

# Grain Warrantage: Guaranteed credit using stock as collateral

Good Practice *AT A GLANCE*

KNOW-HOW  
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By diocesan Caritas in Kaolack, in Pakala Santhie, Fatick, SENEGAL

The households in the village of Pakala Santhie regularly used to sell off their harvests in the months of September and October in order to manage their children's schooling or other health or family issues. Dishonest traders would pass through the village and offer ludicrously low purchase prices for grain prior to the harvest. Households needed the money. They rarely refused.

The solution was to establish a warrantage system whose aim was to end the vicious cycle that would regularly plunge households into cyclical food insecurity and loss of income.

## IMPACT

The warrantage system allowed each beneficiary to manage schooling and child health needs. It also helped them to meet urgent requirements for certain ceremonies such as tabaski. It stopped mothers and fathers from worrying about their duty to find food instead of focussing on cultivating the land.

## Experience description

The warrantage system was established in several steps: **Activity - awareness of the CAC** (framework for union and consultation) for post-harvest and warrantage system management / **Strategic negotiation with beneficiaries:** when a warrantage system is implemented, the conditions and means for the implementation must be shared and the roles and responsibilities of each party must be clearly defined / **Beneficiary organisation:** The CAC is the umbrella body that groups together all basic village community organisations / **Grain storage:** This occurs during the harvest, when the millet threshing machine arrives in the village / **Releasing stock and recovery of cash funds:** This occurs in June, a crucial period for the hunger season as it coincides with the start of work during the agricultural season.



## Other characteristics



### BENEFICIARIES

- Farmers with a low income
- CAC Village alliance for union and consultation



### CHALLENGES

- The system must be based on a strong analysis of demand from future beneficiaries, and a credible structure and beneficiaries
- Having a good and well-equipped storage infrastructure (pallets, scale, bag manufacture) is essential to establishing a warrantage system.



### LESSONS LEARNT

- Warrantage avoids the infiltration of traders and commercial middlemen, which leads to fluctuating prices.
- The consultation of all stakeholders in crop management promotes their good use and reduces or avoids the hunger gap by taking anticipation and prevention measures

