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**USAID Kenya Business Development Services Program  
(Kenya BDS)**

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**Deloitte Touche Tohmatsu Emerging Markets, Ltd.**

**ACTIVITIES 4 and 5  
A BUSINESS SERVICE MARKET ASSESSMENT  
FOR THE LAKE VICTORIA FISH SUB-SECTOR**

*Savings Mobilization Services  
Product Assembly and Market Linkage Services  
Quality Assurance Services  
Material Input Supply Services*

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Table of Contents		Page
List of Acronyms		2
1.0 Background		3
1.1 Rationale for BDS Market Assessment		3
1.2 Setting the boundaries		3
1.3 Definition of priority services		4
2.0 Assessment Methodology		12
2.1 Sampling Strategy		12
2.2 Methods for gathering information		112
2.3 Challenges		13
3.0 FINDINGS		15
3.1 Savings Mobilization Services		15
3.1.1 Service overview.		15
3.1.2 Supply Side Characteristics		16
3.1.3 Demand Side Characteristics		23
3.1.4 Market opportunities for Savings Mobilization Services		24
3.2 Product Assembly and Market Linkage Services		25
3.2.1 Service overview		25
3.2.2 Supply side characteristics		26
3.2.3 Demand Side Characteristics		31
3.2.4 Market opportunities for Product Assembly and Market Linkage Services		31
3.3 Quality Assurance Services		32
3.3.1 Service overview		32
3.3.2 Supply side characteristics		34
3.3.3 Demand Side Characteristics		36
3.3.3 Market Opportunities		37
3.4 Material Input Supply Services		40
3.4.1 Service overview		36
3.4.2 Supply characteristics.		36
3.4.3 Demand Side Characteristics		39
3.4.4 Market Opportunities		41
3.5 Draft Summary Proposed Market Interventions		43
Appendices		50
Appendices 1 – Respondents List		501
Appendices 2 – Interview Guideline		61
Appendices 3 – Focus Group Discussion Guideline		63
Appendices 4 – Meeting Notes (Under separate Cover)		

## List of Acronyms

AFIPEK	Kenya fish Processors Association
ASCAS	Accumulating Savings and Credit Associations
BDS	Business development Services
BMU	Beach Management Unit
CDTF	Community Development Trust Fund
DoF	Department of Fisheries
ECLOF	Ecumenical Loans Fund
EU	European union
FCS	Fishermen Co-operative society
FGD	Focus Group Discussion
FOSA	Front Office service association
GoK	Government of Kenya
IDCCS	Inter Diocesan Christian Society
IDEAS	Integrated Development for Enterprise
IFP	Industrial Fish Processor
K-REP	Kenya Rural Enterprise project
KWFT	Kenya Women Finance Trust
MSE	Micro and Small Enterprise
NGO	Non Governmental Organization
PCK	Postal Corporation of Kenya
RECA	Relief and Environment Care Africa
ROSCAS	Rotating Savings and Credit Associations
SACCO	Savings and Credit Cooperatives
SAGA	SAGA Thrift and Enterprise Promotion Ltd.
SMEP	Small and micro enterprise project
WEDCO	Wedco Enterprise Development ltd
WIFIP	Women In the Fishing Industry Project

## **1.0 Background**

Central to the concept of developing BDS markets is the idea of building on indigenous initiatives and demand within the private sector. The Kenya BDS is a USAID program that is managed by Deloitte Touche Tohmatsu Emerging Markets Ltd. The program combines the sub sector approach with the market development of business services. Working in product markets of high growth potential in order to identify and address critical constraints to market efficiency, the program has identified the Lake Victoria Fish as the second sub sector for targeting. The focus will be on Nile Perch, Tilapia and Dagaa fish species.

### ***1.1 Rationale for BDS Market Assessment***

Sub sector analysis, business development services, market assessments tools and research methods serve as the methodological cornerstone of the Kenya BDS program design and implementation process. The sub sector analysis describes and explains the structure of the sub sector. It analyzes current and potential economic performance. It looks into likely forces of change acting on the sub sector and examines the dynamos of demand that pull goods and services through the sub sector. The analysis also evaluates competition among market channels. This is followed by the prioritization of services through a stakeholders workshop.

Based upon the constraints identified in the stakeholders' workshop, four services have been prioritized for targeting. These include:

1. Savings mobilization services,
2. Product assembly and market linkage services,
3. Quality assurance services,
4. Material input supply services.

Market assessment of the business services prioritized determines:

1. The level of demand for the services,
2. The feasibility of the service, existing and potential service providers,
3. Constraints that providers face in providing the service,
4. Constraints that potential customers face in accessing the service
5. Identification of potential providers to target with market development interventions.

The intervention design for market development that is based on the market assessment allows the program to facilitate the delivery of appropriate business development services to small –scale business in the sub sector in order to create a more equitable and competitive sub sector.

### ***1.2 Setting the boundaries***

This is the second sub sector the Kenya BDS program will support. The Lake Victoria Fish sub sector covers a large geographical area. There are nine districts along the lake region namely; Busia, Bondo, Kisumu, Nyando, Rachuonyo, Homa bay, Suba and Migori. The districts of Suba, Bondo and Busia produce the largest amount of fish. They

produce 73% of the total fish production along the lake region. These districts have been selected and accepted through the stakeholder workshop to be the geographical target area for program support.

The product focus is on Nile Perch, Tilapia and Dagaa (Dagaa) products. Production levels for the year 2002 are as follows:

District	Nile Perch (MT)	Tilapia (MT)	Dagaa (MT)	Fishermen	Beaches	Active vessels
Suba	22,052	6,448	13,082	10,239	97	2,833
Bondo	15,721	3,448	6,078	8,395	67	2,611
Busia	9,356	1,248	5,688	2,748	23	770
<b>Sub-Total</b>	<b>47,129</b>	<b>11,144</b>	<b>24,848</b>	<b>21,382</b>	<b>187</b>	<b>6,214</b>
Kisumu	4,448	3,359	3,359	2,540	32	1,189
Rachuonyo	3,598	1,996	5,047	4,438	38	1,133
Migori	2,699	326	1,746	3,597	27	1,083
Nyando	451	495	364	512	6	185
Homa Bay	107	147	91	568	7	181
<b>Grand Total</b>	<b>58,432</b>	<b>17,467</b>	<b>35,455</b>	<b>33,037</b>	<b>297</b>	<b>9,985</b>

Source: Department of Fisheries (Kisumu)

### 1.3 Definition of priority service

The USAID/Kenya BDS Program has given the following comprehensive definition to the selected Business Services for the Lake Victoria Fish Subsector:

*a. Savings Mobilization Services* - Official estimates (thought by many experts to be an underestimate) indicate that fisher folk in the Lake Victoria region earn Kshs 6.9 billion every year (GoK, 2002). From a development perspective, this quantum of resources would be expected to be meaningfully visible in the development status of the area and the living conditions of households. Yet this is not the case, and households in the area remain among the poorest in the country with 63% of the population living in conditions of absolute poverty (GoK 2000). While there are many facets and factors to this scenario, an analysis by Kenya BDS shows that the lack of mechanisms for mobilizing and channelling these resources into areas of high development payoffs is perhaps the key reason. While in absolute terms the earnings by fisher folk appear large, these are received on a daily basis in small amounts on average ranging up to a few hundreds (Kshs 300 – 500). Receiving this amount on a daily basis and with the hope of receipt of similar amount the following day, most fisher folk end up directing their earnings into consumptive avenues with little direct influence on the wellbeing of their households and no positive multiplier effects on development of the region. This general lack of a savings culture is perpetuated by the lack of suitable institutional arrangements for savings mobilization and ancillary reciprocal financial services. Yet, with a declining fish catch and introduction of regulatory measures that ban dagaa fishing for four months of the year, many fisher folk are now noticing the importance of starting to manage their

earnings in a manner that would allow them to survive the months of fish bans and diversify into other sources of livelihood to supplement the declining earnings from fish.

Kenya BDS sees the need for business services that will allow for increased savings mobilization. This may include information and awareness campaigns targeted at improving the savings culture of fisher folk; community mobilization and training for improved financial resource management; and financial brokering of institutional arrangements in savings mobilization.

**b. *Product Assembly and Market Linkage Services*** - Product assembly and grading is a critical activity in the marketing of any product. In the Lake Victoria fish sub-sector, product assembly and grading is done at the landing beaches/sites. These are effectively the fish collection centres for the various fishing communities scattered around the lake where fish buyers converge to purchase fish. While many of the landing sites have an organized association of fishermen, these organizations are generally ineffective and many fishermen end up selling their fish as individuals. This way and given their small catch as individuals, they remain with no bargaining power and take any price given by the buyer. On the part of the buyers, the disorganization of fishermen makes it impossible to get sufficient quantities in a short period forcing each truck to take up to three days to fill. This is costly and ends up having a direct bearing on the quality of fish. In instances where there is a strong fishermen's association (Wichlum for example), fishermen receive a better price and waiting period for buying trucks is much lower.

Beyond fisher folk organization for bulking purposes, product assembly also requires suitable collection facilities for hygienic handling and grading. Only a quarter (26.7%) of the 297 official landing sites have a *banda*, leave alone an appropriate (cool) storage facility. Without basic collection-point facilities, fish handling at the landing sites remains a problem. Yet, where the beach community is well organized and has a strong Beach Management Unit (BMU), arrangements have been made possible for fisher folk to take collective responsibility in putting up decent collection centres (*bandas*).

This service targets the mobilization and strengthening of fisher folk into strong organizations for collective actions in landing site development, management and effective market linkages. It could include mobilization, formation and training of new fisher folk groups/associations; strengthening of existing groups; and backward and forward linkages of fisher folk groups to large buyers.

**c. *Quality Assurance Services*** - This service entails all service activities related to delivery of improved quality fish to the market. It involves training of fisher folk on fishing methods and techniques that ensure quality fish; training on after-catch handling and hygiene; quality issues in processing; and technological issues particularly in boat design and structures for quality assurance (particularly with regard to ice preservation). The service is geared towards addressing the significant proportion of fish that ends up being rejected due to poor quality. In the case of Nile Perch, major sources of rejection relate to undersize catch (juveniles), handling while still in the lake and handling at the landing sites – all taken together accounting for up to 30% rejection of total catch at

times. While the rejection rate of Nile Perch is many times much lower than this (30%), discussions with Fish Exporters/Processors indicated that it is due to a general low quality of the fish they receive that many are not processing the more lucrative chilled fish fillet. Most of the catch can only go for frozen fish fillet and Gutless-Headless market that fetches much lower prices.

Quality issues in Dagaa, arise largely in handling while in the lake, grading at the landing beaches and artisanal processing particularly for the animal feeds market. While not quantified, estimates are that issues of quality resulting at these levels contribute significantly to lack of market access of this fish to fishmeal processors. Discussions with a number of animal feed processors indicated that they opt to import fishmeal due to the low quality of Dagaa fish supplied from Lake Victoria. Quality issues in Tilapia arise largely in relation to handling and storage.

*d. Material Input Supply Services* - The critical issues in material input supply in the Lake Victoria fish sub sector relate to availability of Ice for fish preservation, and the high cost and availability of fishing gears at the local level. There is currently a big shortfall (upwards of 50% of demand) in the supply of ice. The only channel with near-sufficient supply of ice is the Industrial Fish Processing (IFP) channel for Nile Perch from the transportation function stage up to the processing level of the supply chain. In this channel, ice is produced and supplied by the IFPs to their agents/purchasers for cold preservation of fish supplied to the firms. The amount of ice is however only enough for preservation of the fish while in transit from the landing sites to the factories at a fish-ice ratio of 1:1. Ice is however needed from the point fish is removed from the water into the boat to the point it is picked by the IFP agents. Lack of ice at these stages is a major contributor to the low quality of fish that ends up delivered to the IFP agents. For Dagaa, ice is required at the boat to the point of landing and in storage at the landing sites during days when weather conditions do not allow for sun drying (rainy season). The fresh fish channel, largely dominated by Tilapia, is the one that is currently facing the highest shortfalls in supply of ice, starting from the fishing boats in the lake, the landing beaches, to the whole domestic distribution system that supplies fish to as far as Mombasa. There are only two ice manufacturers in the lake region supplying this channel with ice and, generally, they are unable to meet the demand. A key issue here, therefore is the mere availability of ice. Beyond availability, however, an issue of awareness among fisher folk on the need to use ice for preservation of fish while in boats at the lake also stands out.

Fishing gear (nets, hooks, floats, pressure lamps for Dagaa fishing, etc) is generally not available at the local beach community level and fisher folk wishing to purchase must generally travel long distances many times to Kisumu to buy these. Beyond availability, the high cost of the sets of fishing gear (5 pressure lamps and at least 5 nets per Dagaa fishing boat, for instance) constrains the accessibility of these inputs among fisher folk. This is compounded by the lack of lump-sum payments to fisher folk and the general unavailability of financial services for accumulation of savings or provision of credit for purchase of inputs.

The material input supply service seeks to address all the myriad of issues related to the availability of ice and fishing gear at the local level as well as affordability.

*e. Field - Summary Service definitions*

In order to ensure that the respondents of the business service market under assessment clearly understood the terminologies being used, services were defined as follows:

Definition: Saving Mobilization Services: - Services which will allow for increased savings mobilization amongst the MSEs operating in the lake Victoria fish sub sector.

Demand side actors - Fishermen/fishing crew, boat and fishing gear owners, beach management units, fishermen co-operatives societies, fishermen associations, artisanal fish processors, IFP agents, lake transporters, land transporters, traders.

Supply Side Actors – Finance Providers, financial brokers, Banks, BDS Providers Beach Management Units, Input suppliers (Ice Makers, Fishing Gear), Traders, Wholesalers, Retailers, Fish Co-operatives, Fish Associations, Industrial fish processors (Animal Feed), Artisanal fish processors, Industrial Fish Processors (IFPs) and Exporters, IFP agents.

Definition: Product Assembly And Market Linkage Services: - Services that support fish bulking and grading and facilitate the efficient approved transfer of viable volumes of fish from the fishermen landing sites to the buyer.

Demand side actors - Fishermen/fishing crew, boat and fishing gear owners, beach management units, fishermen co-operatives societies, fishermen associations, artisanal fish processors, IFP agents, lake transporters, land transporters, traders.

Supply Side Actors – Beach Management Units, Input suppliers (Ice Makers, Fishing Gear), Traders, Wholesalers, Retailers, Fish Co-operatives, Fish Associations, Industrial fish processors (Animal Feed), Artisanal fish processors, Industrial Fish Processors (IFPs) and Exporters, IFP agents BDS Providers.

Definition: Quality Assurance Services: - All services and activities related to delivery of improved quality of fish to the market

Demand side actors - Fishermen/fishing crew, boat and fishing gear owners, beach management units, fishermen co-operatives societies, fishermen associations, artisanal fish processors, IFP agents, lake transporters, land transporters, traders.

Supply Side Actors – Beach Management Units, Input suppliers (Ice Makers, Fishing Gear), Traders, Wholesalers, Retailers, Fish Co-operatives, Fish

Associations, Industrial fish processors (Animal Feed), Artisanal fish processors, Industrial Fish Processors (IFPs) and Exporters, IFP agents BDS Providers.

Definition: Material Input Supply Services: -Services that address all the issues related to the availability of ice and fishing gear at the local level plus affordability of the same.

*Demand side actors* - Fishermen/fishing crew, boat and fishing gear owners, beach management units, fishermen co-operative societies, fishermen associations, artisanal fish processors, IFP agents, lake transporters, land transporters, traders.

*Supply Side Actors* – Beach Management Units, Input suppliers (Ice Makers, Fishing Gear), Traders, Wholesalers, Retailers, Fish Co-operatives, Fish Associations, Industrial fish processors (Animal Feed), Artisanal fish processors, Industrial Fish Processors (IFPs) and Exporters, IFP agents, Finance Providers, financial brokers, Banks, BDS and other Service Providers.

## **2.0 Assessment Methodology**

### **2.1 *Sampling Strategy***

A mix of targeted and random sampling was used. Sampling was expected to cover the stakeholder groups involved in the Lake Victoria fish industry as entrepreneurs. These entrepreneurs support the industry through business activities or services of one kind or another. They are listed as

1. Fishermen
2. Boat and fishing gear owners
3. Beach management units
4. Fishermen Co-operative Societies
5. Fisherfolk Associations
6. Artisanal fish processors
7. Industrial fish Processor Agents
8. Traders and Wholesalers
9. Transporters – (Not interviewed as only drivers available on site)
10. Input suppliers
11. Retailers
12. Industrial Fish Processors
13. Animal Feed Processors
14. Finance Service Providers
15. BDS and other Service Providers
16. Government Agencies
17. Non-Government Agencies (NGOs)

The sampling targeted the selected geographical area and high volume producer districts of Suba, Bondo and Busia. Kisumu District was covered to reach the many service providers based in Kisumu City. Specific beaches were also targeted which had:

- a. High volume fish landing

- b. High number of boats
- c. Presence of unique activities such as existence of fish bandas, active co-operatives, ice plant and landing of the fish species of interest i.e. Nile perch, tilapia and dagaa.

The specific stakeholder groups were then randomly selected based on which respondents were easily available. A complete list of respondents is attached.

## **2.2 *Methods for gathering information***

The methods used for gathering information were:

1. Focus group discussions,
2. In-depth interviews,
3. Key informant interviews,
4. Provider interview and
5. Fisher folk interviews.

Building on previous experience an informal, interactive communication approach was used.

In order to gain a clear understanding of the BDS market, questionnaire guidelines were developed and used. The area of interest of the respondents determined the application of these guidelines. In many instances, experience has proved that it is best to allow the respondents to give as much information as they wish on a specific area of interest to them. This may take up to 75% of interview time but should never exceed 2 hrs unless there is a high level of technical information being shared. The remaining 25% of the time was used to quickly go over the other areas in cases where most of the interview time is spent on discussion of a small component of the BDS service. It was then possible to get very clear responses to all issues on the Business Service. This allowance for in-depth discussion on areas of interest often reveals hidden information about how a particular service is obtained, how it is used and paid for, opportunities for its provision / purchase and constraints to its provision.

The districts of Suba, Bondo and Busia boast 187 gazetted beaches out of a total 297 in the lake region (63%). The fisherfolk on these beaches all have their unique constraints and opportunities for BDS service delivery that is dependent on their socio-economic political circumstances, distance from major towns, available infrastructure and so on. Efforts were made to ensure that as much information as possible was gathered on BDS provision from the different stakeholders in the three districts of interest. Confirmation or validation of the information was given through discussion with at least two i.e. more than one representative groups and individuals for each stakeholder classification.

The author of this report undertook the field assessment over a period of 13 working days during the month of December. In total 44 interviews and focus group discussions were conducted with 151 respondents.

### 2.3 Challenges

The sector suffers from interview fatigue. It was noted that fisherfolk respondents often started off as hostile even though the hostility was quickly forgotten once they had expressed their displeasure at all the interviews that had been conducted with no follow-up or tangible output. Furthermore, on several occasions in the FGD, members in leadership positions would instruct respondents to discontinue discussing particular lines on certain points. The ability to understand a little of the local language then became a distinct advantage.

Over the past few years this has become a very popular sector for research. Research has been conducted to meet different agendas such as:

1. Academic research
2. Environmental – heightened interest over the last few years due to water hyacinth infestation and other environmental issues that have physically manifested themselves e.g. increased flooding and human displacement.
3. Political (Regional) – Due to the heightened political interest regarding use of lake resources for economic benefit of the countries sharing ownership.
4. Economic – The region is one of the poorest in Kenya according to the national economic survey and yet it is endowed with various natural resources that generate high incomes. A good example is fishing that generates Ksh. 6.9 billion per year. The region has become a favorite spot for socio-economic researchers.
5. Political (Country Specific) - In preparation for anticipated investment in socio economic development. The region having been marginalized for many years due to its opposition, political position is now supporting the current incumbent government. Many players expect it to be the focus of development investment. Studies are undertaken in support of proposal development for all types of initiatives in areas such as agriculture, sustainable livelihoods, power, water supply, infrastructure, credit, education, health, etc.
6. HIV/AIDS – This is a high prevalence area for the HIV/AIDS pandemic especially on the beaches where lifestyles influence the prevalence of the disease.

80% of all groups and individuals interviewed mentioned their hope that this was not another interview and/or assessment like all the others. They expressed hope that this time some tangible result would be made evident by Kenya BDS going back to the scene and offering services of one kind or another.

Poor state of roads and road networks: The state of roads in the region is extremely poor with minimal maintenance undertaken. A distance of 50 km is often covered in 4 hrs by a motor vehicle. This leads to high loss in time. One of the areas said to have the highest fish production - Gembe and Gwasi could not be easily reached by road. Using the lake passenger service would have taken too much time and hiring a motorboat was too expensive. The team was therefore unable to interview the stakeholders from this region

where it is claimed that fishermen can earn as much as Ksh. 10,000 per day, every day of the year and yet they show no signs of wealth when evaluated using poverty indicators.

Problems accessing information: Information on Service Providers operating in the region was not easily given out by the fisher folk. FGD participants often claimed that no outside agency had at any one time offered them services. There seemed to be a general feeling that one-way to entice new investors in the area is to claim neglect by service providers. Getting a true picture of service providers and the amounts they earned for services provided would take up to 5 days or more on some of the beaches. For example it took 2 days before members of a Beach Management Unit were sufficiently confident about the role of the Kenya BDS representative on the beach in order to introduce Industrial Fish Processor agents for interviews. This is because these agents normally carry a lot of money in cash and are often targeted for robbery. The BMU ensures their security when on the beach. There was also reluctance to give out information in FGD or personal interviews. Fisher folk felt that this information could be used against them or would weaken the position they held. This challenge could be attributed to interview fatigue, competitiveness in the sector, low entry barriers into the various options in the business sector and other risks such as the criminal background of some of the fisherfolk.

