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[Department of
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06 January 2012

[Michigan State University](#)

Michigan State University's Food Security Group is pleased to share with you this working paper:

[Constraints to the Development of Commodity Exchanges in Africa: A Case Study of ZAMACE.](#)

Nicholas J. Sitko and T.S. Jayne. FSRP Working Paper No. 53. June 2011

Food markets in Africa suffer from high transaction costs, limited price discovery, and weak mechanisms for mitigating default risks. While these conditions provide a strong rationale for the development of commodity exchanges, most exchanges on the continent have languished. Using a case study of the Zambian Agricultural Commodity Exchange, this paper identifies why commodity exchanges have failed to become sustainable, robust trading platforms and what can be done to enhance their performance so that they can achieve their envisaged potential.

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