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The study examines the U.S. Government, Private Voluntary Organizations, and Cooperatives experience with P.L. 480 Title II and Section 416(b) monetization since the issuance of the "Monetization Field Manual" in August 1988. It surveys monetization trends by geographic regions, commodities, cooperating sponsors, and uses of proceeds. The report also reviews issues such as protecting proceeds from inflation; endowments; paying headquarters overhead; avoiding dependence on monetization; multi-year commitments, and the proposal review process.

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MONETIZATION COMES OF AGE

A Review of U.S. Government, PVOs, and Cooperatives Experience

UNITED STATES OF AMERICA

AGENCY FOR INTERNATIONAL DEVELOPMENT
Bureau for Food for Peace and Voluntary Assistance
Office of Program, Policy and Management
Washington, D.C.

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AGENCY FOR INTERNATIONAL DEVELOPMENT
WASHINGTON, D.C. 20523

September 20, 1990

MEMORANDUM

TO: Distribution

FROM: FVA/PPM, Carlos Quiros

SUBJECT: "Monetization Comes of Age"

The attached study examines the U.S. Government, Private Voluntary Organizations (PVOs), and Cooperatives experience with P.L. 480 Title II and Section 416(b) monetization since the issuance of the Monetization Field Manual in August 1988. Key findings are the following:

- Monetization has become an important resource for helping PVOs and Cooperatives meet the local currency needs of food distribution and other development projects. Monetization increased from 21 projects totalling $21 million in FY 1987 to 28 projects totalling more than $39 million in FY 1990.

- Several factors slowed the monetization process, including the costs and time required for project preparation; the absence of clear initial guidance; and early delays in approvals. However, future compliance with the statutory minima seems more likely now that the Field Monetization Manual has been issued; the DCC is approving projects within 45-days; and the PVOs, Cooperatives, and USAIDs have gained more experience.

- USAIDs and Embassies have supported PVOs effectively in identifying monetizable commodities. It is clear from the cable traffic that the increased importance of monetization has led many missions to integrate Title II and development programming as never before.

- The ten percent statutory minima are likely to be reached without difficulty in coming years. Current evidence of PVO demand, and present A.I.D. and DCC attitudes toward monetization, provide little basis for urging revision of the requirements.

- Monetization alone cannot satisfy the financial needs of PVOs and Cooperatives working in development; dollar costs must be met as well.

Your comments are welcome and should be addressed to Forest Duncan, A.I.D./FVA/PPM; Room 337, SA-8; Washington, D.C. 20523-0808; Tel (703)875-4754.

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MONETIZATION COMES OF AGE

A Review of U.S. Government, PVOs,
and Cooperatives Experience

by

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June 1990

MONETIZATION COMES OF AGE

A Review of U.S. Government, PVOs, and Cooperatives Experience

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EXECUTIVE SUMMARY

This Report analyzes U.S. Government, Private Voluntary Organization (PVOs), and Cooperatives experience in selling Title II and Section 416(b) commodities ("monetization"). The analysis primarily addresses the experience since August, 1988, when an A.I.D. *Monetization Field Manual* ("the Manual") clarified monetization policies and procedures. Extensive monetization began after Congress mandated that PVOs monetize at least five percent of the total value of Tittle II and section 416(b) non-emergency commodities annually. The U.S. Government initially permitted the use of these local currency proceeds for the expenses of feeding programs. New amendments, in 1988, broadened the use of proceeds to include non-food development activities; increased the five percent monetization mandated to ten percent; and required Development Coordination Committee (DCC) action on monetization proposals within 45 days after submission.

Title II monetization increased from $18.6 million in FY 87 to more than $26.0 million approved for FY 90. Section 416(b) commodity sales rose from under $3.0 million in FY 87 to over $12.0 million in FY 89 and FY 90. The Mexico Program accounted for all Section 416(b) monetizations during the last two fiscal years. PVOs and Cooperatives exceeded the statutory requirement of five percent in FY 87, but have not reached the ten percent requirement of later years. Several factors slowed the monetization process, including the costs and time required for project preparation; the absence of clear initial guidance; and early delays in approvals. However, future compliance with the statutory minima seems more likely now that the Manual has been issued; the DCC is approving projects within 45-days; and the PVOs, Cooperatives, and USAIDs have gained more experience.

Monetization has become an important resource for helping PVOs and Cooperatives meet the local currency needs of food distribution and other development projects. In Asia Near East (ANE), it has become a modest addition to large and long-standing food-supported activities, especially in Bangladesh, India and Indonesia. Between nine and twelve Africa programs have consistently used annual monetizations of under $500,000 to support logistics and complementary program costs of food distribution. In financially-strained Latin America, monetization has helped PVOs to replace reductions in host government contributions to feeding programs.

Wheat and vegetable oil have been the major sources of local currency from Title II and Section 416(b) monetizations. When either has been scarce, corn has been a favored replacement. Non-Fat Dry Milk (NDFM) has seldom been available and sales to date have been negligible. Uncertainty about the availability of NDFM and other commodities has been a constant problem for Cooperating Sponsors seeking monetization projects. Yet, there have been few cases in which monetization of *some* commodity has been impossible.

Sale of commodities has required PVOs and Cooperatives to acquire new skills. After some early problems, and with help from A.I.D. missions, Cooperating Sponsors are becoming adept at monetization. Recent increases in combined monetization, where one PVO or Cooperative markets for several, have encouraged specialization. This has allowed smaller organizations to obtain local currency without marketing commodities independently.

PVOs have used monetization proceeds primarily to support existing food distribution activities. Use of commodity sales to finance non-food development activities, without food distribution, is increasing. For example, CARE, Catholic Relief Services and Food for the Hungry International have reduced food distribution and, with help from monetization, have increased activities viewed as being more capable of development impact. Cooperatives do not distribute commodities and their monetizations have funded only non-food development projects.

The number of PVOs involved in monetization projects has increased from five in FY 87 to ten in FY 90. CARE and Catholic Relief Services have each consistently monetized more than $5.0 million of commodities, accounting for 50-70 percent of annual totals. Smaller PVOs have used monetization to expand their activities. Difficulties of covering dollar costs, and other factors, limit growth.

Monetization by Cooperatives has not increased. The Jamaica Agricultural Development Foundation and the National Cooperative Business Association initiated projects in FY 87, but have submitted no new proposals recently. Agricultural Cooperative Development International began a multi-year project in Uganda, in FY 89 and is preparing others. Several factors explain the lack of monetization by Cooperatives, including the costs and uncertainty of project development; the availability of other funds; and the A.I.D. missions' continued priority to supporting existing food distribution activities.

Although the evidence supports optimistic conclusions about monetization, some problems and issues requiring attention remain.

For example, increased resort to combined monetization, which increases the efficiency of both PVOs and A.I.D. missions, needs increased consideration and guidance. The possibility of mandating combined monetization for all missions merits attention.

Protecting monetization proceeds against the loss of value, through devaluation and inflation, remains a problem. The legality and advisability of temporary conversion to dollar accounts, for example, have not been reviewed adequately.

The DCC prohibits the use of monetization proceeds to establish endowments because the Cooperating Sponsor does not use the principal immediately for statutory purposes. It is not clear whether revolving funds, in which the Cooperating Sponsor invests the principal promptly in developmental activities, are permissible and favored.

The problem of covering dollar costs limits PVO and Cooperative use of monetization. These include both program expenses and indirect costs. Although current restrictions on the use of proceeds are clear, agencies interested in submitting projects often have great difficulty in covering costs that cannot be met through monetization.

The risks of building dependence on monetization are substantial. Although intended to be "last resort financing," commodity sales are becoming an integral part of mission and PVO development resources. Unless financial conditions improve, many countries will be unable to continue food distribution without monetization. The implications of increased reliance on commodity sales, to support food distribution and other development activities, have not been explored adequately.

Despite these and other concerns, the monetization experience has been positive and offers several lessons useful for A.I.D. planning. For example, constant informal consultations with PVOs and Cooperatives have helped to build collaborative relationships that are likely to aid development. This was evident during the preparation of the Manual and the development of monetization projects. Many missions now involve PVOs in their planning, and benefit from PVO experience, as never before. Increased collaboration with missions has improved development planning among the private agencies.

Monetization has also encouraged the substitution of self-help activities for some dependency-creating food distribution programs. By permitting the sale of commodities to finance development projects, without requiring direct food distribution, monetization supports more permanent increases of beneficiary income. The increased availability of local currency to finance complementary program costs has also enhanced the developmental impact of many food distribution activities.

Monetization alone cannot satisfy the financial needs of PVOs and Cooperatives working in development. It is clear, for example, that the high dollar costs of preparing and implementing a major proposal limit possibilities for more monetization projects. Though a useful tool, monetization must be viewed as an important, but limited, aspect of financing development assistance.

MONETIZATION COMES OF AGE

A Review of U.S. Government, PVOs and Cooperatives Experience

By James M.Pines

This Report analyzes U.S. Government, Private Voluntary Organizations (PVOs), and Cooperatives experience in selling Title II and Section 416(b) commodities ("monetization"). The analysis covers the experience since August 1988, when an A.I.D. *Monetization Field Manual* ("the Manual") clarified policies and procedures related to the monetization process. The review will help appraise the technique and will provide the basis for supplementary guidance to the field. The Report summarizes (1) an extensive examination of monetization regulations and project documents; (2) interviews with A.I.D., PVO and other agency staff; and (3) a visit to Bolivia, for another assignment, that provided an opportunity for a field observation of monetization.

I. THE CONCEPT AND BACKGROUND OF MONETIZATION

The sale of agricultural commodities by PVOs and Cooperatives provides them with local currencies useful for meeting the non-food costs of feeding programs and development projects. The Food Aid Subcomittee of the Development Coordination Committee (DCC)[1] previously authorized occasional sales to help cover the costs of emergency projects and approved an innovative 100 percent monetization project for Jamaica in 1984. More extensive monetization started in 1986. **Amendments of PL 480[2] passed in December, 1985, authorized PVOs and Cooperatives[3] to sell a portion of commodities previously available primarily to "feed needy people."**

The amendments required that PVOs monetize at least five percent of the total value of non-emergency Title II commodities and five percent of the total value of Section 416(b) commodities. The DCC initially limited the use of monetization proceeds

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1 The Food Aid Subcommittee of the Development Coordination Committee (DCC) is the multi-agency group that approves all food aid projects. Key members include representations of USDA, A.I.D., State, OMB and Treasury.

2 The Agricultural Trade Development and Assistance Act of 1954.

3 PVOs and Cooperatives are known as "Cooperating Sponsors" when managing Title II distributions.

to paying internal transport, storage and other local currency costs, including ancillary program expenses, of feeding programs.

Amendments to these statutes in 1988 broadened the permissible uses of monetization, allowing Cooperating Sponsors to:

> "implement income generating, community development health, nutrition, cooperative development, agricultural programs, and other development activities."

The amendments also increased the five percent monetization requirement to ten percent of aggregate non-emergency Title II and Section 416(b) commodity values.

Before the release of the Manual, guidance for preparing monetization proposals was widely held to be incomplete, tardy, and sometimes inconsistent. Many PVOs and Cooperatives also perceived the DCC to be ambivalent about, or even biased against, monetization. These circumstances, together with the initial restricted permissible uses of proceeds, helped to produce an unanticipated paucity of monetization proposals.

Several events occurred in 1988 to create a favorable ambience for proposals. These included the issuance of the Manual; the broadening of the permissible uses of monetization proceeds; and the evolution of DCC attitudes that were perceived as being more positive. USAID missions also encouraged monetization as they lost development funds and saw the potential of monetization to replace them.

Broadening the use of proceeds to many developmental activities raised concerns. For example, some State and Treasury representatives on the DCC feared that "feeding needy people," a major goal of Title II and Section 416(b), would not be served well as monetization increased. **This Report therefore reviews monetization impact on both development and feeding the needy.**

II. SURVEY OF MONETIZATION PROJECTS

Table I summarizes the monetization of Title II and Section 416(b) commodities during fiscal years 1987-90[4]. All tables are based on data available in status reports released regularly by FVA/FFP/POD. The FY 90 data, although incomplete, confirms trends suggested by previous years. For example, It is clear that approved monetizations for FY 90 will involve more tonnage, higher commodity value, and greater PVO participation than in the past. On the other hand, monetization by Cooperatives has not increased.

TABLE I
Summary of Monetization Projects: FY 87-90

Year	FY 87	FY 88	FY 89	FY 90
Title II:				
Target	5 percent $11,500,000	10 percent $28,400,00	10 percent $31,500,000	10 percent $31,000,000
Actual	8.1 percent $18,600,000	6.9 percent $19,700,000	6.6 percent $20,800,000	8.2 percent $25,500,000
Section 416(b):				
Target	5 percent $1,382,000	10 percent $28,000,000	10 percent $8,888,000	10 percent $16,205,000
Actual	7.8 percent $2,160,800	3.5 percent $9,800,000	14 percent $12,475,000	7.6percent $12,325,000

Source: A.I.D./FVA/FFP/POD

4 More detailed information appears in the Appendix.

A. COMPLIANCE WITH THE STATUTORY MANDATES

Allowing for a lag of up to 18 months between initial PVO interest and project approval, the robust figures suggest that **PVOs and Cooperatives responded immediately to the wider uses of monetization proceeds permitted by the 1988 legislation amendments and to the improved guidance provided by the Manual.** Earlier concern about failure to meet statutory mandates for monetization often failed to consider the time and effort needed for designing projects, developing marketing arrangements, and responding to USAID and other requests for information. Cooperating Sponsors also had to spend time exploring alternate funding sources since monetization was intended to be "last resort" financing.

Congressional concern to support PVO initiatives *and* skepticism about DCC attitudes led Congress to impose the initial statutory requirement that PVOs monetize five percent of the value of non-emergency Title II and Section 416(b) commodities. The later doubling to ten percent reflected continued concern to assure adequate availability of local currencies to meet PVO and Cooperative needs.

