

<b>Project</b>	Grain Marketing Expansion Programme (GMEP)
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<b>Name of Organization:</b>	ZAMACE	<b>Phone:</b>	+260974772090
<b>Mailing Address:</b>	P.o. Box 51373, Lusaka Zambia	<b>Fax:</b>	TBA
<b>Physical Location:</b>	FRA Mwembeshi Road Depot	<b>Email:</b>	info@zamace.com

<b>Organization's Contact Person:</b>	Brian Tembo
<b>P F Tracking Number:</b>	ZAM-STA-010-016
<b>Title of Activities:</b>	<ul style="list-style-type: none"> <li>○ ZAMACE Communication Manual publication</li> <li>○ Stakeholder collaboration and Training</li> <li>○ Non- maize staple crop diversity</li> <li>○ GMEP Baseline survey results</li> <li>○ Public Private Partnership to assist Govt's Food Reserve Agency (FRA) meet its objectives</li> <li>○ Typical ZAMACE Field Experience in Pictures.</li> </ul>
<b>Start Date of Reporting Period:</b>	1 <sup>st</sup> January 2011
<b>End Date of Report:</b>	15 <sup>th</sup> April 2011
<b>Date Report Submitted:</b>	15 <sup>th</sup> April 2011

<b>Report Compiled by:</b>	<b>Mathew Chisakuta (Training Coordinator)</b>
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<b>Progress Report</b>		Report No. ZAMACE04	
<b>Tasks, Milestones, Outcomes planned for this quarter</b>		Completion dates	
Tasks, Milestones, Outcomes	Comments	Plan	Actual
Production and publication of ZAMACE communication Manual	ZAMACE working in collaboration with WFPs P4P produced and published 3 Communication Manuals for ZAMACE regional coordinators, Cooperative leaders and Camp Extension Officers	February 2011	March 2011
ZAMACE working with other collaborating partners in Training of ZAMACE coordinators, Cooperative Leaders, Ministry of Agriculture and Cooperatives Camp extension Officers, Smallholders traders and Crop input providers( Dealers in Seeds and pesticides)	Strategic marketing season Trainings were conducted with main focus on non-maize staples diversification Annex 1,2,3, 4 & 5	February 2011	February – March 2011
Public Private Partnership to assist Govt's Food Reserve Agency (FRA) meet its objectives	Concept Paper was presented to the Minister of Agriculture on how ZAMACE can assist FRA meet its objectives. <b>Annex 6</b>	February 2011	
Non Maize staple diversification strategic plan for 2011 marketing season	GMEP maize marketing had Challenges experienced in the last marketing season as a consequence of FRA participation on maize market .As a result of this, ZAMACE has this year taken advantage of Soya beans 6000 mt Forward Contracts that have been sitting on the ZAMACE Trading Platform for 3 months now. A strategic decision to diversify into non-maize staples namely; <ul style="list-style-type: none"> <li>• Soya beans</li> <li>• Sunflower</li> <li>• Sorghum</li> <li>• Mixed Beans</li> <li>• Groundnuts</li> </ul> has been taken.  Objectives; <ul style="list-style-type: none"> <li>➤ Bridge income for smallholder farmers before sell of maize staple.</li> <li>➤ Provide non maize staples</li> </ul>	On going	

	<p>access to ZAMACE aggregation and commercial market</p> <p>➤ Build in legume as a smallholder rotational crop to enhance soil fertility.</p> <p style="text-align: center;"><b>Annex 7</b></p>		
Project Baseline survey results	<p>Discussed in the baseline survey report are the following;</p> <ul style="list-style-type: none"> <li>i. Demographics</li> <li>ii. Quality of life indicators</li> <li>iii. House holder economic indicators</li> <li>iv. Decision making powers</li> <li>v. Marketing Information and potential market buyers</li> <li>vi. Commodity prices and availability</li> <li>vii. Smallholder grain storage</li> <li>viii. Membership of farmer groups</li> </ul>	February 2011	

### **Challenges and matters arise in period under review**

1. FRA purchased maize at a price of ZMK 65000 per bag, which was well above the average market price of about ZMK 45000 per bag. Further, unlike previous years no quota was placed on their purchases. FRA was able to go into the market and purchased over one million (1) mt of maize, approximately 800,000mt of which have been carried forward to this year marketing season. The implication is that the FRA threat subsists this season as regards maize market, It is for this that ZAMACE has taken the decision to diversify. This year being an election year for the country, FRA will equally not set limits and may offer a high price as last year but the risk will be that farmers may not be paid until after the elections. Therefore marketing of an alternative non maize staple crop over ZAMACE may offer a financial cushion to small scale farmers until such time as r revenue from maize sales is realized.
2. **Targeted districts with an assured commodity output – potentially setting up forward contracts with buyers.** ZAMACE coordinators conducted crop survey on the potential volume of alternative non-maize staple crops i.e. legumes in Monze, Choma, Kalomo, Mumbwa , Mkushi and Chipata districts. The survey will assist ZAMACE focus resources for optimum achievement of objectives. Regional coordinators regularly interacted with

cooperating partners such as MACO, warehouse operators, cooperatives/farming communities, ZNFU, smallholder traders and disseminated information on the ZAMACE strategic focus.