The field time was limited: The limited field time meant that some areas of interest could not be covered adequately because the time ran out.

## **3.0 FINDINGS**

### **3.1 Savings Mobilization Services**

#### **3.1.1 Service overview.**

This has been defined as services that will allow for increased savings mobilization amongst the micro and small enterprises operating in the Lake Victoria fish sub sector.

Fishing as a business activity is undertaken by a large number of different players operating on the beaches. The savings mobilization service targets the business people operating businesses that support the fishing industry in one way or another. These include the fishermen who are the primary suppliers of fish to the industry, the various categories of middle men from registered fish handlers, traders and industrial fish processor agents to the unregistered middlemen who muscle in on the industry and position themselves to reap benefits by operating cartels which offer protection to the real buyers enabling them to purchase fish. Although all these players make the fish market chain long and inefficient as well as reducing the potential earnings of the fishermen, they make money. This money is significant as it often ranges from a few hundred shillings per day (Ksh. 100 – 500) to larger amounts (Ksh 3,000 to above 10,000). It is said that it is common to find fishermen in Gwasi earning up to 30,000 per head per day due to the rich fishing grounds. It is not uncommon for one fishing crew to land over 2 tonnes of fish in a day. The incomes and profits earned by these players should translate into improved living conditions at household level.

It would be anticipated that with these kinds of earning the communities around the lake would exhibit a level of development that reflects their ability to create wealth from their fishing activities. The other actors in the value chain between the fishermen and the market that benefit through earning for specific services to the sub sector would also contribute to the development status of the region. However the reality is that this is among the poorest regions in Kenya.

One of the leading contributions to this scenario is the lack of banking facilities in the whole region. Mbita town, the largest town in Suba District and a district head quarter has no bank. The only formal banking facility in the town is a Kenya Post Office Bank agency within the Post Office. The nearest banks The Co-operative Bank and The Kenya Commercial Bank are approximately 60 km away in Homa bay and public transport costs Ksh 400 for a return trip this town. The district headquarters of Bondo District has one Kenya Commercial Bank branch and a Post Bank agency. Port Victoria, the major town for the fishing community in Busia District servicing over 5 beaches that land over 10 tons Nile Perch, 5 tonnes Tilapia and 100 sacks dagaa per day has no bank. Post Bank Agencies are the only banking services that are available in the large towns serving the Busia District fishing sector. These towns are Port Victoria, Sio Port and Funyula.

This lack of banking services contributes to the low level of savings of earned incomes as these incomes are earned daily. Most fisherfolk direct their daily earnings into consumptive avenues such as alcohol consumption that has little direct influence on the well being of their households and no multiplier effect. For some fishermen handling

money in denominations lower than Ksh. 1,000 is an insult. They therefore leave the change, no matter how much, with the vendor of goods purchased.

*“What is one thousand shillings? Keep the change – otherwise the change may make my pockets dirty.”* Fisherman statement on his wealth.

This situation has over the years been recognized as a major contributor to the continuing poverty situation in the area. Community members are very keen to find a solution i.e. services that support their efforts to save their daily earnings and invest in capital items as well as address subsistence needs during periods of low income when there is reduced fish harvest and during the months of April – July when dagaa fishing is banned.

### **3.1.2 Supply Side Characteristics**

*“This is a Micro Finance Region because there are no banks, the population is poor but opportunities to earn money exist. The potential client base is huge yet we are serving only 4,500.”* Comment from a micro finance service provider.

Many actors have seen the lack of banking services as an opportunity to offer financial services mainly savings and credit services. The region has many financial service providers who use various models to support, entice, recruit and offer services to the fisherfolk. The main service providers are.

1. Fishermen Co-operative Societies whose current status is
  - Suba District Total 16 Active 6
  - Bondo District Total 7 Active 4
  - Busia District Total 3 Active 2
2. Savings and credit Association (ROSCAS, ASCAS, Solidarity groups and so on.)
3. Village Banks
4. Co-operative Unions and other SACCOs
5. NGOs
6. Commercial Banks and Post Bank
7. Private for profit Companies
8. Input Supply Firms

Fishermen Co-operative Societies – These are co-operative societies which are set up as marketing co-operatives. The formation of these co-operatives seems to have been in two major waves, one in the 1960s and the second in the 1980s. All the co-operatives operate under the Co-operatives Act. Discussions with key informants in the DoF and District Cooperative Office indicate that in the districts of Suba, Bondo and Busia there are only two co-operative societies out of a total 26 which can be said to be offering savings services to members. These are Wichlum and Yimbo FSC. Out of 7 societies visited, Wichlum Fishermen Co-operative Society stands out as the only society that has proven activities of receiving members’ savings and updating books. Ledger cards were obviously present. It is possible to get a member savings log in less than 10 minutes.

Members proudly displayed their passbooks and there was clear physical evidence of bookkeeping and member records. All the other co-operatives visited had no evidence of such activities in their offices and members complained of having lost their savings even though the first service quoted by the FCSs was members' shareholding and savings. The state of the fishermen co-operatives is a case study on the level of corruption in the country. Members who are elected into the management committee and have internalized the belief that once you are a member of the management committee all funds raised by the co-operatives belong to you mismanage the co-operatives. This leaves the ordinary members very frustrated because not only are they denied a service but also the benefits from their efforts are consumed by a select few. Members of management committees strive to ensure that they retain their positions for as long as possible. The legal limit is 9 years with elections every three years but many committee members have served for longer terms.

The co-operatives offer savings mobilization services to members. All the services are paid for by member funds to cover the cost of record keeping and employees. FOSA services that include savings and credit services, cheque clearance facilities and money transfer services have also been offered at one time by at least two FCS.

<b>Service</b>	<b>Cost of service and source of fund</b>
Shares (ownership)	Ksh. 300 per share deducted from fish landed by fishermen.
Savings	From Ksh. 1.00 per kg landed to 10% of fish earnings compulsory deduction
FOSA	Only offered by one Co-operatives Union in the region (the Union is currently inactive).
Capital Investment.	For building bandas etc. compulsory deductions at Ksh 1-3.00 per kg landed
Savings through Union	10% Savings through compulsory deduction of member funds by primary cooperative.

The Co-operative Societies have a client base that is very easy to reach as long as they offer a service. Since their main service is marketing they will always have the opportunity to raise funds to maintain services such as bookkeeping for member savings.

Given the high turnover of landed fish on the beach that has the potential to be handled by these co-operatives – a lot of money is collected. Following is the breakdown of the Co-operative membership and turnover for a few active co-operatives in Bondo District.

Name	Registration Year	Total Registered Members	Active members			Dormant members			Share Capital	Annual Turnover (2002)
			M	F	Total	M	F	Total		
Yimbo FCS	1968	1430	243	102	430	785	300	1085	68,270	93 612 000
Misori	1980	807	56	57	113	498	135	633	28,300	2 398 132
Central Sakwa	1980	740	57	23	80	517	143	660	37,215	539 356
Wichlum	1981	832	240	23	263	417	92	509	474,068	32 178 280

(From the Bondo District Cooperative Office – Draft December 2003)

The greatest challenge is that the co-operative movement in this area has no capacity whatsoever to be able to handle the large sums of money collected and so is open to mismanagement and misappropriation. An example of grand embezzlement is clearly evident on one of the major beaches where a former FCS chairman has put up a large, modern, multistory building on land next to the beach and opened up a hardware store and other businesses. He has also built a landing banda exclusively for his own use on the beach (this is illegal according to the fishing Act). All this has been done with member funds.

*“We no longer contribute through the purchase of more shares to the co-operative. Only our commission is deducted as over the years we see the co-operative benefiting only one man – how can we work for one man”* member – Gembe Fishermen Co-operative Society

According to government officials, some of the co-operative officers collude with the FCS officials and management committee to rob members year after year and have perpetuated the rot in the co-operative sector.

Savings and Credit Cooperative Societies (SACCOs): Apart from the fishermen Co-operative Societies many other primary Savings and Credit Co-operative Societies exist and fishermen who qualify join them to try out their services. Some of them are well organized and give their members dividends such as the Biashara Teachers SACCO in Mbita Town.

Respondents claimed that Bondo Biashara Savings and Credit Organization recruited primary co-operatives and serviced individual members of Wichlum, Uhanya, Central Sakwa and Misori fishermen co-operatives. The co-operatives remitted their members funds to this Sacco on a regular basis for purchase of shares. The SACCO collapsed and members of the primary co-operatives lost their money. They now have to pursue the SACCO to get a refund of their shares. One example is Wichlum FCS that incurred a loss of Ksh. 805,000 as the book value debited from their accounts and credited to the Biashara SACCO. However no member ledger cards exist showing when and how this money was remitted. The only member records are passbooks which the Wichlum FCS cannot honor payments without supporting documents and evidence.

This situation of poor or no records and lost member savings is repeated in all the fishermen co-operative societies, which remitted funds on behalf of members to this SACCO.

Co-operative Unions: The unions were created to offer the primary co-operatives specific services such as, marketing, coordinated training, savings mobilization, advocacy and membership drives. Only one such union has been registered in the districts under study. The Suba District Co-operative Union is a multi sectoral union representing quarry, farmers, fishing, trade and teaching. The primary fishermen co-operatives in Suba district do not actively participate in this union.

Savings and Credit Associations: These societies are registered with the District Social Services Office. It is relatively easy to register them and so a high number exist, some registered and some not. All the fisherfolk met in FGD and individual interviewees belong to one group or another. These groups typically have a membership of 7 – 50 members. The driving forces behind their formation are:

- Anticipated donor support
- Rotating credit and services (ROSCAS)
- Accumulating savings and credit (ASCAS)
- Solidarity group formation (Welfare savings and ASCAS activities)
- Break off from Co-operative societies – (offer similar services as co-operatives).
- NGO or Donor push in order to be used as service delivery support structures.

Many of these groups start and fail, while others survive over many years. Their survival often depends on the integrity of their leaders. Similar to the co-operatives, fisher folk have lost a lot of money through these groups. Since the fisherfolk are constantly in search for new opportunities that offer savings services they continue to form new groups.

*“For each new group that comes up we join with a little money and wait and see how it progresses. If the leadership is good we invest more money in the group but if the leadership is bad at least we do not loose too much money.”* Fisher folk FGD Mbita Point

An example of a new group that is progressing well is *Kachieng’ Fishing Selling Self Help Group* in Kiumba Beach. This is one of the Co-operative break away groups that is able to mobilize member savings and offer them dividends in the form of capital investment office building, land for rental houses and accumulated individual savings that are optionally withdrawn very six months.

The move by members of FCSs to break away from the primary co-operative and form groups that are in direct competition with the co-operative is picking up momentum especially in Suba district. These groups offer exactly the same marketing and beach based infrastructure development services and other services offered by the parent co-operative. Most of them cite the need to be able to effectively utilize their earnings

through savings schemes and the need to reap maximum returns from their fishing activities.

All such FCS breakaway groups assessed had a membership made up of the younger members of the co-operative. These members complain that the co-operatives do not allow them into management positions, which they have reserved for elderly and/, or retired community members many of whom are not fishermen and so do not understand the problems of fishermen. These types of groups that were met were found to be dynamic. Members are all literate with many high school graduates. They seem very focused and are able to enforce the saving periodic withdrawal approach where members must save routinely for a minimum period of 3 months before withdrawal. Withdrawals are only every 3 or 6 months to allow accumulation of funds so that the member can make some capital investment in their business and lifestyle. The savings are from deduction of landed fish for the fishermen and weekly contribution from traders and middlemen.

Village Banks: These community owned entities are promoted and supported by agencies such as K-REP, Various Donor Programs, RECA and so on. A typical village bank has a membership of approximately 300 members drawn from surrounding villages. A number of these village banks have been set up to service fishermen such as the RECA promoted village bank at Nyangoma. However member recruitment of fisherfolk is difficult because of lack of trust.

*“We have been approached and cheated by very many of these small agencies. Many of them just want to “eat” our money either through many deductions or disappearing with the money after some time”* Fisherman – Wichlum FGD.

One of the biggest challenges that village banks have with fisherfolk clients is proving their credibility in order to promote membership and increase savings.

These village banks offer a number of savings schemes tailored to meet the needs of their members such as:

- Shares Purchase
- Ordinary Savings Accounts
- Withdrawal Savings Accounts that act like checking accounts
- Investment accounts
- School fees accounts,
- joint accounts and group accounts.

Service fees are paid for all transactions through these accounts. Examples are as follows

Cost of Pass book	- Ksh 100 - 200
Withdrawal charges	- Ksh. 5 - 150
Minimum Balance	- Ksh. 100 - 1000
Cost of one share	- 300
Interest on Loans	- 4% - 15% per month

Insurance on Loans is also charged at 2% to reduce the risk of incapacitation or death especially due to HIV/AIDS.

The profitability of these village banks depends on the number of transactions. A well run village bank - Funyula Financial Services Association sponsored by KREP had posted the annual report 2002 -2003 on the wall for every member to see. The dividend earnings per Ksh. 300 share was Ksh. 36 a very good return indeed.

Micro Finance Institutions (MFIs): A number of MFIs offer savings mobilization services in the region. These include:

Kenya Women Finance Trust

K-REP

WEDCO

Jambo Trust

SMEP

Pride – Kenya

ECLOF

WIFIP Trust

IDCCS and many more

The MFIs use various models for service delivery and some like WIFIP Education and Development Trust target women in the fishing industry. RECA also has a clear policy on targeting fishermen. While the other service providers may not specifically target fisherfolk, they do have fisherfolk among their clients.

SAGA is a private for profit company that offers capacity building services to the region through the promotion and management support of SACCOs. SAGA has promoted the incorporation of two SACCOs which have sub branches that serve fisherfolk e.g. on Uhanya Beach. SAGA enters a management memorandum of understanding with its SACCOs and thus manages all their operations from savings products as demanded by the co-operative clients, book and record keeping, strategy management, promotion of the SACCO, financial management, staff hire and reporting to the SACCO management board.

SAGA has already been approached by existing SACCOs to offer this management support.

Non-Governmental Organizations: NGOs offer savings mobilization in the region as well as other development services. The NGOs that actively offer savings mobilization services in the region include Udugu Society and Africa Now. These NGOs collaborate with a village banks or offer stand-alone services through community groups.

Some of the International NGOs e.g. Plan International and Action Aid offer capacity building services to a few of the FCS.

Formal Bank Institutions: There are very few of these institutions in the region. Suba District has no bank branch. Bondo District has a Kenya Commercial Bank branch located in Bondo Town. Busia District is served by National Bank of Kenya and Kenya Commercial Bank both located in Busia Town which is located very far from the beaches

and would cost a minimum of Ksh. 200 return trip using public transport from the nearest beach. Since the roads are very poor the trip to Busia would take one full day.

The banks offer all the usual banking services including a variety of savings products such as savings accounts; investment accounts, cheque accounts and money transfer services. Bank branches are however too far from the fisherfolk client.

The Post Bank agency network is very intensive and is the most common and easiest to access service provider in the region. Post Bank agencies are serviced through the Postal Co-operation of Kenya (PCK) and have the following network of Sub branches and agencies in the three districts.

<b>Busia Sub Branch</b>	<b>Busia Agents</b>	<b>Bondo/Siaya Agencies</b>	<b>Suba Agencies</b>
Busia Town	Amagoro Amkura Butula Funyula Hakati Sion Port Kamuriai Namable Port Victoria	Bondo Ndori Ngiya Ragegeni Sidindi Siaya Ugunja Ukwala Uranga Usenge Sega Yala	Mbita Sindo

Private for Profit Companies: There is evidence that a number of individuals register private firms as either limited by guarantee or by shares to offer Savings and Credit facilities to fisherfolk through the purchase of shares as security. In Bondo District one such firm rented an office in Bondo Town and sold shares to an estimated 500 – 1000 clients at Ksh 100 many of who were fisherfolk. The firm packed up after one week and has never been heard of since then.

The fisherfolk in the various FGD state that the fact “*the lake is full of money*” attracts many rogues to the region who claim to offer any service they can sell. Since the fisherfolk are always on the look out for saving and credit Services – these rogues find an entry point to siphon off their hard earned cash.

Input Supply Firms: Kavirondo Fishnet is a fishing gear supply company that is family owned and has offered savings services to the fisherfolk for many years. Many fishermen buy their nets, boat engines and even boats plus other fishing gear from this store. Over the years they have built a relationship with the director and get embedded savings services in the following forms.

1. Continuously deposit funds with Kavirondo sometimes over a long period e.g. 3 years for the purchase of an outboat engine. Once the full amount is paid you collect the goods.
2. After making large sales of fish – some fishermen without bank accounts leave their money with Kavirondo and collect the money once they have made a decision as to what to use it for. As much as Ksh. 300,000 – 400,000 is left with the director on trust and may be collected after 2 months.
3. The director has given credit of up to Ksh. 1 Million to trusted long term fishermen and IFP Agent clientele.

### **3.1.2 Demand Side Characteristics**

All of the fishermen met are members of one or even more than one co-operative. Co-operative membership is open to the fishermen only. The traders on the beach are often excluded from membership. However given the high level of mismanagement in the co-operatives the traders make no effort towards requesting for membership. The fishermen, who are the target client amongst the fisher folk view the cooperative as just another institution set up to access and “eat” our money.

All the fisherfolk in the FGD and individual interviewees wished to see and use reliable, fair and easily accessible savings mobilization services. They would prefer well-established national level institutions with a credibility status and a known track record.

They all recognize that it is only through saving and the accumulation of a reasonable level of capital that they can invest in improved living standard such as housing, pay for school fees, medical etc. as well as invest in their business through increased working capital for traders and middlemen and increased and improved fishing gear for fishermen and fishing gear owners.

*“We form groups for merry go rounds. We also break up many group due to corruption but we continue to form these groups because they help us to save”* Marenga B Daga traders FGD

Unfortunately the level of service delivery from the available service providers does not measure up to the clientele expectations.

*“The post office agency never has money when you want to withdraw your savings. They never refuse your money when you want to deposit it!”* A number of fishermen lamenting over financial services through the post office.

In defense the Post Bank management are very much aware of the poor service their customers receive from their appointed agent, Postel Cooperation of Kenya. The

branches or sub-branches that they manage themselves never report such customer problems. Their current strategic plan has identified as a priority for change - service improvement by their appointed agent. Where viable business turnovers can be realized, they also wish to operate from more branches and sub branches.

However the following comments indicate that institutions like Post Bank are the preferred service provider.

*“These small firms are crooks. We told them that unless they operate their office on the beach we shall not be their customers. If they want to give us services and they open an office beyond the local primary school on the beach, we shall refuse that service as we refused the service in Nyang’oma. We must be able to physically see them and monitor their movement in order to entrust them with our money”.* Fisherman Wichlum beach FGD

Some of the fishermen especially those from Busia District save in the form of cows and other farm animals. These animals are sold when cash is needed for example when they need to replace stolen fishing nets.

The fisherfolk would like to see their money working for them as follows.

1. Savings should be able to generate interest *“We save but are never given any interest or dividends”*. A sentiment aired by many fisher folk.
2. Withdrawal of savings should be made convenient so that when the fisherfolk need some ready cash they have access to withdrawal services.
3. The savings should lead to opportunities to get adequate credit for our business needs. For example if fishing nets are stolen fishermen needs Ksh. 120,000 to buy 50 – 60 nets that will set him up again properly.
4. There is a very high level of mistrust towards savings mobilization firms, be they co-operatives, NGOs or other institutions that do not have a national level service portfolio. The credibility of service providers should be increased in one way or another.
5. Record keeping systems should be easily accessible and updated so that a member can at any time check their balance on the master ledger and compare with their pass book balance.
6. Savings services and their benefits should be promoted to members especially those who still think that the fish supply in the lake can never be exhausted and that they can never go hungry. These kinds of fishermen should examine what it means for the Daga fishermen traders when fishing is banned during the months of April – July. This can also happen to Nile Perch and Tilapia. When there is no fishing one can live off one savings or start another business activity. This should also be promoted.

With no banking facilities near or on the beaches, fish buyers have to carry a lot of money since fish is purchased in cash. The buyers are often robbed of large sums of cash. For their security they have developed very elaborate and expensive money

handling systems that ensure that the person holding the money cannot be easily identified.

A number of fisher folk especially those in the dagaa business that closes for 4 months once a year, are on the lookout for alternative non-fish related business opportunities. They would like to save and enter these businesses but are unable to accumulate savings. Women in particular find it hard to save since they carry the bulk of responsibility in times of family crisis such as sickness and this eats into their capital base. They also wish to be assisted to identify the most appropriate business alternatives.

### ***3.1.3 Market opportunities for Savings Mobilization Services***

Most fishermen are illiterate or school dropouts who need a lot of guidance to be able to adequately use savings mobilization services. In order to change the culture towards savings as well as the mistrust in savings mobilization agencies a lot of training is required.

The co-operatives and community groups' performance as service providers is hindered by a variety of management issues. Support services should be offered in order for the following management issues to be addressed:

1. Remove political interference in the selection of leaders.
2. Train members to understand their role as owners of co-operatives.
3. Train members to elect competent leadership of integrity.
4. Set up fool proof accounts system
5. Set up adequate audit systems
6. Offer easily accessible banking services.
7. Employ competent staff of high integrity and offer adequate remunerations.
8. Promote dialogue between the fisheries, co-operative departments and department of Social Services in order to create synergy in their support to the sub sector
9. Support management support services to FCS and Groups.