1. Title II

Table I shows, that compliance with the statutory mandate for Title II monetizations improved in FY 90. PVOs had difficulty meeting the mandates initially because of the time required to prepare and approve monetization projects. Current monetization experience suggests that statutory requirements can be met comfortably in the future. Interviews with PVOs disclosed that many new Title II monetization proposals are at various stages of preparation. **The ten percent statutory minima are likely to be reached without difficulty in coming years. Current evidence of PVO demand, and present A.I.D. and DCC attitudes toward monetization, provide little basis for urging revision of the requirements.**

2. Section 416(b)

Compliance with statutory minimum requirements for PVO and Cooperative monetizations under Section 416(b) has depended heavily on the Mexico Program. All Section 416(b) monetizations shown in Table I reflect PVO activity in Mexico, with the exception of two SHARE projects in Guatemala that generated a total of $706,000. The U.S. Government has used Section 416(b) commodities primarily for Government-to-Government and World Food Program activities. For example, in FY 90, the DCC has approved no Section 416(b) PVO or Cooperative projects other than those for Mexico.

The Mexico monetizations exceeded the statutory mandate in FY 87 and FY 89 despite the small number of Section 416(b) PVO and Cooperative projects. Additional Section 416(b) monetizations are unlikely due to the uncertainty of Section 416(b) commodity availability and A.I.D. mission preference for the stricter monitoring of PVOs and Cooperatives possible under Title II. Nevertheless, the PVOs working in

Mexico, whose FY 90 requests were reduced, remain willing to meet the Section 416(b) statutory monetization requirements by themselves.

3. Demand for Monetization

PVOs and USAIDs seek more monetization of Title II commodities when easily-sold wheat and vegetable oil are readily supplied. Even when these commodities have been in short supply, **the lack of available commodities has yet to cause rejection of a monetization proposal.** The DCC has sometimes been obliged to substitute for the product initially specified but **monetization projects rarely compete with "regular" Title II projects.** There have usually been enough commodities for both. There is little evidence that USAIDs have failed to support worthwhile monetization proposals **if** the proposals are consistent with the Mission strategy and the Mission's assessment of local market conditions.

PVO and Cooperative demand for monetization of Section 416(b) commodities has been limited, except in Mexico which has no Title II program. **The increased reliability[5], duration and variety of Title II commodity availability, compared to Section 416(b), has made Title II the preferred mechanism for generating local currency.**

Initial monetization guidance to the field caused Missions and PVOs to view monetization, first, as a way of meeting the costs of existing food distribution activities rather than as a way to finance new development projects. As a result, monetized commodities remained a small percentage of total commodity shipments. **The rush to major 100 percent monetization projects, expected by many, has not occurred. This is partly because USAIDs and PVOs have given priority to funding commodity distribution activities in an era of inflation and structural adjustment. Other reasons are the lack of hard currencies and the costs of preparing suitable development projects.**

New development activities have diminished in a period of shrinking A.I.D. resources. Nevertheless, some PVOs have used monetization to ease their transition from food distribution to being "PVO development organizations financed by commodity sales." For example, in Indonesia, CARE and the National Cooperative Business Association are implementing major 5-year 100% monetization projects toward this end. In Bolivia, monetization has been used effectively to implement a USAID strategy that gives high priority to "making food aid more developmental." Many missions now view monetization more broadly although concern for adequate funding and increased development impact of existing direct distribution activities continues to receive priority.

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5 The Title II program is more reliable because it is funded from the P.L. 480 appropriation account whereas the Section 416(b) program is dependent on residual excess stocks which may or may not be available at any given time.

Table I shows that combined PVO and Cooperative authorizations, in FY 87, exceeded the five percent mandate then applicable to Title II commodities. Source tables in the Appendix show that three substantial 100 percent monetization projects, initiated by Cooperatives, accounted for much of the high figure. However, the absence of new monetizations by Cooperatives in FY 88 diminished the percentage for that year. This is explained in part by earlier multi-year commitments that reduced the need for FY 88 funding. The Cooperatives have never returned to the level of authorizations reached initially. However, they continue to draw the commodities allocated in the three major multi-year projects for India, Indonesia and Jamaica.

Possibilities for PVO 100 percent monetizations in Eastern Europe, already under discussion, complicate prediction of future monetization levels. Clearly A.I.D./FVA and DCC decisions will reflect both the nature of proposed development activities and perceptions of food needs in the countries. **Monetization is not being viewed simply as another development resource, but for supporting economic development and helping to feed hungry people.**

4. Factors Affecting Compliance

Conversations with representatives of NCBA and Land O'Lakes, the Cooperatives responsible for the initial major 100 percent monetization projects, revealed some disillusionment with their early monetization experience. For example, they complained of delayed approvals; the need to justify annually what had been described as multi-year commitments; and uncertainties about commodity availability. Some of their perceptions appear inaccurate in the current monetization context. For example, FVA guidance in project preparation has improved substantially. Nevertheless, reluctance of the Cooperatives to expand beyond their initial impressive monetizations has made compliance with statutory minimum monetization requirements more difficult.

The statutory impositions now appear to have been overambitious initially, when viewed in relation to (1) the priorities of PVOs and Cooperatives; (2) the availability of other funding; (3) the presence of continuing non-monetization program commitments; (4) the time and effort needed for preparation; (5) the time needed for PVOs, Cooperatives and Missions to learn how to plan and implement monetization proposals; and (6) the scarcity of funding for dollar cost.

An example of the doller costs involved is the requirement that an American citizen oversee the arrival of donated Title II commodities. This imposes a dollar burden that most private agencies are unlikely to assume without a pre-existing presence in the receiving country. The spending of $60,000 by World Vision Relief and Development (WVRD) to develop a marketing plan in Ethiopia, illustrates the often high cost of monetization proposals. More substantive proposal preparation, especially for major efforts such as the three early Cooperative projects, also demands substantial investment for an uncertain outcome. These and other constraints limit resort to monetization, even when project approvals are likely.

Early warnings of an "avalanche" of projects, should monetization be encouraged, have not been fulfilled. Still, the data show that commodity sales have become a significant source of local currencies. **The introduction of statutory minimum requirements undoubtedly contributed to a more favorable climate, but cannot by itself assure any stated volume of effective monetization.**

B. REGIONAL TRENDS

Table II and Figure I show the number of countries with projects, and the total commodity value of monetization, by regions. Detailed source tables appear in the Appendix.

TABLE II

Regional Trends in Monetization
FY 1987 - FY 1990

Region	LAC	Africa	Asia Near East
FY 87	Three Countries ($2,599,000)	Twelve Countries ($4,927,000)	Four countries ($12,043,000)
FY 88	Three Countries ($10,847,000)	Nine Countries ($11,463,000)	Three Countries ($6,709,000)
FY 89	Two Countries ($6,193,000)	Nine Countries ($6,722,000)	Two Countries ($7,923,000)
FY 90	Five Countries ($10,377,000)	Twelve Countries ($13,268,000)	Two Countries ($3,018,000)

Source: A.I.D./FVA/FFP/POD

1. Overview

The tables show the regional patterns of monetization. Developmental conditions in each region, and the A.I.D. response to them, influence resort to commodity sales more than any factors inherent in the technique. For example, the large number of African countries with monetization projects reflects the high cost of moving commodities within the Region. Another reason is the negligible contributions to local transport costs available from most African governments. The Asia Near East (ANE) pattern reflects the dominant influence of India, Bangladesh and Indonesia, where monetization has become a modest addition to large and long-standing food-supported activities. In Latin America, where government financing of internal transport has been typical, recent growth of monetization reflects current increases in financial stringency.

Monetization has become an important resource in all three regions. Marketing commodities presents distinctive problems in each, but has been feasible everywhere. Governmental response also varies widely, but governments generally treat monetization as a minor aspect of broader food and trade issues. USAIDs have made monetization part of broader deliberations about, for example, Title I and Title III. **The sale of Title II and Section 416(b) commodities has now become a well-accepted and widely used resource throughout the A.I.D. universe.**

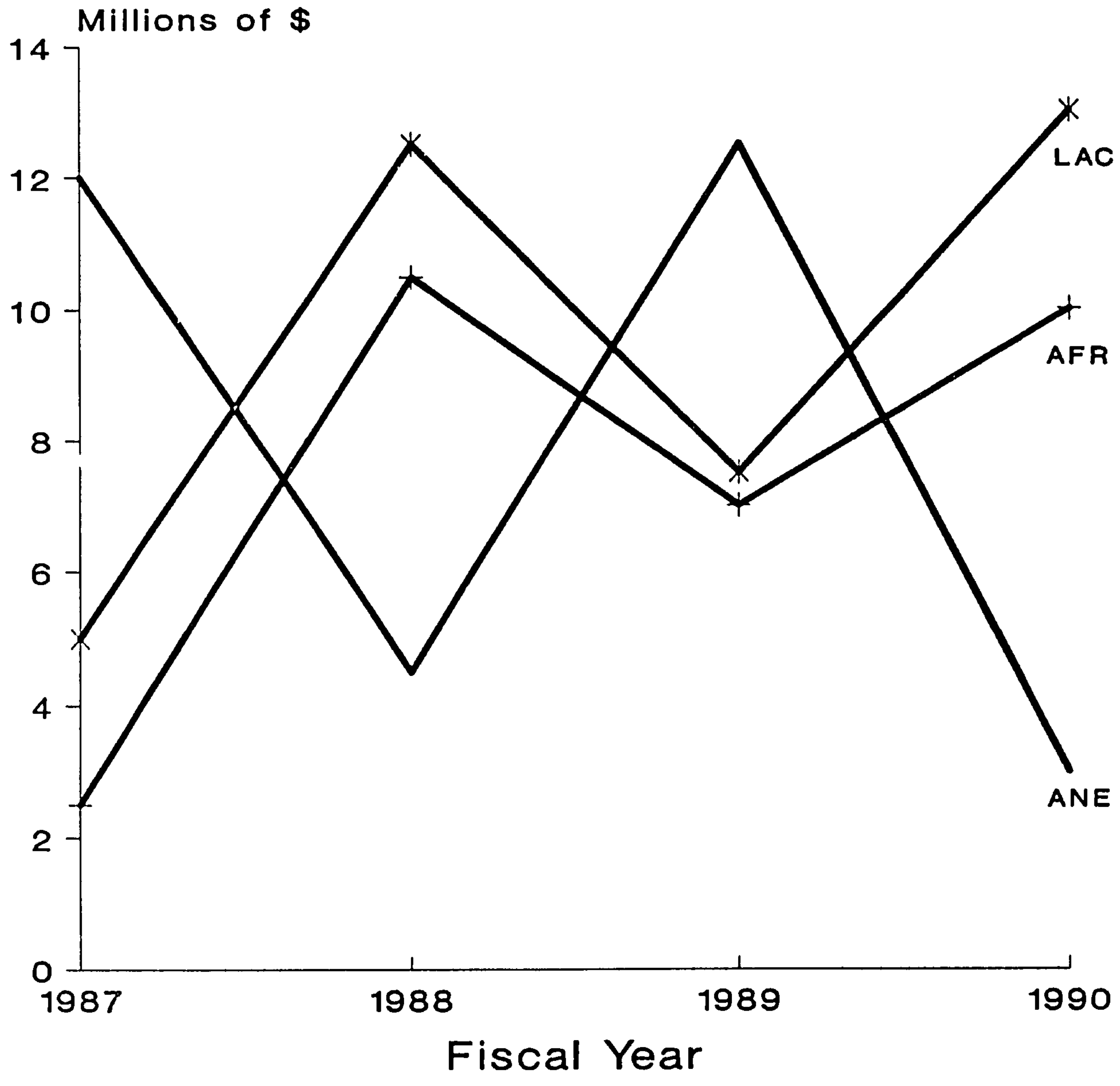
2. Africa

Non-emergency Title II activity in Africa declined by fifty percent from FY 86 to FY 90. The absence of variation in the Region's monetization level conceals the replacement of MCH projects, formerly managed by CRS, with development projects managed by PVOs new to Title II. Agricultural Cooperative Development International (ACDI) in Uganda, Africare in Guinea-Bissau, and Opportunities Industrialization Corporation (OIC) in Togo, have used monetization to complement other funding sources. The increased funding supports expanded employment generating activities unrelated to food distribution, in countries where conventional commodity distribution is not feasible.

These new development projects illustrate effective collaboration between USAIDs and PVOs. Many missions now include PVOs in their development planning more extensively than before. The food resource is no longer seen as "something left to the PVOs," a common view when PVOs used Title II primarily in MCH distributions. CRS, long the principal Cooperating Sponsor in Africa, is now reducing participation in MCH activities and initiating other development projects. With Mission cooperation, monetization has become an important mechanism for easing transition to local management of food distribution programs. Commodity sales have also allowed CRS to continue existing distribution programs, despite a policy change that eliminated beneficiary contributions.

The decline in non-emergency direct food distribution activities in Africa, and the initiation of non-food development projects supported in part by monetization, appear to be continuing trends. Long-standing problems have discouraged PVO involve-

REGIONAL TRENDS IN MONETIZATION



ment, except in emergencies[6]. The "new" PVOs lack interest or skill in food distribution[7]. They view their experience with monetization positively and are currently preparing other projects.

These African trends reduce the need for concern about dependence on monetization in the Region. Financing of commodity transportation costs has been a perennial problem. The CRS retreat from conventional distribution reflects, in part, past difficulties in obtaining assured financing for transport and other costs. Monetization has alleviated such difficulties temporarily, but would be a fragile support base for longer-term direct feeding distributions. **The new development projects, supported by monetization, are designed to avoid the need for continued funding through commodity sales. They involve self-sustaining economic development activities or temporary support of institutions managed and financed locally.**

3. Asia Near East

In the Asia Near East (ANE) Region, monetizations are fewer and larger than in the other regions. Bangladesh, India, Indonesia and Philippines account for the activity, though Mission and PVO plans indicate that Sri Lanka may soon join them. **Monetization remains a minor aspect of broader USAID and PVO food aid programming in these large countries and use has become almost routine.**

Pakistan, Egypt and Tunisia have not had PVO monetization projects. A current CRS monetization in Morocco, linked to Structural Adjustment, is expected to be replaced by increased local funding and no new projects are anticipated. Pakistan and Egypt have no Title II programs, and Morocco and Tunisia are close to phasing out their Title II activities. Several of the countries already receive adequate support from other programs, reducing the need for monetization. Prevalence of Government-to-Government sales programs in the Region also discourages PVO monetization. Sri Lanka, where major new Mission programming initiatives are underway, is the only current prospect for new monetization activity.

