

## Activity Final Completion Report

### Objectives set out in the Bridging fund to ACE

**Enhancing and expanding ACE trade activities:** Activities were to include Sensitization, training as well as marketing trade items on ACE to prospective buyers or sellers.

**Further development on ACE trading software:** This was to include development of the ACE trade platform software to enhance trade, enable links to MIS system as well as link to upcoming Warehouse Receipt System. With WFP involvement Compete funds enable development of an auction internet based system (BVO).

**MLI joint proposal prepared and approved:** Activities included joint preparation and proposal to Market linkages initiative in enhancing current MIS systems, ensuring link between structured trade initiatives (Commodity Exchange) and the System.

**Joint proposal to CFC WRS Project prepared, submitted and approved:** Activities included preparation, submission and approval of a warehouse receipt system project jointly undertaken by GTPA and ACE.

### Enhancing and expanding ACE trading activities

Our proposal included hiring of a Malawi head of Operations to enhance trades on ACE including Sensitization, promotions as well training activities that would enhance structural trades. It seemed difficult at the start of 2010 to get the right candidate to enhance trades for such a short period of time (6 months).

Our efforts were then emphasized on improving our trade platform as well as developing new software (BVO) to allow trades through strategic procurements of organizations like World Food Programme. Three IT Technicians were employed with these task and billed under compete using the Head of Operations budget line. Technicians included



Mr. Peter Pemba (I.T. Officer General)

Supervising the detailed BVO database development and the application development making necessary recommendations to the team. Web site uploads hosing configurations and maintenance



Mr. Gabriel Musa (IT web Interface Developer)

Designing User interfaces and database links to Web upload software, User requirement Analysis System Coding and interface coding.



Mr D. Chewere (Xpat Solutions IT Developer consultant)

Database script layout Designing, Programming configuration consultancy, and Database coding.

Our efforts to lure WFP into testing the exchange in procuring commodities proved successful early on in the year. However this was months after harvest and therefore most smaller traders or farmers had no produce to sell due to lack of storage facilities to enable post harvest sells. WFP involvement on the exchange brought much needed interest from the private sector. Interestingly In May 2010, ACE welcomed SENWES Malawi, as the first commercial operator to test the “Bid Volume Only” (BVO) facility. WFP had paved the way with 8 successful BVO sessions over the past 3 months and the Malawi market participants were getting familiar with the concept.

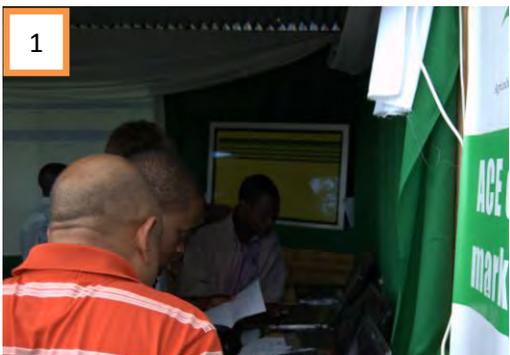
ACE knew that a potential supplier for SENWES would have to be found amongst the producer associations as the commercial operators were busy buying in the market themselves. It was therefore a priority to sensitize and invite as many producer organizations as possible to the trading session.

The SENWES BVO got 8 different suppliers ranging in price from 332 to 510 USD/MT. It was not as many as ACE had hoped for, but SENWES were happy with the lowest offer and a contract to supply 2000 MT Soya @ 50.5 kwacha per kg was given to a producer organization in Ntchisi. This success has encouraged other commercial operator’s interest in procuring through ACE and strengthened the much need for structured trade in the country.

ACE took part in this year’s August Agricultural trade fair with over 100 stands of agricultural stakeholders participating. We were proud to learn, relate as well as gain new business partners through the trade fair that was officially opened by the President of Malawi. Even though Compete did not directly fund ACE activities at the Fair, its funding enabled our personnel to prepare and exhibit our new trade platform as well as hold an internet based auction system of procurement (BVO). The systems were widely appreciated by both traders and by most visiting farmers.