The fishermen are a migratory community and financial service providers should know where they came from.

Because of the potential for service delivery by the fishermen co-operatives, a number of international NGOs support limited efforts in capacity building in anticipation of a turn around in management, these agents include Action Aid and Plan Kenya. The Kenya Government Ministry of Co-operative Department anticipates that the new Co-operatives Act currently under review will create the enabling environment conducive to well managed co-operatives and will deter fraud and embezzlement in the sector.

In the offer of services to strengthen cooperatives such as the services offered by SAGA, adherence to the cooperatives act on issues of ownership, strategic management decisions and adherence to the cooperative management policy should be given attention.

## **3.2 Product Assembly and Market Linkage Services**

### **3.2.1 Service overview**

This has been defined as services that support fish bulking, sorting and grading. These services facilitate the efficient approved transfer of viable volumes of fish from the lake landing sites to the buyer.

The only assembly, grading and selection points around the lake are the landing beaches. Very poor roads, and very poor communication at the beaches where there are no mobile network signals or telephone landlines characterize these beaches. A low percent estimated at 26.9% of the landing sites have bandas and non have cold storage facilities, 3.7% have a jetty. Product assembly in the fish industry can be assisted by good infrastructure and communication systems, good landing facilities that ease fish handling such as bandas and piers for landing as well as adequate cold storage facilities.

Nile perch and Tilapia are landed in the morning and in the evening. Dagaa is landed in the early morning. These three main species account for 97% of all the fish landed in the Lake Victoria region. Further Nile perch accounts for 53%, dagaa for 32% and Tilapia for 15% of the fish landed in the three districts of Suba, Bondo and Busia. The Industrial fish processors for the export market process over 90% of the Nile Perch. The European market remains the single most important market accounting for 73% of the total Nile Perch export and continues to be the leading export market today. However this market is guided by very strict protocols that include guidelines for approved product assembly.

Fishing and trading in fish is guided by an unwritten code of conduct that ensures fair practice in the fishing industry. This is the code used to share the harvest with a fishing crewmember whose nets are empty on a particular day. It is also the code exploited by middlemen who once they become the buyers of a fisherman's fish no one else is allowed to buy it except by nomination. Thus the middlemen then get the power to broker and control prices by muscling in between agencies that have the potential to organize product assembly and marketing services for the fishermen.

This lack of formalized organization makes it impossible to get sufficient quantities of fish in short periods. 6 Tonne tracks take 3 days to 7 days to fill with 3 tonnes of fish. There are no cold storage or ice facilities on the beaches so the trucks carry their own ice, which melts away as they wait for the fish. The tracks often leave the beach with inadequate ice to chill the fish resulting in very high losses due to spoilage.

### **3.2.2 Supply side characteristics**

Service provider who offer services that address product assembly and market linkage are:

- The fishermen co-operatives societies
- The beach management units
- IFP and their Agents
- Bicycle transporters
- IFP and AFIPEK,
- Wholesalers and traders
- artisanal fish processors
- beach based fish brokers

- fisherfolk associations
- boat and net owners
- Local Authorities.

The issues of product assembly and market linkage service delivery for the three different fish species are significantly different as the fish have different market and distribution channels.

Fishermen Co-operatives and Beach Management Units: The primary function of all the fishermen co-operative societies is fish marketing, while the primary role of the Beach Management Units, who are promoted by DoF, is to provide services on the beach that promote the co-existence of the fisherfolk through day to day running of the beaches and includes:

- Security of nets in fishing ground.
- Beach cleanliness.
- General administration issues on the beach working in collaboration with the local chiefs and other government administration officers and leaders.
- Building and maintenance of BMU offices.
- Search and rescue services

The marketing of fish from the fishermen co-operative and the BMUs perspective includes;

1. For Nile Perch and Tilapia, ensuring that IFP agents and wholesalers source fish from their beach.
2. For Nile Perch and Tilapia, retaining as many IFP agents and wholesalers on the beach as possible.
3. Providing services for fishermen to land fish on their beach such as fish bandas, weighing machines, ice and good payment systems.
4. Providing social amenity services for fishermen such as toilets and television/videos as found at Wichlum Beach.
5. Providing fish landing beaches with space for sun drying for dagaa fishermen and traders.

Where the primary fishermen co-operatives are active and have organized product assembly and market linkage services, the BMU concentrates on its beach management role; but where there are no co-operatives or where the co-operative is not well organized then the BMU offers the product assembly and marketing service or competes with the co-operative to offer the same.

In order to retain the IFP agents on their beaches the cooperatives ensure supply from the fishermen by negotiating good prices on their behalf. The fisherman lands his fish on the beach only when he can be paid cash money. He also prefers to land his fish on a beach near his home. Organized co-operatives such as Wichlum receive all the fish on their beach and make all the commission deduction for the cooperative and BMU before paying the fishermen cash money. The IFP agents on this beach queue up in an orderly manner after paying up front for the amount of fish they require at a price they offer. This co-operative has a system in which an IFP offering the best price is served first. This

type of auction system ensures that fishermen landing Nile Perch on this beach get the best price. The co-operative also works with bicycle transporters/ traders who transport fish from inaccessible beaches to the main landing banda thus increasing the volume of fish available.

On beaches where the existing FCS is in direct competition with the BMU such as on the Kiumba beach, each agency fights to keep their client based on the relationship they are able to build with both the fishermen and the IFP agents. The amount of fish they have landed determines the amount of commission they collect. This commission in such competitive situations is often embedded in the reduced final price offered to the fisherman or beach based brokers.

The cooperatives and the BMUs charge commissions for every Kg of fish sold through their fish landing banda or pad. Here the fish is weighed before loading onto vehicles. This commission ranges from Ksh. 1 – 3 per Kg. This money is supposed to be used to improve the beach facilities.

Some co-operatives such as Gembe FCS and Bunyala FCS have used these funds to build bandas on their beaches. For the majority of co-operatives and BMUs, this commission cannot be accounted for. To facilitate commission deduction on the weight of landed fish, the IFP Agent must pay for the fish through the FCS or the BMU.

A beach such as Marenga beach in Port Victoria is owned by the Bunyala FCS who have collected the title deed. This is a unique situation for gazetted beaches. The BMU has been disfranchised here and is unable to directly contribute in product assembly and market linkages or collect commissions from fish landed on this beach to use for covering the cost of meeting their responsibilities. This BMU acts as a broker and competes with other independent brokers on the beach in order to gain access to some income and be able to run an office.

Beach based Brokers: Many beaches have no FCS, fishermen associates or BMUs involved in fish marketing. Here the fish brokers have taken over the fish assembly and marketing roles. The scenes are chaotic with the brokers often breaking into fights over who is to handle the fish for the fisherman and identify the agent to receive the fish. The beach-based broker with the strongest muscle power is able to have a higher volume of brokering. This was witnessed at Peche beach. At nighttime on Marenga beach where high volumes of fish are landed from the Uganda fishing grounds during the night, the brokers are left to manage the product assembly and marketing functions.

Industrial Fish Processors and AFIPEK: Nile Perch for the export market is assembled for the Industrial fish processors. For the IFP the procurement of fish has become very competitive since reduced fish stock has led to increase in product assembly time. Fishing is seasonal with peaks and troughs. The Nile perch high season is May – December and low supply season is January to April. During the low season IFP can take as long as 7 days to fill one truck with 3 tonnes of fish.

The IFPs would wish for improved product assembly services that facilitate the fast and cheap movement of fish from the fishing grounds. Towards this end they have supplied 500L iceboxes on the beach, which could be used to bulk batches of fish in approximately 300 Kg lots. These iceboxes are not used. In order to improve collection facilities for hygienic handling and grading the IFPs through their association AFIPEK have mobilized resources to put up a jetty, ice plant and portable tap water at the Fisheries Department accredited beaches of Port Victoria, Mbita and Misori. This is not picking up well and AFIPEK is instead building receiving bandas and supplying cool boxes to the beaches.

Operational Industrial Fish Processors handling Lake Victoria fish are:

1. Samaki (2000) Ltd. Nairobi
2. FP 2000 Ltd. Kisumu
3. W.E. Tilley Ltd. – Nairobi.
4. East Africa Sea Foods Ltd. – Kisumu – rumored to be closing down
5. Capital Fish Ltd. – Homa bay.
6. Afro Meat Co. Ltd. – Kisumu
7. Peche Ltd. – Kisumu (rumored to be closing)

IFPs and their Agents: The IFPs do not source fish directly from the landing sites. They work with independent agents who assemble the fish and deliver to their factory gate. The IFPs work with and promote agents who have the ability to assemble fish loads speedily by using the following selection criteria.

1. Popularity amongst fishermen
2. Length of time in industry
3. Loyalty and sincerity to IFP
4. The agents should also be able to identify beaches with good fish landings.
5. Agents should be people whose origins can be traced
6. Have experience in purchasing fish from fishermen. Due to low supply this is a very competitive undertaking.
7. Agents must also have a fish trader's license and a fish movement license

The IFP offers the agent the following services to facilitate more efficient product assembly:

1. When the agent has no money to buy the fish the IFP gives them a cash float.
2. To get a float the agent signs a supply contract with the IFP for the quantity of fish to be supplied and the period over which this quantity must be supplied.
3. IFPs are able to offer agents credit of up to Ksh. 1.5 million.
4. The factory gives the agents flaked ice.
5. Agents are given transport and trucks by the IFP.
6. The IFP agent signs an agreement on fish quality.
7. The factory also owns motorboat engines, which they lease to agents for use in purchasing fish from the lake.

8. They also have container boats for leasing to the agents to ferry fish from the fishing grounds to the landing site,

The IFP through his agents leases out container boats and hires the service of a fishing crew to take his container boats with ice from the factory to collect fish at the fishing grounds or distant landing sites such as on the island beaches of Suba District. This fish is then landed on the FCS and / or BMU controlled landing sites before weighing and loading into IFP trucks.

Depending on individual economic ability, IFP agents also own container boats and/or ordinary engine powered boats that they use for assembling fish from the fishing grounds. Container boats are fitted with engines for quick transport and can carry up to 4 tonnes fish plus ice. They take 2 – 3 days on the lake to fill up during low fishing season and one to two days during high fishing season.

The IFP agent for W.E. Tilley has built a banda on the Mbita Point Beach for his exclusive use. This banda is supposed to eventually be owned by the co-operative after a pay off system that was negotiated with the Rusinga East Co-operative Society is complete. In this case the IFP agent used the opening to invest in a banda to increase the number of fishermen who see him as their preferred buyer. He offered better prices and helped increase the earnings of the fishermen by reducing the number of beach based brokers within the supply chain for his landed fish. On Marenga Beach – Port Victoria IFP Agents have also supported the development of bandas that are then reserved for their exclusive use. Here they supported the banda construction in collaboration with the FCS and cannot claim ownership.

Local Authorities: The desired outcome of all fresh fish products assembly is to have the fish arranged in the truck, layered with adequate amounts of ice for preservation and be efficiently and quickly delivered to the buyers. The delivery is often hindered by the state of the roads yet the local authorities have their agents on all the landing beaches collecting cess from the fish transporters. The cess collected depends on the vehicle size and is paid in cash to the collectors on site. This fund is supposed to be remitted back to the local authority for investment in road improvement and maintenance yet the district with the highest fish landing – Suba district has the very worst roads. It is a common occurrence for a fish agent to lose a full consignment of fish when his/her vehicle gets bogged down on muddy roads during the rainy season for up to 3 days. Once the ice to fish ratio falls below 1:1 the fish starts to spoil. The spoiled fish can be disposed off at a very low price of Ksh 10 – 15 per Kg. to animal feed processors or if the spoilage is not too high the fish is processed by smoking, sun drying or frying for human consumption.

Bicycle Transporters and Traders: These service providers carry out a good product assembly service for the fish landed on beaches that cannot be accessed by motor vehicle. These transporters/traders purchase the fish from the fishermen and deliver to beaches with IFP agents for Nile Perch. They deliver the Tilapia to local markets and wholesale to market based retailers. Some of the beaches that are serviced under the Wichlum beach – Ludhi, Nyamunua, Uhendo, and Ogada Kohilo are not easily accessible to motor

vehicles. The Wichlum FCS has arranged for bicycle transporters to assemble fish landed on these beaches and delivers to the main Wichlum Beach for weighing, grading and selling to the IFP agents or Tilapia traders.

Sesenyé Beach often lands over 500kg tilapia in a day. This fish is marketed by a group of bicycle transporters both men and women, who purchase the fish and transport it to local markets far out as Buhuyi.

Wholesalers and Traders: Traders and IFP agents can invest in bandas for example, those in Mbita Point Beach and Uhanya. However issues of ownership and commercial use of this facility must be very clear.

In Uhanya beach a trader has build a fish landing banda and offers such good well organized assembly and marketing services that he controls over 80% of the fish landed on this beach. The trader in Uhanya has also used the opportunity of owning a fish landing banda to enable him to have a tight control on the IFP agents by increasing their preferred buyer status to the fishermen while ensuring information on buying price is proprietary and unknown. With this control on information he is able to reduce the buying price for the landed fish, keep the IFP agents happy from increase in potential profit and keep the fisherman happy to be paid for fish but ignorant on the real price. The fisherman's income is significantly reduced in this instance but the trader continues to offer the service benefit from a larger shared profit between him and the IFP agent.

Nile perch is handled mainly by IFP agents. Wholesalers and traders handle Tilapia and dagaa. Tilapia is distributed to the local market fresh, smoked or sun dried Without ice, fresh tilapia will start to spoil in 4 hours. Unlike Nile perch where the buying agents have ice that they get from the IFPs the tilapia traders have to buy ice.

The beaches are organized so that Tilapia is handled on separate bandas from Nile Perch and often on separate beaches. The majority of wholesale fish buyers on the beach for tilapia are women traders. These traders come to the beach with cash money to buy tilapia that is loaded into papyrus woven baskets and transported to retail markets. The wholesalers either hire pickups to transport fish from the beach to local markets or work with a large transport of 7 tons and above that collects fish from a number of wholesalers and delivers to their retail buyers as far as Nairobi and Mombasa. These latter wholesalers never travel to the retail point but operate from the beach and are paid by money transfer through the bank or via agents who collect their debts and remit to them. The high seasons for tilapia and dagaa are April to September.

To preserve the fish the wholesalers need ice they sometimes purchase from the IFP agent if he has more ice flakes than he needs at the beach. They may purchase ice blocks from ice producers such as Victoria Ice Manufacturers' ice plant in Kisumu at the price of Ksh 70-80 per 15 kg block. In Kisumu Town some of the wholesale buyers are able to access ice flakes from the IFPs. The Tamaka Ice Plant based in Busia sends one truck each to the Marenge Beach – Port Victoria and Sio Port to sell ice to the Tilapia wholesale buyers at Ksh. 100 for 15 Kg.

Animal Feeds Industrial Processors: Dagua is all sun dried for the local consumer market as well as industrial use in the manufacture of animal feeds. The animal feed produced is for dairy, pig, and poultry. During the rains artisan traders are unable to dry Dagua. A lot gets spoiled and is dumped back into the lake. The closed season for dagaa in Kenya is April – July, during this time all the dagaa sold on the Kenyan beaches is smuggled in from Uganda and Tanzania who do not have a closed fishing season.

The dagaa supplied is not consistent in quality, quantity and delivery time. Delivery of dagaa to the factory depends on the dagaa yields. When there is excess yield then the factory gets supplies when yield is not adequate then there is no supply to the factory. Transport to the manufacturer is also a problem.

### ***3.2.3 Demand Side Characteristics***

Demand side actors for product assemble and market development services are those actors who are likely to benefit from the services. These include fishermen, IFPs, traders and wholesalers. The IFPs, traders and wholesalers have often set up services that promote product assembly in order to ensure adequate returns to their core businesses. The IFPs are currently investing a lot of resources to secure, adequate fish supply. They are unable to get adequate quantity of fish and the factories operate at less than 50% capacity utilization. The reject rate is 35% due to undersize and spoiled fish and the IFPs wish to reduce this.

The IFPs are charged a levy by the beach development fund. They feel this levy should be used to develop some of the beaches even through it is inadequate to develop the required handling and grading facilities. One IFP – FP 2000 has built a jetty at Otongolo Beach Kisumu in an effort to improve the efficiency of product assembly and handling. They anticipated that this would give them increased good will from the fisherfolk that would translate into increased supply and sale of fish to their agents. However the jetty did not give the desired result to the IFP but is very much in use as a public service.

The IFPs have made attempts to source fish from Co-operatives. The fish would be transported by co-operatives such as Wichlum FCS, which had its own vehicle, or the IFP would supply the vehicle and driver. This did not succeed, as over time the co-operatives did not pay the fishermen even though the IFP had paid for all deliveries. The fishermen would then move to other beaches that pay for their fish and the IFP would loose the advantage of delivered fish.

The use of agents by the IFPs is not seen as the most efficient system since it relies on the good will between the agent and fishermen as well as the agent and the beach based fish brokers. On beaches that are not well organized if the IFP agent does not have personal relationships with the controlling entity in the beach, be they the co-operative, BMU or Association then they cannot buy any fish irrespective of their price offer. This situation does not support efficiency.

Increasing the efficiency of product assembly and market linkage by bulking fish at fishing grounds could be made cheaper through the introduction of lighter and faster

boats. The container boats currently used are converted wooden canoes, which are very heavy, and need high 25 horsepower engines to move the 4,000 Kgs of fish and ice. The cost of fuel is significantly high and moving these boats over large distances is not cost effective. If cheaper lake transport was available then fish could be delivered over the lake to ports that are close to the IFPs such as Homabay (for Capital) and Kisumu, as well as ports that are close to good road networks. This would reduce and remove the risk of spoilage due to vehicles getting bogged down in mud. Currently the IFPs invest in container boats plus engines at approximately Ksh. 250,000 total cost. Some boat owners and agents also invest in these container boats, which could be upgraded to cheaper to run designs able to transport fish and ice over long distances.

Fishermen are members of associations, BMUs and FCS . These agencies all collect levies on landed fish. The levies are supposed to pay for services to the fisherfolk. These services that include beach development are not delivered due to weakness of these organization. Some of the new association of breakaway FCS members, that have been set up by small groups of young fishermen are able to put up offices, landing sites and buy weighing scales in less than six months. If for example the BMU on Marenga – Port Victoria beach was to be given the Ksh. 1 on every Kg of fish landed this would translate into at least Ksh. 20,000 per day or Ksh. 600,000 per month. This level of funding is enough to develop infrastructure such as fish landing bandas, build jetties and continue to offer the other services such as cleanness, security, and search and rescue services that are their responsibility.

Traders in tilapia often find the high number of beach based brokers increase their cost of product assembly and make it more difficult to get fish in the amounts that they require for resale into the market at a profitable price. To overcome this problem some traders own boats and fishing gear that they lease out to fishermen. The fishermen then supply them with the fish that they need with little involvement of other players. The traders pay the necessary levy to the beach and local authority and move their fish using bicycles or pick-ups to local markets. For distant markets large lorries, 7-15 tons transport, are used to Nairobi and Mombasa. Several traders work together to fill the lorry with fish on a daily basis.

Because of the reducing fish stocks on the Kenyan side of the lake, which owns only 6% of the total lake area, a number of companies are now migrating to Tanzania and Uganda where the quantity of fish is high. Examples are FP 2000 that now has 3 IFP plants in Uganda (Masaka, Jinja and Majaji). FP 2000 also has one plant in Mwanza; Tanzania.

The Uganda Government allows Kenyan fishermen to buy fishing licenses and fish on Ugandan waters. They buy a fisheries license for Ksh. 10,000 and a boat license for Ksh. 5,000. They are expected to pay taxes in Uganda and sell all their fish catch in Uganda. No fish caught in the Ugandan part of the lake is allowed to cross to the Kenya beaches for landing. It must all be landed in Uganda. Due to the higher prices offered for fish in Kenya by the IFPs and traders, a lot of fish is smuggled in from Uganda and Tanzania. This has a direct positive impact on product assembly as the volume of fish landed

increased significantly. Marenga beach in Port Victoria lands over 70% Nile Perch at night. This is fish that has been smuggled in from Uganda.

### ***3.2.4 Market Opportunities for Product Assembly and Market Linkage Services***

The product assembly and market linkage services can be effectively promoted on organized beaches. The beach based community structures especially on large beaches landing high fish volumes, need urgent support in order to be able to competently carry out their functions and address their responsibilities.

Services that will assist in the consolidation of levies collected on the beaches for infrastructure development are needed. Training of the institutes charged with the collection and use of these public funds is also vital. There are many opportunities available for setting up proper systems for levy collection as well as transparent and accountable systems for their use. These levies should be used for the improvement of beach facilities as well as infrastructure development.

Fishermen, wholesalers, traders and IFP agents who are the beach based beneficiaries of product assembly services do not recognize the high cost of the lack of proper facilities to their businesses. Currently the EU has banned the export of chilled Nile perch from the region yet this product fetches a premium price that often benefits players on the supply chain through improved profits margins.

During the rainy season when the fish season is high the infrastructure affects the amount of fish reaching the IFP thus fishermen get low prices as they sell less than they can harvest. During the low season the potential for fish spoilage is high, as the IFP trucks take too long to fill. Once again the buying price of fish is low. The purchase price of Nile Perch fluctuates between Ksh. 30-100. In order to improve benefits to the fisher folk the price of fish needs to be stabilized through more efficient and reliable product assembly services. This could be realized through increased use of lake transport in order to avoid poor roads during the rainy season and speed up the collection from fishing grounds during the low fishing season.