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6 These include the lack of transportation, health and education infrastructure, the need to develop new program models for Africa; and the lack of host government and domesitc funding for project expenses.

7 "New" PVOs prefer FFW and community development to MCH projects for several reasons, including: the high costs of implementing MCH projects; the limited cpabilities of local institutions to manage health and education projects; the inconclusive evaluation findings of MCH activities; and the preference for community development activities that offer long-term solutions to development problems rather than charitable transfers.

4. LAC Region

The Latin America Caribbean Region (LAC) shows steady growth in the use of monetization. A six-year Jamaica project and the large *sui generis* Section 416(b) program in Mexico provided the bulk of commodity sales initially. **PVOs in other countries (e.g., Bolivia, Guatemala Peru) are now initiating monetization in response to diminishing government support of distribution programs and inflation of program costs.**

Latin American experience emphasizes the advantages, for PVOs, of monetization over reliance on alternative sources of funding. For example, a delay in the payment of contractual support commitments by the Guatemalan Government forced temporary suspension of CARE's MCH project; other agencies had similar problems. In Peru, CRS shifted to monetization after relying on Title I proceeds because it promised "more agility" in financing. In Bolivia, too, where the national Title III committee made life difficult for U.S. PVOs, the agencies see monetization as "more agile." After such experiences, the increased control available, when a PVO monetizes commodities, offsets any disadvantages of the technique. Peru also illustrates increased reliance on this more secure source of funds.

Increased reliance on monetization in these LAC countries, though convenient for Cooperating Sponsors, has reduced collaboration with national governments. Multi-year commodity commitments increase the convenience and further reduce collaboration. Early phaseover of Title II direct feeding programs has become less likely as the real value of Government resources declines.

Some Missions have already addressed the risk of PVO dependence on monetization. USAID/Guatemala insisted that World Share, Inc. ("SHARE") revise a monetization proposal to provide for gradually diminishing sales. The DCC, long concerned about the sale of Section 416(b) commodities to support semi-permanent activities in Mexico, also pressed for a schedule of reductions. However, in Peru, where economic prospects remain unpromising, the Mission's current proposal treats monetization as integral longer-term financial support for an extensive compensatory food distribution program.

Most LAC Missions now place high priority on increasing the development impact of existing food distribution programs. Food for Work (FFW) and community development activities, usually with higher complementary costs, is increasing relative to MCH activities. Monetization has already helped to finance these increased costs. Current PVO plans show increased reliance on it.

C. COMMODITY TRENDS

As Table III shows, **wheat (including flour), and vegetable oil have been the major sources of local currency from Title II and Section 416(b) monetizations.** Corn has substituted often when the leaders became scarce. Non-Fat Dried Milk (NFDM) has seldom been available and sales have, to date, been negligible. Sorghum has, in FY 89 and FY 90, been the sole source of funds for both local commodities and operating expenses in the Mexico Program.

I. Commodity Availability

During FY 90, all approved projects proposing to market wheat have been "approved in principle" but accompanied by a warning that "wheat and wheat products availability may be limited." USDA continues to review and revise commodity determinations monthly. **Uncertainty about commodity availability has been a constant problem for PVOs and Missions seeking monetization projects. Nevertheless, though a preferred choice may not be approved, there have been few cases in which monetization of some commodity has been impossible.**

For example, the DCC notified Honduras that wheat might not be available to satisfy a CARE FY 90 proposal. The PVO volunteered to accept corn, a commodity thought to be more difficult to sell, and has realized proceeds comparable to those expected for wheat. In Sudan, Save the Children (SCF) had to wait for the DCC and the Mission to decide that rice was more appropriate than wheat for an approved monetization. The DCC and USAID/Philippines announced that a long-standing FY 1988 request to monetize 10,000 tons of wheat had been "reconsidered and allowed despite possible commercial displacement" since no other commodity suitable for monetization could be identified. This occurred only after the local CARE director had written that he would "spend no more time on the problem." Proposals have become more flexible in specifying commodities as PVOs have become more familiar with monetization.

TABLE III

Monetization Value of Title II Commodities By Commodity (FY 1987 - FY1990)

Commodities/Fiscal-Year	1987		1988		1989		1990	
	Tons	$ 000	Tons	$ 000	Tons	$ 000	Tons	$ 000
Wheat/Wheat Flour	43,124	7,603	125,741	15,698	59,013	9,037	43,621	7,406
Non-Fat Dry Milk	2,420	268	1,312	145	0	0	0	0
Vegetable Oil	17,164	8,925	4,771	3,530	7,185	5,678	5,819	11,729
Rice	1,160	199	190	67	1,500	525	4,163	1,249
Butter,Cheese and Butter Oil	4,650	513	0	0	0	0	0	0
Corn	0	0	27,220	2,237	28,154	3,600	47,447	4,759
Corn Meal and CSM	0	0	500	89	0	0	0	0
Sorghum and SFSG	0	0	0	0	0	0	0	0
Pinto Beans & Lentils	0	0	0	0	0	0	1,4150	978

TABLE III (Cont.)

Value of Section 416(b) Commodities Monetized Annually By PVOs and Cooperatives (By Commodity)

Com-modities/Fiscal Year	1987		1988		1989		1990	
	Tons	$ 000	Tons	$ 000	Tons	$ 000	Tons	$ 000
Wheat & Wheat Flour	7,409	870	8,308	1,018.8				
Corn			13,050	1,213.7				
Non-fat Dry Milk (NFDM)	1,591	1,144.8						
Butter Oil	127	146						
Sorghum			11,507	1,024.1	105,715	12,474.4	145,000	12,325

Source: A.I.D./FVA/FFP/POD

2. Other Problems

PVOs may run into problems even after requested commodities have been approved. For example, in Peru, the Adventist Development Relief Association (ADRA) sold only 60 percent of its FY 89 corn after six months. CARE recently abandoned efforts to ship and sell more than 5,000 tons of vegetable oil in Haiti after open bidding produced no acceptable buyers.

Monetization makes adherence to quality and other commodity specifications more important than in Title II direct feeding projects where distribution centers can hand out commodities that differ slightly from specifications. The same variations cause many cables and price concessions when sales contracts are involved. For example, SCF's first FY 90 call forward of Title II commodities in Sudan specified rice with less than 20% broken kernels and "specific markings." Neither specification could be met and the notification cable requested the Mission's experienced food specialist to "assist negotiations." In December 1989, CARE refused to approve the shipment of 4,620 pounds of vegetable oil to Ethiopia. The supplier had run out of containers with "abbreviated markings," as specified, and wanted to substitute "standard markings."

CRS staff emphasized the difficulties of selling monetizable commodities at market prices. Prospective purchasers seek price concessions, complaining that the monetizing agency is not a regular supplier, often has difficulty meeting specifications and cannot control delivery dates. Although CRS has always been able to complete monetization transactions, outcomes and timing have been uncertain.

The report uses these examples to convey the flavor of monetization, *not* to fault the DCC, A.I.D. missions, or PVOs. They emphasize the advantages of flexibility and early identification of alternate commodities suitable for sale. In Mexico, for example, the A.I.D. Representative and the PVOs monetized sorghum under Section 416(b). Sorghum was not their preference, but they maintained feeding and other development activities by selling it. There are few situations in which *some* available commodity cannot be monetized successfully.

Continuing relationships with parastatal organizations, in India, Indonesia and many African countries for example, make selection and pricing of the commodity part of a broader food planning process. The PVO may occasionally be frustrated by a parastatal, commodity variation and other problems, but usually receives the expected local currency proceeds eventually.

3. The Mission Role

Monetization is a small part of a mission's broader food programming strategy in many countries. Consequently, most problems of commodity selection and pricing stem from considerations beyond the control of Title II programming. In Bolivia and Philippines, for example, identification of a suitable commodity for Title II monetization has been difficult because of overall production and trade factors. Where a Bellmon or usual marketing requirement (UMR) determination limits total additional food aid, as in Guatemala for example, monetization also becomes more difficult.

USAIDs and embassies have supported PVOs very effectively in identifying monetizable commodities. It is clear from the cable traffic that the increased importance of monetization has led many missions to integrate Title II and development programming as never before.

Assuring successful monetization has become a shared goal. Peru, Guinea-Bissau, Jamaica and Sudan, for example, illustrate outstanding collaborations. USAID/Morocco's defense of CRS, after a 1989 GAO audit, also reflects close field cooperation between the Mission and the PVO. The role of ACDI in assisting USAID/Uganda privatization initiatives, substituting private sales for an unsatisfactory Government marketing experience, illustrates both collaboration *and* the effective use of monetization.

TABLE IV—

Title II Sales and Barter Agreements by Program, Country and Sponsor (FY 1987-FY 1988)

PROGRAM/ COUNTRY	SPONSOR	COMMODITY	METRIC TONS	$000 VALUE	LC $000 GENERATED	FY 87 DISBURSED	FY 88 DISBURSED	PURPOSE
SECTION 207								
Bangladesh	CARE	Wheat	10,500	1,178.2	0.0	0.0	0.0	Internal transportation, storage and handling. DCC approved but was never monetized.
Benin	CRS	Wheat	1,500	168.3	175.2	0.0	175.2	Commodity transport, warehouse improvement, and training seminars.
Bolivia	CRS	WFlour NFDM	933	239.1	115.0	0.0	115.0	Internal transport, storage and handling -- DCC approved but PVO headquarters determined not to monetize full amount.
Bolivia	ADRA	WFlour NFDM Vegoil	562 78 36	116.4	161.2	161.2	0.0	To support A) nutritional education growth monitoring components; B) urban/rural infrastructure; C) health project - Pando; D) family education centers (gardens and small businesses)
Bolivia	FHI	WFlour NFDM	253 33	52.0	67.9	6.0	61.9	To support A) micro-irrigation; B) family nutritional gardens, C) potable water system; D) flood prevention dykes; and E) fish culture
Burkina F.	CRS	Wheat	2,000	227.9	490.0	400.0	90.0	Administrative/logistical costs in shipping Title II commodities to over 2,000 distribution centers throughout the country
Ethiopia	CARE	Wheat	6,651	758.1	448.4	448.4	0.0	Only 2,950 metric tons were actually called forward and monetized. Internal transport, storage and handling for all PVO programs.
Gambia	CRS	Rice	1,160	196.7	0.0	0.0	0.0	DCC approved but PVO headquarters determined not to monetize.
Ghana	CRS	Wheat	2,500	280.6	505.7	505.7	0.0	Internal shipping, transport, handling and warehouse costs.
Ghana	ADRA	Wheat	1,100	123.4	205.0	205.0	0.0	Storage, inland transport/handling, agricultural implements/tools for food-for-work projects
India	CARE	Vegoil	4,020	2,312.1	4,500.0	0.0	4,500.0	To support Child Survival Activities incuiding health/nutrition education, training/implementing of ORT therapy, and training
Morocco	CRS	Wheat	15,552	1,734.9	1,946.7	5.5	1,941.2	Program support costs of structural Adjustment Program.
Peru	CARE	Wheat	14,655	1,670.3	1,832.0	1,452.0	380.0	Logistics costs, technical assistance, project materials, administrative costs for the three PVOs operating in Peru.
	ADRA	Vegoil	50	30.7 30	96.0	0.0	96.0	Complementary development inputs for food for work projects

Title II Sales and Barter Agreements by Program, Country and Sponsor (FY 1987-FY 1988)

PROGRAM/ COUNTRY	SPONSOR	COMMODITY	AUTHORIZED METRIC TONS	VALUE	LC $000 GENERATED	FY 87 DISBURSED	FY 88 DISBURSED	PURPOSES
SECTION 207 (Continued)								
Senegal	CRS	NFDM	1026	206.0	0.0	0.0	0.0	Transport costs. Approved but never called forward because of extended CRS/GOS/USAID negotiations.
Sierra Leone	CRS	NFDM	129	244.2	310.9	50.0	260.9	Commodity movement, storage, management/administration and program enrichment.
Tanzania	CRS	Vegoil	030	515.0	552.0	0.0	552.0	Commodity transport, storage and handling costs.
Togo	CRS	Wheat	3077	379.9	441.2	0.0	345.0	Program support for school canteen and child Nutrition. Funds to the costs of warehousing, transport and related activities.
Zaire	ORT	NFDM	525	57.9	500.0	500.0	0.0	A) Assist private sector company to reduce product costs and wide distribution B) finance transport/storage/handling costs of commodities; C) upgrade clinical/child welfare centers and meet related training/equipment needs.
			53,107	0,799.6	12,347.2	3,603.0	0,256.3	
NOT INCLUDED IN FY 1987 MANDATE								
INDIA	CLUSA	Vegoil	11,775	6772.7	13,000.0	0.0	10,000.0	Support of local dairy cooperative with capital investment of oil processing, production enhancement, project management, share capital and cooperative development.
	CLUSA	Wheat	6,636	019.3	095.0	0.0	095.0	Support of local cooperatives
	JADF	Butter	1,400	424.4	9,000.0	0.0	7,640.7	Capitalize loan fund to support agricultural business projects.
		Cheese	2,450					

ADRA	Adventure Development and Relief Agency	CARE	Cooperative for American Relief Everywhere
CLUSA	Cooperative league of the U.S.A.	CRS	Catholic Relief Services
FHI	Food for the Hungry International	GTG	Government to government Bilateral programs
JADF	Jamaican Agricultural Development Foundation	ORT	American ORT Federation
PVO	Private Voluntary Organization		

