

Capacity Support to the Agricultural Commodity Exchange for Africa Trust August Progress report



Figure 1 1st Warehouse Receipt Truck in Malawi Arrives



Figure 2 Truck offloads at Grain Security Silo Kanengo Lilongwe



Figure 3: Truck offloaded

1st August – 31st August

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Project Abstract

The Agricultural Commodity Exchange for Africa (ACE) was established in July 2004, with a grant from USAID through NASFAM who identified a need to bring more order to the market place. ACE has operated a live exchange trading platform since late October 2006 and has since then facilitated trade of 79,126mt of commodities worth USD 19,885,831 million across the exchange.

ACE had been struggling for a long period with very limited funding and lack of support from the market. COMPETE awarded ACE bridging funding to help it set up necessary processes or baselines to generate agricultural commodity market access, encourage transparency and hence commodity price discovery. This bridging funding also enabled ACE to stay operative and only after a couple of weeks this proved to be very important. WFP decided to test procurement through ACE, which generated a much needed pull in the market. ACE is now enjoying the benefits of last year's pull with 6 registered traders now procuring through ACE, and has generated trade commissions of more than USD 5,700.25 in 8 months. WFP regional procurement continues to grow and have since registered new members in Kenya, and Tanzania. With prospective delivery points in Lesotho, Mombasa, Cameroun. ACE expects the regional membership to grow beyond Southern and eastern Africa.

Compete funds activities further enhance farmer organization outreach, integration and expansion of BVO, Trade and warehouse receipting systems, and efforts to facilitate more regional procurement. The COMPETE funds, continue to enhance ACE capacity to undertake increasing procurement demands as well as means needed to develop the software applications necessary to fully harness benefit WFP and other commercial operators is bringing to the market. Strides have been taken to complete the warehouse receipt system software; the system is at testing stage and has been fully integrated with BVO and trade platforms

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Volume Trades on ACE updated on 9/7/2011

Quantities	Total	January	February	March	April	May	June	July	August
2006	60.00								
2007	4,765.00	0.00	2,012.00	1,000.00	0.00	1,500.00	150.00	1.00	0.00
2008	9,049.00	90.00	0.00	0.00	0.00	0.00	200.00	1,206.00	4,005.00
2009	14,505.90	572.00	1,319.50	818.00	600.00	30.00	1,435.70	1,426.00	6,881.70
2010	19,476.05	1,016.00	0.00	2,462.90	780.00	270.00	3,224.45	798.00	1,860.00
2011	32,217.71	2,054.06	4,166.00	8,743.00	698.00	597.15	14,304.50	1,191.90	463.10

Trades Derived from ESoko

Esoko MIS system launched in March 2011, with the aim of increasing market information systems distribution in Malawi. ACE quickly moved in to use the system to disseminate price information to its registered farmers and farmer groups via Cell phone push notifications. Now ACE information (Offers and bid prices) are disseminated to more than 857 traders and farmer. Below fig 2 are July trades derived from Esoko MIS.

Commodity	Volume (mt) Apx	Value Apx
Maize, Ground Nuts, Soya, Sorghum	2700	\$161,000

Summary of activities

Result	Verifiable indicator	Remarks	Level of Achievement
First regional procurement through ACE with Delivery in Zimbabwe. ACDI VOCA / World Vision application to USDA to procure food aid to ZIM has been finalized. (Please see cover letter attached)	<ol style="list-style-type: none"> 1) 10000 MT of commodity contacted for regional procurement through the BVO system 2) USD 7000 in commission and fees to ACE 	12,039Mt of commodity has been contracted for deliveries in Maputo, Tete, Beira, Harare, and Bulawayo through regional WFP BVO system in direct competition with Closed tender system in more than 3 countries. Generating USD 2,429 exchange commission. Please see trade statistics below. USDA Procurement stalled.	100%
Integration of BVO system, trade platform and warehouse receipt system	<ol style="list-style-type: none"> 1) Fully integrated trade system utilized by ACE and ZAMACE 	All platforms are integrated using one main database, can now be fully utilized on ACE & Zamace, Further talks are now on to integrate part system with the Tanzanian. ACE website designed to incorporate trade scrolling screen.	85%
Warehouse receipt system will start implementation in 2011. ACE will manage the registry and the first receipts will be financed and traded	<ol style="list-style-type: none"> 1) Rural and Urban Warehouse receipt financed 2) Rural and Urban Warehouse receipt traded on ACE 	116mt of Receipts issued and financed at 60% market value. There is a need to renovate most rural storages to adhere to conditions necessary for insurance hence Warehouse receipt. ACE expects rural receipts to be issued next harvest season. Further software development is expected when a specialist comes in early September.	75%
Expanding the reach to farmer organizations	<ol style="list-style-type: none"> 1) 30 farmer organizations to participate on ACE 	12 Farmer organizations participated in one or more trade sessions in the past Quarter. There were fewer BVO sessions in August, however farmer organizations have traded through ACE scrolling screen by accepting bids to buy from larger traders. A total of 92 contacts of 2700mt derived from FOs and small to medium traders.	60%

Software Development Expectations

By end of September it is expected to upload ACE website with scrolling screen , warehouse receipting, and links to BVO platform.

Final touches on warehouse financing agreement to enable ability to submit receipt to banks for financing. With the help of the specialist and training, we hope to have installed the program at warehouse sites for onsite receipts to be issued. At the moment receipts are issued at ACE using operator weighbridge receipt.