The aftermath of the trade fair has been phenomenon with more commodities registered on ACE trade platform as well as keen interest from commercial buyers in the Country. We have also seen a much wider diversification of products on the exchange from Livestock, oil cake, honey to Processed Tool Dal. We believe this has and will continue to enhance our portfolio in the market place and therefore generate more traffic on the exchange.

#### Trade Fair Exhibits



1. ACE brokers entering bids on a WFP Maize BVO.
2. ACE Officials and brokers entering bids and offers at the trade fair.
3. Small holder farmers attend an ACE organized workshop on the last day of the trade fair.

## Further Development to ACE

Development in ACE trading platform took a swiipe turn right at the start of the grant when World Food Programme (WFP) had shown a keen interest in trying new ways of procuring food aid. Due to WFP regulations in procuring food aid in various countries we had to build a system or software tailor made to their needs. The facility used is called a “Bid Volume Only” (BVO) facility. A BVO is like a reversed auction, where suppliers have to compete on price. They can change their offers at will until the BVO closes. In “nutshell” ACE holds a physical session 2 hours before the close of the BVO, suppliers and brokers come to the trading floor and start offering to supply at competitive prices. As the session get closer to closing time the competition increases.

To harness our objective of regional procurement ACE bid volume only system has been intergrated with ZAMACE to allow USAID or WFP and similar organizations to procure at regional competitive level, ACE believes this will not only Improve efficiency and prices in two countries but also generate a regional price discovery mechanism. Traders in Zambia are now able to participate in WFP procurement in Malawi and vice versa.

Following the development of ACE bid volume only software See; [www.bidvolumeonly.org](http://www.bidvolumeonly.org) we have been working to further enhance the normal trade platform as well as a new offer volume only concept.

ACE has a developed an Offer Volume Only (OVO) tool or system that allows organizations to sell commodities to buyers at a competing or auctioned price. In this regard buyers offer the best price to buy the commodity, the organization then has a right to choose the most valuable price to sell their product to. OVO has instantly been taken up by Zambia Commodity Exchange ZAMACE and Food Reserve Agency of Zambia, buyers in Zimbabwe, DRC, and South Africa are buying Maize from the FRA through OVO system.

The new developed trade platform allows integration and incorporation of a warehouse receipt system; the new Bid Volume Only System (BVO) and other exchanges. This allows stakeholders to see all trades listed on a warehouse receipt and therefore guarantee quality, quantity and availability. The new trade and bid volume only platforms are flexible to allow various forms of trade for instance trades on transport, insurance, storage as well as commodities. With new warehouse receipt initiatives, insurance and storage will become a key in the agricultural market. The new system restricts minimum floor prices or “farm gate prices” as required by the Ministry of Agriculture and food security in Malawi.

## Final Products

Final Product ACE trade platform (Ref: [www.aceafrica.org](http://www.aceafrica.org))

The screenshot shows a web browser window with the URL <http://www.aceafrica.org/>. The page displays a table titled "ALL Bids and Offers" with columns for Item Details, UoM, Unit Cost, Volume, Value, Incoterm, Delivery Terms, and Deals (\$). The table lists various commodities such as Sugar Beans, Ground Nuts, and Maize with their respective bid and offer details.

ITEM DETAILS	UoM	BIDS (\$)		OFFERS (\$)		INCOTERM	DELIVERY TERMS	DEALS (\$)		Forward
		UNIT COST	VOLUME	VALUE	VOLUME			UNIT COST	VOLUME	
Sugar Beans,Faq(6)	MT	0.00	0.00	933.00	200.00	DDU	Llw,Llw ,Mw	0.00	0.00	
Sugar Beans,Faq(6)	MT	0.00	0.00	1,000.00	20.00	FCA	Mitundu,Llw ,Mw	0.00	0.00	
Ground Nuts,Faq(3)	MT	0.00	0.00	346.00	300.00	FCA	Llw,Mw	0.00	0.00	
Ground Nuts,Grade A(3)	MT	0.00	0.00	967.00	140.00	FCA	Kanengo,Llw ,Mw	0.00	0.00	
Processed Honey,Faq	KG	0.00	0.00	9.00	0.20	FCA	Mhg,Mhg ,Mw	0.00	0.00	
Maize,Faq(1)	MT	0.00	0.00	233.33	600.00	DDU	Llw,Llw ,Mw	0.00	0.00	
Maize,Faq(1)	MT	0.00	0.00	233.33	100.00	FCA	Namitete,Llw ,Mw	0.00	0.00	
Maize,Faq(1)	MT	0.00	0.00	233.33	100.80	FCA	Na,Nu ,Mw	0.00	0.00	
Maize,Faq(1)	MT	0.00	0.00	233.33	50.00	FCA	Kaphatenga,Sa ,Mw	0.00	0.00	
Maize,Faq(1)	MT	0.00	0.00	233.33	600.00	FCA/DDU	Mc,Llw ,Mw	0.00	0.00	
Maize Bran,Faq	MT	0.00	0.00	37.00	100.00	FCA	Kanengo,Llw ,Mw	0.00	0.00	
Maize Bran,Faq	MT	0.00	0.00	100.00	30.00	FCA/DDU	Mitundu,Llw ,Mw	0.00	0.00	