Source: A.I.D./FFP/PCD

Title II Sales and Barter Agreements by Program, Country and Sponsor (FY 1989)

June 1990

COUNTRY	SPONSOR	COMMODITY MONETIZED	METRIC TONS	VALUE $000	% OF PGM	US$ EQUIV FUNDS L/C USED FY89	US$ EQUIV FUNDS L/C USED FY89	US$ EQUIV FUNDS L/C USED FY90	% L/ USE FY89	% L/C USED FY90	PURPOSE
SECTION 207											
Bangladesh	CARE	Wheat	3,569	614,000	10	623,322	0	623,322	0	100	Administrative and institutional support costs
India	CARE	Vegoil	4,311	2,937,000	100	4,036,804	0	0	0	0	Program support for Individual Child Development Strategy
Indonesia	CRS	Wheat	7,912	1,360,600	100	1,582,365	0	11,068,120	0	68	ITSH, Administration, Technical Assistance
Indonesia	NCBA	Wheat	7,400	1,272,500	100	1,300,000	134,700	868,415	2	67	Support of cooperative development activities
Morocco	CRS	Wheat	1,880	323,300	3	327,906	1,695,847	2,613,170	0	0	Administration/ITSH
Benin	CRS	Wheat	400	687,000	64	536,296	187,957	348,339	35	65	Logistic supt for food distr. program. Fund mgnt costs of Integrated Health Initiative. Suppl. evaluation & planning of ORT use,Immunization campaign and village outreach pgm
Burkina Faso	CRS	Wheat	2,500	430,000	13	809,620	287,333	522,287	36	64	Distribution & program implementation costs of school feeding, food for work, young farmers' training centers and humanitarian assistance programs.
Ethiopia	CARE	Vegoil	614	481,900							
Ethiopia	CRS	Vegoil	185	105,100							
Ethiopia	FHI	Vegoil	539	422,800							
Ethiopia	EOC	Vegoil	1,345	1,029,600							
			2,683	2,119,400		1,496,000	1,141,000	1,355,000	46	54	ITS & distribution costs of usg provided food aid and a protion of the program activity cost of CARE and EOC
Ghana	ADRA	Wheat	5,370	923,400		1,371,172	87,675	1,283,497	6	94	ITSH
Ghana	CRS	Wheat	3,300	567,500	40	562,867 [FY 87] [FY 88]	193,215 20,830 65,668	369,652	34	66	Pay logistical costs: cover salaries/fringe of 22 staff persons in logistics/food/nutrition depts; fund ancillar aspects of food and nutrition activities.
Kenya	CRS	Wheat	1,477	254,000	91	419,000	275,000	144,000	65	35	Transport of commodities; distribution of commodities for FFW and MCH activities and operation expenses

June 1990

Title II Sales and Barter Agreements by Program, Country and Sponsor (FY 1989)

COUNTRY	SPONSOR	COMMODITY MONETIZED	METRIC TONS	VALUE $000	% OF PGM	US$ EQUIV FUNDS L/C GENERATED	US$ EQUIV FUNDS L/C USED FY89	US$ EQUIV FUNDS L/C USED FY90	% L/C USED FY89	%L/C USED FY90	PURPOSE
SECTION 207											
Mali	WVRD	Sorghum Vegoil	284 25	112,500	20	172.000	172,000	0 0	100	0	All commodities were bartered for 2,940 animals (goats, sheep, and donkeys) for 270 beneficiary families
Sierra Leone	CRS	Vegoil	900	613,100	20	1,000,000					ITSH
Togo	CRS	Wheat	2,127	365,700	21	307,964	162,766 (FY 87) 113,003 (FY 89)	62,907 (FY 87) 194,881 (FY 89)	39 (FY 87) 37 (FY 89)	15 (FY 87) 63 (FY 89)	To support logistical, commodity movement and end us checking costs incured. Also supported a weaning foo dev project, an educ theatre project, and operations re search to improve quality of monitoring activities
Togo	OIC	Wheat	2,000	343,900	100	272,413	29,766	120,846	11	47	To support commodity storage, transport, handling and distribution, and agricultural training porgram and extension supervision activities.
Uganda	ACDI	Vegoil	1,000	760,700	100	987,600	460,000	519,600	47	53	Support local agricultural cooperative projects
Zaire	ORT	Rice	1,500	455,000	61	690,000	625,000	65,000	91	9	Local operating expenses
Bolivia	FHI/ADRA	WFlour	8,075	2,226,800[2]	15	3,221,000	828,000	2,393,000	26	74	FHI: Agricultural development, monetization fund mgmt and local purchase of agricultural commodities ADRA: Child survival interventions, agricultural development, local purchase of agric commodities and logistical improvement
Jamaica	JADF	Corn	30,751	3,600,000[3]	100	3,776,000	3,776,000	0	100	0	Supports LC loans to the agricultural sector. Also provides grants to agricultural institutions to conduct studies and surveys on selected areas in agriculture.
Peru	CARE	Corn	25,000	3,251,800[3]		3,425,000	0		0	100	ITSH
			117,064	23,219,000		25,421,329	9,122,860	11,205,116			

Source: A.I.D./FFP/PCD

In Indonesia, during FY 88, the Mission and FFP collaborated to save 7,000 tons of then-scarce wheat by arranging transfer of some unexpectedly high sales proceeds from CARE to NCBA. Both PVOs received funds as programmed and the shipment became unnecessary. This is one of the few examples of flexibility and sharing of monetization proceeds, though more may be expected as collective (combined) monetization becomes more prevalent.

There is undoubtedly room for improvement in PVO marketing skills and in USDA assessment and communication of commodity availabilities. Still, the monetization program has made good progress since the Manual appeared. It is difficult to picture an ideal example, since sudden and unexpected changes inhere in the international marketing of commodities. However, the record shows clearly that PVOs have become more adept. The small PVOs are relying more on those better able to hire necessary staff and the USAIDs provide needed support.

Identifying commodity trends serves primarily to emphasize the vulnerability of orderly monetization to the vagaries of U.S., developing country and world production. Despite uncertainty and other problems, both missions and PVOs seem generally interested in continuing, and competent to manage, commodity sales as a source of local currency.

D. THE USE OF MONETIZATION PROCEEDS

Monetization projects have become more developmental as a result of the broadening of permissible uses of proceeds legislated in 1988. Food distribution activities supported by monetization still remain important. Principal uses include (1) logistical support of distribution; (2) increasing development activities associated with commodity distribution; and (3) funding development activities that do not involve food distribution. Title II and Section 416(b) monetizations show similar use of proceeds. Monetization by Cooperatives involves no commodity distribution.

Table IV (see following pages) illustrates the dominance of "internal storage, transport and handling" among the early uses of monetization proceeds. Though the three large 100 percent monetization Cooperative projects account for a larger volume of FY 88 disbursements, PVOs used at least 14 PVO monetizations primarily to support commodity distribution.

1. New Projects

FFP has not tabulated the use of proceeds during FY 90 but a review of other data in the Appendix permits some useful conclusions. For example, it is clear that the 100 percent monetization projects in Africa, sponsored by ACDI, Africare and OIC, replace only partially the large Indonesia, India and Jamaica monetizations by Cooperatives, now ending. The three new PVOs are implementing development projects, with little or no food distribution, in countries that reject direct distribution or have USAIDs that do.

The new Africa projects illustrate the increased integration of food aid and development planning stimulated by monetization. While the A.I.D. concern to "use food aid more developmentally" encouraged integration, monetization has provided resources to support it. In Bolivia, where integration has advanced well, the Mission first emphasized improving the development impact of food distribution programs. This has already given way to the substitution of non-food development projects for distribution activities with little development potential. **Monetization has been the vehicle for implementing the transition to improved integration and achieving sustainable impact.**

2. Improving Development Impact

Although precise calculation is difficult, the funding of activities complementary to food distribution has increased relative to the use of proceeds for logistics. For example, ADRA, SHARE and Food for the Hungry International (FHI) acknowledge using monetization to help cover the higher ancillary program costs involved in shifting from MCH distributions to Food for Work.

Heavy emphasis on funding internal transport, clear from the FY 87 figures, declined as CRS passed management of feeding programs to counterparts in African countries. Financing of development-related costs in other food programs increased. For example, CARE used monetized commodities to pay for a three-year reprogramming of Philippine feeding projects, to incorporate small enterprise and other developmental activities. CARE continues to improve long-time MCH activities, in Guatemala and elsewhere, through monetization. In Morocco, CRS is currently concluding use of $762,000 of monetization proceeds to work more effectively with four ministries in a $15.0 million food distribution program intended to alleviate consequences of structural adjustment.

In Mexico and several other countries, the sale of donated commodities, and the use of proceeds to buy local commodities for direct distribution, has reduced internal transport costs and made feeding programs more compatible with local food preferences. In such cases, monetization *increases* PVO response to the food needs of hungry people. In Bolivia, where resentment of food aid runs high, buying and distributing local foods, with monetization proceeds, have allowed the continuation of commodity distribution in a sometimes unsympathetic environment.

Trends in the use of monetization proceeds reflect broader changes in A.I.D. and PVO priorities for direct distribution of Title II commodities. Concern to "use food more developmentally" has increased Food for Work and community development activities relative to traditional MCH distributions. Emphasis on Child Survival activities, often unaccompanied by commodity distribution, has diminished food programs in mothers clubs and MCH clinics.

Increased monetization has coincided with new Title II emphasis on increasing the development impact of food distribution. PVOs have used commodity sales heavily to fund the complementary costs of "making food programs more developmental," once coverage of logistics expenses has been assured. Missions have presented few 100 per-

cent monetization project proposals, since FY 87, partly because they have given priority to improving food distribution projects.

E. COOPERATING SPONSOR PARTICIPATION

Tables V, VI, VII and the related graphs show steady growth in the number of PVOs with approved Title II monetization projects but little change in the participation by Cooperatives. Because recent Section 416(b) monetizations have only been in Mexico, PVO and Cooperative participation under that Section have varied little. Although CARE/USA (CARE) and Catholic Relief Services continue to be the leaders, the Table shows how SCF, SHARE and others soon started, and have continued to expand monetization.

TABLE V

Monetization of Title II Commodities by PVOs (Approvals)
FY 1987 - 1990

Name of PVO/Fiscal year	1987		1988		1989		1990	
	%	$ 000	%	$ 000	%	$ 000	%	$ 000
CARE	53	4,918	35	5,987	36	5,642	36	6,483
CRS	42	3,984	51	8,761	30	4,618	32	5,606
ADRA	3	270	2	313	6	908	5	935
ORT	1	58		145	4	525	2	322
FHI	1	40	4	767	20	3,042	4	863
SHARE							2	395
SCF			8	1,315			3	586
EOC			2	300	6	914		
OIC					2	344		
WVRD					1	112	9	1,661
Africare							3	540
JDC							1	190
Total- $000	9,270		17,588		16,105		17,581	

Source: A.I.D./FVA/FFP/POD

TABLE VI A

Monetization of Section 416(b) Commodities by PVOs (FY 1987 - 1990)

Name of PVO/Fiscal year	1987		1988		1989		1990	
	%	$000	%	$000	%	$000	%	$00(
CARE	50	1.080	21	674			30	3,82
IPHD			28	36	39	4,922	30	3,82
COA	18	395	13	417	11	1,298	10	1,29(
SHARE	32	686	38	1,229	50	6,254	10	3,82:
TOTAL-$ 000	2,161		3,256		12,474		12,765	

Source: A.I.D./FVA/FFP/POD

TABLE VI B

Monetization of Title II Commodities by Cooperatives
FY 1987 - FY 1990

Name of Coopera-tive/Fiscal year	1987		1988		1989		1990	
	%	$000	%	$000	%	$000	%	$000
NCBA-$ 000 Percent	94	8,066	63	1,725	22	1,251		
Land O'-Lakes, Inc. (Jamaica Ag. Devlp't Foun-dation) - $ 000 Percent	6	513	37	1,023	64	3,600	40	3,600
ACDI-					14	761	60	5,480
Total-$000	8,579		2,748		5,612		9,080	

(Cooperatives have not monetized Section 416(b) commodities).

Source: A.I.D./FVA/FFP/POD

TABLE VII

SUMMARY OF PVO AND COOPERATIVE MONETIZATION

FY 87	**Three Cooperative projects monetized** **Nineteen PVO projects monetized**	$8,065,700 10,502,600
FY 88	**Two Cooperative projects monetized** **Twenty-one PVO projects monetized**	2,728,000 26,700,000
FY 89	**Two Cooperative projects monetized** **Eighteen PVO projects monetized**	4,851,000 17,200,000
FY 90	**Two Cooperative projects monetized** **Twenty-six PVO projects monetized**	9,080,000 17,000,000

Source: A.I.D./FVA/FFP/POD

Africare, ACDI and OIC responded to the 1988 legislation encouragement of 100 percent monetization and broadening of permissible use of proceeds. All three express considerable satisfaction with the opportunity to monetize, USAID encouragement and support, and the project approval process. All are currently preparing other projects. Review of their experience shows the constraints arising from (1) small size; (2) limited dollar resources; and (3) the time and effort required for project preparation. Monetization can remain a critical source of supplemental funding for these PVOs. Yet, it will be many years before any of them becomes a major provider of demand for monetizable commodities.

ADRA, SCF, FHI and World Vision Relief and Development (WVRD) have all expanded their activities through the use of monetization. Before doing so, they enjoyed various Enhancement, Strengthening, Matching and other dollar grants from A.I.D.. Here, too, their size and other limitations impose constraints on expansion of monetization. In the absence of new sources for the dollar costs of expansion and project preparation, these PVOs are likely to remain steady, but modest, users of monetization proceeds.

1. Catholic Relief Services

CRS and CARE, the leading Title II Cooperating Sponsors for many years, use monetization effectively, though in different ways. Examination of Table V, review of project documentation, and interviews confirm both the serious philosophical and practical reservations still unresolved at CRS *and* the Agency's use of the monetization technique to keep programs going.

