bakery imported expensive flour with additives from Europe. Ntake is the only commercial entity that maintains both a milling and bakery operation.

Business Start-up, Capital, Operations

Investors needed significant financial backing and technical expertise prior to opening their mills. Half of the respondents benefited from capital investments outside of Uganda, a third accessed a bank loan while only 17% used their own savings to launch the endeavor. On average, they started operations with 57 staff members. Their most significant challenge during this early period was to establish a customer base. Accessing capital and wheat suppliers were also challenges, but to a lesser degree. Millers acknowledged that they faced some challenges with US HRW, primarily accessing suppliers and techniques to adequately blend hard and soft wheat grain ideal for bread baking. In turn, millers needed to convince bakers why a premium should be paid for flour milled from US HRW.

Competition and Wheat Supply

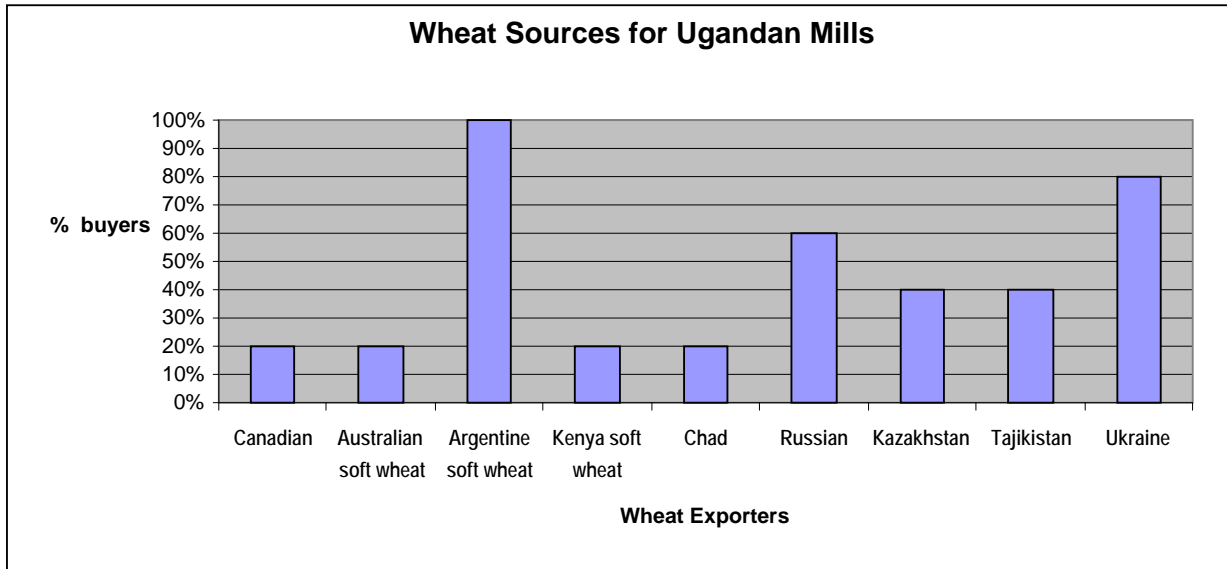
Mills agreed unanimously that competition in the wheat milling sector increased since they started operations. This trend is apparent in the construction of four new mills since 2002. Some lamented their decreasing market share and flat pricing trend amidst increasing global wheat grain and transport costs.