The IFPs suggest a move towards a fish auction system. This would do away with agents and reduce the supply chain from the fishermen. The type of auction system practiced at Wichlum beach has shown how the fishermen can benefit from increased prices. In order to achieve this the fisher folk organizations that take charge of landing and marketing fish have to be very well organized and well managed.

Efforts that support the upgrading of product assembly facilities on the beaches to the standards that support export market specifications need urgent attention before this leads to more export bans. The private sector should engage in service provision to be able to secure beach-based services that meet specifications such as the EU. protocol.

### **3.3 Quality Assurance Services**

#### **3.3.1 Service overview**

These have been defined as all the services and activities related to the delivery of improved quality fish to the market and include services that promote fish quality from the fishing boat to the final consumer.

Fishermen have very little understanding of quality assurance issues and have poor fish handling techniques as well as no ice for fish preservation. Lack of technical know how has also contributed to the poor quality of fish. Fishermen need to be able to understand the rules and regulations that control the fishing industry. Landing beaches do not meet the required standards. Often the beaches have no sanitary facilities, no jetty, no toilets, water or electricity. No matter what is in place at the factory level the raw material sourcing and handling must be controlled as well. Compliance to E.U. quality assurance protocol is impossible if the raw material does not meet the required standards. Fish as a consumer product cannot be of high quality if the raw material from the fishermen is of poor quality. The poor quality of fish reaching the IFP has led to a ban on chilled fish exports from Kenya.

The IFPs have in place all the required controls to ensure optimal quality. These controls include, the implementation of hazard analysis critical control point and other good manufacturing practices that are routinely audited by the fisheries department as the competent authority. This is not supported by effort to control the quality of fish in the fishing boats and landing sites. It is common to see fishing boats carrying passengers who step on and place their luggage on a load of fish that has only one polythene sheet for protection.

The fish landing conditions on the majority of beaches leave a lot to be desired. There is little evidence of proper handling of fish from the boat to the landing site. Often the fish is dragged across the dirty beach. One of the beaches visited that land an average of over 10 tons/day Nile Perch and over 4 – 5 tons/day Tilapia had the following scenario.

- Women who handle tilapia don overdresses. The tilapia handling area is continuously cleaned and the handling somehow organized.
- The Nile perch selectors and fish inspectors are dressed in white overalls. The handling of fish in this area can only be described as chaotic.
- The drainage system on the beach needs urgent attention. There is a lot of run off from melting ice and wash water, which stagnates, into smelly blackish pools.
- Department of Fisheries visits the beach before every inspection to alert the fisherfolk on what to do to ensure compliance.
- Wheelbarrows are supposed to be used to transport fish from the boats to the banda but there is no evidence of wheelbarrows on this beach.
- Handlers wearing gumboots step into mud and filth and proceed to climb with the same filthy gumboots onto the trucks carrying the fish.
- Fish brokers, locally called Kachanga's need uniforms that will make it easier to identify them as fish handlers.
- The landing beach currently resembles a 24-hour market place. There is a need for some form of restriction to be enforced to keep idlers away.

- Passenger boats land at exactly the same spots as the fishing boats.
- Strict rules and fines should be introduced on landing beaches in order to discourage certain practices like dragging fish on the beach, fighting over fish and sleeping on top of fish landing and weighing tables.
- The current rusty and broken down fish handling tables need replacement.
- Fish receiving bandas need to be blocked off in order to stop entry as a through way for passers by.
- Dripping ice from IFP vehicles gives a direct drainage problem. Proper drainage is needed on the beach.
- There is a no agreement on a BMU funds collection system in order to give the BMU resources to facilitate the work they are supposed to do such as cleanliness and security. This has been a bone of contention because the Co-operative argues that since they own the beach no one else is allowed to collect commissions.
- BMU by laws and duties on the beach Vis a Vis the FCS are not clear.
- From the boat the fish is placed on a dirty reed mat, picked up and dragged to the banda often touching the dirt on the unpaved ground as well as accidentally passing through some of the stagnant pools of water.
- There is inadequate or no ice for the preservation of tilapia and the IFP agents loose ice at the rate of. They often deliver fish with a lower than the 1:1 recommended ice: fish ratio. This increases their rejects.

### ***3.3.2 Supply side characteristics***

The supply side actors include Industrial Fish Processors, FSC and BMUs, Public health department, Fishermen, fish handlers and graders, Department of fisheries as the competent body charged with ensuring Quality Assurance practices in the sector.

#### Fishermen cooperative Societies and BMUs:

*“This beach has no problem. In the whole of East Africa on lake beaches and even along the Ocean – we are the beach that is number one in proper fish handling”*

Chairman Wichlum fishermen CS.

Even the best FCS in East Africa, Wichlum FCS, has a lot of room for improvement. There is no jetty and even though the fish is received on wheelbarrow and transferred to fish troughs the system becomes inefficient when many boats land at the same time. Wichlum FCS is one of the few beaches where there is some awareness of fish handling standards and where an effort is being made to adhere to these standards. On the majority of beaches, no effort is made to maintain fish quality through appropriate handling.

Industrial Fish Processors: All fish handling agents from fishermen to IFP agents are not sensitive to quality control issues. IFPs train their agents and sign a high quality delivery agreement and also train fish selectors. The agents and the trained selectors pass this training onto beach-based selectors in order to promote knowledge on quality specification for fish selection at beaches.

Department of Fisheries and Cold Storage Provision: With proper fishing gear and the enforcement of the required regulations by DOF, the fishermen could be assured of better quality. Currently the highest contribution to the high reject rate of 35% is for undersized fish i.e. juveniles. This is because unauthorized fishing methods are used to trap these juveniles.

The DoF has contributed to some efforts to improve quality at the beaches. Initiatives, in collaboration with the IFPs, such as the use of cooler boxes for fishermen would help keep fish fresh for longer periods. Cold storage facilities on the beach would improve fish quality. On Kiumba beach a cold storage facility build in 1969 is no longer operational. The cold storage facility is the Kisumu fresh fish market is also non operational. The Bondo Ice Plant with cold storage facilities has yet to be commissioned. This poor track record for such a critical service to the sector is an indication on the need for an overhaul on the way the fish quality control issues are seen and addressed.

A cold storage facility that was sponsored by MESP on Sisenye beach in 2002 never functioned.

Department of Fisheries and Quality: The DoF is the competent authority for maintaining standards in the fish industry. The department does not help by taking the role of upgrading fish handling to meet the EU. specifications as a policing agenda and not a development agenda. Before they audit a beach DoF members go to the beach, tell them when they are coming and go through the checklist with the agency that controls the beach i.e. BMU, Co-operatives or Association. The agency is told to ensure that on the inspection day everyone on the beach is performing according to the specified parameters. After the inspection the fisher folk continue to operate as usual. A lot of the beaches do not have proper sanitary conditions, running water, proper drainage and bandas. Those with bandas do not maintain adequate levels of cleanliness. There are no jetties and landing the fish is a problem.

Artisanal fish processors: The dagaa supplied is not consistent in quality. Since the fisher folk do not have drying facilities the quality gets worse during the wet season. The best quality is available during the dry season in the months of July to Septembers. The worst quality is received in April. Alternative raw material is imported fishmeal from the Scandinavian countries. This reduces quality control problems. United company exclusively uses fishmeal from Sweden. Imports of dagaa from Tanzania are also available and are often used by the Nakuru, Nairobi and Thika based animal feeds processors.

The dagaa for animal feed is deliberately dried on sand and all the moisture not removed in order to increase its weight. This is because the animal feed processors purchase price is based on weight at Ksh. 16 -30 per kg. The dagaa traders buy it in volume from the fishermen and selling prices based on weight often lead to losses unless they are high enough.

Public Health Department:

During this visit the division Public health officer was on the beach. When he was asked what he is able to contribute towards making this beach a more acceptable food handling facility he commented that the beach is in very good shape and indeed all the public health rules and regulations are adhered on this beach. Pointing out the stagnant pools of smelly water his comment was;

*“This will dry out once the sun comes out.”* Public Health officer comment on poor drainage on a beach

The Divisional Public Health office has only three public health officers servicing all sectors. For the Fish sub sector they give information and advice on fish handling, beach cleanliness and sanitation. Workers who handle fish are supposed to have medical examination every 2 months and are issued with Health Certificates that expire every 6 months. If a worker has a wound then he or she is not allowed to handle fish. The public health officers ensure that toilets are available and clean, there is no stagnant water on beaches and fish baskets are handled properly without contaminating the fish inside. All fish graders and handlers must have uniforms to identify them.

Fish handlers, graders and inspectors: The requirement is for beach agents to be equipped with overalls, gumboots, gloves and crates for fish handlers. This is not implemented except when a warning has been sent out about a pending inspection. Fish handlers, graders and inspectors should be trained in good practices in handling and food inspection. Apart from the training on the job and honing ones skill trough experience there was no evidence of training for these actors that are charged with quality inspections.

### **3.3.3 Demand Side Characteristics**

It is estimated that of the total catch 35% is rejected. The rejected Nile fish is due mainly to size or poor chilling. The rejects often end up in the local market as processed smoked or sun dried fish. This fish is sold at a very low price to the artisinal processors at Ksh. 10 – 30 per Kg. A demonstration on losses due to fishing of juveniles especially the 1 week old Nile Perch used for bait is as follows:

- 1 basin of juveniles(1 week old Nile Perch) contains 4,500 juveniles.
- 1 boat yields 10 basins
- 10 basins x 4500 juveniles = 45,000 juveniles.
- 1 basin (4,500 juveniles) is sold at Ksh 200
- 10 basins (1 boat) i.e. 45,000 juveniles @ Ksh 200 will fetch a selling price of **Ksh 2000**
- If left to grow for 6 months, the juveniles will each weigh 4 kg.
- 4 kg @ Ksh 60per Kg will be sold at Ksh 240 each
- Therefore the 45,000 @ 240 will sell for **Ksh 10,080,000 only six months later**

This illustrates losses the fishermen make in a fish deficit environment when they practice unauthorized fishing methods.

A fisherman had this to say about the Public Health Officer and government officers who are supposed to support the industry;

*“The Government Officer for public health is like many of the others. He only comes here to get free fish. There is no help he will ever give us.”* This is an indication of the level of services that the beaches get in support of getting up to speed with quality assurance issues.

All fish handling agents from fishermen, to IFP agents are not sensitive to quality control issues. Fishermen and traders are rarely informed about training seminars. Often, it is the FCS and BMU officials, many of whom do not deal directly in fish and fish products, who attend these seminars. The fishermen and traders would also like to be included in this training.

Animal feed processors prefer to import fishmeal from Scandinavia in order to have confidence in the quality of this vital raw material input. The small processors in Nairobi, Thika and Meru prefer to source dagaa from Tanzania that is properly dried under clean condition.

The problem of adding water and sand in dagaa will be there for as long as the animal feed processors buy dagaa at 16 – 30/= per Kg. One Kg is equivalent to 3 x 2Kg volume measures which would normally fetch 60/= as the lowest price for human consumption dagaa.

*“Let me say that as long as the factories refuse to offer us a good price for our dagaa we shall continue to add water and sand to their dagaa orders. Why should they expect us to giveaway our dagaa at such low prices?”* Dagaa women wholesaler FGD

The poor road network further aggravates the problem of sale of dagaa. The high volume dagaa beaches are set at different beaches from the main Tilapia and Nile perch beaches. The beaches they are designated are often even more difficult to access due to poor roads. The cost of transporting the dagaa then adds a to the off beach final market cost making this product non competitive due to the price.

### **3.3.3 Market opportunity for quality assurance services**

The majority of the fisherfolk do not recognize quality assurance issues that need to be addressed in the subsector. Sensitization has been minimal and the cost of poor quality to the industry is not recognized. During the EU ban on fish export from the region, the fishermen interpreted the problem as the IFP refusing to buy their fish. The fishermen have yet to be educated to adequately understand the implications of their actions on the potential market of fish – their main livelihood.

The implication of the EU protocol at the beach level has largely been neglected. When the deadlines are imposed on the export sector, it may be impossible to take the necessary

action to remain within the market unless the implementation is started early. An early start would wean the fisherfolk away from past practices and institute changes in fish handling on beaches, boats and fishing grounds as well as ensure that necessary investments have been made on time.

The DoF also needs to change their role from policing to development in order to usefully support changes in practice that are not acceptable within the subsector as a food handling and raw material supply source for the export market.

The IFPs loose the most when prime products such as chilled fish from Lake Victoria are banned. Incentives should be offered for IFPs to engage more at the beach level and use their visibility to promoter good practices as well as be leaders through demonstration on approved fish handling techniques and standards.

### 3.4 Material Input Supply Services

#### 3.4.1 Service overview

This is defined as all the services that address all issues related to the availability and affordability of ice and fishing gear at the local market.

Currently there is a large shortfall of ice for the industry estimated at 50%. The main ice production facilities for the sub sector are the IFPs who make flaked ice to support their own product assembly, distribution, processing and marketing of Nile perch. They supply their agents with ice for preserving purchased fish as they wait to fill consignments. They also give the agents enough ice to cover the use of ice in container boats for collection of fish from fishing grounds.

Block ice is manufactured by independent manufacturers. To support the fish industry there are very few block ice producers. The dagaa and Tilapia traders have to rely on only 4 block ice producers. A part from the lack of ice, awareness amongst the fishermen on the value of using ice to preserve the fish is not well understood.

Fishing gear includes boats, nets, hooks, outboat engines, line gears and pressure lamps for dagaa. The suppliers for the main fishing gear items nets, hooks and pressure lamps are based in Kisumu, which is very far for most fishermen. The items are also expensive for most of the fishermen. For a fishermen to adequately equip themselves in order to carry out commercially viable fishing that can support his needs the initial investment in fishing gear will be Kshs. 150,000 – 250,000.

#### 3.4.2 Supply and demand side characteristics.

A number of service providers already attempt to meet the input supply services of the fisherfolk. These include

- IFPs
- Block ice manufacturers
- Fishermen Co-operatives Societies
- Association and groups
- Fishing gear and boat owners.
- Artisan boat makers
- Fishing gear wholesalers and retailers
- Beach based retail outlets

Block ice manufacturers. The block ice manufacturers who the fisherfolk rely on are Victoria Ice manufacturers and Webuye wholesalers whose manufacturing plants are in Kisumu and Tanaka Ice plant located in Busia.

	<b>Capacity (Kgs)</b>	<b>Sale price (Kshs.)</b>
Victoria ice manufacturers	1,500/ 8hrs	70
Webuye wholesalers	3,000/ 12hrs	70 – 80
Tanaka ice plant	2,800 / 12hrs	80 – 100

These three plants operate 2 shifts giving a total of 14.6 Tons of ice daily. Tanaka transports their ice in two trucks to Sio port and port Victoria beaches. The ice produced by Victoria Ice Manufacturer and Webuye Wholesalers is purchased mainly from the manufacturer. In situations where traders need a truckload of ice, they pay the manufacturer in Kisumu, hire a vehicle and transport the ice to the beach. Many traders would prefer that ice be available at the beach in order to reduce their overheads. The ice from Tanaka, though higher priced, is greatly appreciated. Even though it does not meet all the needs of the traders as the supply is inadequate to allow them to chill their fish on a 1:1 ratio. This high fish:ice ratio increases the risk of spoilage and leads to a lower price per kg of tilapia from their retail buyers. Furthermore, the traders have to hire services for breaking up the ice blocks. They would prefer flaked ice if it was available.

In areas such as Suba, when roads are good in the dry season and when the IFPs are able to load their fish quickly, they sell some of their flaked ice illegally to traders at Kshs 4 per kg. This is cheaper than block ice. The same IFPs sell ice to beach based brokers with container boats to collect fish from fishing grounds at Kshs 4 per kg. Some ice produced for the Coca Cola traders is also made available to the fish traders but the amount is minimal.

Fishing gear wholesalers and Retailers: Kisumu has 7 fishing gear suppliers all located in the same area / street. These firms import the fishing gear for resale to the fishermen. The most popular supplier are Munasa Ltd whose products are priced cheaper than all the other suppliers and Kavirondo Fishnet Ltd whose products are of a superior quality and fishermen get value for money. The fishing gear suppliers also supply the IFPs who lease equipment to their Agents.

Kavirondo Fishnet Ltd has over the years developed various equipment-selling schemes to help the fishermen gain access to supply when needed. These include:

1. *Pay as you earn deposit schemes:* Here, the fishermen deposit small amounts of money on a regular basis for expensive items such as outboard engines. Once the payment is completed the fisherman may then collect his engine. This can take as long as 3 years, Kavirondo maintains the records.
2. *A kind of hire purchase scheme:* With no interest charged by Kavirondo fishnet Ltd. the fisherman pays for example 50% of the cost of 50 nets. He is supplied with the 50 nets and then he continues to pay the balance as he earns from his fishing activities.
3. *Lease purchase scheme with the IFPs:* The IFPs purchase fishing gear for leasing to their Agents. They enter into lease agreements with Kavirondo over an agreed period after which they gain ownership of the goods.
4. *Credit facilities to Cooperatives:* Some cooperatives e.g. Wichlum FCS for many years run credit based equipment sales service to members. They would get the equipment from Kavirondo on credit terms and pay back as per joint agreement.
5. *Credit facilities to traders:* Many small scale traders based on the beach sell some of the smaller, cheaper fishing gear supplies to the fishermen. These are floaters, nylon ropes, plastic containers, sealant, screws and nails ropes and twine and so on. Some of these traders have very many years relationship with

Kavirondo. Based on these relationships Kavirondo gives them negotiated credit terms.

6. Kavirondo packs their goods with the *Kavirondo Logo and seal* because they have realized that even though their products cost a little more than their competitors, Fishermen have come to appreciate the quality difference e.g. fishing nets sold by Kavirondo will last up to 3 years if well maintained, while these from the other suppliers last 1.5 years – 2 years.
7. Order for boats from local artisans in Otogolo: Kavirondo gives technical backstopping in building boats for their clients. They also give the boat building inputs on credit i.e. wood, paint, nails, sealant etc.

Industrial Fish Processors – The IFPs maintain stocks of fishing gear to lease out to their agents. This is a service they offer in order to increase their opportunities for high volume, efficient assembly and supply of the fish from the landing sites. FP 2000 owns over 150 motorboat engines and 6 container boats that are leased to their agents. The IFPs have also on occasion resold fishing gear to agents on credit basis. The agents then onwards lease to fishermen and beach based brokers. Some agents e.g. the W.E. Telly agent owns his own boats and fish gear and employs fishermen and fishing boat crews for container boats.

Fishing Gear and boat owners: These are individual investors who may not be fishermen but who invest in fishing gear that they hire out to the fishermen at a fee. These investors are found on all the beaches. There is evidence that fishing is the choice investment area for many communities in this region. For instance, in Bondo district, an individual with surplus funds, whether he is a fisherman or not, is likely to invest them in some form of fishing equipment with boats proving to be the popular choice. Boats are considered status symbols and signify wealth.

Some of the bad blood between the fishermen and the cooperative arise because many management committee members e.g. FCS and BMU are able to be owners of boats and fishing gear after fraudulently gaining access to the commissions and service charges paid on landed fish. They use this money to invest while the fishermen continue to remain poor without the ability to save their earnings and also purchase fishing gear.

The hiring rates are as follows.

25 ft fishing boat	Daily hire or 20% of catch
Container boat	Daily hire Ksh 2,500
Fishing gear.	Daily hire 50% of catch balance after deduction of fishing gear costs

Beach based retail outlets: Beach based retail outlets stock only the small items, as they cannot afford to maintain stocks of the more expensive items. These are floaters, nylon ropes, plastic containers, sealant, screws and nails ropes and twain. Their prices are 30 to 50% higher than the Kisumu principle supply source. This is in order to cover for transport and stock maintenance. They are given wholesale rates by their suppliers and

are able to run the retail business profitably. Wichlum beach had about 8 of these traders and Mbita town had over 10 of these retail outlets; the majority are run by women.

Fishermen Cooperative Societies: One of the services many cooperatives have attempted to give members is supply of fishing gear. All the cooperatives that attempted to offer this service failed due to theft by the management team of earnings from the service as well as misappropriation of goods. A number of the cooperatives are still indebted over 5 years later to suppliers like Kavirondo fishnet who had given them credit terms. All the cooperatives still dream of offering this service to their active members. Payment is from deduction of landed fish. Default by the fishermen is unlikely because as stated during the interviews:

*“The agency that is most likely to know exactly where a fisherman comes from, where he is currently fishing, whether in Kenya or Uganda or Tanzania and how to reach him is the cooperative. They have very good records of their members and know how to find them”.* BMU Official

Associations and groups: Associations and groups have also made efforts to help their members own fishing gear. Kochieng Fishing Selling Self-Help Group of Kiumba beach helps members save for 6 months, withdraw savings and buy fishing gear.

Osiepe Women’s Group in Uhunya is a group of 11 members who have joint ownership of a boat. Their ambition is to ensure each member owns a boat and fishing gear that they can lease to fishermen in order to buy tilapia and dagaa direct from fishermen and by pass the middlemen. The boat they own is used mainly to collect dagaa from Mageta Island for the members. They would otherwise have to hire a boat for 500 – 1,500 shillings per day and pay the crew as well. Bada women’s group is another example of joint ownership of one 25-foot boat and ten nets. They are saving towards increasing their nets to 60.