The CRS Board of Directors has, to date, limited their monetizations to support of food distribution activities. The Board is currently reviewing monetization policy, but is still concerned about possible disincentives to local production. It is also reluctant to permit 100 percent monetization projects for non-food development projects, preferring to rely on other funding sources.

CRS now prefers to share in the proceeds of collective monetization, avoiding identification as a marketer of food they percieve us "intended to feed hungry people." This view reflects some internal differences about the concept *and* more practical concerns about public relations. Salvation Army, a church-related PVO contemplating increased Title II involvement, expresses similar reservations.

CRS also opposes the strict accountability for local currencies required by monetization, though complying appropriately as required. Indeed, interviews with PVOs revealed no special concerns about accountability and information requirements associated with monetization, beyond those expressed for regular Title II projects. CRS and others, though often unhappy with what are perceived as unnecessary impositions, now accommodate routinely.

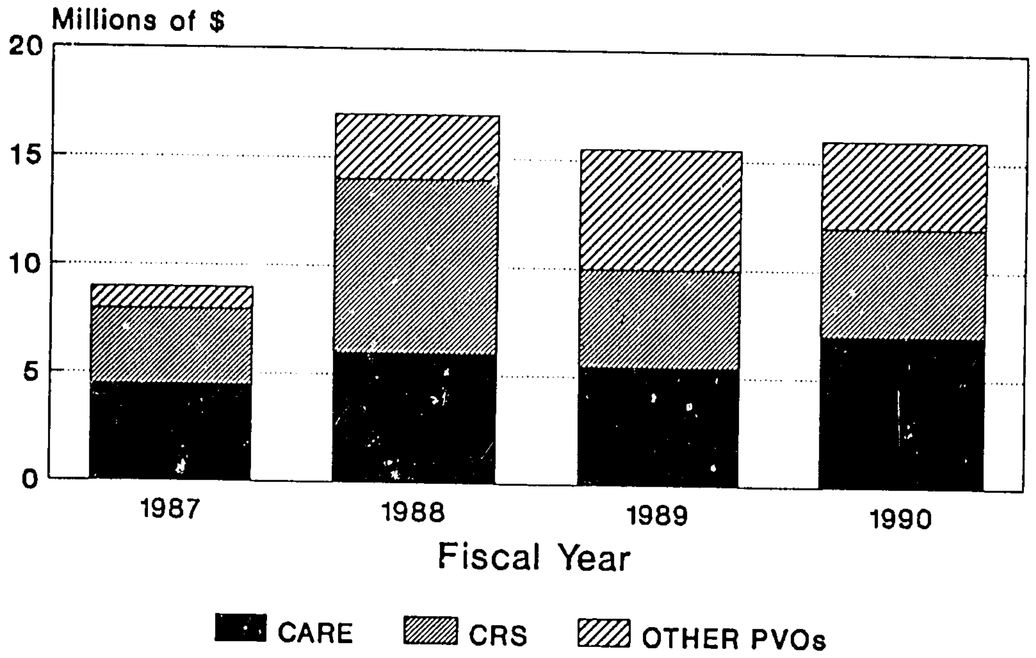
CRS shared with A.I.D. a report describing an early monetization in an unidentified African country. After spending seven months developing a sales agreement for 1,000 tons of wheat, they had problems getting paid. While waiting for the commodities, the value of the anticipated proceeds eroded because of price changes and inflation.

CRS learned rapidly to avoid such problems, and current documentation shows mastery of the Manual. Still, the early experience appears to have contributed to ambivalence about monetization. For example, in Sierra Leone and Burkina-Faso, CRS has used the technique effectively to replace beneficiary contributions in MCH programs (eliminated for policy reasons) and to offset increased operating costs.

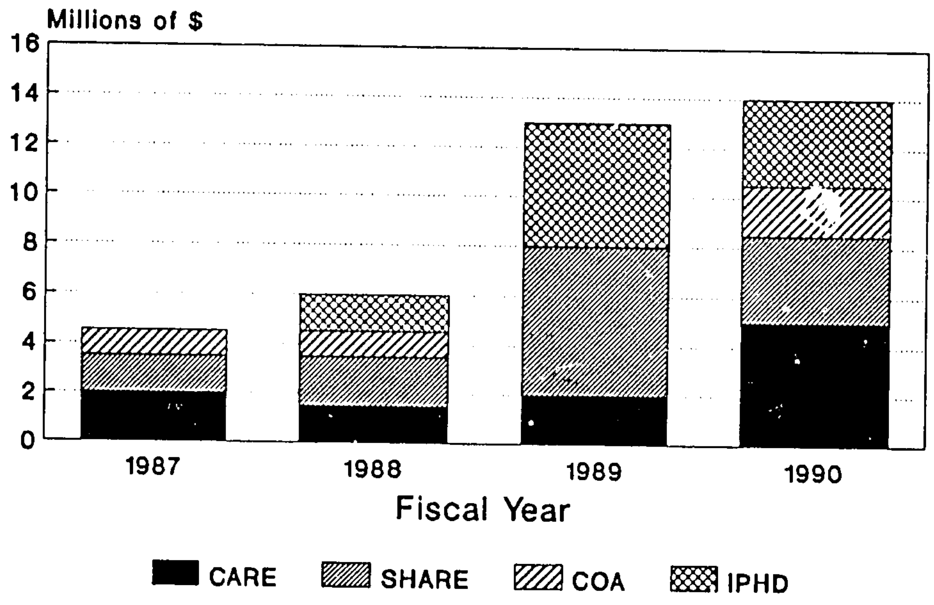
CRS has had other problems. Project documents recite that an FY 88 CRS monetization in Kenya "allowed revival" of that Program for FY 89, after financial problems had made suspension necessary. During FY 87, CRS received approval to use monetization proceeds for the payment of expenses already incurred in Burkina-Faso, when commodity sales were delayed. A REDSO cable, in March 1987, announced that "final sale price of wheat may be below FAS cost." This made proceeds from a CRS monetization in Benin far less than had been anticipated. Failure to deposit monetization proceeds in an interest-bearing account, before the Manual clarified policies, caused CRS/Morocco considerable grief during a 1989 GAO audit.

These examples illustrate the benefits *and* difficulties of monetization. CRS and other PVOs show great improvement in managing the process, partly because of the Manual. They also exhibit considerable wisdom in accepting, and accommodating to, availability and other problems they cannot control.

MONETIZATION OF TITLE II COMMODITIES BY PVOs



MONETIZATION OF SECTION 416(B) COMMODITIES BY PVOs



2. CARE

CARE, despite some initial difficulties, has become the leader in monetization. CARE's manual treats monetization seriously and in sophisticated detail. The Agency monetizes larger volumes of commodities, in fewer countries, than CRS. **Current programming shows CARE as the chosen instrument for collective monetization in several countries, with others pending. This model reduces USAID and PVO management burdens, helps CARE become more efficient, and encourages coordinated programming.**

A report from CARE/Guatemala, prepared in 1988, shows that the PVO did not become expert overnight. The document describes every step in a 100 percent monetization project, worth $68,000, to finance an innovative village bank project. Commodities had been called forward *before* delivery of a signed contract of sale, a practice later barred by Manual guidance. Difficulties with purchasers, shipment and almost everything else caused the author to conclude that "monetization has been time-consuming, tedious and less than optimal." All later CARE monetizations involved much larger commodity values. The experience discouraged CARE, and perhaps other PVOs, from using the technique to fund small pilot efforts, except as part of combined monetizations.

3. Collective Monetization

Lack of guidance caused inordinate delays during an early collective monetization, managed by CARE, in Ethiopia. **Obtaining authorizing letters, clarifying call-forward responsibilities, and other procedural problems need to be addressed in any supplement to the Field Monetization Manual.** Experience from Bolivia, Ethiopia and Peru illustrates field adaptation of guidance intended for individual monetizations. Collective monetization is now sufficiently widespread and promising to merit specific guidance.

In Bolivia, for example, the USAID formed a Monetization Committee, including Mission and PVO staff, that delegated most monetization tasks to a paid employee. The Committee reviewed proposals, arranged for audits of participating PVOs, approved marketing arrangements and worked closely with the USAID to resolve apparent conflicts between Title II and Title III pricing. Although FHI is the nominal seller, it acts for the Committee and with approval of the members. Participating PVOs express satisfaction with the Process. The USAID finds the Committee a convenient vehicle, and monetization has become an integral part of funding for both direct food distribution and small non-food development activities.

4. Other PVO Experiences

Aided by an Enhancement Grant, ADRA improved programming and marketing enough to integrate monetization effectively with country programs in Bolivia, Ghana, Haiti and Peru. A new proposal, for a 100 percent monetization project in Uganda, has been submitted and was returned for revision. Despite difficulties marketing corn in

Peru and vegetable oil in Haiti, the Agency continues to view monetization as a useful replacement, in some countries, for diminishing Title I revenues and A.I.D. grants.

Though more modest, monetization projects of FHI, SCF, The American ORT Federation (ORT) and Christian Outreach Appeal (COA) have enabled these PVOs to strengthen existing activities. ORT and COA each uses commodities in only one country, but SCF, already monetizing in several, is currently preparing a 100 percent monetization project for Honduras.

The International Partnership for Human Development (IPHD), working only in Mexico, has used three years of substantial monetization to support food logistics, feeding projects, and a variety of development activities, by an experienced counterpart. Since monetization has made more resources available, this PVO now presents far more elaborate and sophisticated development proposals.

SHARE, in Mexico and Guatemala, offers an outstanding example of how an inexperienced PVO learned monetization and development programming over a few years. SHARE has improved visibly and used monetization to become "more developmental." As monetization increased, SHARE and most other PVOs have hired new staff able to handle the tasks associated with it. Increased collaboration among PVOs, induced by the obvious advantages of collective efforts, has led to useful sharing of staff. SHARE has offered to help Salvation Army, and other PVOs in Guatemala, enjoy the benefits of monetization.

Monetization has been no panacea. Nevertheless, since the *Monetization Field Manual* demystified the process, PVOs have generally monetized sensibly and with ample consideration for target groups traditionally served by Title II distributions.

Their performance in commodity transactions, and in the use of monetization proceeds, though generally of similar quality, merits separate attention. Indeed, all PVOs would be delighted to get rid of the former role, if they could be assured of an equally stable and reliable source of local currency for development activities. Even with ready availability of local funds, lack of dollars would limit expansion of PVO and Cooperative activities.

Until alternative funding sources increase, Cooperating Sponsors can be expected to continue orderly expansion of monetization. Many of the proceeds must supplement inadequate, now declining, revenue sources, such as A.I.D. grants and contributions from Latin American governments. Constant inflation reduces purchasing power of revenues generated from commodity sales. Because most Cooperating Sponsors are having considerable difficulty maintaining current program levels under these conditions, major new program initiatives, supported by monetization, remain unlikely.

III. ISSUES IN MONETIZATION

Although the evidence supports optimistic conclusions about monetization, some problems and issues requiring attention remain. A few are quasi-legalistic interpretation questions, inevitable in such a Program. Others deal with practical details of making the process faster, easier and less uncertain. The most complex questions deal with the proper role of monetization, avoiding dependence on it, and keeping it consistent with the Title II statutory goal of feeding needy people.

A. THE FORM AND QUALITY OF PROPOSALS

The introduction of monetization increased the complexity of project proposal requirements, and absence of early clear guidance added to PVO difficulties in responding to them. **With the introduction of the *Monetization Field Manual*, and more Cooperating Sponsor experience, the quality of monetization proposals has improved visibly.** Though the initial presentations of some agencies still require major additions and revisions, proposal quality is no longer as big a problem as it once was. The weakest proposals come from PVOs with little development experience. Improved staffing and increased contact with USAIDs has helped to improve proposal quality.

Improved proposal quality is most evident in the Economic Analysis and Monetization Plan sections, both new and different from the rest of PVO development proposals. The CARE Manual, with considerable detail about both new items, illustrates the increased sophistication acquired by Cooperating Sponsors as monetization has become more frequent.

1. Mission Cooperation

It is clear, from reviewing a sample of recent proposals, that, as encouraged by the Manual, PVOs rely heavily on USAIDs and Embassies for their Usual Marketing Requirements and other economic analysis. This is not said critically, but to emphasize the increased collaboration encouraged by monetization. Since Missions routinely report the necessary information, in connection with Title I and other programs, Cooperating Sponsors have ready access to data required to support their monetization proposals. "Combined" or "collective" monetization, in which one Sponsor acts for several, has become more common, reducing the analytical tasks of individual agencies.

Describing each step of the proposed monetization process forces PVO attention to specific tasks that they might otherwise neglect. Again, help from others has been important. For example, in Indonesia and elsewhere, parastatal purchasers and Cooperating Sponsors have developed marketing arrangements that are now almost routine. Most important, PVOs have learned from their experience and few repeat earlier mistakes.

2. Cooperating Sponsor Collaboration

The current trend toward collective monetization reduces concern about economic analysis and marketing plans, since only one PVO needs to be comfortable with them. In Bolivia, where a management assistance grant led to training in proposal preparation for three PVOs, making one agency the expert on selling commodities has been adequate. **Cooperation for collective monetization can lead to better coordination of internal transport, storage and food programming.**

The importance of coordinated marketing makes a single approach desirable. The need to link PVO marketing plans with Mission Title I and related concerns involves the Cooperating Sponsors in a bigger and more sophisticated game. Cable traffic from Sudan, where the USAID delayed PVO monetization to avoid undercutting a Title I pricing negotiation, illustrates dependence of Title II sales on decisions about other programs.

Other than for economic analysis and marketing plans, PVO monetization proposals reflect the experience and developmental sophistication of the individual agencies. Proposals from the new Title II PVOs (e.g., Africare, ACDI) emerged with more detail and evidence of analysis than most. This was because USAID missions review increased as Title II and development funding became more integrated. Since so many proposals refer to modest changes in existing activities, their routine presentations differ little from previous work. Incorporation of monetization plans into Multi-Year Operating Plans (MYOPs) contributed to more detailed delineation of budgets and funding sources, a desirable outcome.