- 3. Rehabilitation of Sheds.** Community aggregation shed are in need of rehabilitation as most were put up in the 1970s by the then Grain Marketing Boards.

**This marketing season, ZAMACE will identify aggregation centres requiring attention and endeavour to assist in bringing them up to required specification. Priority will be based on maximisation of number of potential beneficiaries.**

- 4. Procurement of Bags.** ZAMACE in collaboration with WFP will procure poly propylene bags at a discounted rate and sell to cooperatives, farming communities at a small margin. This will result in farmers obtaining the empty bag at a price lower than the retail price. This initiative was prompted by the critical shortage of empty grain bags on the market in the last marketing season.

### **Brief on strategies implemented this Quarter**

#### **CROP DIVERSITY**

Challenges are envisaged for the 2010/2011 market season and it's for this reason that ZAMACE will **focus on commodities with more potential output market such as soya beans, sorghum, sunflower and mixed beans** as additional crops for aggregation and onward trading on the exchange.

#### **TRAININGS**

ZAMACE in collaboration with Cooperating partners aggressively conducted pre-marketing season training for stakeholders involved in the commodity value chain. A total number of 118 participants have been training in four (4) districts with two more districts remaining. i.e. Mumbwa and Chipata

#### **PROPOSED MARKETING MODELS FOR NON-MAIZE STAPLES FOR SMALLHOLDER FARMERS**

To facilitate trade in commodities such soya beans and sorghum, ZAMACE is exploring the use of two warehouse models as outline in **Annex 7 a**

<b>Tasks, Milestones, Outcomes scheduled for next Quarter</b>		Completion dates	
Tasks, Milestones, Outcomes	Comments	Plan	Forecast
Legal Consultants - Warehouse operator Rules and Requirements	Warehouse operator Rules and Requirement Review. Harmonisation with WR and Requirements with New Agric Credits 2011	3 <sup>rd</sup> week April	
2011 Certification of Districts warehouses	Seasonal Certification of District Warehouses- Kalomo, Choma, Monze, Kabwe, Mumbwa, Mkushi and Chipata	4 <sup>th</sup> Week April	
Rehabilitation of 1 <sup>st</sup> Level bulking Centres	Rehabilitation of 3 District and a few 1 <sup>st</sup> Level aggregation Centres		
Establishment of new non maize staple 1 <sup>st</sup> Level Aggregation points	Community Storage Facilities Identification and physical inspection.  Establishment of 1 <sup>st</sup> level Aggregation centres for Soya beans, sorghum, sunflower and mixed beans in New Locations	4 <sup>th</sup> week April	
ZAMACE brokers outreach visit	Community Awareness of ZAMACE Brokers role on Community Trading on ZAMACE.	April	
Procurement, Distribution of sieves for non -Maize staples and Training in Cleaning, grading and Packaging	Small scale farmers' mobilisation and training in Soya beans and Sorghum management.  Fabrication and distribution of cleaning sieves to community aggregation points.	3 <sup>rd</sup> week April	
Commencement of non-Maize staples aggregation at Community level	Monitoring Quality and Quantity of Soya beans in storage at Community level and District Warehouses	April - May	
Identification and Certification of additional District warehouse operators	New applicant in non- Maize staple Regions	May	
Warehouse Operator Rules and Requirements Training	Conduct Trainings of New Applicant in WR and	May	

	Requirements		
Procurement, Distribution and Training on Maize Shellers	USAid Compete component on Maize Sheller Purchase	June	
Media Documentation of GMEP	Video documentation of GMEP Activities	July	
Progress Review on non-Maize staples aggregation and marketing	GMEP non- Maize review with Stakeholder i.e. Soya bean performance on ZAMACE	July	
Commencement of Maize Aggregation for onward Trading on ZAMACE platform.	2 <sup>nd</sup> Phase of marketing Strategy. Depends on Demand/supply forces	July - August	
Post - Baseline Survey	M &E Review of GMEP Activities	September	

**Snapshots of Coordinator Training:**



**Top:** ZAMACE coordinators and WFP's P4P staff

**Bottom:** Coordinator presentation during the Training

ZAMACE Coordinator training held from the 21 <sup>st</sup> -25 <sup>th</sup> February, 2011		
Lusaka	<p>Participants (ZAMACE coordinators)</p> <p>1 Females; 3 males</p>	<p><b>Objectives</b></p> <p>(1) Understand the goals and strategy of smallholder engagement in 2011</p> <p>(2) Understand the tasks and responsibilities of ZAMACE Coordinators</p> <p>(3) Share a common message of ZAMACE and become comfortable providing training to different stakeholders</p> <p>(4) Agree on the training and community sensitization plan in each district</p> <p><b>Outputs</b></p> <p>(1) Training and community sensitization plan</p> <p>(2) Price dissemination worksheet (homework)</p> <p>(3) Stakeholder mapping (homework)</p>



FRA Mwembeshi Road Depot  
Industrial Area, Lusaka.