Respondents claim that there is one fishing group in Remba who own a container boat and are able to transport fish directly to the processors and are reputed to have a high income. In March 2003 the group sent a member to Dubai and he brought fishing gear worth several million shillings that was sold to the members.

Artisan Boat Makers: These are traditional artisan communities who make boats on specific beaches e.g. Otogolo, Wichlum and Marenga beaches. The Kenyan boat builders find that they are unable to compete with their Ugandan counterparts because the main raw material - mvuli wood can only be obtained from Uganda. The majority of boats are now obtained from Uganda and purchased at 30,000- 50,000 for the 25 ft. boat shell or 50,000-70,000 for a container boat. The Kenyan artisans offer their services by painting and other finishing services, fixing internal fixtures, sails, paddles and the anchor, on these imported boats.

### **3.4.3 Demand Side Characteristics**

The biggest problem that needs an urgent solution is security of fishing gear.

*“Even when we get fishing gear from IFP agents they get stolen; some times one day after getting the credit. We are made even poorer and have to evade the IFP agents as we cannot pay for the fishing gear.” Fisherman FGD*

Ugandan fishermen who have faster boats steal fishing gear on the Kenyan side of the lake. It is alleged that this is done with the collaboration of the well-equipped Ugandan Lake security patrols. The BMU are expected to offer security services to their members. They are supposed to use the commission they levy on landed fish to cover the cost of security. Unfortunately security services are delivered in a haphazard manner. The BMU can hire boats for this service. Following is the cost of hire:

- 500 per day for a boat
- 500 per day for engine.
- Petrol purchased by BMU.

To support the security services an example of how the BMU on Uhanya beach raises money from service charges is shown.

- All vehicles pay Ksh 200/= per load.
- Container boats Ksh 300/= per landing
- Boats pay Ksh 100/= per year for parking
- Transport boats pay Ksh 100/= per landing.

The DoF has also bought boats and/or engines to support the BMU's offer this service. On one beach the boat given by the DoF could not be accounted for.

Many of the fishermen use seine nets and trawling as a fishing method. This is banned. Some of the DoF officials burn the trawling and other banned fishing gear for fishermen who practice this kind of fishing. Other fishermen avoid being discovered by the BMU that is mandated to ensure fishing regulations are adhered to and/or the DoF scouts. Many fishermen comment that they do not have the required capital to invest in at least 50 nets at approximately 100,000 shilling. They are therefore forced by circumstances to continue using banned fishing methods. The fishermen also use basic and cheap fishing gear such as line gears and angle lines which use (banned) bait on hooks for Nile perch. Tilapia fishermen in Busia use fishing lines made from reeds, nylon lines and worm bait. The fishermen along the Kenyan Lake Victoria complain that their Ugandan counterparts are better equipped after efforts were made by their government to train them on alternative, more efficient and environmentally friendly fishing methods.

Sails and paddles propel the fishermen's wooden boats. Often when the wind is not available to propel the sailboat or the current is too high these fishermen cannot check nets and harvest their catch. When this happens, the Ugandans steal their nets and catch as they have better engine propelled boats. If the wind and/or high current situation find them in the lake with their catch then the BMU has to send search and rescue teams to bring them to shore. The fishermen would wish to have control of this situation by using power driven boats that do not depend so heavily on the elements of nature. Currently

about 66% of the boats are propelled by paddle, 28% by sail and only 6% are propelled by outboard engines.

Fishermen see ice as a trader's problem. The traders make big losses due to lack of cold storage facilities on the beaches and over reliance on ice that they bring to their trucks. The ice melts away daily and when the road becomes impassable and an agent has a fresh fish load-there is no alternative but watch the fish deteriorate and salvage your losses by selling it at Ksh. 20 a kg to fish processors for smoking, deep frying and sun drying. Where the fish deteriorates to a quality level making it unfit for human consumption, the consignment is sold to animal feed processors at 20 shilling a kg. Tilapia traders have even more need for ice supply. They have to depend on the ice block manufacturers who are very few. They sell ice at a high price of 5 to 6.7 shilling a kg.

The production cost of making ice is made very high due to the cost of power and in Kisumu there is the extra high cost of portable water that is purchased at 15,000 per 18,000 liters making the production cost for 15 kgs. of ice 40 shillings. It is estimated that an ice block plant producing 3,000 kgs of ice per 8 hours shift will cost 4.5 million shillings.

#### **3.4.4 Market Opportunities**

Having recognized the value of ice supply to beaches to support the fishing industry a few investors are supporting this service

In Mbita a government developed ice plant-Mbita Ice Plant Limited has recently been handed over to the community through the islanders development initiative. Unfortunately through discussions with the project coordinator it was implied that the plant would be used to manufacture bottled water. Ice production is a future agenda and to quote one IFP respondent:

*“The Mbita Ice Plant developed by the government and sold to the public is a good idea. However it remains to be seen if the association that bought the plant actually represents the public's interests of cheap, quality, ice supply to the fishing industry in Suba.”*

Respondent

The Bunyala Cooperative Society has also received funding from CDTF for the setting up of an ice plant on Marenga beach. The development is at an advanced stage. However the cost of the project is very high, currently at 19 million without some key components such as the water tower and backup 3-phase generator. The plant capacity is 15 tons/24hrs of flaked ice. The cooperative sees this as a solution to their credibility problem. They also see this ice plant as giving them a fresh image as a service provider to the beach. Unfortunately many beach members have taken a wait and see stand on the plant that was started in August 2001 and is unlikely to be commissioned in the next 6 months. Further the memorandum of understanding the cooperative entered into with IDEAS limited, the local NGO that linked the cooperative to the E.U. financier leaves a number of questions that require clarification.

Efforts to give fishermen training on alternative, more efficient and environmentally friendly fishing methods would be highly appreciated as would programs that enhance security of the fishermen's fishing gear at fishing grounds.

Introduction of cheaper faster engine propelled boats through an appropriate purchase scheme is a service that could be offered as are services that offer credit facilities for fishing gear ownership by the fishermen.

### **3.5 Proposed Intervention Points**

#### ***3.5.1 Overview on intervention design - Community based organizations as service providers.***

Community based organizations are recognized by fisher folk as beach based service delivery agencies even though they currently suffer from lack of credibility due to poor past performance. These community based organizations or fisher folk organizations such as cooperatives, associations and groups suffer from poor management, short term visions (if any), lack of understanding of their mission, complete lack of strategy and ad hoc fire fighting approach to service delivery. A program may find it prudent to invest in their revival. This investment could focus on the successful community entities as models and identify modules that will promote demonstrated successes in service provision. This promotion should be undertaken in order to enhance information sharing at the organization level and at the community level.

The community-based organizations were originally set up set up with the sole goals of addressing the priority services of interest to the Kenya BDS program i.e.

- Savings mobilization services
- Product assembly and marketing services
- Quality assurance services
- Input supply services

The organizations are able to charge market rates for these services. In the ideal situation fisher folk would have little need to look outside of these entities for delivery of the above named services. However this would be a non-competitive environment that would promote complacency. Therefore, the following suggested intervention of the four services are designed to promote the strengthening of community based organizations for service delivery as well as promote competitiveness by developing the service market to allow other players into the market.

#### **3.5.2 Savings mobilization services**

##### ***Anticipated outputs***

Build credibility of institutions, focus Fisherfolk on value of savings and promote community based saving activities. Promote knowledge on function of cooperatives and promote financial association successful cases.

##### **Service I – Promote the availability and use of banking services to beach based fisher folk**

Target service providers – Post Bank as the lead agency and the following as support agencies- Fishermen Cooperative societies, registered fishermen associations/groups, locally based financial service providers.

The Post Bank mandate “to increase thrift” amongst the Kenyan population is to be promoted using private sector for-profit approaches such as:

- Radio - where possible promote free call in programs like in Mbita and other major beaches with cell phone network
- Use mobile TV advertising channels – to deliver savings mobilization service promotion messages from beach to beach e.g. use of Rural Reach supported by advertising.
- Post bank to pilot 2 sub branches one at Mbita and the second branch at a selected site that has high volume fish landing e.g. Luanda Kopiyo.
- Post Bank to pilot use of speedboats as money delivery systems in order to address risk of hijacking on poor roads.
- At Post Bank sub branches deliver saving services such as Save As You Earn Schemes and form partnerships with village banks or other MFIs for credit delivery services.

### ***Service Ia***

Use the same radio programs above, to build information base for fisherfolk about MFIs in the area and cooperatives that are active with good operations e.g.. Yimbo and Wichlum Use program to build up confidence in MFIs and promote highflying successful fishermen associations.

Sponsorship for the sessions to come from input suppliers, local manufactures, importers of pressure lamps and other interested agencies.

### **Service II - Community Training in the value and use of Money**

Targeted service providers – Beach based trainers

Target Clients – Fisher folk

Use vouchers to stimulate demand for training services. Incorporate innovative marketing method that stimulates interest and oils the wheels of acceptance of a voucher-training program. Design a voucher program that incorporates systems that ensure accountability and transparency and blocks out the gaps and opportunities for mismanagement.

Use a lead agency to offer management services to the voucher training system, design training modules as well as build the capacity of the beach based trainers and promote beach based fisher folk training on:

1. Value of saving
2. Alternative investment opportunities
3. Alternative business opportunities
4. Opportunities to increase fish earnings

### **Service III - Strengthening of Fishermen Cooperative Societies**

Target service provider – Providers that already have the capacity to offer services to cooperatives.

Target Clients – Wichlum and Yimbo Fishermen Savings Societies

Design and deliver cooperative management services to strengthen MIS systems for active FCS.

- Pilot test service at two cooperatives selected for their potential to serve members.
- Support active functioning cooperative Wichlum and Yimbo to ensure continuity and strengthening of the cooperative.

#### **3.5.3 Product assembly and market linkage services.**

What is required as a starting point is ORDER, order and more ORDER in the current service delivery practices.

#### **Service I – To support service delivery by strengthening systems for the collection of beach and fish levies**

Target service providers – agencies in charge of beaches; beach management units, fishermen cooperatives, and fisherman associations, local authorities.

Target client base – high volume disorganized beaches e.g. Marenga beach, Sio port, Mbita point, Kiumba and Uhanya.

Offer services for systems development in order to

- Offer beach-based training to fisher folk on their role as members and owners of agencies. Their role in product assembly. The roles of agencies in market linkages.
- Strengthen leadership in beach management agencies
- Streamline income streams, income collection and accounting practices in collaboration with DOF, Cooperative Department, and Department of Social Services.
- Streamline reporting systems, budget control and service delivery by the agencies in charge of beaches.

#### **Service II – Improvement in the efficiency of product assembly**

Target service Providers – IFP and IFP agents

Target Clients – Agencies in charge of beaches

In collaboration with IFPs or IFP agents identify means to improve efficiency in product assembly.

- Evaluate develop and promote systematic use on cooler boxes (currently scattered in various beaches) for improvement in efficiency of fish bulking
- Promote lake transport of bulk fish through the use of cheaper lake transport systems.

- Promote polystyrene ice boxes on fishermen boats for reduction of reject from current 35% to 3 to 5%

### ***Service IIb***

Target service provider - Kisumu Fresh Fish Market fish wholesalers, Marengo beach based tilapia wholesalers

Target Client – Fish retailer

Promote lake transport of bulk fish to landing sites next to good road infrastructure in order to reduce costs of transport of losses due to poor infrastructure.

### **Service III – A service to address the lack of drying facilities for Dagaa traders and artisanal processors.**

Promotion of infrastructure development for Dagaa artisan processors and wholesalers

- Select 2 to 3 dagaa beaches to demonstrate the service
- Organize agency in charge of the beach on use of levy for infrastructure development
- Evaluate technologies that may promote sun drying of dagaa and promote them to organized beaches
- Advice on cheap building of and technically acceptable design for sun drying dagaa during the rainy season which is the high dagaa harvest season

Promote use of lake transport for dagaa to landing site with good road transportation in order to reduce the cost of transport.

### **3.5.4 Quality Assurance Services**

Issues of quality assurance at the landing sites and the need to address service provision that will upgrade fish landing beaches to meet E.U. protocol on fish export have been largely neglected by IFPs and are currently non issues with the majority of the fisher folk.

### **Service I – Promote private sector development of fish bandas and introduction of approved fish handling practices**

Target service providers - IFP and IFP agents

Target clients: - High volume beaches; Bunyala fishermen Cooperative Society own their beach and therefore can easily enter into agreements with developers.

- Promote the development of fish bandas and piers with a check off payment system to the fisher folk cooperative or BMU or associations.
- Use the private sector developed infrastructure to demonstrate E.U. protocol standards for fish handling and storage.

### **Service II – Promote a competitive quality certification scheme**

Target service providers – IFPAK and DOF

Target client: High volume beach landing

Promote good beaches *for quality fish* program that includes:

- Internalizing attitude change among DOF staff in order for them to professionally deliver required services to the subsector.
- Train fishermen on fish handling and other quality assurance related fish issues
- Develop a QA certification scheme for fishermen and fish handlers who continuously perform within the set standards. Include star rating for cooperatives, BMUs and fishermen associations capable of continuously handling fish at the set standards.
- Link the quality Assurance Certified fish with higher purchase prices.

### **Service III – Promote attitude change to quality assurance issues amongst fisherfolk**

Target service providers – Private trainers and DOF

Target client: Fisherfolk

Offer beach based training of fisherfolk on the cost of quality in good fishing practices and good handling practices

- Demonstrate losses made through banned fishing practices
- Demonstrate losses made through poor fish handling practices
- Demonstrate the potential benefits from attitude change.

### **3.5.5 Input supply services**

Input supply services rotate on three issues access to ice for the non Nile perch fish traders and wholesalers, access to the expensive fishing gear through affordable purchase schemes and ensuring the security of the fishing gear.

### **Service I – Increase investment in Ice manufacturing plants with the region.**

Target providers – investors

Target Clients: Tilapia Wholesalers

Support feasibility studies and identification of viable cheap technology preferably for flaked ice. Use feasibility study to market business opportunity to potential investors. Identify investors to offer ice close or on the beach. Suggested locations are:

- Suba District – Mbita Town
- Bondo District – Bondo Town
- Busia District – Funyula Town or Port Victoria

### **Service II – Reduce barriers on fishermen access to Fishing Gear**

Target providers – Input Supplies

Target clients – cooperatives, IFPs and fishermen

- Promote equipment guarantee schemes for individual clients buying equipment through purchasing IFP agents who source from IFPs
- Promote equipment guarantee schemes through cooperatives having the ability to manage equipment purchase schemes for members e.g. Wichlum and Yimbo
- Promote equipment guarantee schemes through cooperatives able to manage but currently having credibility problems and are inactive but need to offer tangible services to members in order to gain goodwill and recognition e.g. Bunyala Fishermen Cooperative.
- Lobby for zero tax rating on fishing gear as found on farm equipment /implements and power generators.

### **Service III – Promote streamlined, Professional and proficient security services**

Target service providers - Security training and evaluation experts,

Target clients – Beach Management Units, DoF fish scouts

- Evaluate the lake and fishing grounds security challenges and recommend appropriate security set-up systems.
- Provide services to the BMU security and search and rescue units on professional service provision as found in urban-based small-scale security firms.
- Evaluate cost of security services and support any necessary changes to ensure efficiency in levy collection in order to meet all the security costs.

# Appendices

## Respondents List

Type of Organization:	Name of Organization:	Name of Respondent:	Position/Title:	Telephone Number:	Date:
KISUMU	KISUMU	KISUMU			
Industrial Fish Processor	FP 2000	1. Mr. Daniel Okong'o	Quality Assurance Manager	05744439 Kisumu or 0721322094	8-Dec-03
Financial Services Provider	SAGA Thrift and Enterprise Promotion Ltd. (STEP)	2. Peris Oyugi	General Manager		8-Dec-03
		3. Jacob Odera	Finance and Administration Manager		
Financial Service Provider	RECA- Relief and Environmental Care Africa	4. Josephine Oluoko	Micro Finance Program Officer ABIG	5743113	9-Dec-03
Animal Feeds Processor	F.B. Limited	5. Mr. Gudka	Director	05721431 or 05745132	10/12/03
Industrial Fish Processor	Pecche Foods Company Limited	6. Mayanna Shivpura	General Manager		8.12.03
Importers/Wholesalers	Kavironondo Fishnets Limited	7. Nashid Kassam	Director		8.12.03
Ice Producer	Victoria Ice Manufacturers	8. Thomas Nyamao	Director		9.12.03
Trade Association	Fresh Fish Women Association	9. Phoebe Obara	Chairlady		10.12.03
		10. Linet Akoth	Secretary		
		11. Millicent Akoth	Member		
		12. Carren Wesonga	Member		
		13. Margaret Anyango	Member		
		14. Helen Awino	Member		

		15. Eunice Odumbo	Member		
		16. Florence Anyango	Member		
		17. Francis Odida	Member		
		18.			
<b>SUBA DISTRICT</b>	<b>SUBA DISTRICT</b>	<b>SUBA DISTRICT</b>			
Government Agency	Suba District Fisheries Office	19. Mr. Oyodo	Deputy District Fisheries Officer	721836530	11/12/03
	Mbita Ice Plant Limited	20. Mr. Malaki Magero	Project coordinator		
Cooperative Union	Sub District Cooperative Union	21. Mr. Malaki Magero	Finance and Administrative Manager		12/12/03
Government Department	Suba District Corporative Department	22. Mr. Richard Kobiero	District Cooperative Officer - Suba	733483251	
Fishermen cooperative society	Gembe Fishermen Cooperative Society	23. Kejonia Nyarija	Vice Chairman		11.12.03
Community Members FGD	Kachieng Fishing Selling Self Help Group	24. Joseph Odera Onyango	Chairman		11.12.103
		25. James Owuor Zacharia	Secretary		
Community Members FGD	Mbita Point Beach Community Members (management committee, beach members traders, fishermen, fishing gear owners and fish processors)				12/12/03
		26. Mr. John Lumudawo	Beach leader		
		27. Alex Ochieng Mbeche	Secretary		

		28. Mama Zeporrah	Treasure		
		29. Tom Agak	Committee Member		
		30. Mama Zeporrah	6 boats and fishing gear owner		
		31. Karen Adego	Trader boat and fishing gear owner		
-		32. Monica Onyango	Trader		
-		33. David Okoth	Fisherman and trader		
		34. Tom Agak	Fisherman		
		35. Prisca Ogere	Trader		
		36. Mary Odero Agata	Trader		
		37. Emily Ogola	Business lady		
		38. Fred Onyango Odero	Fisherman, owns one boat		
		39. Solomon Okelo	Fisherman, owns one boat		
		40. Benta Akinyi Owino	Trader		
		41. Grace Anyango	Trader		
		42. William Omondi	Fisherman, businessman and boat owner.		
		43. Elija Odiko Ongolo	Fisherman, owns one boat		
		44. Ebrahim Otieno	Fisherman, owns one boat		
		45. Morris Ouma	Fisherman, owns one boat		

		46. Thomas Mwangi	Fisherman, owns one boat		
		47. Lazaros Onyango	Fisherman, owns one boat		
Co-operative Society	Rusinga East Co-operative Society	48. Boaz Okongo	Member		12/12/03
Fishers Associations	BMU, Co- Operative Society – Kiumba Beach.	49. Moses Ouma	BMU, Committee Member		11.12.03
		50. James Otieno	Fisherman		
		51. Dan Ogola	Fisherman		
		52. Samuel Ogweri	Fisherman		
Fisher Association.	Kachieng' Fishing and Selling Self-Help Project- Kiumba.	53. Joseph Odera	Chairman		11.12.03
		54. Edward Migawi	Vice-Chairman		
		55. James Owuor	Secretary		
		56. Peter Jagero	Ass. Secretary		
		57. Tom Manyanya	Treasurer		
IFP Agent – Mbita	Fish Trader (Middlemen).	58. Hussein Abdi	Director		11.12.03
		59. Hassanali Some	Director		
<b>BONDO DISTRICT</b>	<b>BONDO DISTRICT</b>	<b>BONDO DISTRICT</b>			
GoK Department	Bondo District Co-operative Development Office	60. David Wainaina	District Co-operative Officer	Tel: 0733-521376	15/12/03
		61. Mr. Mukolwe	District Co-operative Officer- In charge of SACCOs		
		62. Mr. Noah Masin	District Co-operative Officer Officer in charge of Education and		

			Training.		
Government Department	Department of Fisheries Bondo	63. Sospeter Okungu	Fish Scout		15/12/03
		64. Carolyn Achieng	Secretary		
Fishermen Co-operative	Wichlum Fishermen Co-operative Society	65. Stephen Atinga Ollango	Chairman	Tel: 0721 – 532928 or 0733 – 809079	15/12/03
		66. Nicholas Oyoko Midundo	General Manager	P.O. Box 584 Bondo	
Fishermen - Focus Group Discussion	Fishermen Wichlum Beach - Focus Group Discussion	67. Joshua Okeyo			16/12/03
		68. Vitalis Ochieng			
		69. Joshua Dede			
		70. Felix Otieno			
		71. Tobias Ogawo			
		72. George Otieno Olulo			
		73. George Omondi			
		74. Tom Mboya Adongo			
		75. Charles Ogelo Abonyo			
		76. BMU Officials			
		77. Lisha Ogutu Ogema – Treasurer			