Introduction of monetization does not complicate the presentation of program proposals. Plans for marketing commodities, and for the use of proceeds, are included in MYOPs and Annual Operating Plans as another resource for financing part of the Cooperating Sponsor's total food distribution and other development activities. **With combined monetization, a single description of proposed sales arrangements and division of proceeds, accompanied by Operating Plans of participating agencies, should meet all reasonable requirements.**

The FY 90 Peru proposal illustrates an application for monetization that involved little more than bringing together the plans and budgets of participating agencies. In Bolivia, where Sponsors have little need of additional funds for logistics, the "Monetization Program" became a separate forum for selecting among new developmental alternatives proposed by PVOs. But, usually, monetization requests are likely to be no more than attempts to find resources for already existing activities.

B. PROTECTING MONETIZATION PROCEEDS

Most PVOs have found ways to reduce the risks of leaving large amounts of sales proceeds in local currency accounts. Yet, the Manual provides little formal guidance on protection against such risks. **Where permitted, PVOs hold balances temporarily in dollars, converting as necessary. CARE began doing this in Peru, after proceeds of**

a 1987 monetization lost substantial value through devaluation. BULOG, the Indonesian parastatal purchaser in monetizations, pays in dollars. The monetizing Sponsors retain them until ready to spend local currency. **Other Sponsors insist on immediate payment of all proceeds and hasten to spend the money before inflation and devaluation take their toll.**

A.I.D. is currently reviewing the legality and advisability of allowing temporary maintenance of monetization proceeds in dollar accounts. It is important that missions and PVOs receive notice of any restrictions on conversion to dollars well in advance. Eliminating the conversion option may make some pending monetizations far less appealing.

Unfavorable marketing conditions, or hard-bargaining parastatal purchasers, in Ethiopia for example, occasionally delay payment of sales proceeds. WVRD had to borrow a large sum internally to keep its Ethiopia Program going, while waiting for payment. Cooperating Sponsors can get authorization to use monetization proceeds as reimbursement for expenditures previously incurred.

As **protection against future audits, Manual guidance about protecting proceeds should be more explicit.** This will avoid incidents such as the Morocco Audit, in which pre-Manual lack of clarity caused a serious dispute about the need to deposit proceeds in an interest-bearing account. Section III(G)4, at page 20, of the Manual requires deposit of proceeds in interest-bearing accounts, but could provide additional guidance. Cooperating Sponsors should understand that they are expected to exercise sound business judgment in protecting proceeds. The Manual need not detail specific steps, since feasible and permissible practices in individual countries vary widely. Still, urging more attention to the problem of maintaining purchasing power of monetization proceeds will be useful.

C. ESTABLISHING ENDOWMENTS

Section III(G)(4) of the Manual prohibits the use of monetization proceeds to establish endowment funds. Innovative proposals from Jamaica and Guatemala, proposing endowments that would have contributed to self-reliance, had to be rejected. A loan fund for Indonesia was also rejected. Only interest on fund principal, an endowment to be kept in banks, was to be available for lending. Interviews with Cooperating Sponsors revealed considerable interest in other endowment fund proposals and uncertainty about limits of the prohibition.

Although some monetization projects authorize creation of revolving loan funds, current legal interpretations of the enabling statute bar use of monetization proceeds to establish endowments. Unlike the Indonesia proposal, approved loan funds lend out both principal and interest. The rationale for rejecting endowments, applied to both Title II and Section 416(b), accepts the view that all proceeds must be spent promptly for statutory purposes.

Legal opinions reject the argument that an endowment fund is simply a way to increase monetization funds *permanently*. If, for example, endowment funds for support of internal transport and local storage existed, a major need for continued monetization would disappear. Although the capital of an endowment is not spent *immediately* for statutory purposes, the fund can provide a *permanent* source of income that will increase the ultimate achievement of statutory goals.

Legislative consideration seems appropriate since permitting the creation of endowment funds would be a major change in the use of monetization proceeds, and in the rationale for encouraging Title II and Section 416(b) commodity sales. The potential of endowment funds for building permanent development institutions, useful for helping needy people, seems sufficiently consistent with statutory purposes to justify explicit inclusion as a permitted use of monetization proceeds.

Approving use of monetization proceeds to establish endowments creates new accountability problems. It is impractical to require *permanent* monitoring of local currency expenditures, since PVO involvement with endowment administration should soon end. **Identifying reasonable accountability requirements, without burdening PVOs or national institutions indefinitely, will be an important aspect of any new policy permitting endowments.**

The Jamaica Agricultural Development Foundation (JADF), the result of a 1984-90 100 percent monetization project sponsored initially by the Land O'Lakes Cooperative, illustrates the advantages of an endowment-type fund. Now a well-established institution, with an independent Board and impressive financial base, the Foundation provides loans and other services that contribute substantially to agricultural development. **The JADF project will provide useful guidance for structure of a workable endowment institution, should the current prohibition be removed.**

D. HEADQUARTERS OVERHEAD

Although monetization exists primarily to generate funds for local currency expenditures, CARE seeks to use part of sales proceeds to cover U.S. Headquarters overhead. USAID/Peru requested guidance on the question, calling it "an interesting policy issue." The DCC rejected CARE's proposal as a "costly and inefficient" way to cover dollar costs.

One can sympathize with CARE's need to cover Headquarters dollar costs and still reject the use of monetization proceeds as a way to do it. **The issue emphasizes the need to provide PVOs with efficient sources of dollar financing, consistent with the requirements for programming expanded use of monetization.**

Total prohibition of Headquarters overhead financing from monetization proceeds, the current policy, seems more consistent with statutory intent. The Manual should incorporate this policy if current A.I.D. review confirms the DCC decision to bar such funding.

E. AVOIDING DEPENDENCE ON MONETIZATION

Sale of Title II commodities remains, at best, an uncertain base for long-term funding of feeding programs and development projects. Although Section 416(b) commodities are even less secure, "regular" Title II programs also continue to be subject to constraints beyond PVO control. The same concern to reduce dependence on commodities, that leads A.I.D. to encourage "phasing over" or "phasing out" Title II programs, applies to monetization. Here, though, the risks of dependence refer to PVOs.

Offering monetization as "last resort" financing easily institutionalizes commodity sales as a routine funding tool. To avoid excessive reliance on monetization, for example, some PVOs monetizing in Mexico and Guatemala have already been warned to expect gradual reduction of commodity allotments. At the same time, the statutory mandate, that PVOs monetize at least ten percent of PVO-managed Title II commodities, sends a contrary signal. **Monetization may continue to be a useful resource for new activities, without being a permanent crutch to support old ones. As a practical matter, monetization is likely to remain an important source of local currency for many years.**

F. THE PROPOSAL REVIEW AND APPROVAL PROCESS

Introduction of monetization added complications and delays to the proposal review and approval process for Title II and Section 416(b) projects. Issues of proposal content and approval delays, initially linked to monetization, are now indistinguishable from those raised by Cooperating Sponsors in relation to all food distribution or other grant proposals. The *Monetization Field Manual* has helped Sponsors incorporate monetization proposal requirements into their regular preparation of project and planning documents.

Although review and approval of proposals will never be fast enough to satisfy PVOs completely, the 1988 amendments appear to have reduced dissatisfaction dramatically. In addition to increasing mandated monetization to ten percent and expanding permissible uses of proceeds, Congress also required DCC action on proposals within 45 days after submission. Despite debate about when the 45 day period begins, and occasional failure to meet the deadline, the new requirement *and* other factors have clearly expedited review and approval.

Members of the DCC exhibited, during interviews, attitudes toward monetization far more reasonable and sympathetic than review of early documents would have suggested. The *Monetization Field Manual,* and the absence of the expected "avalanche" of project proposals, influenced attitudes favorably. Increased acknowledgement that the interests and competence of DCC members should be limited to specific concerns, rarely including the details of development projects, also may have helped. The relative absence of PVO complaints about DCC response confirms abatement of early suspicions.

Increased USAID participation in the preparation and review of monetization projects slows the approval process, but Cooperating Sponsors express little resentment about increased delays. **More extensive involvement in Mission development planning seems to have reduced the quasi-adversarial attitudes sometimes found in the past. Though conflicts occasionally arise, and Mission performance varies, the cable traffic reveals a level of collaboration, on both marketing and development planning, rarely encountered previously.**

This new cooperation reduces the seriousness of many issues. PVOs rarely complained, during interviews, about sales arrangements, shipping and related matters, or plans for use of proceeds. It is too early to tell whether accounting, monitoring and evaluation will meet the more extensive and rigorous standards required by monetization. Manual guidance has applied too briefly. Nevertheless, review of PVO program documents indicated generally acceptable efforts to meet requirements.

G. MULTI-YEAR COMMITMENTS

Introduction of Multi-Year Operating Plans (MYOPs) has created some confusion about the significance of multi-year commitments, for both regular Title II projects and monetizations. PVOs and Cooperatives have been advised constantly that *all* food aid commitments remain subject to the availability of funds and commodities. Still, the approval of multi-year proposals often creates a false sense of security.

The DCC has now agreed, for Title II but not for Section 416(b), that, when a multi-year project appears in the Congressional Presentation, approvals for later years will be automatic. The policy assumes that Annual Progress Reports show no major problems, that and that commodity requests exceed those initially proposed by no more than five percent. It is too soon to determine whether the change will ease PVO insecurity about multi-year commitments significantly. Nevertheless, the DCC action indicates increased awareness of the advantages, and feasibility, of increased certainty in multi-year commitments for regular programs and monetizations.

On rare occasions, the DCC has approved a multi-year project and authorized shipment of all commodities during the first year. A CARE 100 percent monetization in Indonesia, during FY 88, illustrates this model. The proposed five-year $2,375,000 water development project was to be financed by the sale of 20,000 tons of wheat to BULOG, the parastatal purchasing agency. CARE argued, successfully, that they could not contract vital technical assistance without assured funding. The plentiful availability of wheat, and economies of scale possible through one large shipment, also influenced A.I.D. and DCC decisions. Wide acceptance of the Project's development rationale prompted efforts to assure adequate immediate funding.

CARE also implemented a three-year 100 percent monetization project in the Philippines, with a $1.3 million shipment of wheat. CARE is currently preparing a major multi-year proposal to support food distribution programs in Honduras that also will depend on calling forward all commodities during the first year.

Firm multi-year commitments for monetization supporting development projects may be more critical than for monetization paying the logistical costs of food distribution programs -- unless there is assured availability of the commodities to be distributed. With availability assured, the Cooperating Sponsor does not need to receive all monetizable commodities during the first year. The use of monetization proceeds is linked directly to the annual distribution of the food.

Providing maximum feasible assurance of fulfilling multi-year commitments remains an important issue in monetization. Though less important, minimizing requirements for annual presentations also merits attention.

IV. LESSONS LEARNED

This positive assessment of recent monetization experience offers several broadly applicable lessons. It is clear, for example, that **constant consultation with PVOs and their Food A.I.D. Coalition, during preparation, made the *Monetization Field Manual* a practical and responsive tool for PVO use.** Pre-Manual correspondence shows many changes resulting from PVO suggestions. Several Cooperating Sponsors commented favorably about A.I.D. solicitation and consideration of their views.

A. IMPACT OF MONETIZATION

This review also confirms that, despite limitations of commodity availability and difficulties of marketing, PVO monetization responds well to important local currency needs. The private organizations *and* A.I.D. missions soon evolved routines that make monetization manageable and reasonably efficient. Other USAID commodity concerns, and existing commitments for commodity shipment, reduced the marginal costs of introducing monetization.

Monetization deviates from the often inefficient traditional requirement that donated commodities be delivered directly to individual beneficiaries. Yet, **monetization has often improved the economic welfare and food intake of needy people. Recent monetization experience confirms that, depending on the use of proceeds, commodity sales can be as effective as direct distribution for long-term, non-emergency feeding of needy people.** For example, forestry activities, irrigation projects and the support of local production can have significant long-term impact on income and consumption. **Continuation of direct distribution also depends heavily on monetization.**

B. DIRECT DISTRIBUTION

Clearly, revenues from commodity sales have already become critical for maintenance of many existing food distribution activities. As financing of last resort, in a time of economic stringency, this dependence on monetization is inevitable. **Commodity sales have also supported increased development activity, but financing of food logistics costs remains paramount.**

Supporting direct distribution through monetization has not always been a satisfactory alternative. In Haiti, for example, where direct distribution remains extensive, the sale of commodities has been difficult and has compounded existing port congestion and storage problems. Haiti, and other countries continuing large-scale direct food distribution, often need monetization most and are least likely to be suitable for it.

C. MANAGEMENT AND ADMINISTRATION

Another lesson stems from the difficulties inherent in Title II monetization. **Rapid and clear communication to and from the field contributes significantly to effective**

monetization. This conclusion reflects no great insight, but emphasizes that frequent questions and requests for clarification are inevitable in monetization. Continued advocacy and other efforts to influence approvals are also unavoidable. Such activities sometimes give an impression of discord and problems, but have always been part of Title II program management.

Introduction of collective monetization has reduced many difficulties of the process. Using a lead Cooperating Sponsor to market for all has encouraged development of competence and allowed smaller agencies to share the benefits of monetization. Combining individual monetization proposals reduces USAID administrative burdens dramatically. Communication through the lead Sponsor and elimination of separate shipments, for example, allows missions to manage monetization more easily.

The monetization experience also suggests that PVO and mission reliance on a single commodity produces unacceptable risks. Uncertainty about commodity availability pervades the monetization program. While preferences clearly should be made explicit, A.I.D./W guidance must continue to emphasize identification of commodity alternatives from the beginning. Early consideration of the implications of receiving something other than the preferred commodity encourages preservation of project impact under unexpected circumstances.

