



## Namalu Food Security Silo Scheme

**BACKGROUND TO THE SCHEME:** Namalu is in the isolated Karamoja region of northeast Uganda. The region has experienced severe drought conditions over successive years which have affected crop yields, pushed the price of food up sharply and left hundreds of thousands of Ugandans on the brink of starvation.

Immediately after harvest, farmers need to earn money from their crop to pay for basic foods, health and education. But because farmers are disparate, have little bargaining power and only limited facilities to store their own grain, they are in the hands of merchants and forced to sell produce at whatever price the merchant offers.

This puts money into farmers pockets in the short term but because there is not enough grain to last until the next harvest, families find themselves buying grain back at hugely inflated prices from merchants several months down the line.

Some families simply can't afford to buy grain and go hungry. Some buy food and forgo education. Some will be forced to forgo their health.

Farmers need to be able to sell their grain, collectively, into local grain stores for short term storage until they need to buy food back. Food would then remain close to those that need it and the sell back price would be kept well below inflated market prices.

**THE FIGURES:** Last year, the market price of a kg of grain (maize and sorghum) shot up by between 50 and 100 per cent, depending on the market.

There are 8 empty grain silos in Namalu. Each silo will hold just over 12,000 kilos of grain. It will cost approximately £2,000 to fill a silo with grain.

**OUR MICROFINANCE SCHEME:** FOAG has set up a partnership with local development workers at the Chekwii Initiative for Rural and Integrated Development (CIRIDE) in Namalu to buy enough grain from local farmers, at market prices to fill at least one silo.

The grain will be stored and later sold back to the local community by CIRIDE for a small profit, but well below inflated market prices.

We will loan CIRIDE £2,000. CIRIDE will repay the loan within 12 months with 10 per cent interest (ie £2200) which can then be re-invested into local initiatives.

**A NOTE ON MICROFINANCE:** The purpose of microfinance (MF) is to make small loans to entrepreneurs to stimulate money making activities and help local communities to survive sustainably.

In true MF spirit, FOAG will not bear any cost at all and investment is dependent on the ability of CIRIDE to repay the loan with a small amount of interest.

Average interest rates on MF loans are higher than you may anticipate – around 28 per cent or more, but this is less than you would pay a village money-lender whose rates sometimes rise into the hundreds.

The 28 per cent takes into account the running and monitoring costs (which FOAG does not necessarily have), the cost of covering defaulters and the cost of the money that is loaned (which FOAG does not necessarily have), hence FOAG's decision to charge 10 per cent interest.

**KEEPING YOU IN THE PICTURE:** It is important that donors can see people benefiting from their contribution so over the life of the scheme (12 months) we will produce 2 short update reports with photos which will be sent out by email.

**CONTACT:** Don't hesitate to get in touch with us if you need any more information or would like to do a special fund raising activity for our Silo Scheme. Email Will Surman or Iain Patton at [info@foag.co.uk](mailto:info@foag.co.uk)

**FOAG:** The Farmers Overseas Action Group, FOAG, is an independent charity whose mission is to aid social and economic development in Uganda's rural communities.

FOAG provides support to 12 projects in four key sectors; health, education, economic empowerment and the environment, with the overall goal of alleviating poverty.

FOAG concentrates on small scale constructive action for community development through the funding of innovative projects that are often too small for the objectives of larger international charities. For more details go to [www.foag.co.uk](http://www.foag.co.uk)



The Namalu silo we will use



Karamojong girls selling milk