		78. John Moeri - Vice Chairman		
		79. Austin Okelo – Secretary		
Community organization Interview	Uhanya Beach Management Unit - (Uhanya BMU)	80. Esborn Usaka Nyalwa	Vice Chairman	16. 12. 03
		81. Daniel Owuor	Bondo County Council clerk	
		82. George Ochieng Awelo	Cooperative recorder	
		83. Manas Osuru	Member Cooperative	
Focus Group Discussion - Traders	Traders Uhanya Beach - focus Group Discussion	84. Walter Onyanch Otieno		16.12.03
		85. Morris Odera		
		86. Sabina Oracha		
		87. Dophine Otieno		
		88. Joyce Odela		
		89. Lilian Auma		
		90. George Ochieng Sadia		
		91. Dickson Otieno Abuya		
		92. Joseph Abuya Okello		
Financial service provider	Financial Services Society Bondo Town	93. General manager		17.12.2003
Government Department	Department Of Fisheries – Bondo	94. Sospeter Okungu	Fisheries Scout	15.12.03
		95. Caroline Achieng	Secretary	

Fisher Association.	Bmu, Wichlum Beach – Bondo	96. Moses O. Ngiela	Assistant Secretary		15.12.03
Trader Association	Banda Women Group- Wichlum-Bondo	97. Sabina Orwa	Chair Lady		15.12.03
	Wichlum Bondo District	98. Patricia Ogutu	Treasurer		
		99. Pamela Were	Secretary		
Fisherman/Trader	Dagaa Fishermen, Women Traders and Boat Builders	100. Jacktone Onyango	Fisherman		16.12.03
		101. Quinta Oyamo	Trader		
		102. Samuel Otieno	Boat Builder		
Fish Trader	IFP Agent Uhanya	103. James Onono Ndianya	Caretaker		16.12.03
Sacco	Bondo Biashara SACCO.	104. Audi Dede	Manager		17.12.03
<b>BUSIA DISTRICT</b>	<b>BUSIA DISTRICT</b>	<b>BUSIA DISTRICT</b>			
	BMU Openji Beach	105. Sabastian Juma	Chairman BMU		17/12/03
Fishermen Cooperative Interview	Bunyala Fishermen Co- operative Society	106. Mr. Bernadict Makhulo	Chairman	P.O. Box 23 Port Victoria	18.12.03
		107. Nicholas Mainya	Member	Tel: 0721 – 694737	
		108. Topista Nakwaya	Member		
		109. Mildred Odhiambo Nyongesa	Member		
		110. Bernard Were	Secretary/ Manager		

GOK Department	Department of Public Health	111. Mr. Jackton Wandera Wesonga	Public Health Officer		18.02.03
Public Meeting on Beach	Facilitator ECOVIC (K) Chapter)	112. Presenters:			
		113. Councilor Obwanda Osuga	ECOVIC (K) Chapter		
		114. Mr. Symonds Orondo	ECOVIC (K) Chapter		
		115. Mrs. Mary A. Mwata	ECOVIC (K) Chapter		
		116. Okumu Fanuel	Fisher folk CBO-		
		117. Stephen Osogo	BMV Marenga Beach		
		118. Bernard Were	General Manager Co-operative		
		119. Charles Mukolwa	Vice Chairman Co-operative		
		120. Casper Owaki	Councilor		
		121. Bernedict Makhulo	Chairman		
Cold Storage	Abalomandala Self Help Group	122. Okumu Omanyen	Fisherman		18.02.03
Fishermen Welfare Association	Sisenye Beach	123. Lucy Auma			18.02.03
Dagaa traders Focus Group Discussion	Marenga Dagaa Beach Dagaa Traders	124. Josephine Magabe			

		125. Maxmilla Agwan		
		126. Emily Sibare		
		127. Agnes Ododa		
		128. Patricia Orege		
		129. Jane Ayro		
		130. Petronilla Adhiambo		
		131. Pamela Alieno		
		132. Christine Musamba		
		133. Karen Atieno - Owns boat and net and is a trader		
		134. Pauline Wanyama		
		135. Millicent Okewo		
Financial Services Provider	Funyula Financial Services Association.	136. Jacklyn Odaba	General Manager	19.12.03
Fish Organization	BMU, Marenga - Port Victoria	137. David Musungu Omuke	BMU Delegates	18.12.03
		138. Joseph Ekhamba Khumo	Secretary	
Fishermen Group.	BMU, Fishermen - Marenga	139. Fred Oloo	Fisherman	18.12.03

	Beach-Port Victoria			
		140. James Yamo	Fisherman	
		141. Daniel Munyolo	Fisherman	
		142. Richard Oyoo	Fisherman	
IFP Agents – Marenga Beach	Traders	143. Rosandra Ingabo	Agent	19.12.03
		144. Mohamed Hussein	Agent	
	Wholesalers, Traders	145. Rose Amolo		19.12.03
		146. Selina Auma		
<b>NAIROBI</b>	<b>NAIROBI</b>	<b>NAIROBI</b>		
Millers	Rabai Road Millers And Witman Millers	147. Hanna Mbere	Proprietor	30.12.03
	NCKK Nairobi	148. Onesmas Njiru	Miller	
Banking Institution	Post Bank (Kenya Post Office Savings Bank)	149. Mrs. Alice Koigi and others	Operations Director	30.12 2003
		150. Maurice Danje	Manager/ Strategic Planning	
		151. J.K. arap Chepkwony	Senior Manger Operations	

## **Discussion and Interview Guide for Supply Side Service Consumers (Providers)**

Name of Organization \_\_\_\_\_

Respondent name \_\_\_\_\_

Address \_\_\_\_\_

Location \_\_\_\_\_

Business Service \_\_\_\_\_

Telephone Contact. \_\_\_\_\_

### *I. Organization/Business ownership*

- Who owns the organization
- How long has the organization been in service?
- What is the legal status and institutional structure?
- How, why and when was the organization / business started?
- What is your current capacity? (Staff, financial base, asset base description, MIS, firm experience)
- What are the principle services offered?
- Does the organization have partners? Who
- Does the organization have other associations e.g. Government, NGO? Name them.

### *II. Information on Service Market*

- What services are on offer for the fishing industry
- Who are the customers?
- Describe the customer segments
- How does customer segmentation affect sales
- How do you find out about your clients needs?
- How and where do you advertise?
- How do the clients find out about you?
- What are your typical clients or target groups and where are they located?

### *III. Information on Service Delivery*

- How much is typically charged for your services? (Request for a service charge list)
- How do you cover your costs?
- What is the typical duration of your service?
- How many clients do you serve at a given time?
- What is the volume sold
- What are the desired product features per market segment
- What is your potential estimation for the market for your service?
- How are services delivered and by whom?

### *IV. Information on Constraints and Opportunities in the service market*

- What are the current difficulties or problems you face in offering your services?
- What are possible solutions?
- What are the potential opportunities that exist? Why are you not exploiting them?

**V. Understanding the Business Service market and identifying constraints and opportunities**

- What are the current usage, awareness, reach and retention of the service?
- What specific demand for the service is not fulfilled?
- Can you highlight the business opportunity for the service?
- What are the various consumer segments for this service?
- Describe trends in consumption over the past 2 years.

**VI. Market expansion strategies**

1. How can the customer base be increased
2. What are the barriers to expansion of the customer base
3. What are the processes facilitators in the industry use to develop new products and or services that promote the small-scale players in the industry?

## Discussion and Interview Guide for Business Service Consumer (Demand Side 2 pages)

### Introduction

#### Kenya BDS introduction and objectives of meeting

Thank you very much for receiving us. I (we) am from Kenya BDS a business promotion project managed by Delloite and Touche and based in Nairobi. This is a 5 year project that began 1 year ago and targets enterprises of all sizes within selected sectors. We wish to discuss with you today about the fish sector, which is a sector that Kenya BDS wishes to support through the promotion of business services to the various sectoral players.

A study was carried out and a stakeholders workshop held in October/November this for the various actors and more specifically the micro and small-scale players in the industry. A number of constraints were identified through these forums as the main impediment to business growth and wealth creation. These have been prioritized as the follows

1. **Savings mobilization services**
2. **Product Assembly and Market Linkage Services**
3. **Quality Assurance Services**
4. **Material Input Supply Services**

#### **Service 1 Definition**

***Saving Mobilization Services:*** - Services that will allow for increased savings mobilization amongst the Micro and Small Enterprises operating in the lake Victoria fish sub sector.

#### **Service 2 Definition:**

***Product Assembly and Market Linkage Services:*** - Services that support fish bulking, sorting and grading and facilitate the efficient approved transfer of viable volumes of fish from the lake landing sites to the buyer.

#### **Service 3 Definition**

***Quality Assurance Services:*** - All services and activities related to the delivery of improved quality fish to the market and include services that promote fish quality from the fishing boats to the final consumer.

#### **Service 4 Definition**

***Material Input Supply Services:*** - Services that address all the issues related to the availability and affordability of ice and fishing gear at the local level.

At the **end of the meeting** remember to thank the respondent and explain the next action to be expected i.e. the tender process followed by implementation.

## Discussion and Interview Guide for Business Service Consumer (Demand Side)

Name of Organization \_\_\_\_\_

Respondent name \_\_\_\_\_

Address \_\_\_\_\_

Location \_\_\_\_\_

Business Service \_\_\_\_\_

Telephone Contact. \_\_\_\_\_

1. Savings mobilization services
2. Product Assembly and Market Linkage Services
3. Quality Assurance Services
4. Material Input Supply Services

Discussion Issues	Prompts
1. General Information on service consumer	<ul style="list-style-type: none"> <li>• How large is the operation? (Daily sales, Catch, etc)</li> <li>• Do you employ staff or skilled workers</li> </ul>
2. General Information on Understanding and Use of the service	<ul style="list-style-type: none"> <li>• How do you understand this service can assist you</li> <li>• Who do you know that provides such a service?</li> <li>• Have you ever accessed such a service? If yes, from whom? If no, why not?</li> <li>• How often do you seek this service</li> <li>• What percentage of businesses like yours is aware of the services?</li> <li>• How did you hear about the service?</li> <li>• How did you pay for the service? (i.e. free, embedded, etc.)</li> <li>• How much did you pay for the service</li> <li>• Were you satisfied with the service? How could the service be improved?</li> <li>• Would you be willing to pay for the service? If no why not?</li> </ul>
3. Local Capacity of service providers	<ul style="list-style-type: none"> <li>• How is this service currently delivered and who delivers it</li> <li>• What are the problems with the way the service is currently delivered</li> <li>• What would the consumers wish to see in the service delivery</li> </ul>
4. Opportunities for Service Access	<ul style="list-style-type: none"> <li>• What information do you heard on the way this service is delivered to others</li> <li>• Who do you see is likely to be the best provider for this service</li> <li>• What do you see as the market price for this service</li> <li>• What other opportunities do you see that can assist you increase access to this service</li> </ul>

**Notes On Meetings, Group Discussions & Site Visits During Market Assessment of Four Identified Business Services for the Lake Victoria fish Subsector for USAID/Kenya BDS**

**Field Assignment Dates - From 8<sup>th</sup> To 20<sup>th</sup> Dec. 2003**

A number of stakeholders in the fish sub-sector was identified and targeted in Kisumu, Suba, Bondo and Busia Districts.

Service provider market assessment was for the following services:

1. Savings mobilization
2. Product assembly and market linkage.
3. Quality assurance
4. Material input Supply.

**KISUMU  
SERVICE PROVIDERS**

**Name of Organization:** FP 2000  
**Type of Organization:** Industrial Fish Processor  
**Name of Respondent:** Mr. Daniel Okong'o  
**Position/Title:** Quality Assurance Manager  
**Telephone Number:** 05744439 Kisumu or 0721322094  
**Date:** 8 December 2003

### **Organization General Background**

This is a family owned business started in 2001 just before the 2<sup>nd</sup> phase of Kisumu IFP closures. The business is registered as a partnership. The family has worked in the food industry from 1994 and the company works with the Fisheries Department and LVMP to address issues regarding quality. They also work with Kenya Marines to address issues regarding improvement of fish stock. A number of companies are now migrating to Tanzania and Uganda. FP 2000 has done the same and now has 3 IFP plants in Uganda (Masaka, Jinja and Majaji). They also have one plant in Mwanza, Tanzania.

The capacity of the Kisumu plant is 30-tons per 24 hours which is currently operating at less than 50% utilization of 13 tons per day.

The fish catch has reduced significantly over the past few years. This is blamed on the building of the Mbitu causeway that blocked the path of the fish that spawn at river mouths and up river on the Kenya Lake Victoria shore. Water hyacinth and pollution has also affected the fish quantity in the lake. There is also over harvesting of the limited stock since fishing is the source of money for over 3 million people living around the lake.

The main product exported is frozen fish; both fillets and headless whole fish and maws products. The EU has once again suspended chilled fish export from Lake Victoria with effect from November 2003; the main exporters of these products have been East African Sea Foods and Tilley's who have reduced their export.

Other operating IFP plants in Kisumu are Afro Meat, East African Sea Food, Peche food and FP 2000

Associations of FP 2000 include:

- Fisheries Department-Ministry of Livestock and Fishing development - The department is the competent authority selected to carry out HACCP evaluation of IFP and beaches.
- LVMP –Harmonization of East African standards and uniform code of practice to be used in the factory and at beach level.
- IFPEK

### **Information on Service Market**

### ***Quality assurance***

Quality assurance is a major problem especially for chilled fish that has very high microbiological standards for the EU protocol. At factory level all systems for quality assurance are all right and IFPEK has assisted to insure the implementation of Hazard Analysis Critical Control Point (HACCP). However the quality assurance problem is at the raw material source. If the fish received at the factory is already contaminated then nothing can be done to improve it.

Fishermen do not understand quality assurance issues and have very poor handling techniques as well as no ice. Lack of technical know how has also contributed to the poor fish quality. Fishermen need to be able to understand the rules and regulations that control the fishing industry. Landing beaches do not meet the required standards. These beaches have no sanitary facilities, no jetty, no toilet, water or electricity. Compliance to the EU quality assurance protocol is impossible if the products raw material does not meet the standard. No matter what is in place at the factory level the raw material sourcing and handling must be controlled as well.

Lack of ice use by the fishermen ends up with a fish product only fit for the frozen fish market. When the quality of the fish is too poor for the frozen fish export market it is used in the local market. Fishermen should store their catch under ice until it reaches the buyer. Fish should be iced at least 4 hours from catching but preferably within 1 hour of catching. The fishermen should carry ice in iceboxes. Portable tap water at landing sites will enable the cleaning of landing site facilities such as iceboxes. Ice generation should also be from portable water. Tap water can also be used in sanitary facilities such as toilets.

### ***Marketing service support***

Fish supply to the factory is through independent agents. The factory has 20 independent agents and uses a system in which the purchasers are factory personnel. The criteria for agent selection is:

1. Popularity amongst fishermen
2. Length of time in industry
3. Loyalty and sincerity to FP 2000
4. The agents should also be able to identify beaches with good fish landings.
5. Agents should be people whose origins can be traced
6. Have experience in purchasing fish from fishermen, as due to low supply this is a very competitive undertaking.

When the agent has no money to buy the Fish the IFP gives them a float. To get a float the agent signs a supply contract with FP 2000 for the quantity of fish to be supplied and the period over which this quantity must be supplied. FP 2000 is able to offer agents credit of up to 1.5 million Kenya shillings. The factory gives agents ice. Most of the 20 agents have a relationship of over 5 years with the IFP as they were inherited from Samaki 2000, which was a parent company. Agents must also have a fish trader's license and a fish movement license. They are given transport and trucks by the IFP. They also

sign an agreement on fish quality. Currently the reject rate at the company supply level is 3%. This needs to be reduced so that it is not an issue. Agents take 2 to 3 days to collect fish for a 7-tone truck. The factory also owns motorboat engines (over 150), which they lease to agents for use in purchasing fish from the lake. They also have 6 boats for leasing to the agents. These are to ferry fish from the fishing grounds and are operated by 3 people:

1. Boat Operator
2. Carrier of money and payer for fish
3. Arranger of the fish

The factory receives supplies only from their independent agents. This is because receiving supply from anyone at the factory door may lead to a receipt of a truck with 75% reject from 4 tones. This would drain both financial resources and production time.

### **Services offered to fishing industry**

The factory has attempted to support beach infrastructure development by building a jetty at Otogolo. This did not get them the increased goodwill desired because it is a public service used by all therefore no fee could be charged for the jetty use. The factory has also put up an ice plant in Sio Port but fisher folk wanted to get the ice for free. They charged 4-shillings per kilogram of ice but found that only agents were buying fish and they already had ice from their principles. The competitors were not ready to support the initiative by getting their agents to buy ice from this plant.

FP 2000 has worked directly with a cooperative Wichlum Fishermen Cooperative to be the agent for the members but after some time the agency was discontinued. The cooperative was too corrupt and did not pay fishermen and so was not trusted by the fishermen and was unable to deliver fish to the IFP. Other cooperatives having similar problems due to corruption and have been rejected by the FP 2000 when applying to be agents are Mbita Coop Society and Uhanya Coop Society.

Factory waste is sold to the fishmeal industry. Off cuts are sold to women traders (fish mamas)

### **Service opportunities in the market**

Services that facilitate the movement of fish from fishing grounds to landing beaches to the factory need to be improved. Fishermen are expected under the EU quality protocol to have health certificates. This is not practiced. Established cooperatives can provide facilities. Currently IFPEK has mobilized resources to put up a jetty, ice plant and portable tap water at the Fisheries Department accredited beaches of Port Victoria, Mbita and Misori. This is not picking up well and IFPEK is instead building receiving bandas and supplying cool boxes to the beaches.

Active cooperatives that address quality assurance issues and promote fishermen to take account of quality assurance issues should be prioritized for support. Good landing sites with cold storage will guarantee better prices for fishermen. Currently the price fluctuates from 50 to 115 shillings per kilogram. The agent's factory price margin is 2 to 3 shillings but due to high losses from poor quality he has to buy at a low price.

FP 2000 trains landing site fish selectors to select according to the FP 2000 quality expectations. They are paid by the agents and also act as turn boys during transportation.

The Mbiti Ice Plant developed by the government and sold to the public is a good idea. However it remains to be seen if the association that bought the plant actually represents the public interest.

Roads to beaches are inaccessible and impassible during the rainy season e.g. Ndori to Misori and fish cannot reach the factory on time before spoilage.

The fishermen need to use certain fishing net mesh sizes and harvest only particular sizes. This is not understood and small net sizes plus unauthorized fishing methods are used that lead to depletion of fish stock.

**Name of Organization:** SAGA Thrift and Enterprise Promotion Ltd. (STEP)  
**Type of Organization:** Financial Services Provider  
**Name of Respondent:** Peris Oyugi – GM  
Jacob Odera – Finance and Administration Manager

**Telephone Number:**

**Date:** 8 December 2003

### **Organization Background**

This is a private company limited by shares with an operating board. The shareholders consist of two institutions i.e. K-REP and Luo Thrift and individual shareholders. Board member are:

Chairman of the board: Michael Deda - Businessman and former banker  
Board members: Henry Oketch - Development professional  
Ezra Onyayo - Development professional  
Alloys Oteino - Accountant  
Adera Osawa - Chairman Luo Thrift  
Aleke Dondo - Represents K-REP

The organization started in 1995 with the agenda for development of the lake region through material, technical and management services to grassroots organizations. Areas of operation are: Busia, Bondo, Kisumu, Siaya and Nyando district or the old districts of Siaya-Split into Bondo and Siaya, Kisumu split into Kisumu and Nyando, South Nyanza split into Migori, Suba, Rachwonyo and Homa Bay.

### **Services Offered**

The organization targets grass root organizations called ASCAS-Accumulating Savings and Credit Associations; that are formed by member to offer each other mainly financial services. ASCAS will save through e.g. animals. They will also be carrying out rotating savings and credit activities and they also give credit. With SAGA intervention members do not have to wait their turn as SAGA through its regional work has enough credit to offer quick services.

The start of SAGA's intervention is through a market validation survey. During the survey a list of community groups is obtained. Working with the DC and DCO as well as members of credit and saving services groups SAGA undertakes the following activities:

1. Promotes SAGA services.
2. Requests for expression of interest in follow-up activities.
3. If attendant interested groups qualify and meet SAGA conditions they are recruited.

Followup of the the ASCAS members is through the provision of outreach services. Eventually several ASCAS join up to form a SACCO that has the legality to mobilize funds. The SACCO signs a management contract for service provision with SAGA.

Currently SAGA has 4,800 members with 2,500 of them being women as member of three SACCOs. The members work through their groups but each member has an individual account with SAGA. Funds are dispersed through the groups for individual members who are accountable as individuals.

## **Financial Services Offered**

### Savings Products

1. Withdrawal Savings: Front office saving service
  - Account opening at 100 shillings
  - Passbook at 50 shillings
  - Minimum account balance of 200 shillings
  - Notice of withdrawal of over 5000 shillings is 5 days
  - Withdrawal charges depend on the amount to be withdrawn with a minimum of 25 shillings per withdrawal.
  - Service charge for an account is 20 shillings per month.
  
2. Assets saving shares account  
For planned future loan. The minimum savings is 80 shillings per month. Some members save weekly and some save monthly.
  
3. Account ya Muda  
This is a fixed deposit account for lump sum payments. The minimum is 50,000 shillings and the interest rate given is that of the days prevailing bank rate. The client shares this rate with SAGA at 2:1 respectively.
  
4. Joint Accounts  
These are mainly set up for group based saving that address welfare issues and withdrawable savings to address group projects.

Groups meet to collect share payments, savings, savings charges and loan repayment and forward money to SAGA through their field representatives. However members are also allowed to pay directly to the SAGA centers.