Self-Assessed Market Share for Respondents

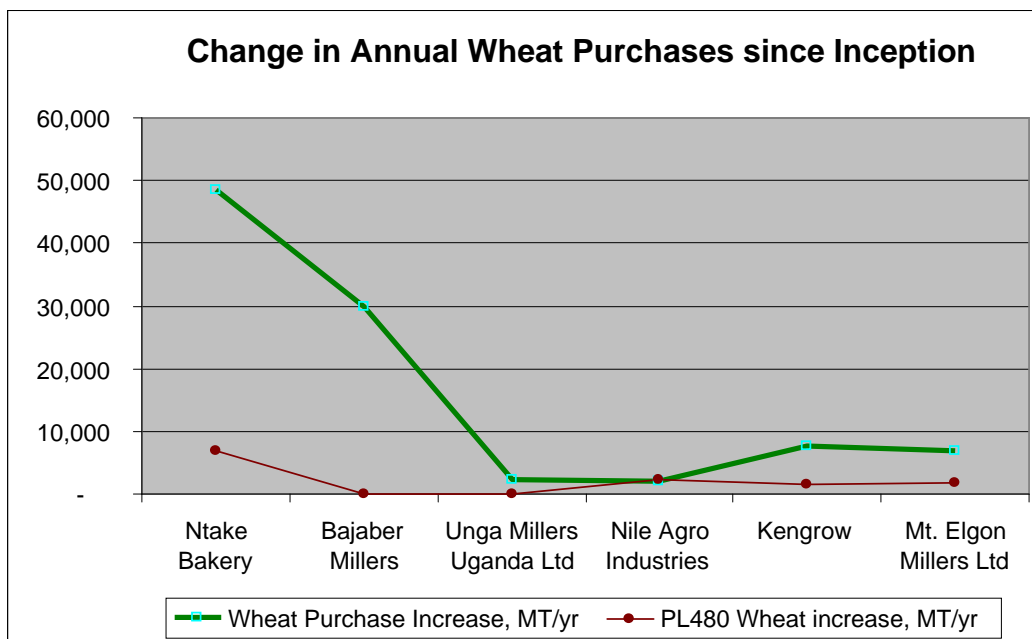
Market Type	Ntake	Bajjaber	UNGA	Nile Agro	Kengrow	Mt. Elgon
Bakery (50 kg)	30%	22%	15%	10%	18%	15%
Home-baking (2 kg)	4%	18%	7%	0	0	0

Sourcing wheat grain in East Africa was difficult ten years ago, but the increasing popularity of bread and other flour products in the local diet and changes in global wheat

trade benefited millers on the subcontinent. Most respondents stated that they have more suppliers today than when they started buying from ACDI/VOCA PL-480. Non-traditional wheat export countries such as Argentina, Kazakhstan, Russia, Tajikistan and Ukraine have made massive leaps in garnering market share by offering hard wheat at lower prices.



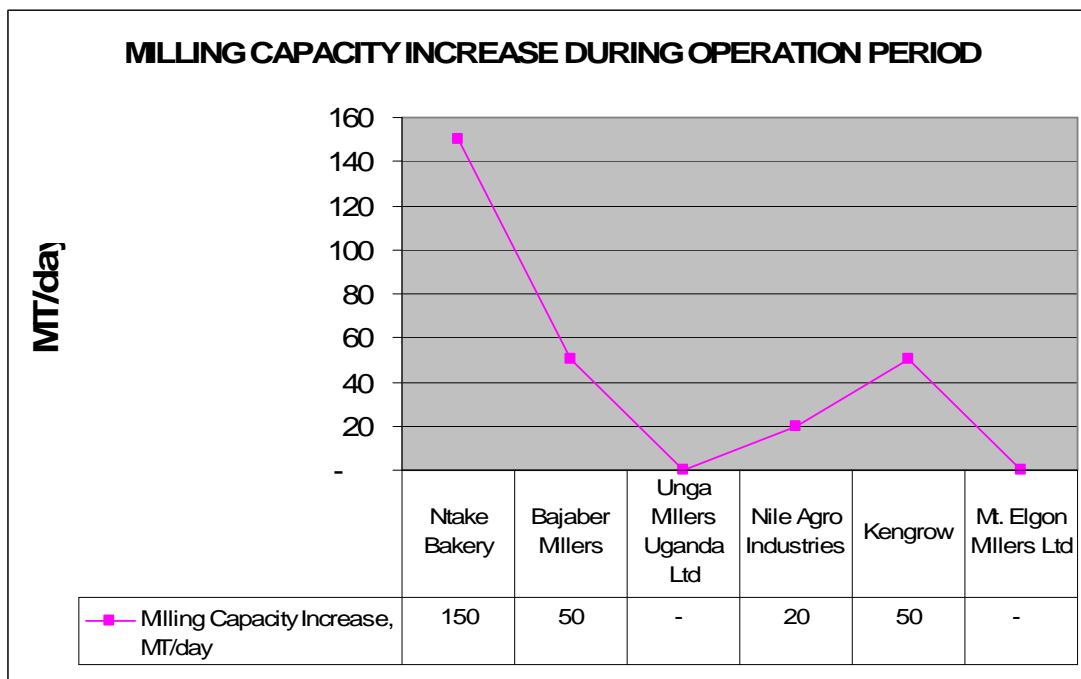
ACDI/VOCA's limited annual sales prompted mills with bakery markets to seek alternative sources to maintain their clients. A total of 83% interviewed said that they source hard wheat from places other than the United States. Half of respondents stated that US HRW has better margins (14%) compared to other wheat grains (13%). Though