22<sup>nd</sup> February 2011

**Training of Trainers Session 21<sup>st</sup> to 25 February 2011**

Name	Organisation	Designation	Signature
Michelle Hunsberger	WFP	Intern	
Maiko Uchada	WFP	Unit Programme Officer	
Lyness Kayumba	ZAMACE CHEMONICS	Regional Coordinator-South	
Arthur Musonda	ZAMACE CHEMONICS	Regional Coordinator-Central	
Chisanza Chisanza	CLUSA PROFIT	Consultant	
Josephat Mlewa	ZAMACE CHEMONICS	Regional Coordinator-East	
Mathew Chisakuta	ZAMACE CHEMONICS	Training Coordinator	

Checked By:

Approved By:



FRA Mwembeshi Road Depot  
Industrial Area, Lusaka.

23<sup>rd</sup> February 2011

**Training of Trainers Session 21<sup>st</sup> to 25 February 2011**

Name	Organisation	Designation	Signature
Michelle Hunsberger	WFP	Intern	
Maiko Uchada	WFP	Unit Programme Officer	
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24<sup>th</sup> February 2011

Training of Trainers Session 21<sup>st</sup> to 25 February 2011

Name	Organisation	Designation	Signature
Michelle Hunsberger	WFP	Intern	
Maiko Uchada	WFP	Unit Programme Officer	
Lyness Kayumba	ZAMACE CHEMONICS	Regional Coordinator-South	
Arthur Musonda	ZAMACE CHEMONICS	Regional Coordinator-Central	
Chisanza Chisanza	CLUSA PROFIT	Consultant	
Josephat Mlewa	ZAMACE CHEMONICS	Regional Coordinator-East	
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25<sup>th</sup> February 2011

**Training of Trainers Session 21<sup>st</sup> to 25<sup>th</sup> February 2011**

Name	Organisation	Designation	Signature
Michelle Hunsberger	WFP	Intern	<i>[Signature]</i>
Maiko Uchada	WFP	Unit Programme Officer	<i>[Signature]</i>
Lyness Kayumba	ZAMACE CHEMONICS	Regional Coordinator-South	<i>[Signature]</i>
Arthur Musonda	ZAMACE CHEMONICS	Regional Coordinator-Central	<i>[Signature]</i>
Chisanza Chisanza	CLUSA PROFIT	Consultant	<i>[Signature]</i>
Josephat Mlewa	ZAMACE CHEMONICS	Regional Coordinator-East	<i>[Signature]</i>
Mathew Chisakuta	ZAMACE CHEMONICS	Training Coordinator	<i>[Signature]</i>

Checked By:

*[Signature]*

Approved By:

*[Signature]*

## Southern Province Cooperative leaders and Camp Extension Officers Training

Monze District	Number of Cooperatives represented: 16  Participants (farmers) : Male:13 Female: 12 CEOs : 10	<p><b>Objectives:</b></p> <ol style="list-style-type: none"> <li>1. Understand what ZAMACE does</li> <li>2. Understand the procedures cooperatives can use to access ZAMACE and actors involved at various steps</li> <li>3. Disseminate ZAMACE concept to their fellow community /cooperative members</li> </ol> <p><b>Output:</b></p> <ul style="list-style-type: none"> <li>• The 'trading through ZAMACE' leaflet ( Farmer communication manual) made the task easy on the side of the farmers especially when it was time for demonstrations</li> <li>• During the training, there was a segment for farmers to exhibit their teaching capabilities through demonstrations / explanations to other fellow farmers.</li> <li>• A demonstration through a role play was also very beneficial. It did catch the attention of the audience and achieved full participation.</li> </ul>
Choma/Kalomo Districts	Number of Cooperatives represented: 16  Participants (farmers) : Male:25; Female: 15 CEOs : 8	



Participants performing a role play during Trainings held in Monze on the 24<sup>th</sup> March, 2011



**Above:** Group photo of Cooperative Leaders and Camp Extension Officers who attended the Trainings in Choma on the 7<sup>th</sup> April, 2011.

## **Mkushi Co-operative Leader's and Camp Extension Officer's Training Report** **6<sup>th</sup> April to 7<sup>th</sup> April 2011**

### **Introduction**

The training for co-operative leaders and camp extension officers was well conducted in Mkushi on the 6<sup>th</sup> of April and 7<sup>th</sup> April 2011 at Shalom guest house.

### **Date and Time**

The training was conducted on Wednesday the 6<sup>th</sup> and Thursday the 7<sup>th</sup> of April 2011. On 6<sup>th</sup> the training started at 12:00hrs and ended at 17:30hrs while on 7<sup>th</sup>, from 08hrs to 14hrs.

### **Participants**

Different organizations and co-operatives were represented by individuals who fully participated in the training. We had representatives from MACO i.e. Camp extension officers, except that the DACO, SAO and Co-operative officers had travelled to Serenje for the F.T.C field day. We also had Cropserve, MRI director Mr. Vlahakis, Profit, Citron, Traders, Emergent farmers and Co-operative leaders. The List of Camp extension officers and Cooperative leaders is attached to this report.



