



Feed the Future Country Fact Sheet

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Capacity Building Helps Vital Commodity Exchange in Ethiopia Get Even Better



Africa LEAD

Producers, traders and buyers all benefit from a modernized commodity exchange system like the Ethiopian Commodity Exchange. Tizita Alemu, of the ECX, is helping improve its services.

The United States has had at least one commodity exchange since 1848. Ethiopia's first one is about to turn five years old.

The Ethiopian Commodity Exchange, or ECX, is the first of its kind in Africa – an integrated marketplace bringing buyers and sellers together to trade commodities reliably and accountably.

The ECX includes not only the central trading system, but warehouse delivery centers, product grade certification, clearing banks, an arbitration tribunal, and a market information system. It guarantees quality, quantity, payment and delivery to members who have bought a seat in the exchange—including 2.4 million Ethiopian smallholders.

Solving common problems

Often, agricultural buyers and sellers have a hard time finding each other in African markets. Prices aren't transparent and sellers lack market information about what buyers want and what constitutes a fair price. Lag time between harvest and purchase of commodities can lead to post-harvest losses.

The ECX helps remedy these problems by providing crucial transaction services to farmers and buyers and helping them easily find each other. The benefits of the ECX – including improved product quality, standardized warehouse operations and management, more reliable contracting, and faster and more transparent sales transactions – are spreading in Ethiopia, even to nonmembers, as it is setting the reference price nationwide for commodities.

Continuous improvement

And the ECX is getting even better at what it does. Thanks to a Feed the Future program that provides leadership training in Africa, Tizita Alemu, an inspections manager at the ECX, spent two months with the Cocoa Risk Management Group at Hershey Company, USA. Alemu learned best practices in commodity operations as well as insight into what it and other global companies expect from a structured marketing system.

“At ECX, we have embarked on continuous improvement to give Africa the best model for a structured trading system as a

way of increasing food security and empowering the farmers to earn decent livelihoods,” Alemu explains.

At Hershey, Alemu learned firsthand how global private sector food companies rely on accurate market information and standardized practices to buy commodities and manage risk related to potential future price increases. She also learned how Hershey uses environment and human rights standards to guide procurement. Hershey, in return, gained new insight from Alemu on emerging African trading systems and cross-cultural business transactions.

As the ECX enters into its fifth year, the improvements Alemu has brought back from her time with Hershey are helping the exchange provide the level of secure trading and market intelligence that global companies like Hershey seek.

Alemu’s work with Hershey was supported by [Africa Lead](#), a Feed the Future capacity building program that is training the next generation of African agribusiness professionals.