The scarcity of big new monetization projects suggests important lessons about programming by PVOs and Cooperatives. It is clear, for example, that the high dollar costs of preparing a major proposal, and seeing it through the system, limit the number of new projects. **If A.I.D. Congress and the PVOs want more monetization, increased financing of project design seems essential. The current legislative proposal to make two percent of the Title II budget available to PVOs, if enacted, would alleviate funding limitations.** Until that happens, encouragement of monetization, and reiteration of the acceptability *and* desirability of large 100 percent monetization projects, may have some modest impact.

APPENDIX

TABLE I
MONETIZATION PROGRAMS
P.L. 480 TITLE II
FY 1987

Country	Sponsor	Commodity	MTN	Commodity Value ($000)
PVO				
Bangladesh	CAR	Wheat, Bulk	10,499.9	1,178.2
Benin	CRS	Wheat, Bulk	1,500.0	168.3
Bolivia	CRS	NFDM	314.8	34.7
		Wheat Flour	953.5	182.0
		Vegoil, Soybean Salad 56	69.4	42.4
		Total CRS	1,337.7	259.1
	ADRA	NFDM	77.6	8.6
		Wheat Flour	448.2	85.6
		Vegoil, Soybean Salad 56	36.3	22.2
		Total ADRA	562.1	116.4
	FHI	NFDM	33.1	3.7
		Wheat Flour	190.5	36.4
		Total FHI	223.6	40.1
	Total Bolivia		2,123.4	415.6
Burkina Faso	CRS	Wheat, Bulk	1,999.9	227.9
Ethiopia	CAR	Wheat, Bulk	6,651.1	758.1
Gambia	CRS	Rice	1,159.8	198.7
Ghana	CRS	Wheat, Bulk	2,500.2	280.6
	ADRA	Wheat, Bulk	1,100.0	123.4
	Total Ghana		3,600.0	404.0
India	CAR	Vegoil, Soy (55gal-drum)	4,019.8	2,312.1
Morocco	CRS	Wheat, Bulk	15,552.0	1,734.9
Peru	CAR	Wheat, Bulk	14,654.8	1,670.3
Rwanda	ADRA	Vegoil, Soybean Salad 16	49.9	30.7
Senegal	CRS	NFDM	1,876.1	206.8
Sierra Leone	CRS	NFDM	128.8	14.2

TABLE I(CONT.)
MONETIZATION PROGRAMS
P.L. 480 TITLE II
FY 1987

Country	*Sponsor*	*Commodity*	*MTN*	*Commodity Value ($000)*
		Vegoil, Soybean Salad 56	376.0	230.0
	Total Sierra Leone		504.8	244.2
Tanzania	CRS	Vegoil, Soybean Salad 16	838.2	515.0
Togo	CRS	Wheat, Bulk	3,077.2	379.9
Zaire	ORT	NFDM	525.3	57.9
TOTAL PVO			68,632.4	10,502.6
	Percent of Volag Regular Program	Commidity Value	$ MIL	Percent
	Taget		11.5	5.0%
	Approved to Date (PVO only)		10.5	4.6%
COOPERATIVES				
Jamaica	JADF	Butter	1,399.8	154.3
		Cheese	2,450.3	270.1
		Butter Oil, (55 Gal Drum)	800.1	88.2
			4,650.2	512.6
India	CLUSA	Vegoil, Soy (55Gal-Drum)	11,774.9	6,772.7
Indonesia	CLUSA	Wheat, Bulk	6,320.9	780.4
TOTAL COOPERATIVES			22,746.0	8,065.7
			$MIL	Percent
		Approved to Date (PVO/COOP)	18.6	8.1%

TABLE II
MONETIZATION PROGRAMS
P.L. 480 TITLE II
FY 1988

Country	Sponsor	Commodity	MTN	Commodit Value ($00	Total Freig ($000)	Total $000
Bangladesh	CARE	Wheat, Bulk	13,500.0	1,687.5	1012.5	2,700.0
Burkina Faso	CRS	Wheat, Bagged	2,501.1	312.6	187.6	500.2
Ethiopia	SCF	Wheat, Bagged	1,000.2	125.0	75.0	200.0
		Vegoil, 1G	1,550.8	1,189.5	193.9	1,383.4
		Subtotal	2,551.0	1,314.5	268.9	1,583.4
	FHI	Wheat, Bagged	2,700.3	337.5	202.5	540.0
		Vegoil, 5G	560.2	429.7	70.0	499.7
		Subtotal	3,260.5	767.2	272.5	1,039.7
	CARE	Vegoil, 5G	340.2	260.9	42.5	303.4
	EOC	Vegoil, 5G	391.0	299.9	48.9	348.8
	ETHIOPIA TOTAL		6,542.7	2,642.5	632.8	3,275.3
Ghana	CRS	Wheat, Bulk	2,500.2	312.5	187.5	500.0
	ADRA	Wheat, Bulk	2,500.2	312.5	187.5	500.0
	GHANA TOTAL		5,000.4	625.0	375.0	1,000.0
Guatemala	CARE	Rice	190.1	66.5	23.8	90.3
Indonesia	CARE	Wheat, Bulk	16,379.8	2,047.5	1,228.5	3,276.0
	NCBA	Wheat, Bulk	13,798.0	1,724.8	1,034.9	2,759.7
	INDONESIA TOTAL		30,177.8	3,772.3	2,263.4	6,035.7
Jamaica	JADF	Corn, Bagged	11,000.2	1,023.4	825.0	1,848.4
Kenya	CRS	Wheat, Bulk	6,439.3	804.9	482.9	1,287.8
Morocco	CRS	Wheat, w/ENT	46,116.3	5,764.6	2,536.4	8,301.0
Phillippines	CARE	Wheat, w/ENT	10,000.0	1,250.0	750.0	2,000.0
Senegal	CRS	Cornmeal	400.1	60.0	50.0	110.0
		CSM	99.8	28.9	12.5	41.4
		SFSG	640.0	125.6	80.0	205.6
	SENEGAL TOTAL		1,139.9	214.5	142.5	357.0
Sierra Leone	CRS	Vegoil, 5G	881.8	676.3	110.2	786.5
Tanzania	CRS	Vegoil, 55G	1,046.9	673.9	130.9	804.8
Zaire	CRT	MFDM	1,312.3	144.7	164.0	308.7
TOTAL PVO/COOPERATIVE			135,848.3	19,658.7	9,637.0	29,295.7

Percent of Volag/WFP Regular Program

	Commodity Val $ MIL	Percent
Target	28.4	10.0%
Approved to Date	19.7	6.9%

TABLE II (CONT.)
MONETIZATION PROGRAMS
SECTION 416
FY 1988

Country	Sponsor	Commodity	MTN	Commodity Total Freight Value ($000)	($000)	Total $000
Guatemala	SHARE	Wheat, Bulk	1,800.0	205.2	135.0	340.2
Mexico	IPHO	Corn, Bulk/Bagged	5,800.0	539.4	0.0	539.4
		Wheat, Bulk/Bagged	3,170.0	396.3	0.0	396.3
		IPHO Total	8,970.0	935.7	0.0	935.7
	SHARE	Sorghum, Bulk/Bagged	11,507.0	1,024.1	0.0	1,024.1
	CARE	Corn, Bulk/Bagged	7,250.0	674.3	0.0	674.3
	COA	Wheat, Bulk/Bagged	3,338.0	417.3	0.0	417.3
	DIF	Sorghum, Bulk/Bagged	73,034.0	6,500.0	0.0	6,500.0
	Mexico Total		104,099.0	9,551.4	0.0	9,551.4
TOTAL			105,899.0	9,756.6	135.0	9,891.6

Percent of Section 416 Program Commodity Value	$ MIL	Percent
Target	28.0	10.0%
Approved to Date	9.8	3.5%

TABLE III
MONETIZATION PROGRAMS
P.L. 480 TITLE II
FY 1989

Country	Sponsor	Commodity	MTN	Commodity Ocean Frt Value ($00	($000)	Total $000
Bangladesh	CARE	Wheat, Bulk	11,999.9	2,029.1	900.0	2,929.1
Benin	CRS	Wheat, Bulk	3,999.8	676.3	300.0	976.3
Bolivia	FHI	Wheat, Flour	9,075.1	2,592.9	1,134.4	3,727.3
Burkina Faso	CRS	Wheat, Bulk	2,500.2	422.8	187.5	610.3
Ethiopia	EOC	Vegoil	1,096.8	914.0	137.1	1,051.1
	CRS	Vegoil	185.1	154.2	23.1	177.3
	CARE	Vegoil	367.9	306.6	46.0	352.6
	FHI	Vegoil	538.9	449.1	67.4	516.5
			2,188.7	1,823.9	273.6	2,097.5
Ghana	ADRA	Wheat, Bulk	5,370.1	908.1	402.8	1,310.9
	CRS	Wheat, Bulk	3,299.9	558.0	247.5	805.5
			8,670.0	1,466.1	650.3	2,116.4
India	CARE	Vegoil	4,321.0	3,305.5	540.1	3,845.6
Indonesia	NCBA	Wheat	7,400.0	1,251.3	555.0	1,806.3
	CRS	Wheat,Bagged	7,912.1	1,337.9	593.4	1,931.3
			15,312.1	2,589.2	1,148.4	3,737.6
Jamaica	JADF	Corn	28,154.3	3,600.0	2,111.6	5,711.6
Kenya	CRS	Wheat, Bulk	1,477.4	249.8	110.8	360.6
Morocco	CRS	Wheat, Bulk	1,880.2	317.9	141.0	458.9
Sierra Leone	CRS	Vegoil, SG	675.0	547.1	84.4	631.5
Togo	CRS	Wheat, Bulk	2,098.8	354.9	157.4	512.3
	OIC	Wheat, Bulk	1,999.9	338.2	150.0	488.2
			4,098.7	693.1	307.4	1,000.5
Zaire	CRT	Rice	1,500.0	525.2	187.5	712.7
TOTAL PVO/COOPERATIVE			95,852.4	20,838.9	8,077.0	28,915.9

Percent of Volag/WFP Regular Program

	Commodity Va	$ MIL	Percent
Target		31.5	10.0%
Approved to Date		20.8	6.6%

TABLE IV
MONETIZATION PROGRAMS
P.L. 480 TITLE II
FY 1990

Country	*Sponsor*	*Commodity*	*MTN*	*Commodity Total Frt Value ($000)*	*($000)*	*Total $000*
Bangladesh	CARE	Wheat, Bulk	11,999.9	1,746.0	900.0	2,646.0
	CRS	Wheat, Bulk	5,222.3	759.9	342.1	1,102.0
	ADRA	Wheat, Flour	1,599.8	384.4	200.0	584.4
	CRS	Wheat, Flour	5,478.1	1,316.4	684.8	2,001.2
	FHI	Wheat, Flour	2,561.0	615.4	320.1	935.5
	Total Bolivia		9,638.9	2,316.2	1,204.9	3,521.1
Burkina Faso	CRS	Wheat, Bagged	2,500.2	363.8	187.5	551.3
Ethiopia	CARE	Vegoil, 1G	177.8	138.4	20.2	158.6
		Vegoil, 55G	722.1	512.6	90.3	602.9
	CRS	Vegoil, 1G	221.8	172.6	22.7	195.3
	CRSMT	Vegoil, 1G	398.7	310.3	49.8	360.1
	FHI	Vegoil, 5G	54.9	42.7	6.9	49.6
	JDC	Vegoil, 1G	244.0	189.9	24.9	214.8
	SCF	Vegoil, 1G	299.8	233.3	30.7	264.0
	WVRD	Vegoil, 1G	264.9	206.2	27.1	233.3
	Total Ethiopia		2,384.0	1,806.0	272.6	2,078.6
Ghana	ADRA	Wheat, Bulk	2,469.8	359.4	308.7	668.1
	CRS	Wheat, Bulk	2,815.0	409.6	136.5	546.1
			5,284.8	769.0	445.2	1,214.2
Guatemala	SHARE	Rice	349.7	104.9	43.7	148.6
		Black Beans	154.2	120.3	19.3	139.6
			503.9	225.2	63.0	288.2
Guinea Bissau	AFRICARE	Rice	1,799.9	540.0	225.0	765.0
Honduras	CARE	Corn, Bagged	3,098.1	310.8	232.4	543.2
Indonesia	CRS	Wheat, Bulk	8,741.7	1,272.0	655.6	1,927.6
Jamaica	JADF	Corn, Bulk	35,889.1	3,600.0	2,691.7	6,291.7
Kenya	FHI	Wheat, Bulk	1,702.8	247.8	127.7	375.5

TABLE IV(CONT.)
MONETIZATION PROGRAMS
P.L. 480 TITLE II
FY 1990

Country	Sponsor	Commodity	MTN	Commodity Total Frt Value ($000)	($000)	Total $000
Mozambique	ADRA	Corn, Bagged	299.8	30.0	22.5	52.5
		Lentils	346.1	143.6	43.3	186.9
			645.9	173.6	65.8	239.4
Peru	CARE	Wheat Flour	17,500.2	4,205.3	2,187.5	6,392.8
Sierra Leone	CRS	Vegoil, 55G	1,000.2	710.0	125.0	835.0
Sudan	SCF	Rice	1,174.8	352.5	146.9	499.4
Togo	CRS	Wheat, Bulk	1,999.9	291.0	13.1	304.1
Uganda	ACDI	Vegoil, 1G	4,049.3	3,151.2	506.2	3,657.4
		Vegoil, 55G	1,799.9	1,277.7	225.0	1,502.7
		Vegoil, 5G	1,350.8	1,051.2	168.9	1,220.1
			7,200.0	5,480.1	900.1	6,380.2
Zaire	ORT	Rice	1,074.6	322.4	134.3	456.7
TOTAL PVO/COOPERATIVE			119,361.2	25,491.6	10,920.4	36,412.0

Percent of Volag/WFP Regular Program Commodity Value	$ MIL	Percent
Target	31.0	10.0%
Approved to Date	25.5	8.2%