### **Credit Services**

SAGA does not give loans for business start up. All loans are insured and 2% of value is deducted to meet insurance costs against death.

1. Market day loans  
These are for fast moving goods e.g. in Uhanya Beach for buying and selling of fish. One-day loans are available. For traders who go far from the service centers, the maximum repayment period is 4 days. The maximum loan is 50,000 shillings and 2.5% interest per day. The loan is very popular in Osieko, Uhanya and Uringa beaches. There are also many enquiries from Kibuye in Kisumu City.

Security is from the members saving and they can apply for 3 x shares for the 1<sup>st</sup> loan. Subsequent market day loans can be up to 5 times your share holding depending on evaluation and approval. The pilot project was started in 2002 and is very successful.

## 2. Enterprise loans

These are loans for business people. MSEs form groups with a minimum of 7 members. Their maximum loan is x 3 for 1<sup>st</sup> loan x 5 for subsequent loans at interest rate of 2% per month. Loan application fees are 100 shillings or 1% whichever is higher and a bonus for 'weel' payment of 0.5% per month is given. The loan level assessment is based on the individual track record.

3. Normal loans which fund activities such as school fees, building, etc. for members who must have a clear source of income

## 4. Cheque clearance facilities:

Members can have institutional cheque cleared by SAGA through Cooperative Bank account. The client pays all cooperative bank charges and SAGA gets a commission of 100 shillings minimum up to 1% value of the cheque.

## Operational Set Up

2 Branches (Maximum 3000 clients)	(4 staff)-Siaya branch in Bondo town Kisumu branch
8 Service centers (clients more than 500)	(staff) Open 6 days a week – Bondo, Nylima, Misori, Uhanya, Osieko, Kombewa, Kisumu, Ahero.
Service sites-	Bondo-Ndaraja Kisumu-Riat, Bodi, Holo like a mobile bank serviced by the service center that has less than 500 clients and it operates 2 times or once a week.

## Technical and managerial services

1. Management
2. Book keeping
3. Technical advice-SACCOs work closely with the Ministry of Cooperative development. The SAGA Finance and Administration Manager is a trained cooperative professional.

## Opportunities and threats

1. Have manual MIS system and need to set up a computerized MIS system. This is necessary in order to be able to deter fraud. The software should be integrated with the accounts system.

2. The issue of internal control is critical. Currently spot checks are done but there is need to build a credible system.
3. Staff selection should be based on criteria of professionalism and integrity as well as qualifications.
4. Comprehensive packages of remunerations should be offered to the staff. This is under review.
5. Free working environment including joint decision making with field staff.
6. Award to the best performer with performance based on set targets.
7. New management team was brought in June as part of the internal change management.
8. Staff training e.g. SAGA not strong on credit and needs to get stronger field officers currently undertaking internal training on credit management.
9. HIV risk to credit management is high and the client base needs to be sensitized. Currently SAGA is working with PLAN International; on HIV training of member clients otherwise when credit is received it is spent on drugs and repayment becomes a big problem.

### **Growth Strategy**

Since the new management team came in June 2003 specific growth in SAGA activities has become evident. Strategies for growth include:

1. Reduce barrier to service provision at service center level. Especially since areas where SAGA operates have no other financial service providers. Some other providers such as PLAN International have closed down and retained their focus on relief and currently channel financial support through SAGA.
2. Increase acceptability, affordability and opportunities for saving with SAGA in areas where there is high business activity but low saving and poor credit service purchase such as the beaches of Osieko, Muhanji, Misoro and Uhanya. The fisher folk on these beaches argue that the SAGA loans are too small and not worth taking while market day loans at Uhanya range from 1 to 2,000 shillings, i.e. are small. Education on the value of savings e.g. to modernize fishing gear would be a starting point.
3. SAGA has the capacity to deliver promotion and sensitization services in order to:
  - Change attitude using a socio-cultural approach.
  - Use of Christianity as a change agent
4. Need an electronic network system in order to have centers on the beaches as the fishermen migrate from beach to beach.
5. Have started discussion with existing cooperative to offer management services.
6. Credibility issues need to be resolved especially for other SACCOS and association who have collected money and then vanished with it. This leads to a lot of initial resistance and the few first recruits often say ‘ we were just trying you if you can give us a loan’. In the Uhanya Cooperative members have lost 30-62,000 in shares. In this cooperative the manager runs the cooperative, owns a landing banda on the beach, has up to 30 boats and over 200 fishing nets.

7. Services for fishermen could include savings mobilization and joint investment such as in ice production and cold storage.
8. Services for SAGA need to be promoted. Currently the only method used is through awareness campaigns at community level. There is a clear weakness in marketing our services.
9. The market is huge with a population of 3.8 million, SAGA having a client base of approximately 5,000 are the only service providers delivering services through the cooperative model.

**Other service providers include:**

RECA - MFI has a village bank establishment

CENTS - A Catholic church MFI for the dioceses of Maseno South

CISS - Community initiative started by CARE staff

WEDCO, K-REP, KWFT

Jambo Trust

Undugu society

SMEP

PRIDE

Small Traders Association

Micro Net - The association of small MFIs who have been exempted from AMFI membership due to size.

**Name of Organization:** RECA- Relief and Environmental Care Africa  
**Type of Organization:** Financial Service Provider  
**Name of Respondent:** Josephine Oluoko  
**Position/Title:** Micro Finance Programme Officer ABIG  
**Telephone Number:** 05743113  
**Date:** 9 December 2003

### **Organization background**

The agency started in 1996 as an environmental support programme. Overtime RECA has moved most of its activity into support to financial services through promoting saving via solidarity groups. This is the community Empowerment Networking and Training Project. RECA has its head Office in Nairobi and is an NGO whose founders are Peter Odhengo from KIRDI and George Oyuga from KIRDI.

Other projects implemented by RECA are as follows:

- Orphan support; whose caretakers must be members of a solidarity group in order to qualify for support.
- Environmental programme; neem tree promotion
- Water and sanitation programme; borehole development and rain water harvesting in collaboration with SANA and CRS.
- World space radios; Ramogi Radio Station

The Kisumu office has 4 staff members - 3 credit managers and 1 operational manager. The Nairobi office has 3 staff - 2 credit officers and 2 operations managers.

Working with OMEGA foundation RECA has gained access to technology skills development and grants in the form of computers. Their village banks are located in areas with electricity and have computerized recording systems.

Mobilization and promotion is done through churches and other social events such as chief barazas, local merry go rounds and getting members based in towns to sell the concept to members based in the rural villages.

The Ministry of Social Services registers all the groups plus the village bank. The banks all have accounts with the cooperative bank 75% of RECA clients are women.

The MFI policy has left out organization such as RECA with loan capital less than Ksh. 50 million. Some organizations have registered an association called ABIG-Benki Investment Group - in order to lobby to be included in the policy development. All the members of ABIG use the BIG model which has been standardized for all solidarity groups /village banking. There are over 70 members of ABIG including:

Catholic Pish of Homa Bay  
Women Cncern - Garisa  
Kikozi - Lamu  
Eldoret Catholic Diocese

## STIPA

Other micro finance institutions operating around the Lake region are as follows:

CADET - A World Vision initiative

1. SMEP - ECLOF, PRIDE
2. WIFIP Trust - Who target only fishermen and is 3 to 6 months old.
3. IDCCS - Inter Diocesan Christian Society
4. Africa Now
5. STIPA

### Services Offered

15 individual community members are encouraged to form a solidarity group. The group opens an account with a commercial bank and after 3 months they are given credit depending on the number of shares they hold. Each share is 300 shillings but members are encouraged to save at whatever level they are comfortable.

The community members are small-scale traders, fishermen, metal workers, pottery workers, and many smallholder farmers who have diversified into some income generating business. RECA looks for collateral that can cover the loans given and the members usually pledge their household items. Maximum loan offered to the groups are as follows:

- 1<sup>st</sup> loan – 10,800 shillings
- 2<sup>nd</sup> loan – 30,000 shillings
- 3<sup>rd</sup> loan – 48,000 shillings
- 4<sup>th</sup> loan – 60,000 shillings

After the 4<sup>th</sup> loan the group is graduated to the Cooperative Bank

RECA gives credit and disburses loans at the individual level. The main security is group peer pressure and offered collateral. The group's savings are not used as security. The interest rate is:

- 22% per year flat rate
- 2% paid for insurance on death or incapacitation
- 5% is inverted into village bank shares

One village bank has 15 solidarity groups. Each solidarity group has 10 to 15 members. On registration as a solidarity group each member pays registration fees of 300 shillings which is used as follows

- 200 shillings for the passbook
- 100 shillings to open the account in the village bank.

Savings for members are recorded in pass books and one can save any amount from 20 shillings to multiples of 300 shillings that is the cost of one share.

The solidarity groups employ a manager who can be a member or a community member to make collections and bank the money. The manager works for 3 days per week and keeps passbooks records and retains bank slips. When the group qualifies for a loan the

manager gets and returns the forms from RECA. After the transfer of funds, the managers follow up on disbursement and loan repayment through the village bank. RECA loan officers are signatory to group accounts and approve all withdrawals. Members pay 20 shillings per month for this service.

The current client base for RECA is 4,998 members of 310 solidarity groups who have formed and registered 31 village banks under Social Services. A village bank manages a maximum of 15 solidarity groups and it is the facility that has the link to the Cooperative Bank on behalf of group members. The Cooperative Bank operates RECA village bank accounts. The solidarity groups' account and individual accounts are maintained at the village bank level. The 31 village banks are in Kisumu, Nyando, Rachwonyo, Migori and Suba Districts.

The RECA services are implemented under the CENTS Project i.e. Community Empowerment, Networking and Training Project. Current loan recovery is at 89% with the main loss being due to HIV problems for affected and infected members.

The 15% interest received by RECA covers administrative costs.

All the 31 village banks have offices near their client groups. These offices mobilize funds; carry out fund transfers, disbursement, loan repayment and savings follow up. A new service model has recently been introduced for middle income earners for loans higher than Ksh 50,000 and a maximum of Ksh. 150,000. Only 2 clients have received this loan facility and are people trading in items such as electronic equipment and textiles that are imported from Dubai.

### **Services to fisher folk**

RECA has a loans officer who promotes their services to fishermen. The challenges of working with fishermen include the following:

- Fishermen are used to holding money at hand. They see banking as taking too much time.
- Most fishermen are illiterate or school dropouts
- When they register into the RECA program they save a lot of money if given close follow-up.
- The problem for RECA is that fishermen are a migratory community and the village bank must know where they come from
- They need a lot of training in the value of saving in order to change their attitude and culture towards saving
- Instead of giving loans in cash form it may be better to give in the form of fishing nets that can cost up to 3,000 shillings per net.
- The fishermen need refrigeration facilities as currently selling fish for as low as 40 shillings per kilogram and yet should get at least 100 shillings per kilogram for Nile Perch.

In Mufangano, Reba, Mbita and Lwaso RECA has a 6-month program through which they give loans in the form of fishing nets that are obtained from a dealer in Kisumu-

Kavirondo. They also give hooks and lanterns on credit. Here they encourage fishermen to form groups and register in order to benefit from the services.

Other services offered by RECA are group capacity building.

**Name of Organization:** FB Limited  
**Type of Organization:** Animal Feeds Processor  
**Name of Respondent:** Mr. Gudka  
**Position/Title:** Director  
**Telephone Number:** Tel 05721431 or 05745132  
Email-gudka-fb@swiftkisumu.com  
**Date:** 10/12/03

### **Organization background**

This is a family business registered as a partnership. The business has several manufacturing interests in cotton ginnery; cooking oil plant, soap making as well as animal feeds production. The business was started in 1970 and the animal feeds manufacture was started in 1990. The animal feeds manufacturing is currently operating at 40% capacity utilization. This uses 4 to 5 tones of dagaa a day.

### **Dagaa supply**

The dagaa supplied is not consistent in quality, quantity and delivery time. Delivery depends on the dagaa yields. When there is excess yield then the factory gets supplies when yield is not adequate then there is no supply to the factory. The best quality is available during the dry season in the months of July to September. The worst quality is received in April. The quality delivered is usually wet with a lot of sand especially since the fisher folk do not have drying facilities. The plant has a number of warehouses that it is able to utilize to dry the dagaa. This can take 10 to 15 days. Transport to the manufacturer is also a problem. The animal feed produced is for dairy, pig, and poultry.

Alternative raw material is imported fishmeal from the Scandinavian countries. United company uses exclusively fishmeal from Sweden. This reduces quality control problems. Some other plants such as Fishmeal Industries use Nile perch waste but this produces animal feed that does not meet the protein level specifications. Imports of dagaa from Tanzania are also available but are not often used.

### **Potential Services**

There is need for a central body such as a cooperative to collect and deliver dagaa to processors in order to control variations in supply.

The dagaa driers need a controlled system for drying the dagaa. They also need good quality storage.

**SUBA DISTRICT**

**Name of Organization:** Suba District Fisheries Office  
**Type of Organization:** Government Agency  
**Name of Respondent:** Mr. Oyodo  
**Position/Title:** Deputy District Fisheries Officer  
**Telephone Number:** 11/12/03  
**Date:**

### **General Information**

Suba district is made up of 5 divisions Gwasi, Mbita, Central Lambue, and Mufangano. Many organizations have been here to speak to the fisher folk. They conduct many interviews after which they leave and never come back. This is very discouraging.

Mbita point now has a ferry service that has been operating since November and covers the distance between Mbita point and Luanda Kopujo in 45 minutes a distance that takes up to 5 hours by road. Travel from Luanda Kopujo to Kisumu takes 1.5 hours. This shortens the travel time from Mbita point to Kisumu from 7 hours to 2 hours 15 minutes.

### **Ice Plant Service to fishermen**

The idea for the ice plant was started in 1989. The government pushed the idea, as fish production is very high in Suba, while the roads are very poor and impassable during the rainy season. Overall the project took too long to complete, 1989-2001. The plant cost 34 million shillings and has the capacity to produce 5 tones of ice every 24 hours operating 7 days a week.

The project was initially a joint collaboration with the World Bank.

1. The community contributed land
2. World bank funds used to fence off the area
3. World bank and GOK had some type of disagreement and GOK solely took over the project.
4. GOK restarted the project with 2 million shillings
5. GOK found more funds to build the ice plant.

The objectives for the project remain

1. Produce ice to supply fishermen around the lake.
2. Have cold storage facilities to preserve fish while awaiting market agents and buyers. Chilled fish at temperatures below 6 degrees can stay up to 2 weeks with no change in quality.
3. GOK to control marketing of fish through price setting at supply level.
4. Hand over project to the cooperative union. The government cannot handle such investments and so the need for community handover.

The long time it took to complete the project was due to a number of factors

1. Peace meal fund raising by the GOK.

2. Tendering for supply and building was a major issue. Tenders were for 1 contractor and 5 sub contractors who were unable to efficiently work together.

There were different tenders for:

- Water supply and treatment
- Electrical wiring
- Generator and ice making machine supply
- Fire fighting equipment
- Water storage tank set up

The main contractor only given the tender for the buildings and was not given any interest in the other tenders.

3. The implementation department has all along been the department of fisheries. This department has moved to many ministries. The department has been moved from:

- Ministry of Tourism, twice.
- Ministry of Natural Resources
- Ministry of Regional Development
- Ministry of Livestock and Fisheries (for the first time this year).

4. When started the project was manned by the PS in Nairobi. It was consequently moved to the provincial office of Kisumu, then to Homa Bay District Office, leading to lack of continuity in the management team.

### **Constraints within the Union**

The cooperative union was not very organized and so it became difficult for the ministry to hand over the plant to them. The union - Suba District Cooperative union is a union of all cooperatives in the district. This union is not very organized and is also unable to service the fisher folk interests.

1. Fishermen and their cooperatives should have their own union.
2. The union has not activated the primary cooperative society to offer services and is unable to give any real services to cooperatives.
3. Committee members of the union are illiterate and unable to manage its affairs leading to poor management. Most of the union officials and committee members are placed for political expediency based on their relationship with the MP, DO, Chiefs and so on.
4. The union has a very poor record of funds management and seems to assume that any fund received by the union is for use by the management committee.
5. The union was given an agency to supply fish. They bought a boat and truck and purchased fish from the fishermen on credit. The fishermen were never paid as the union claimed that all the fish were rejected. Meanwhile none of the other fish bought by other agents was rejected and the fishermen lost faith and trust in the cooperative.

## **Current status of the Ice Plant**

Some leading members of the Suba community started a company to buy the ice plant from the government. They have requested community members to buy shares in the company. The company was given the option to test run the plant and has been approved by the Minister of Livestock and Fisheries Development to test run the plant for 6 months starting November 2004. If the test run is successful then the company will be given the option to buy the plant from the government.

## **Constraints within cooperatives**

At one time Suba district had 30 fishermen cooperatives. Currently there are 16 cooperatives with only 6 that can be said to be active.

1. Mufangano fisherman's cooperative society
2. Gembe fisherman's cooperative society
3. Kaksingri fisherman's cooperative society
4. Gwasi fisherman's cooperative society
5. Rusinga fisherman's cooperative society
6. Kiumba fisherman's cooperative society

The cooperative failure is due mainly to mismanagement and political interference. Specific to fishermen's cooperatives is failure due to misappropriation of member's funds by corrupt officials while members receive absolutely no service from the cooperative. The cooperatives are able to offer members training but often uses this as an excuse to overcharge for services. Members then reject training initiatives as they are seen as an opportunity used by officials to siphon off member funds as they use fisheries department officers for training.

Some cooperatives at one time or other have offered equipment credit to members (fishing gear). As they bulk buy they can negotiate a good price whose benefits are passed onto members. However this scheme was also abused.

## **Services needed by Fishermen in Suba**

- Training of trainers for the fishermen cooperatives so that they can train their members.
- Additional ice making machines in Gwasi, an extremely high production area.
- Credit facilities for fishing gear
- Security - this is a critical service as fishermen are continuously losing their fishing nets through theft at the fishing grounds.
- Development of beaches to meet the EU standards. There are currently 108 beaches in the district, but less than 20 bandas and only 1 jetty. According to EU standards fish is to be landed on Jetties and not on the beach and sand. Dragging a fish on the ground is also a common practice.

- Development of sanitary facilities - The beaches have no latrines. The department has built 8 latrines, which is an inadequate contribution. Provision of portable water to beaches is also a priority need.

**Name of Organization:**  
**Type of Organization:** Mbita Ice Plant Limited  
**Name of Respondent:** Mr. Malaki Magero  
**Position/Title:** Project coordinator  
**Telephone Number:** 0721836530  
**Date:** 11/12/03

### **General Information**

Mbita Ice Plant Limited is a company limited by shares. The founder members of this company are the founding members of the Suba Cooperative Union and private individual investors who are members of Islanders Development Initiative (IDI). These include Mr. Odenyo (tel: 0721588801) of office of the Auditor General - Nairobi.

The sale of the Ice plant developed by the Kenya Government was part of the diversification program through privatization and handing over some projects to the community. An attempt to hand over the plant to the Suba District Cooperative Union for management was unsuccessful. This was approved by the DDC but the union was unable to organize themselves to manage the plant as they had no management skills and no capital to buy fish for cold storage at Ksh. 3 million shillings per day.

The idea to approach other investors was pushed forward by the union managers who held discussions with potential investors from the region who are based in the big towns of Nairobi, Kisumu, etc. The investors were seen as more likely to attract share buying by community members. The union is seen by the community to be corrupt and would not attract share purchase.

The Islander Development Initiative was identified as a partner to the union. Together they negotiated with the GOK that in order to get the correct management the plant should be sold to the community through the registered company.

### **Services Identified**

The union undertook a feasibility study in which it was found that the demand for ice in the area is 70 tones per day. The current price is 4 shilling per kilogram and the fishermen make arrangements with IFP agents to sell them the ice.

For the ice plant to service the fishing industry in the area there is need to increase the plant capacity to 30 tones per day. This would require a 132,000-euros investment in equipment.

When the plant is commissioned it will start operations by making bottled water for consumption in the region. This will be followed by dagaa drying and crushing as the plant has a large area that can be converted into a drying shed.

The long-term plan is ice making and fish cold storage. It is anticipated that the plant by then will have increased its capacity to fish processing and marketing of frozen fish products.

The community is currently buying shares valued at Ksh. 200 to 2,000 shillings. Some are buying the shares through their cooperatives such as the teachers SACCO while others are buying their shares as individuals. The company expects investment from the LATIF funds. This investment could assist in restructuring the plant layout in order to facilitate loading and investment in a higher capacity ice plant.

**Name of Organization:** Sub District Cooperative Union  
**Type of Organization:** Cooperative Union  
**Name of Respondent:** Mr. Malaki Magero  
**Position/Title:** Finance and Administrative Manager  
**Telephone Number:**  
**Date:** 12/12/03

### **General Information**

Sub district cooperative union is a subsectoral union of primary cooperatives representing quarry, farming, fishing, trade and teaching. The union was set up in 1996 after sensitizing the primary societies on the need to form a union.

### **Services offered**

- Fish marketing - stopped due to entry barriers by agents such as refusal to sell ice to the union
- Member education on value of saving
- Building of training school and training primary society revenue clerks
- Exchange visits of primary society stakeholders to Meru Farmers Cooperative Union to evaluate the set up and look at service delivery such as employment of professionals to run the society and handling of investment opportunities.

### **Challenges and opportunities**

The cooperative act did not promote the activities of the cooperative but acted as a stumbling block.

