

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



Figure 1 1st Warehouse Receipt Truck in Malawi Arrive



Figure 2 Truck offloads at Grain Security Silo Kanengo Lilongwe

1st December – 30th December 2011

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Project Manager Structured Trade**

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<i>P F Tracking Number:</i>	<i>ACE-STA-011-019</i>
<i>Title of Activity:</i>	<i>Capacity Support funding for Agricultural Commodity Exchange for Africa trust</i>
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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 81,392.66mt of commodities worth USD 25,639,137.25 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 since generated trade commission's of more than USD 8,000 in 11 months. WFP regional procurement continues to grow with prospective delivery points in Lesotho, Mombasa, Cameroun. ACE expects the regional membership to grow beyond Southern and eastern Africa, with recent membership representation in Kenya, and Tanzania.

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 has been fully integrated with BVO and trade platforms, the new developed web based software should be fully operational early 2012.

Summary of activities

Result	Verifiable indicator	Remarks	Level of Achievement
<i>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)</i>	<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 	<i>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.</i>	100%
<i>Integration of BVO system, trade platform and warehouse receipt system</i>	<ol style="list-style-type: none">1) Fully integrated trade system utilized by ACE and ZAMACE	<i>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.</i>	100%
<i>Warehouse receipt system will start implementation in 2011. ACE will manage the registry and the first receipts will be financed and traded</i>	<ol style="list-style-type: none"> 1) Rural and Urban Warehouse receipt financed 2) Rural and Urban Warehouse receipt traded on ACE 	<i>116mt of Receipts issued and financed at 60% market value. The first receipt is now on sale from 4th October and expecting to fetch a higher price than at the time of storage. 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 taking place with the help of a specialist</i>	90%
<i>Expanding the reach to farmer organizations</i>	<ol style="list-style-type: none">1) 30 farmer organizations to participate on ACE	<i>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.</i>	100%

Other comments

The I.T guys are finalizing the administration page of the three platforms, they are due to upload the new website and web based platform end January 2012.