

***Warrantage, a system to reduce post-harvest losses, a financing and empowerment tool for small producers in Benin.***

In Sub-Saharan Africa, post-harvest losses can be up to 40% of domestic agricultural production and food. In addition to these high loss rates, many smallholders farmers must sell off their crop shortly after harvest at a low price due to their immediate need for cash and lacking access to agricultural credit.

The project "Postharvest Management in Sub-Saharan Africa", funded by the Swiss Agency for Development and Cooperation (SDC) and implemented by HELNETAS, FANRPAN and AFAAS, promotes **warrantage systems** in Central and Northern Benin (Atacora and Collines) with the aim to address the above-mentioned challenges. Warrantage is a collective storage system of a group of farmers who use their joint stocks as a collateral to take a loan from a bank or micro-finance institute (MFI). Typically, the collective stocks are stored in a warehouse and administrated by the farmer group. Once the crop is stored, the MFI pay farmers 80% percentage of the current market value of the stocks. When the group decides to sell the stocks, usually after several months when market prices have risen, farmers pay back their loan to the MFI plus 1-2% service fee and receive the difference in value between the crop market price at the time of harvest and selling. Warrantage thus allows farmers to store their products until the price improves on the market. If stocks are managed well, the quality of the produce remains good and yields a better price. Moreover, warrantage groups have higher negotiation power vis-à-vis buyers thanks to the larger joint quantities of grain. Buyers also have higher trust in the quality of crops administrated under warrantage schemes.

Key partners in the warrantage systems in Benin are **municipalities** who own warehouses and provide these to the farmer's group; **micro-finance institutes** (MFI) who provide finance; and **local NGOs** who act as facilitators between farmers and MFI, who train farmers on financial and organizational aspects and improved postharvest management. In 2018/2019, the average quantity of grain warranted per farmer was between 740 and 1'000 kg for maize and 220 and 275 kg for cowpea for Atacora and Collines region, respectively. On average, farmers benefitted from a price mark-up of 3.4 US\$ / 100 kg of maize (20%) and 10.2 US\$ / 100 kg of cowpea (28%). So on the one hand, warrantage provides financial benefits: higher income, higher financial security over a longer period and access to credits for people who are excluded from classic banking systems. Warrantage systems thus contribute to filling the gap of largely unavailable, unsuitable or unaffordable financial services for agricultural investments of smallholder farmers. Apart from this, warrantage enhances the food security of communities as the stocks are stored under save conditions during several months up to the lean season. The Benin experience showed that some farmers take their warranted stocks back for home consumption. Moreover, warrantage systems contribute to mobilizing larger numbers of famers to engage in and learn about improved postharvest management practices such as good drying and sorting of grains, the monitoring of stocks and pest control. Thanks to the good administration of stocks, most warrantage groups could refrain from using pesticides during storage and thus contributed to higher food safety of the produce. Finally, warrantage proved excellent to improve the cooperation among farmer communities and to professionalize them in organizational aspects, financial literacy and in accessing local markets.

Seeing the above experiences, there is an important potential for warrantage schemes to benefit farmer communities in Benin and other African countries. A key challenge is finding micro-finance partners who offer financial services targeted to small-scale agriculture and postharvest management. MFI are reluctant to invest in this sector as risks and administrative costs are high and their trust in the organizational and management capacities of farmer groups is low. In Benin, local NGOs mitigate these risks and act as facilitators between MFIs, warrantage groups and other market actors (e.g. buyers of grains). A core aims of this and other initiatives is to make farmer groups fully autonomous in their relationship with micro finance partners. In addition, farmers need better access to market information systems e.g. on local grain prices and the supply and demand of key crops to become independent market players.

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