Agricultural Commodity Exchange for Africa

ACE Africa

Contract Terms

Chithumba Market Maker

September 2023

Model

ACE and Chithumba is piloting a new trade modality – **Chithumba Market Maker**. Every day Chithumba will aggregate commodities at ACE certified rural warehouses on behalf of future buyers on ACE. The suppliers will receive the ACE published price (which is based on 5 MT delivered at factory gate in Lilongwe) less transport and withholding tax (WHT). When lots of 15 MT have been aggregated, they will be offered for sale to willing buyers. The **Sell Price** will be the ACE published price + Chithumba Margin + ACE Commission + Handling charges + Storage fees + finance cost.
Chithumba Market Maker is not a commodity trader – the Market Maker will just ensure aggregation and supply to commodity buyers.

Commodity

Chithumba Market maker will be service Maize, Soya and Groundnuts in-shell.

Price

The model is based on a fully transparent price setting. The **Supplier Price** will be the ACE published price (which is based on 5 MT delivered at factory gate in Lilongwe) minus transport to rural warehouse site less withholding tax (WHT).

The **Sell Price** will be the ACE published price + Chithumba Margin + ACE Commission + Handling charges + Storage fees + finance cost.

Price example of 1 MT from a warehouse 54 km from Lilongwe

ACE Price (MWK/KG)	670
- Logistics (150/MT/KM)	8.1
- WHT- 1%	6.7
Supplier PRICE	**655.2**

ACE Price (MWK/MT)	670
+ Chithumba Margin (MWK/KG)	5
+ ACE Commission (MWK/KG)	5
+ Handling charge to Farmer Org. (MWK/MT)	5
+ Daily Storage Fee to Farmer Org. 90 MWK/MT/DAY	
+ Finance Cost % Risk Premium 0.1% per day	
SELL PRICE	**685**

The price will always be fully transparent. If a daily volume is not sold it will be transferred to the following day with storage fee and finance costs added. The new price will then be a weighted average of the following day's volume/price and the carry over stock.

Offer

When lots of 15 MT have been aggregated, they will be offered for sale. This will be done on the ACE Price Broadcast WhatsApp Group. (Message 0998 223 223 to be added).

Contract

First to accept the offer will get the contract. ACE will issue an ACE contract. Standard terms and ACE rules will apply.

Delivery

DAP Lilongwe – other terms can be negotiated.

Delivery Period

As soon as possible. ACE aims to deliver all contracted volumes within 48 hours, but circumstances may delay. However, all deliveries will be within a week for every contracted 200MT.

Quality

Farmers stock – fair average quality. Commodity can be cleaned against an additional cleaning fee of MWK5/Kg

Packaging

Used bags – Commodity can be re-bagged into new bags at an extra cost of MWK 7/bag

Payment

Approved buyers can pay on delivery. Other buyers will have to pay before securing the commodity. ACE reserves the right to negotiate on case-by-case basis.

Tax

ACE will settle all taxes and ensure the transaction are fully compliant.