



Agricultural Commodity Exchange for Africa



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



1st<sup>th</sup> May – 31<sup>st</sup> May

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## 1. Background

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 56,072MT 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. The market showed interest in ACE and we are certain that this active WFP market involvement will have a great spillover effect.

## 2. Where are we now

A further Capacity support funding has been remitted to ACE for Feb 2011 to Jan 2012; this has also proved critical as ACE welcomed a second and third commercial operator procurement in Malawi. CP Feeds have indicated their intention in buying more than 30,000Mt through ACE BVO systems closing every Tuesday within 3 to 4 months, other commercial operators aim to procure through the platform with a Soya bean Bid already on. For past three BVOs more than 6 Clients have got contracts out of CP Feeds BVOs. Food products Limited a subsidiary of a Kenyan company has also procured commodity through ACE trade platform for export into Kenya.

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.

## 3. Summary of Activities / Achievements

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.	55%
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.	45%
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.	20%
Expanding the reach to farmer organizations	1) 30 farmer organizations to participate on ACE	10 Farmer organizations participated in one or more trade sessions in the past three weeks.	55%

## Expectations

The month of June is a peak harvest and marketing season, we expect a lot more transactions and even greater improvement in the system as we launch warehouse receipts.

## Trade Statistics

Period	Trades		BVO		WFP BVO		Total	
	Volume Mt	Value \$	Volume Mt	Value \$	Volume Mt	Value \$	Volume Mt	Value \$
2006 - 2009	28,379.90	9,475,298.00					28,379.90	\$9,475,298.00
2010	7,518.50	2,306,686.99	2,000.00	683,360.00	10,107.55	4,010,820.66	19,626.05	7,000,867.65
2011	2,250.00	623,665.50	568.00	276,982.00	12,039.06	3,254,609.50	14,857.06	4,155,257.00
Total	38,148.40	\$12,405,650.49	2,568.00	\$960,342.00	22,146.61	\$7,265,430.16	62,863.01	\$20,631,422.65