

ECX sign new deal with USAID

By Muluken Yewondwossen
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The Exchange offers 30 new seats for cooperatives only

The US government, through the United States Agency for International Development (USAID), signed a Memorandum of Understanding (MoU) with the Ethiopian Commodity Exchange (ECX) to collaborate on increasing the quality, traceability and marketing of coffee. The exchange has also offered 30 new seats for farmers' cooperatives which will double the cooperatives membership on the electronic market.

Based on the agreement that was signed on Thursday January 31 at the Ghion Hotel, the USAID's Agricultural Growth Program-Agriculture Market Development Project (AGP-AMDe) will collaborate with the ECX to improve the ability of sellers and buyers to track the origin of coffee through electronic coding and marking, to certify labs and coffee quality graders, to increase the number of farmers' cooperatives and to improve ECX warehouse efficiency. According to the statement of the MoU, these joint efforts will improve the integrity and marketability of the coffee trading system in Ethiopia.

USAID funded four technical advisors and supported the coffee Direct Specialty Trade (DST) program linking smallholder farmers with international buyers, and backed the establishment of the warehouse receipt system as well as provided warehouse equipment.

The DST for coffee commenced about two years ago under the exchange for the first time in the country's history. The system has given the opportunity for farmers to sell their beans at high prices directly to international buyers.

According to experts, products traceability brings high value for farmers and the economy as it fosters more value than the simple commercial product would bring.

"We are extremely happy to see the renewal of our cooperation with the Ethiopia Commodity Exchange," says Dennis Weller, mission director, USAID Ethiopia. "We believe in the ECX mission to be a structured trading platform for buyers and sellers that address the fundamentals of commodity transactions: quality, quantity, payment and delivery."

"This MoU demonstrates our commitment to enable smallholder farmers to reap the benefits of their produce by enhancing their direct participation in ECX's trading system," Anteneh Assefa, CEO of ECX, said.

He said that ECX is undertaking various efforts to double the number of full-member farmers' cooperatives. "This is only one of many improvements to come with the support of this partnership," he added.

The exchange has now delivered 30 new seats exclusively for farmers' cooperatives. The provision of the new seats is expected to enhance or boost the contribution of farmers'

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cooperatives in modern agricultural trading.

Currently, from a total of 329 members with seats, only 15 seats or below five percent are controlled by farmer cooperatives at the exchange. Anteneh stated that, previously, farmers could not compete for seats due to high competition on membership bids.

The trading volume of farmer cooperatives that are members of ECX has not exceeded 2.2 percent of total trading.

According to the plan, after a month, the farmers' cooperatives will buy the 30 seats by competing with each other. The new seats offered to cooperatives will increase their membership share to around 12 percent from the current share, which is below five percent. ECX commenced trading operations in April 2008, with contracts traded in coffee, sesame, maize, wheat, and pea beans, and it is a market place where buyers and sellers come together to trade based on warehouse receipts, assured quality, delivery and payments. It is a national multi-commodity exchange that provides market integrity, efficiency and transparency.