



MONETIZATION: AN ESSENTIAL TOOL IN DEVELOPMENT

The wheat industry has been a strong partner in U.S. food aid for over 50 years, and American farmers take great pride in being able to share their bounty with populations that need it the most. Well-timed monetization deliveries can even help food availability throughout the year, alleviating local market price volatility. Monetizing U.S. wheat helps stimulate local milling industries – providing an economic engine and valuable employer.



MONETIZATION:

A food aid tool that provides necessary commodities to food-insecure areas and benefits development programs by generating funding from the sales of donated U.S. commodities. The long-term value of monetizing a commodity goes beyond the immediate return of the initial sale.

Monetizing commodities to fund projects achieves beneficial results. It:

-  Can *add value* by addressing market constraints in a country and creating business opportunities.
-  Can *increase* food availability.
-  Can provide small and medium-sized buyers *access* to commodities at a landed price that is comparable to prices a large buyer would take advantage of for full-sized shipments of products

“The United States continues to be the world leader for international food assistance, and these programs give us farmers a reason to be proud. I visited monetization projects in Tanzania, where I saw that the long-term value of monetizing a commodity goes beyond the important development work it funds. Wheat monetization is a win-win for millers, customers and NGOs and contributes to economic growth in Sub-Saharan Africa.”

– Ron Suppes, Kansas wheat farmer and past USW Chairman



**SINCE FY2010, USDA
FOOD FOR PROGRESS
PROGRAMS HAVE
MONETIZED 844,000 MT
OF WHEAT IN
15 COUNTRIES.**

MILLING INDUSTRY DEVELOPMENT

Thanks to monetization through Title II funding, Mozambique grew from 2 mid-sized mills in the 1990s to more than 7 in 2015. This is because, more than commercial or cash interactions, monetization transactions have less restrictive payment terms, allowing millers time to build capital with longer payment periods. The mills were able to conduct transactions in their local currency when access to foreign currency was limited. The monetization programs allowed the mills to produce better quality wheat flour because higher quality U.S. wheat was readily available to them, and because USW followed up on those wheat purchases with technical support to millers and bakers in the country. These benefits are all on top of the developmental gains to the country from the original NGO project the sale funded.



Said Salim Bakhresa & Co. Ltd (SSB)-owned Buguruni Flour Mill in Dar es Salaam, Tanzania. SSB purchased monetized wheat, and the proceeds fund a development project in the country. SSB's operations in Dar es Salaam employ more than 1,200 people in the area. The mill has also partnered with the Tanzanian government to promote flour fortification in Tanzania, which helps combat malnutrition.

A miller in Malawi pleaded for a wheat monetization project through the FY 2016 Food for Progress application cycle, saying, "with the dire need for food support due to a bad maize crop, and with bread being considered a 'staple food' the supply of wheat into Malawi will benefit the population extensively." The country is anticipating a slowdown in the availability of foreign currency as the tobacco season ends. Monetizing wheat would provide high quality supplies of a staple commodity that they may not be able to access otherwise.



U.S. Wheat Associates (USW) is the industry's market development organization working in more than 100 countries. Its activities are made possible by producer checkoff dollars managed by 17 state wheat commissions and through cost-share funding provided by USDA's Foreign Agricultural Service.

National Association of Wheat Growers (NAWG) is a federation of 21 state wheat grower associations that works to represent the needs and interests of wheat producers before Congress and federal agencies. Based in Washington, D.C., NAWG is grower-governed and grower-funded, and works in areas as diverse as federal farm policy, trade, environmental regulation, agricultural research and sustainability.