*Fig 1. An emergent farmer Mr. Ngozi Daka asking a question during the training*

### **The Training**

The training was successfully conducted and the participants shared a number of experiences they had in the past marketing season and how they looked forward to this year's.

The trainees were taken through the Training manual for co-operative leaders and camp extension officers.

With the use of the role play during the training, farmers had a better understanding of the ZAMACE concept and that of a broker.

Participants freely asked questions where they had not understood and got satisfied with the answers given; to an extent where they all ran out questions to ask, which showed, the message had been passed on.



***The ZAMACE Co-coordinator, Arthur Musonda speaking to farmers and co-operative leaders during the training***

Furthermore all the farmers and traders participants were given up this week Friday by which they should give figures the estimated numbers of bags farmers in theirs they are willing to trade through Zamace.

#### **Conclusion**

The training was a success and more trainings especially in the fields will be conducted. All the participants appreciated the knowledge passed on, on the ZAMACE concept and different marketing aspects.



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24<sup>th</sup> march 2011

COMMUNITY LEADERS TRAINING ZCA MONZE

NO.	NAME	ORGANISATION/AREA	CONTACT NO.	SIGN
1	Gabude L. Lubilo	MACO	0977271340	Gabude
2	Jane Kapisi	MACO	0977336075	Jane Kapisi
3	Esario Halkayobe	MACO	0979836075	Esario
4	Mkhanya Beyani	MACO	0977661092	Beyani
5	Doreen Veronica Mado	Vhlonga R.C.B. Co		Doreen
6	Christina Hhambani	SAVITSE Co-op	0977586355	Christina
7	Kelam Muzico	MACO	0977248193	Kelam
8	EUNICE MCOONJA	MACO	0955805792	Eunice
9	OSBERNE HAMAZWA	HARVEST HELP 2	0977762331	Osborne
10	Patricia M. Mawonga	Kuyuni Eco-Dev	0979527191	Patricia
11	ESSAH LUMANDA	IsiMuzya <sup>Coast</sup>	09998695	E. Lumanda
12	Crista Malilwe	Chisila w/cap		C. Malilwe
13	Sawant Mndabuzi	HqKasenke co-op	0977484610	Sawant
14	Kingdy Chando	MACO	0977208423	Kingdy
15	Sheila Moomba	Tendi, Monze	0916386879	S. Moomba
16	Elvira Chuzza	Kansa Monze	09771169701	E. Chuzza
17	Bubala Filly	MENJOBE, Makunde	0969081230	Bubala
18	Abel Chitatu	Mukuma Cell.	0975890857	Abel
19	HARRY MATIMBA	MUJIKA CAMP	0976279176	Harry
20	Quintys Mawonga	Mujika camp	0977531300	Quintys
21	Franco Damadzica	Makamu co-op	0979151879	Franco
22	TRYFORD HALEOBA	NTEMIE DAIRY	0976679193	Tryford
23	Stella Chikaye	Mtembe Camp	0979014624	S. Chikaye
24	Chanda Chola	Mtshola/Makunde	0978898520	C. Chola
25	KUENYI TEMBO. A.	MACO	0977566885	Kuenyi
26	PAUL NJAMBE	MACO	0976654415	Paul
27	Chimene M	MACO	0978238711	Chimene
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ZAMBIA AGRICULTURAL COMMODITIES EXCHANGE ~~ACCEM~~ ATTENDANCE REGISTRAR **CHOMA/KALOMO**

NAME	SEX	OCCUPATION/ORGANISATION	VILLAGE CONTACT #	CONTACT SIGN
01 Enry B. Hebarili	F	Denn Cooper PEMBA Block	Chheko	
02 Eness Hamweda	f	mapaza Tubolagile malind co-ppu		
03 MEOLA STEADWELL	M	KABILE-BILE	0977856430	Meola
04 Alex Munsanje	m	Nkalanga Shuka f. club	Denn Pemba	A. Munsanje
05 BEATRICE K. MAKONGO	F	CHABOTA CO-OPERATIVE	POPOTA - CHOMA	Beatrice
06 TESNAH MUKONIG	F	KABILE BILE co-opera	MUZOKA camp	T. Mukonika
07 Grace Muelenda	F	Siamaluba co-op	Siamaluba Camp	G. Muelenda
08 ROBERT HAMBULO	M	PAN GATE CO-OP	PAN GWE	R. Hambulo
09 MILWARD MULOONGO	M	CHABOTA Co-operative	POPOTA	M. Muloongo
10 Shadrach Munzika	M	SINGANI AGRIC CO-OP	SINGANI	Shadrach
11 Mobela SILVESTER	M	AGRIC ASSISTANT / MACO	0977-854247 Denn	Mobela
12 MASHEKE PAUL	M	AGRIC ASSISTANT / MACO	0777-11323 Mudole Camp	M. Masheke
13 MUXOMBO KENDRICK.C.	M	AGRIC ASSISTANT / MACO	0979200510	Muxombo
14 Mweenda Esnate	F	Chheko Co-operative	Chheko/Muzoka	Esnate
15 Daniel G. Manda	M	CFU	0969-955360	D. Manda
16 Eijal Nsonge	M	CAME INTERNATIONAL	0967154196	Eijal
17 Enoch Zulu			0974 397880	
17 Enoch Zulu	M	World Vision Intl	0979149584	E. Zulu
18 VICTORIA CAVANAGH	F	WFP	09774185600	V. Cavanagh
19 LINESS KAYUMBA	F	ZAMACE	0977107106	L. Kayumba
20 HENRY CHIPASHA	M	MACO	0966342972	H. Chipasha
21 SANKWILIMBE KROCK	M	PROFIT	0977-707976	S. Krock
22 CHISANDA CHISANDA	M	ZAMACE	0979466233	Chisanda