Final Product Bid Volume Only (Ref: [www.bidvolumeonly.org](http://www.bidvolumeonly.org))

RefNo.	BVO/OVO	Commodity	Volume	Unit of Measure	Delivery Location	Seller	Platform	Trading Date	Closing Date	Floor Price	Delivery Terms
033	BVO	PEAS	515.00	MT	435 BLANTYRE/ 80 LILONGWE	WFP	ACE	26/11/2010 13:00:00	01/12/2010 12:40:00	0.00	DDU/FCA

ID	Value/MT	Volume(MT)	IncoTerms	Special Terms	Delivery Terms	Delivery District	Delivery City	Delivery Category	Local Value	Submission Time	Broker
033/RAB/8	463.33	150.00	DDU	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BLANTYRE			69,500.00	01/12/2010 12:35:42	RAB
033/EXPORT/3	466.67	515.00	FCA	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BLANTYRE	LIMBE		70,000.01	01/12/2010 12:15:15	EXPORT
033/TRANSG/4	466.67	200.00	FCA	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BLANTYRE	LIMBE		70,000.50	01/12/2010 12:36:26	TRANSG
033/EXPORT/6	473.33	515.00	DDU	<input type="checkbox"/>	<input checked="" type="checkbox"/>	BLANTYRE	LIMBE		71,000.00	01/12/2010 12:12:33	EXPORT
033/RAB/7	483.33	80.00	DDU	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	LILONGWE			72,500.00	01/12/2010 12:19:24	RAB
033/FWORLD/5	509.33	515.00	DDU	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BLANTYRE	LIMBE		76,399.50	01/12/2010 12:07:21	FWORLD
033/GTPA/1	520.00	70.00	DDU	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BLANTYRE			78,000.00	01/12/2010 11:46:29	GTPA
033/GTPA/2	533.33	150.00	DDU	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	BLANTYRE			80,000.00	01/12/2010 09:15:10	GTPA

**CFC WRS Project prepared**

Joint proposal submitted and it has been approved by EU-ACP all commodity program steering committee approval. The project kicked off 1<sup>st</sup> July with implementation still in its early stages. ACE believes warehouse receipt system will enhance integrity of the exchange and therefore attract more regional traders and buyers.

**Joint Proposal to MLI prepared submitted and approved**

Continuous delays on Market linkages initiative program undermined our efforts in this activity, two proposals were edited and resubmitted to MLI throughout past 6 months to no avail. Later in the year MLI decided to go with Esoko technology for a new MIS in Malawi. ACE and MACE will therefore not be submitting a joint proposal to MLI for implementation of a MIS.

ACE is in dialogue with Esoko to make sure their system will be compatible with ACE technology and vice versa. This will ensure traffic on the exchange can be accessed by farmers through the phone. New bids to buy will be on push notifications on mobile via Esoko, similarly ACE members or brokers will be able to accept contracts via Esoko. Esoko has since launched in Malawi about a week ago.

ACE has since submitted full proposal to MLI for the implementation of infrastructure to link the small farmer association to the bulking centers and the bulking centers to the market. This activity is proposed as a way to encourage and expand the structured trade concept. ACE is still awaiting approval of this program.