other hard wheat tends to be cheaper, the mills admit that the quality of US HRW is consistently better with higher protein levels and makes stronger bread dough. A third of respondents complained that ACIDI/VOCA's irregular and unpredictable sales negatively affect profit margins.

Earnings and Profits

For millers willing to divulge balance sheet information, the analysis determined that capital assets and sales increased significantly since they began operating. On average, annual sales increased by 2.5 B Ushs (164%). Capital asset value increased 933 M Ushs (76%). Figures were related to increased production for all millers who enjoyed an average of 72% production expansion and greater demand for wheat flour – an average 614% increase for all wheat and 128% for PL-480 wheat. Employment figures also rose for all millers who on average hired an additional 76 employees – an increase of 167%



Most millers reported that they still profit from US HRW, but all agreed that margins are lower than before. They linked this change to increasing competition. New flour competitors and rising global wheat prices have negatively impacted their bottom line. In response, one mill cut its flour production to concentrate on vegoil production which enjoys a higher margin. Despite growing costs, flour prices in the Uganda market remain stable as millers strive to maintain prices below their competitors. All mills have turned to cheaper wheat sources from former Soviet republics and reduced production costs where possible.

Title II Monetization Impact

Millers overwhelmingly credited PL-480 Title II wheat sales as a contributing factor to their growth. Specifically, they attributed US HRW wheat grain's continued market presence for the past ten years and dependable quality as key aspects. The one miller who did not attribute PL-480 wheat sales to its growth cited irregular supply as the primary reason. Further, half of the respondents noted that PL-480 wheat grain presence in the market has an important influence in pricing for competing grains as a price setter. Respondents were evenly split on the positive benefits related to the sales methodology in helping them to bid on other wheat. A few millers said they could afford to buy US HRW outside of the PL-480 program (17%). Price and margins are key factors to determine wheat purchases over quality. Bakers are equally price sensitive, though all millers agreed that bakers had benefited significantly from US HRW's ongoing market presence.

Similar to Title II vegoil sales, there is some evidence to show that ACDI/VOCA's banking requirements improves the mill's relationship with the bank. Half of those interviewed acknowledged that ACDI/VOCA stringent bank guarantee and payment scheme improved their credit rating or bank relationship. For those who responded positively, they were able to access bank credit for their expansion, while others relied on investors from abroad or savings. ACDI/VOCA improved mills' blending capacity of soft and hard wheat grain through volunteer technical assistance and ensured their participation in US Wheat Associates' annual wheat crop review in Nairobi, Kenya. Despite these efforts and other opportunities for the mills to meet each other when bids are due, these occasions have not given rise to the creation of a miller's association to represent their collective interests.

Conclusion

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.

ANNEX A : Vegoil Questionnaire

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	Is trading main activity yes/no	Trading Location	Inventory Levels per week	Years Participating in 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 vegoil? 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 necessary 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 in 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 then 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 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?

ANNEX B: Wheat Questionnaire

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?
Does bagging commodity affect price? How much?
14. 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
15. 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?
16. Do you have more or less suppliers since beginning purchase of US HRW?

17. 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?

18. Have your assets increased since you began milling?

19. Do you buy HRW wheat grain (Canada, Australian-origin etc.) from other commercial traders?

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