Annex 5a



ZAMACE

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PROFIT

ZAMBIA AGRICULTURAL COMMODITIES EXCHANGE ATTENDANCE REGISTRAR **CHOMA/KALOMO**

	NAME	SEX	OCCUPATION/ORGANISATION	VILLAGE SIGNATURE	CONTACT :#
01	HESIERS TIMBA	M	FARMER TUBALANGILE <sup>MPC</sup>	[Signature]	097423340
02	David Siadukoto	M	FARMER <sup>Chifusa</sup>	[Signature]	0979221408
03	OHMSLED SINGURWA MUDISA	M	FARMER ZILALOTWA, CHIFUSA	[Signature]	0976710134
04	Mafiyda Mwanangya	F	KALOMO	[Signature]	
05	Emilda	F	KALOMO	[Signature]	
06	Fredda KALOMBE	F	CHIFUSA in KALOMO	[Signature]	0976373515
07	Nedra M. CHIFUSA	F	FARMER	[Signature]	0979320388
08	Caswell Hatuleke	M	FARMER/WVZ	[Signature]	0979961143
09	Jennifer masilani	F	FARMER	[Signature]	0978263829
10	Moderan Muloop	M	FARMER	[Signature]	096120531
11	ROSEMA MAFWAFI	F	FARMER	[Signature]	0976116965
12	Munku-S. EPHRAIM	M	FARMER <sup>CHUMBA CO-OP</sup>	[Signature]	0979754284
13	ATIKSEW NAMANWIGA	M	FARMER <sup>SIAMALUBA WVZ COOP</sup>	[Signature]	0976611209
14	Nchimunya Commander	M	FARMER - DEMU COOP.	[Signature]	0978015715
15	Lameck M. Simwale	M	FARMER - WVZ REPRESENTATIVE	[Signature]	0976903621
16	IRONI HACHIZIBE	M	FARMER - CHIZANISWE MPC	[Signature]	09772709
17	MUSENDA MWEEMBA	M	FARMER - BITILA COOP	[Signature]	097460524
18	SIBOOK SHEPHERD	M	SIMANO: KARANZE COOP	[Signature]	0979211940
19	Frida Mwanangya	F	CGO Litoma	[Signature]	0979418346
20	Rachael Embuma	F	AGRICULTURAL ASSISTANT	[Signature]	0967493187
21	CAROLINE J. NG'ANDU	F	CEO - POPOTA	[Signature]	0979535490
22	MILINDI C. MUYANDA	F	" - CHONGA	[Signature]	0979493420

Zamace

Co-operative Leaders' training registration form

Date: 7<sup>th</sup> APRIL 2011

#	Name	Sex	Organization/Co-operative/trader/Emergent farmer	Crops grown	Sign
1	JUSTINE CHYESY	M	TRADER / FARMER	MAIZE	[Signature]
2	CHIKWABO DAMIANO	M	FARMER	MAIZE	[Signature]
3	CHANSA ALEX	M	FARMER / CAMP CHAIRMAN	MAIZE/GNUTS	[Signature]
4	NKOMA ELIUD	M	EMERGENT FARMER	MAIZE	[Signature]
5	MAIDE KAMBEKE	F	KASWE CO.	MAIZE	[Signature]
6	MURPE COLLINS	M	KASWE MPC	MAIZE	[Signature]
7	IDAH MULESU	F	CHILENGA CO.	MAIZE	[Signature]
8	RURON MISONDA	M	EMERGENT FARMER	MAIZE	[Signature]
9	MISONDA ENOCK	M	CHILLA CO.	MAIZE/SOYA	[Signature]
10	GEORGE MUKONDA	M	MASANSA AGRIC CO-OP	MAIZE	[Signature]
11	ROSE SAILA	F	MASANSA AGRIC CO-OP	MAIZE	[Signature]
12	MRS A.M MUTUKA	F	M.A.CO - MUTUKA CAMP	"	[Signature]
13	Mans B. M. Mambwe	F	Chalater - Emergent farmer	maize/soya	[Signature]
14	ROBERT MUMUSA	M	KAPULO CO-OP	MAIZE	[Signature]
15	LASIDA AB. CHISENGA	M	TAMULIASHA CO-OP	MAIZE	[Signature]
16	GEORGE CHEMISE	M	TAMULIASHA CO-OP	MAIZE	[Signature]
17	E.H. HIRAKIKI	M	KAPULO CO-OP	MAIZE	[Signature]
18	NICHOLUS OBBY	M	M.A.CO - miloro Camp.	"	[Signature]
19	EAST M MWANDILA	M	EMERGENT FARMER	MAIZE/SOYA	[Signature]
20	MUNSENEMBE SIMON R	M	EMERGENT FARMER	MAIZE	[Signature]
21	M. NJALASHA	M	(RESERVE 2) ID	-	[Signature]
22	Mr. CAMILUS CHOLA	M	Lilanda - Emergent farmer	Maize / soya	[Signature]
23	Mr. Remy KASONTEKA	M	MACO - CHITINA CAMP	Maize / Beans	[Signature]
24	Mr. ALEXANDER MATUKA	M	MACO - MASANSA	Maize / Beans	[Signature]
25	FR. NSOZI BAKA	M	FARMER/OP	maize/beans	[Signature]
26	MRS HOPE DAKA	F	FARMER	maize/beans	[Signature]
27	CARE H.H. MUKEMPA	M	LIBETE MPCS	MAIZE BEANS	[Signature]
28	ELIAS MUTALE	M	MACO - MASANSA	MAIZE	[Signature]
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Rooms 9