TABLE V
SECTION 416(b) PROGRAM APPROVALS
FY 1989

Country/Sponsor	Commodity	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal	$000 Total Ft	$000 Total	Agrmnt No./ Remarks
AFRICA	REGION TOTAL	222,908.0	27,761.4	16,555.8	4,500.0	1,755.7	22,811.5	50,572.9	
Ethiopia/WFP	Sorghum, Bulk	10,000.0	1,180.0	815.0	0.0	1,755.7	2,570.7	3,750.7	9090/Emergency
Malawi/WFP	Corn, Bulk	35,000.0	4,480.0	2,626.0	3,500.0	0.0	6,125.0	10,605.0	9901/Emergency
/GTG	Corn, Bulk	10,000.0	1,280.0	920.0	1,000.0	0.0	1,920.0	3,200.0	9615/Emergency
	Total Malawi	43,000.0	5,760.0	3,545.0	4,500.0	0.0	8,045.0	13,805.0	
Mozambique/GTG	Corn, w/bnt	20,000.0	2,400.0	2,092.2	0.0	0.0	2,092.2	4,492.2	9618/Emergency
	Corn, w/bnt	100,000.0	12,000.0	6,347.5	0.0	0.0	6,347.5	18,347.5	9612/Regular
	Subtotal	120,000.0	14,400.0	8,439.7	0.0	0.0	8,439.7	22,839.7	
/WFP	Corn, w/bnt	7,850.0	973.4	588.7	0.0	0.0	588.7	1,562.1	9090/Emergency
	Corn, w/bnt	27,150.0	3,475.2	2,036.3	0.0	0.0	2,036.3	5,511.5	9902/Emergency
	Subtotal	35,000.0	4,448.6	2,625.0	0.0	0.0	2,625.0	7,073.6	
	Total Mozambique	155,000.0	18,848.8	11,064.7	0.0	0.0	11,064.7	29,913.3	
Senegal/WFP	Sorghum, Bulk	3,131.0	369.5	130.8	0.0	0.0	130.8	500.3	WFP/REGULAR
Somalia/WFP	Sorghum, Bgd	9,777.0	1,603.3	1,000.3	0.0	0.0	1,000.3	2,603.6	9090/Regular
ASIA/NEAR EAST	REGION TOTAL	396,606.0	47,826.7	19,108.2	0.0	0.0	19,108.2	66,934.9	
India/GOI	Corn, Bulk	200,000.0	25,600.0	13,647.5	0.0	0.0	13,647.5	39,247.5	9614/Regular
Jordan/GTG	Sorghum, Bulk	136,000.0	15,560.0	2,458.5	0.0	0.0	2,458.5	18,018.5	9616/Regular
Tunisia/GOT	Sorghum, Bulk	60,606.0	6,666.7	3,002.2	0.0	0.0	3,002.2	9,668.9	9611/Regular

TABLE V (CONT.)
SECTION 416(b) PROGRAM APPROVALS
FY 1989

Country/Sponsor	Commodity	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland Frt	$000 Internal	$000 Total Ft	$000 Total	Agrmnt No./ Remarks
LATIN AMERICA	REGION TOTAL	182,685.0	21,556.9	648.5	0.0	0.0	648.5	22,205.4	
Mexico/COA	Sorghum, Bgd	11,000.0	1,298.0	648.5	0.0	0.0	648.5	1,946.5	9907/Regular
/DIF	Sorghum, Bgd	76,970.0	9,082.5	0.0	0.0	0.0	0.0	9,082.5	9903/Regular
/IPHD	Sorghum, Bgd	41,715.0	4,922.4	0.0	0.0	0.0	0.0	4,922.4	9906/Regular
/SHARE	Sorghum, Bgd	53,000.0	6,254.0	0.0	0.0	0.0	0.0	6,254.0	9905/Regular
EUROPE	REGION TOTAL	16,000.0	7,657.0	976.9	0.0	0.0	976.9	8,633.9	
Poland/GTG	Butter	4,500.0	6,300.0	0.0	0.0	0.0	0.0	6,300.0	9617/Regular
	Sorghum, Bulk	11,500.0	1,357.0	976.9	0.0	0.0	976.9	2,333.9	9617/Regular
Grand Total Section 416		818,199.0	104,802.0	37,289.4	4,500.0	1,755.7	43,545.1	148,347.1	
Regular		708,199.0	91,013.4	28,212.2	0.0	0.0	28,212.2	119,225.6	
Emergency		110,000.0	13,788.6	9,077.2	4,500.0	1,755.7	15,332.9	29,121.5	
Commodities		818,199.0	104,802.0	37,289.4	4,500.0	1,755.7	43,545.1	148,347.1	
Grain Products		813,699.0	98,502.0	37,289.4	4,500.0	1,755.7	43,545.1	142,047.1	
	Corn, Bagged	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
	Corn, Bulk	245,000.0	31,360.0	17,192.5	4,500.0	0.0	21,692.5	53,052.5	
	Corn, w/bnt	155,000.0	18,848.6	11,064.7	0.0	0.0	11,064.7	29,913.3	
	Sorghum, Bgd	192,462.0	23,160.2	1,648.8	0.0	0.0	1,648.8	24,809.0	
	Sorghum, Bulk	221,237.0	25,133.0	7,383.0	0.0	1,756.0	9,139.0	34,272.0	
Dairy Products									
	Butter	4,500.0	6,300.0	0.0	0.0	0.0	0.0	6,300.0	

TABLE VI
SECTION 416(b) PROGRAM APPROVALS
FY 1990

Country	Sponsor	Commodity	MTN	$000 Commodity	$000 Ocean Frt	$000 Inland	$000 Internal	$000 Total Frt	$000 Total	Agreement No./ Remarks
ASIA/NEAR EAST										
Jordan	GTG	Sorghum, Bulk	100,000.0	8,500.0	1,589.0	0.0	0.0	1,589.0	10,089.0	0619/Regular
		Sorghum, Bulk	155,000.0	13,175.0	2,325.0	0.0	0.0	2,325.0	15,500.0	0624/Regular
		Corn, Bulk	155,000.0	13,795.0	2,325.0	0.0	0.0	2,325.0	16,120.0	0624/Regular
	Country Total		410,000.0	35,470.0	6,239.0	0.0	0.0	6,239.0	41,709.0	
Poland	GTG	Corn, Bulk	403,225.0	35,887.0	16,763.7	0.0	0.0	16,763.7	52,650.7	0621/Regular
Romania	GTG	Corn, Bulk	315,000.0	28,035.0	9,450.0	0.0	0.0	9,450.0	37,485.0	0626/Regular
		Butter	7,500.0	12,750.0	562.5	0.0	0.0	562.5	13,312.5	0626/Regular
	Country Total		322,500.0	40,785.0	10,012.5	0.0	0.0	10,012.5	50,797.5	
Tunisia	GTG	Sorghum, Bulk	45,000.0	3,825.0	1,125.0	0.0	0.0	1,125.0	4,950.0	TBA/Regular
		Corn, Bulk	35,000.0	3,115.0	234.3	0.0	0.0	234.3	3,349.3	0622/Regular
		Sorghum, Bulk	70,000.0	5,950.0	468.7	0.0	0.0	468.7	6,418.7	0622/Regular
		Corn, Bulk	45,000.0	4,005.0	1,125.0	0.0	0.0	1,125.0	5,130.0	TBA/Regular
	Country Total		195,000.0	16,895.0	2,953.0	0.0	0.0	2,953.0	19,848.0	
REGION TOTAL			1,330,725.0	129,037.0	35,968.2	0.0	0.0	35,968.2	165,005.2	
LATIN AMERICA										
ECUADOR	GTG	SORGHUM, BG	30,000.0	2,550.0	367.5	0.0	0.0	367.5	2,917.5	0620/Regular
GUATEMALA	WFP	CORN, BAGGE	6,050.0	538.5	453.8	0.0	0.0	453.8	992.3	9090/Regular
HONDURAS	GTG	CORN, BULK	13,700.0	1,219.3	51.4	0.0	0.0	51.4	1,270.7	0625/Regular
		CORN, BULK	25,000.0	2,225.0	250.0	0.0	0.0	250.0	2,475.0	TBA/Regular
		SUBTOTAL	38,700.0	3,444.3	301.4	0.0	0.0	301.4	3,745.7	
	WFP	CORN, BULK	9,451.0	841.1	708.8	0.0	0.0	708.8	1,549.9	9090/Regular
	Country Total		48,151.0	4,285.4	1,010.2	0.0	0.0	1,010.2	5,295.6	
MEXICO	CARE	SORGHUM, BG	45,000.0	3,825.0	0.0	0.0	0.0	0.0	3,825.0	0001/Regular
	COA	SORGHUM, BG	10,000.0	850.0	440.0	0.0	0.0	440.0	1,290.0	0004/Regular
	DIF	SORGHUM, BG	29,037.0	2,468.1	0.0	0.0	0.0	0.0	2,468.1	TBA/Regular
		SORGHUM, BG	65,963.0	5,606.9	0.0	0.0	0.0	0.0	5,606.9	0002/Regular
		SUBTOTAL	95,000.0	8,075.0	0.0	0.0	0.0	0.0	8,075.0	

TABLE VI (CONT.)
TABLE VI
SECTION 416(b) PROGRAM APPROVALS
FY 1990

Country	Sponsor	Commodity	MTN	Commodity	Ocean Frt	Inland	Internal	Total Frt	Total	Agreement No./ REMARKS
	IPHD	SORGHUM, BGD	31,715.0	2,695.8	0.0	0.0	0.0	0.0	2,695.8	0003/REGULAR
		SORGHUM, BGD	13,285.0	1,129.2					1,129.2	
		Subtotal	45,000.0	3,825.0	0.0	0.0	0.0	0.0	3,825.0	
	SHARE	SORGHUM, BGD	45,000.0	3,825.0	0.0	0.0	0.0	0.0	3,825.0	0003/REGULAR
	WFP	SORGHUM, BULK	18,600.0	1,581.0	0.0	0.0	0.0	0.0	1,581.0	0005/REGULAR
			5,248.0	467.1	0.0	0.0	0.0	0.0	467.1	9090/REGULAR
										9090/REGULAR
		Subtotal	23,848.0	2,048.1	0.0	0.0	0.0	0.0	2,048.1	
	Country Total		268,848.0	22,448.1	440.0	0.0	0.0	440.0	22,888.1	
PANAMA	WFP	CORN, BAGGED	736.0	65.5	55.2	0.0	0.0	55.2	120.7	9090/REGULAR
	Region Total		348,785.0	29,887.5	2,326.7	0.0	0.0	2,326.7	32,214.2	
AFRICA										
BENIN	WFP	SORGHUM, BGD	650.0	75.5	50.7	0.0	0.0	50.7 50	126.2	9090/REGULAR
BURKINA FASO	WFP	SORGHUM, BGD	881.0	103.1	66.0	88.1	0.0	154.1 15	2[illegible]7.2	9090/REGULAR
MALAWI	WFP	CORN, BULK	20,000.0	1,780.0	1,500.0	2,000.0	0.0	4,100.0	5,880.0	9090/EMERGEN
MAURITANIA	WFP	SORGHUM, BGD	3,000.0	348.3	237.0	0.0	0.0	237.0	585.3	9090/REGULAR
MOZAMBIQUE	WFP	CORN,M BAGGED	5,530.0	492.2	414.8	0.0	0.0	414.8	907.0	9090/REGULAR
NIGER	WFP	SORGHUM, BULK	5,910.0	502.4	443.3	591.0	0.0	1,034.3	1,536.7	9090/REGULAR
		SORGHUM, BGD	955.0	98.2	64.1	95.5	0.0	159.6	257.8	9090/REGULAR
		SORGHUM, BULK	3,500.0	359.9	235.1	350.0	0.0	585.1	945.0	9090/REGULAR
	Country Total		10,365.0	960.5	742.5	1,036.5	0.0	1,779.0	2,739.5	
SENEGAL	WFP	SORGHUM, BGD	94.0	9.9	6.6	0.0	0.0	6.6	16.5	9090/REGULAR
		SORGHUM, BGD	4,524.0	477.0	321.5	0.0	0.0	321.5	798.5	9090/REGULAR
	Country Total		4,618.0 4,6	486.9	328.1	0.0	0.0	328.1	815.0	
SOMALIA	WFP	SORGHUM, BGD	7,777.0 7,7	661.0	583.3	0.0	0.0	583.3	1,244.3	9090/REGULAR
	Region Total		52,821.0	4,907.5	3,922.4	3,124.6	600.0	7,647.0	12,554.5	
Grand Total Section 416			1,732,331.0	163,832.0	42,217.3	3,1224.6	600.0	45,941.9	209,773.9	

TABLE VI (CONT.)
SECTION 416(b) PROGRAM APPROVALS
FY 1990

Country	Sponsor	Commodit	MTN	Commodity	Ocean Frt	Inland	Internal	Total Frt	Total
EMERGENCY			20,000.0	1,780.0	1,500.0	2,000.0	600.0	4,100.0	5,880.0
REGULAR			1,712,331.0	162,052.0	40,717.3	1,124.6	0.0	41,841.9	203,893.9

COMMODITY MIX

DAIRY PRODUCTS	7,500.0	12,750.0	562.5	0.0	0.0	562.5	13,312.5
BUTTER	7,500.0	12,750.0	562.5	0.0	0.0	562.5	13,312.5
GRAIN PRODUCTS	1,724,[illegible]31.0	15[illegible],082.0	41,654.8	3,124.6	600.0	45,379.4	196,461.4
CORN, BAGGEED	17,564.0	1,563.3	923.8	0.0	0.0	923.8	2,487.1
CORN, BULK	1,021,376.0	90,902.4	32,408.2	2,000.0	600.0	35,008.2	125,910.3
SORGHUM, BGD	287,881.0	24,723.0	2,136.7	183.6	0.0	2,320.3	27,043.3
SORGHUM, BULK	398,010.0	33,893.3	6,186.1	941.0	0.0	7,127.1	41,020.4
Total Commodities	1,732,331.0	163,832.0	42,217.3	3,124.6	600.0	45,941.9	209,773.9