

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



1st June – 31st July

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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 commission's of USD 5,596.25 in 7 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

Contents

1. Trades on ACE
2. Trades Derived from ESoko
3. Summary of Activities / Achievements
4. Software Development Expectations

Trades on ACE updated on 8/16/2011

Trade Summary									
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	32,079.31	2,054.06	4,166.00	8,743.00	698.00	597.15	14,304.50	1,191.90	324.70
Total	79,935.26								

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 250 traders and farmers including TOTs trained in this AGRA project. Below fig 2 are July trades derived from Esoko MIS.

Commodity	Volume	Value
Maize, Ground Nuts	882.5	\$240,434

Summary of activities

Result	Verifiable indicator	Remarks	Level of Achievement
First regional procurement through ACE with Delivery in Zimbabwe. ACIDI VOCA / World Vision application to USDA to procure food aid to ZIM has been finalized. (Please see cover letter attached)	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 still in paperwork progress. More than \$5500 in total has been derived from 2011 trades	75%
Integration of BVO system, trade platform and warehouse receipt system	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. Members are now able access login integration and resolving system errors before uploading.	55%
Warehouse receipt system will start implementation in 2011. ACE will manage the registry and the first receipts will be financed and traded	1) Rural and Urban Warehouse receipt financed 2) Rural and Urban Warehouse receipt traded on ACE	The system can now issue warehouse receipts, after successful negotiations with banks we expect first receipts to be issued within 3 weeks. 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.	70%
Expanding the reach to farmer organizations	1) 30 farmer organizations to participate on ACE	12 Farmer organizations participated in one or more trade sessions in the past Quarter.	40%

Software Development Expectations

By end of August it is expected receipts can now be traded on the ACE scrolling screen, and 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 on site receipts to be issued. At the moment receipts are issued at ACE using operator weighbridge.