Participants who attended the Mkushi Training but did not sign on the attendance Register

- Mr Vlahakis- Director of MRI seed co
- Mr Chisi -
- Mrs Tupelo Makota - Warehouse operator Citron

**ZAMACE AS A PARTNER TO FRA**  
**A Public Private Partnership to assist FRA to meet its objectives**

**PROBLEM STATEMENT**

The large stocks of maize held by the Food Reserve Agency and the current inability to meet export pricing expectations present several problems, and failure to act decisively now represents a significant opportunity cost:

- a) Once the new season maize comes onto the market, the value of old stock will be reduce in the market and especially in export markets
- b) The world price of grain is dropping from previous high levels, which further devalues the current stocks
- c) Any buying activity by the FRA in 2011 will be constrained by the fact that Zambia's storage capacity is already utilised and therefore moving crop out of storage into the market and ideally into export markets is critical
- d) The longer that crop is stored, the more costs of storage accrue and the chances of quality being compromised are increased
- e) Issues of uplift efficiency and quality are already impacting on regional market confidence in Zambia's ability to be a reliable and credible exporter. It is believed that one mill in Katanga requiring 50,000t of maize a year is seeking supply from non-Zambian markets even if the cost of landing the commodity is higher than ex-Zambia crop, since to the mill, supply reliability has a price premium.

**OPPORTUNITIES**

Currently, Zambian traders have over 200,000t of export orders from regional buyers on their books, and potentially an equal volume of deep sea export opportunities. This is significantly more that WFP Meeting such orders would have numerous benefits, ranging from clearing out storage facilities to putting Zambia on the map in terms of international maize supply, thus standing the country in good stead for future years. The only constraint is price. Many traders with export contracts with Zimbabwe are now sourcing supply in Malawi, which has a much more competitive price structure.

The constraints around the efficiency of uplift have been proven to be mitigated by outsourcing bagging and loading to private sector actors, whereby the average number of trucks for export being despatched per day has often been increased over five-fold.

In conclusion, with a change in pricing policy, the FRA could benefit from private sector uplift and export activities, thus helping FRA to mitigate some of the problems highlighted in the first section.

**SHORT TERM PARTNERSHIP OPPORTUNITY**

**1. Export Trade – Immediate**

The Food Reserve Agency is a member of ZAMACE, and the Agency was admitted into membership on the understanding that they would sell at least 20,000mt of maize through ZAMACE per month. However, only under 18,000mt has passed through the Exchange from admission to membership on 21<sup>st</sup> October, 2010.

It is proposed that ZAMACE could form a sound platform upon which to base private sector-led export activity. Using the Offer Volume Only mechanism (which has been

FRA's modus operandi in its previous activity on ZAMACE) for export parcels only, the market would find, through a competitive and transparent process, a price at which exports are viable.

This process would avoid FRA being seen to 'set' the price for exports. Instead prices would be determined transparently based on market fundamentals. Putting these offers through ZAMACE would also eliminate the parties who secure letters of allotment and use these as a type of commodity and "sell" to potential foreign buyers

Since security of supply is important, some of these parcels placed on the Exchange could be large enough to give the confidence to the buyer that volume to complete their orders are secured.

## **2. Export-Ready Crop in Private Storage – 2011 Season**

Two impediments to the timely execution of export orders are

- a) Quality issues that require the inspection of every bag
- b) Physical delays in loading trucks

If new-season, high quality crop was taken into private storage which had been certified by ZAMACE, the quality and quantity of that deposit would be guaranteed by the warehouse operator under the rules of ZAMACE certification. Furthermore, re-bagging and uplift would be the responsibility of the warehouse operator.

Costs of storage accrued to FRA would be offset by a premium attached to parcels that were quality-guaranteed and that were easily accessible for large scale export operations

## **3. "Premium" Crop Deposited into Private Storage - 2011 Season**

One way of implementing the above point would be by incentivising high-performing farmer groups and cooperatives to bypass the local FRA aggregation process at satellite depot level and deposit straight into a ZAMACE-certified warehouse. The new process would be as follows:

- a) A smallholder group aggregates maize at community level, cleans it and puts it into new bags
- b) The group organises and pays for transport for delivery to a ZAMACE certified warehouse in the district town
- c) The warehouse operator weighs and grades the maize, and takes over the management of that crop, at a commercial storage rate payable by the depositor that includes fumigation and insurance cover
- d) The warehouse issues to the depositor a warehouse receipt which indicates quality (ZAMACE Grade A) and quantity
- e) The group is then able to offer the warehouse receipt (and of course the underlying commodity) to any seller, seeking the best possible price. This could be through:
  - i. Placing it on ZAMACE through a broker
  - ii. Selling it to a private sector buyer
  - iii. Selling it to FRA at a price that reflects the fact that FRA has not had to clean, bag, handle, store and transport from a satellite depot. It is proposed that this is a price based on a

formula that takes into account the mandated price, transport, handling and bags

f) If sold to the FRA (iii.), the FRA has the option of requesting delivery to a central FRA depot, or to buy the warehouse receipt and take over the monthly storage costs associated with the underlying commodity

#### **4. Storage Infrastructure – 2011 Season and Long Term**

A number of commodity traders are looking to invest – at their own cost - in bulk storage facilities across the country which will eventually contribute significantly to Zambia's trading efficiency and competitiveness. Not only is handling made much more efficient through bulk storage, but it also allows moisture tolerance to increase and eliminates the need for slow and costly bagging operations. Several bulk storage options (namely bunker storage and silo bags storage) are very fast to erect, and could be in place for the 2011 season.

In the short term, if FRA was to offer secure storage contracts for new-season crop in areas where it does not have sufficient storage of its own, privately-owned bulk and bag storage facilities could be at the disposal of FRA within a short time frame without the need for FRA to invest itself in infrastructure. New, open and bag-based storage, also with the assurance of quality and quantity guarantee, can be erected within two months and typically all-inclusive costs for such facilities are between \$30 and \$40 per ton per year. Bunker storage takes up to four months to construct, and annual storage costs range between \$20 and \$45 per ton depending on the size of the facility (larger facilities obviously benefitting from economies of scale).

In the longer term, FRA could assist in the process of infrastructure development by becoming an 'anchor tenant' for such facilities, storing crop of guaranteed quality and quantity on behalf of FRA. Bunker storage is a long term investment, and storage contracts would have to be sufficiently long term to justify the investment.

### **LONGER TERM PARTNERSHIP OPPORTUNITY**

#### **1. Utilisation of Warehouse Receipt System**

With the enactment of the Agricultural Credits Act No. 35 of 2010 and the potential appointment of ZAMACE under Section 6(1), the financial sector is willing to support financing of warehouse receipts issued by certified storage operators. This would allow for the partial payment for crop supplied into the certified storage and thereby reduce the cash-outlay by the Treasury (through FRA) to farmers and also allow for speedier payment as soon as the maize is sold.

#### **2. Development of Zambian Futures Contracts**

The development of a Warehouse Receipt System would facilitate the conditions for a robust storage industry, and subsequently the potential of Zambian origin and delivered futures contracts listed on SAFEX, which would attract international and regional liquidity into the Zambian agricultural commodity trade and contribute substantially to mitigating price risk in Zambian agriculture. ZAMACE is currently in talks with SAFEX over the modalities of such an innovation and how the two Exchanges would mutually benefit from the initiative.



**ZAMACE**  
Zambia Agricultural Commodities Exchange

## DAILY TRADING INFORMATION

DATE: 14 Apr 2011

### ZAMACE REFERENCE PRICES

Commodity	Monday 11th April 2011		Wednesday 13th April 2011	
	ZMK/MT	US\$/MT	ZMK/MT	US\$/MT
Maize	883,080.10	188.29	881,288.10	187.11
Wheat	2,635,780.00	562.00	2,650,175.70	562.67
Soya Beans	2,773,337.70	591.33	2,791,475.70	592.67
ZANACO Mid-R	ZMK 4,690.00		ZMK 4,710.00	

Prices adjusted to Lusaka Delivery

For details on ZAMACE Reference Price Calculations visit [www.zamace.com](http://www.zamace.com)

### ZAMACE TRADING PLATFORM

POSITION REFERENCE	COMMODITY	BID		OFFER		LOCATION	DELIVERY	SPECIAL CONDITIONS
		Price	Volume	Price	Volume			
M	MAIZE							
			-		-			
W	WHEAT							
775/1412/10	Wheat	\$580.00	1,000.00			LUSAKA	Immediate	B1 ZAMACE Grade Discount app
			1,000.00		-			
S	SOYA BEANS							
794/2102/11	Soya Beans	\$500.00	2,000.00			LUSAKA	APRIL ONWARDS	Delivered into mill, Grade A
793/2102/11	Soya Beans	\$550.00	2,000.00			LUSAKA	01/04/11-31/07/11	ZAMACE Specs
783/2601/11	Soya Beans	\$530.00	2,000.00			LUSAKA	APR/MAY 11	ZAMACE Specs May/June Profit
			6,000.00		-			
F	FERTILIZER							
SF	SUNFLOWER							
O	OTHER							
779/1801/11	Rice			\$650.00	200	LUSAKA		Kapunga Rice- 25% broken
					200			

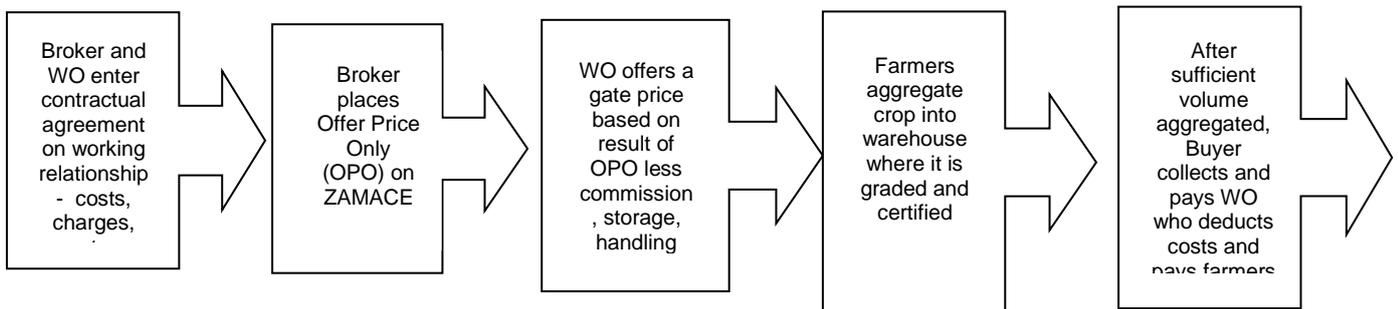
ZAMACE (Zambia Agricultural Commodities Exchange)  
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P.O BOX 51373  
LUSAKA - ZAMBIA  
Tel: +260 974 772 090

Monday - Friday: 10:00 - 12:00 Hours  
Tuesday and Thursday: 11:00 - 12:00 Hours (Physical Call Over)  
Public Holidays: Closed

## OFFER PRICE ONLY MODEL

**Assumptions:**

- 1) Multiple interested buyers in the market
- 2) Good for soya
- 3) The Offer Price Only is a position on ZAMACE whereby a parcel of unknown volume is placed (min 30t, max 300t, for example), and interested buyers bid to secure whatever volume is subsequently deposited into the warehouse
- 4) Payment made on receipt of crop across weighbridge by buyer



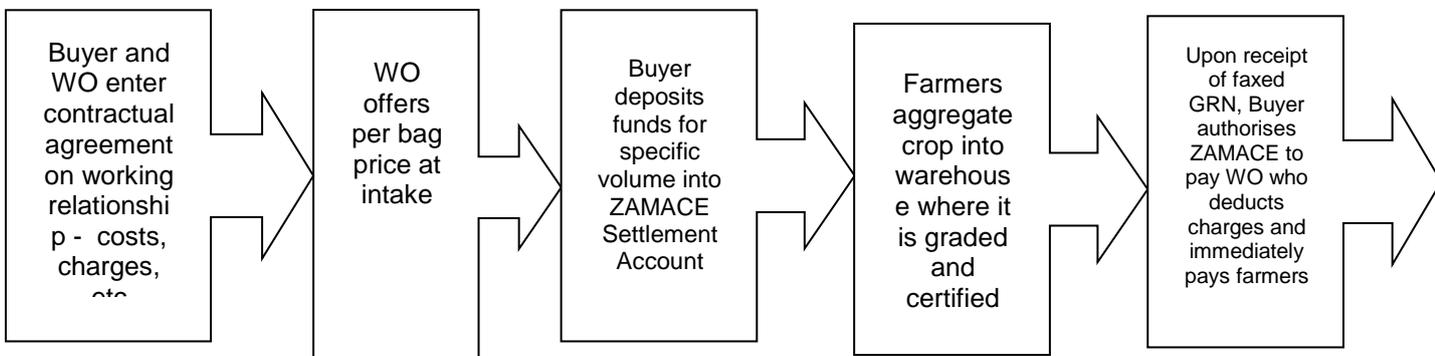
**Risks:**

- 1) Would need a specific time period against OPO – one week, for example, during which farmers would need to deliver to get price
- 2) The quality risk sits on the selling broker and WO
- 3) No quantity risk to buyer/buying broker as only what is delivered is paid for. Quantity risk sits on the WO

## FORWARD PRICE MODEL

**Assumptions:**

- 1) Good for crops where multiple buyers are not an option (e.g. sorghum)



**Risks:**

- 1) Buyer risks paying for a specific quantity and quality in advance without physical delivery into his warehouse, however this is mitigated by buyer in the advance into ZAMACE settlement account.
- 2) No quantity risk to buyer/buying broker as only what is delivered is paid for
- 3.) Quantity risk sits on the WO