- Mismanagement of funds is extremely high in Suba primary cooperatives due to the incorporation of non-competent people on management committees.
- Collusion between cooperative management and GOK staff to embezzle member funds is a common practice.
- Funds collected by members in fishermen cooperatives are often used by committee members to set themselves up individually as buying agents for IFPs.
- Over time the Somali community is now the leading buyer of fish in Suba district. They have invested in 60 boats with out boat engines for leasing and ferrying fish from fishing grounds as well as nets. They work with Somali fishermen who they employ and control the while process from the fishing to the transport to the IFP. The container boats can carry up to 5 tones i.e. 3 tones fish and 2 tones ice (locally named chombos)
- Fishing gear is very expensive but the union with the fisherman's primary cooperative can advocate for tax exemption (zero rating) on fishing gear. For example fishing nets are very expensive because they are rated under sporting equipment.
- Primary cooperatives are supposed to remit a percentage of their earnings to the union. If the union is able to deliver on vital services to the sector such as fish

- marketing and /or cold storage facilities than this would create good will amongst their members
- County councils collect a lot of revenue from the fishing industry. Currently they collect Ksh 1.00 for every 40 kilograms landed on the beaches. However due to corruption and poor collection follow-up this money is not used effectively to provide services.
  - In order to promote EU regulations to beaches the support of the departments of cooperatives, fisheries, and local authorities must be ensured other wise no progress can be made. These are the institutions that benefit from the chaos in the fishing industry at the individual level.
  - The largest fish catch around the lake are in Remba, Rigiti, and Suba. There is one fishing group in Remba who own a container boat and are able to transport fish directly to the processor. In March 2003 the group sent a member to Dubai and he brought fishing gear worth 7 million shillings that was sold to the members.
  - Sango Fisherman Welfare Group is a well-organized group that is able to mobilize member's savings and has an account in a cooperative bank in Homa Bay.

**Name of Organization:** Suba District Corporative Department  
P. O. Box 126 Mbita  
**Type of Organization:** Government Department  
**Name of Respondent:** Mr. Richard Kobiero  
**Position/Title:** District Cooperative Officer - Suba  
**Telephone Number:** Tel: 0733483251  
**Date:** 12/12/03

Current Fisherman Cooperatives in Suba District

1. Gwasi Fisherman's Cooperative Societies
2. Kisegi Fisherman's Cooperative Societies
3. Rom Fisherman's Cooperative Societies
4. Ragwe Fisherman's Cooperative Societies
5. Kaksingri Fisherman's Cooperative Societies
6. Gembe Fisherman's Cooperative Societies
7. Utaa Fisherman's Cooperative Societies
8. Kiumba Fisherman's Cooperative Societies
9. Rusinga Fisherman's Cooperative Societies
10. Rusinga East Cooperative Society
11. Luanda Rombo Fisherman's Cooperative Societies
12. Eastern Lambwe Fisherman's Cooperative Societies
13. Mfangano South Fisherman's Cooperative Societies
14. Mfangano North Fisherman's Cooperative Societies
15. Mfangano Fisherman's Cooperative Societies

**Name of Organization:** Gembe Fishermen Cooperative Society  
**Type of Organization:** Fishermen cooperative society  
**Name of Respondent:** Kejonia Nyarija - Vice Chairman  
**Position/Title:** Joash Okoth - Secretary/manager  
**Telephone Number:** Joseph Gogo Otieno - Committee member  
**Date:** 11.12.03

### **Genera Information**

The cooperative society serves one of the longest beaches in Suba District. It has 21 affiliate beaches. The current membership is 400 made up of fishermen, traders and women processors. The beach landing sites belong to the cooperative societies. The cooperative has 5 committees that assist in its management and employ one secretary/manager, watchmen and beach recorders who numbers fluctuate with the amount of fish landed.

### **Services offered**

#### Bandas

In 1976 the department of fisheries built one banda in Luanda Nyamasare beach for the cooperative. When Mbita town developed the cooperative society bought a plot and built a banda in 1985 using funds from commission and service charges. This banda was built in order to have a facility for the fishermen to supply fish direct to the IFP agent that is close to their fishing grounds. In 2000 LEVEMA gave the cooperative money to build a new improved banda. The cooperative contribute 10% of the total cost in kind towards the building of this their third banda.

#### Other service offered by cooperative

- Quality landing sites and development of landing sites.
- Identification and maintenance of buyers, i.e. search for market to ensure all landed fish is immediately purchased.
- Communication of the buyers price to the fishermen before fish landing
- Storage facility and security for fishing gear on the beach
- Beach is supplied fish by fishermen and fish traders from the island. Suppliers can be members or non-members.

### **Service Opportunities**

- There are many IFPs but agent vehicles stop on beaches based on relationships. Gembe fishermen's cooperative would prefer to identify one or two IFPs who they can continuously rely on to supply fish. During the high season 20 tones of fresh Mbuta is landed at the Mbita point beach by both the cooperative members and non-members. All the rejected fish is sold to the mamas for smoking at a lower price.
- Commission charged for fish landed by members is 1 shilling. Charges for nonmembers is one shilling but is received as a service charge 90% is used by the cooperative and 10% retained for generation of cooperative profits and allows bonus payment to be made to members once a year.

- Beach trawling, which is a banned fishing method, is still practiced by fishermen. To change this method of fishing the fishermen have to invest in new gear. To be able to realize a reasonable catch the fishermen must invest in 30 to 40 nets. Example of cost: in Mbita 6 inch net costs 750 shillings. In order to complete this net with weights and floaters the necessary accessories bring the final cost of the net up to Ksh. 1,150. 40 nets will the cost Ksh 46,000. When a fisherman has no net he cannot supply fish.
- There is no NGO support or any agency from outside with good ideas on how to solve some of the problems that fishermen and their cooperatives face as they fish and market their products.
- The best supplier of fishing gear is Kavirondo Fishnets Ltd. they have a wide variety of fishing gear at a competitive price but they are based in Kisumu which is very far away. Mbita has some traders who sell fishing gear but at very high prices. Homa Bay also has a number of fishing gear suppliers.
- There are no banks in Mbita and all saving is done in Homa Bay, where there is a Kenya Commercial Bank and a Kenya Cooperative bank-but this is too far.
- Fisher folk need training on a continuous basis that covers all areas of their operations.

**Name of Organization:** Kachieng Fishing Selling Self Help Group  
Ruanga west location  
Wayama sub-location  
Kihumba beach

**Type of Organization:** Self Help Group

**Name of Respondent:** Joseph Odera Onyango-Chairman  
James Owuor Zacharia- Secretary

**Telephone Number:**

**Date:** 11.12.103

### **General Information**

The group was registered in July 2003 and currently has 45 members. The members felt that the Kihumba Cooperative was unable to serve them as it had too many members and seemed to look after the interests of committee members only. They left the society and registered the group. Most of the members were the young members from the society.

Achievements of the group to date include:

1. They have completed the constructions of a group office at Ksh. 85,000.
2. Registration of the group with the department of social services.
3. Opened a bank account in Cooperative Bank Homa Bay with 4 signatories -chairman, vice chairman, secretary and treasurer.

The office was built from voluntary member contributions. Each member contributed in the 'one plus project' where 10% of the fish catch was contributed to the group office construction. Money was also received from nonmembers at 20% sales charged as service fee. The group has also built fish landing slab and weighing equipment for landed fish. They are able to market fish direct to the IFP agents.

### **Services to member**

- The main service to members currently is the saving service. 20% of all members' sales is retained and is routinely banked into the group account. Each member is given a passbook and a ledger card that remains in the group office. Banking at Homa Bay Cooperative Bank is done weekly. After 6 months saving period each member is allowed to withdraw all their money or leave it in the bank. The withdrawn money can be used for large expenses like school fees, boat purchase, nets purchase and so on.
- Welfare support during death - the group contributes Ksh 4,000 towards the coffin.
- Since all members are literate duties are rotational. On a continuous basis different members handle routine tasks such as fish collection and recording, book keeping and commission payment receipts.
- Training of members
  1. ILO trained all the members on the beach in boat making, SYB and IYB. Certificates were awarded.

### **Opportunities for service providers**

The group needs out boat engines to get boats stranded on the lake due to lack of wind.

- Provision of security at fishing grounds. Sometimes the winds are very strong for 4 to 5 days and the fishermen cannot go to the lake. During this time Ugandans with better boats with outboard engines steal their nets.
- Identify a way to control the price of fish so that it does not fluctuate between 50 and 100 shillings with no apparent reason.  
Some of the group members have no boats and 3 to 10 nets. This needs to be addressed, as 60 nets are needed to get a good catch
- Often a boat with 5 crew each with 10 nets is set out. One can use the Uganda model where the cooperative give members adequate credit including:
  - Outboard engine @ Ksh 250,00
  - 32 foot boat @ Ksh. 48,000
  - 9 ply nets complete @ Ksh. 2,000
- Group is ready and able to co finance a cold storage facility that will allow the fish to retain their freshness for an extra 8 to 10 hours before adequate collection to fill the trucks.
- Fishermen have an unwritten code of conduct to ensure fair practice in the fishing industry such as not harvesting from other fishermen's nets, sharing your catch with crew members who did not get a catch for the day, going to the fishing ground as part of a crew and not alone or with only family members
- Group has bought a plot that it wishes to develop for rental houses.

### **Constraints**

Fishermen from Kihumba beach are able to make 3,500 per day or more from their daily fish harvest. Most of them saved with the fishermen's cooperatives but due to corruption and mismanagement of the cooperatives, many fishermen have lost their money and the cooperatives never give them loans.

**Name of Organization:** Community Members  
**Type of Organization:** Mbita Point Beach  
**Name of Respondent:** Focus group Discussion - Members of the beach management committee, beach members traders, fishermen, fishing gear owners and fish processors  
**Telephone Number:**  
**Date:** 11/12/03

**Beach management Committee Members**

Mr. John Lumudawo	-	Beach leader
Alex Ochieng Mbeche	-	Secretary
Mama Zeporrah	-	Treasure
Tom Agak	-	Committee Member

**Attendance**

Mama Zeporrah	-	6 boats & fishing gear owner
Karen Adego	-	Trader boat & fishing gear owner
Monica Onyango	-	Trader
David Okoth	-	Fisherman & trader
Tom Agak	-	Fisherman
Prisca Ogere	-	Trader
Mary Odero Agata	-	Trader
Emily Ogola	-	Business lady
Fred Onyango Odero	-	Fisherman, owns one boat
Solomon Okelo	-	Fisherman, owns one boat
Benta Akinyi Owino	-	Trader
Grace Anyango	-	Trader
William Omondi	-	Fisherman, businessman & boat owner.
Elija Odiko Ongolo	-	Fisherman, owns one boat
Ebrahim Otieno	-	Fisherman, owns one boat
Morris Ouma	-	Fisherman, owns one boat
Thomas Mwangi	-	Fisherman, owns one boat
Lazaros Onyango	-	Fisherman, owns one boat

**General**

Members of the fisherfolk community for Gembe – Mbita Town beach were called for a meeting by the beach leader. For a focus group discussion. The turn out was very good.

**Introduction**

After a word a prayer the first member opened the discussion by airing the sentiments of the majority about the number of the people who interview them and no follow-up benefits are realized. After allaying this fear the meeting settled down and discussion took place.

**1. General information on services to consumers**

- Members of the beach are from diverse origins making it difficult to have a cohesive group that is able to efficiently work together.
- All the beach members were members of Gembe Co-operative Society but the society in run “for the benefit only 2 people” so they have stopped contributing to the co-operative and are looking for alternative ways in which they can help themselves. They have formed a number of groups but again due to dishonesty and corruption the groups fail and leave members with problems.
- Delivery of quality fish to Gembe beach is very good with reject at 200 kgs for every three tones of fish. This reject rate although good for the IFP Agents is not good for the women fish traders as they end up with inadequate fish to process for onward selling as smoked or sundried fish.

### **Services Delivery by the Beach Committee.**

Although the beach committee collects money for all fish landed on the beach this money is very little and only traders are given small loans for their business.

- The Beach Committee has registered a group - Mbita Self Help Group with 44 members from the beach giving a weekly contribution of 100/=. An account has been opened at Post Bank and members have all their records. Unfortunately from the response of the discussion group this Self Help Group is not functioning and exists in name only.
- Many groups have been started by beach members and have been all failed. Some target women, others target Widows, youth, traders and so on. The members register then sit back to see the potential for success.
- Merry go rounds of 5 people seen to be very successful. One group collects and hand over Ksh. 21,050.00 during their weekly meeting of 5 people.

### **Service Opportunities**

- To hire a boat engine and buy fish from the island of Remba and Ringit, a trader needs Ksh. 10,000– 15,000 per trip yet there is no credit service for such business people.
- Trucks for collecting fish take 3 – 4 days to fill with 3 tonnes of fish. They come with ice and during this waiting period a lot of ice is lost leading to high reject rates.
- The cost of ice is very high at 50/= per block of 15Kgs. Yet if an ice plant existed this price could be lowered. Fishfolk are willing to buy ice through a voucher system which allows for deduction and payments made through their groups.
- When we compare the situation of the Kenya fisherfolk to the Ugandans we find ourselves at a big disadvantage. The Uganda Government assists their fishermen to purchase motorboats which allow them to reap better returns from fishing activities. The Government of Kenya does not offer any help to their fisherfolk.
- The ban on trawling has really affected the fishermen of Mbita Point. This is the area where trawling was heavily practiced. Currently trawling is still

carried out illegally as the fishermen are unable to access capital to invest in the correct fishing gear.

**Name of Organization:** Rusinga East Co-operative Society  
**Type of Organization:** Co-operative Society  
**Name of Respondent:** Boaz Okongo  
**Position/Title:** member  
**Telephone Number:**  
**Date:** 12/12/03

### **Services offered**

This cooperative negotiated with a major agent to build a banda on its beach. He has exclusive use of the Banda for a number of years during which a check off payment is enforced for every Kgm of fish he lands. The Banda will eventually be owned by the cooperative. The Banda was built in 2001 – 2002.

In 2002 FP – 2000 delivered a 500 Kgm coller box for use by their agents who give ice to the Co-op and ask them to store the fish while they make collections from other beaches. When the FP- 2000 Agents are not around the coller box can be used by other IFP agents.

### **General Information**

A Self Help Group was formed mainly by the young members of this co-operative who felt that the co-operative does not meet their needs. The group known as Mbita Fishing Self Help Group is 4 months old, has 45 members and has already got the material to build their office on the beach next to the co-operative.

Other reasons leading to its formation is that the co-operative is managed by non-fishermen who do not know or wish to understand the fishermen problems. The committee members are also unwilling to dialogue with the fishermen in setting the agenda for the co-operative.

# BONDO

**Name of Organization:** Bondo District Co-operative Development Office  
**Type of Organization:** GoK Department  
**Name of Respondent:** David Wainaina - District Co-operative Officer  
 Tel: 0733-521376  
 Mr. Mukolwe - District Co-operative Officer  
 Mr. Noah Masin - District Co-operative Officer  
 In charge of SACCOs & Officer in charge of Education & Training.

**Telephone Number:**  
**Date:** 15/12/03

**General**

Bondo District was formally part of Siaya District until recently and so the primary fisherman co-operative societies fall under the Siaya District fishermen co-operative Union. This Union is now dormant but can amend it's by laws to remove the Siaya part of its name and continue to serve the two districts of Siaya and Bondo.

Seven Primary fisherman Co-operatives are registered in Bondo District. Of the 7 registered co-operatives 4 are active and 3 are dormant co-operatives.

- |    |   |                          |
|----|---|--------------------------|
| 1. | Imbo Fishermen Co-operatives Society -        | Active                   |
| 2. | Misori Fishermen Co-operatives Society        | Active                   |
| 3. | Central Sakwa Fishermen Co-operatives Society | Active                   |
| 4. | Wichlurn Fishermen Co-operatives Society      | Active                   |
| 5. | Luanda Kotieno fishermen Co-operative Society | 1967 – 1982 (Dormant)    |
| 6. | West Asembo Fishermen Co-operatives Society   | Never took off (Dormant) |
| 7. | East Asembo Fishermen Co-operatives Society   | Never too off (Dormant)  |

The societies that are dormant and never took off were set in response to political pressure with some leaders forming Cooperatives to give themselves leadership roles. In such societies members buy one share and pay membership fees but do not contribute any other funds or buy more shares.

The district also has registered Savings and Credit Co-operative Societies.

<i>Name of Savings and Credit Corporative Organization (SACCO)</i>	<i>Classification</i>	<i>Membership</i>
Bishara Sacco	- Urban (Bondo Town)	- For business men
Jua Kali Sacco	- Rural	- For Jua Kali Businesses
SAGA Sacco	- Rural	- For rural community members
Urban Sacco	- Rural	- Teachers

Fishermen are amongst the members of all these SACCOs. Data from the active fishermen cooperatives show the following membership and business turnover:

Name	Registration Year	Total Registered members	Active members			Dormant members			Share Capital	Annual Turnover (2002)
			M	F	Total	M	F	Total		
Imbo FCS	1968	1430	243	102	430	785	300	1085	68,270	93 612 000
Misori	1980	807	56	57	113	498	135	633	28,300	2 398 132
Central Sakwa	1980	740	57	23	80	517	143	660	37,215	539 356
Wichlum	1981	832	240	23	263	417	92	509	474,068	32 178 280

(From the Bondo District Cooperative Office – Draft December 2003)

Expenses of the Co-operatives include:

- Salaries for permanent employees: Manager, Book Keepers, Cashiers, Store Keepers, Watchman, Sweepers & Cleaners
- Travel and sitting allowances for committee members (This depends on the income generated by the individual society)
- Special duty allowance for committee members
- Lunch allowances for the co-operative officers, fisheries officer attending meeting as well as the co-operative manager who is the secretary to the committee.

#### **Services offered by Co-operatives**

- Members of Wichlurn bought shares towards the purchase of a vehicle for transporting fish to IFPs. The vehicle was purchased in 1991. Unfortunately it was grounded 3 yrs ago for repair.
- Biashara Sacco offered front office services through its association but this service centre has since collapsed. The main reason for its collapse was because it was pushed by the Poverty Eradication Programme. It was not owned by the co-operative share holders.
- Fishing gear and stocks for resale on credit to members with the payment deducted from fish sales. Imbo Co-operative successfully offers this service.
- Security for members nets at fishing grounds.

#### **Challenges and Opportunities**

As registration is easy for welfare groups a lot of co-operative members are breaking off from their societies and forming groups which they register with the Ministry of Social Services. Unfortunately a lot of the leaders of these groups are former leaders of Co-operatives Societies and are the very same leaders who have mismanaged the societies and owe the Co-operatives a lot of money. They help set up groups and take up leadership as a new source of income for themselves. They continue not to pay debts.

Well managed Co-operatives such as Imbo and Wilchlurn have not been affected by the group formation of their members. In these Co-operatives the members continue to pay service and commissions to the co-operatives. The group leaders were also former officials of the Co-operatives but had no bad debts or other negative issues with the Co-operatives.

Beaches have very many players all making money from fishermen. These players all know that strong fishermen groups will make their activities redundant because as the fishermen became more empowered they will not be as gullible as they currently are. The Department of Fisheries has not been helpful in streamlining activities on the beaches in order to protect the fishermen. The beach leaders are seen as the official means of sanctioning exploitation of fishermen. These leaders would wish all groups to collapse so that they continue making more money from fishermen with no pressure to deliver services.

In order to harmonize activities at the beach there is need to strengthen dialogue between Social Services, Fisheries Department and Co-operative department. The department heads need to cooperate in order for action to be taken against rogue officers who create strife on beaches.

Liberalization of the market has also contributed to the current scenario of too many players on the beach. As the beaches have no fish storage facilities – agents and middlemen of all types dictate the prices.

### **SAGA SACCO**

The SAGA Company Ltd. came to Bondo to help the rural community to save and access credit. The company assisted in creating awareness and community members' education. Community members were recruited and a SACCO registered. However this SACCO seems to operate contrary to co-operative rules and regulations on issues like the following:

- The SAGA SACCO management committee never meets
- The SAGA Company makes management decisions on behalf of the SAGA Co-operative
- There is no involvement of GoK Co-operative department members in the affairs of this Co-operative.
- The SAGA SACCO has no office in Bondo.

### **Other Information**

Agencies that support the co-operative movement in Bondo include Action Aid, FAO, Africa Now. Action Aid has held workshops to help harmonize stakeholder activities.

**Name of Organization:** Department of Fisheries Bondo  
**Type of Organization:** Government Department  
**Name of Respondent:** Sospeter Okungu - Fish Scout  
Carolyn Achieng' - Secretary

**Telephone Number:**

**Date:** 15/12/03

### **General**

Beach Management Units are a set up to help the fisheries department. Officials are elected every year by beach communities. These are a voluntary position with no pay.

Officials are entrusted with the day to day running of beaches including :-

- Security of nets in fishing ground.
- Beach Cleanliness.
- General administration issues on the beach working in collaboration with the local chiefs and other government administration officers and leaders.
- Building and maintenance of BMU offices.

The benefits for holding positions in the BMU are attendance of seminars and workshops and leadership incentives. In order to meet the cost of running the BMU office and related duties, a commission of Ksh. 1.00 is charged for every Kgm of fish landed on the beach. The money is used to buy patrol boats, fuel them and pay the youth who patrol the beaches.

The BMUs are registered with the Dept of Social Services with the official sanction of the Department of Fisheries. The BMU Committee is composed of the Chairman and Vice Chairman, the Secretary and Vice Secretary, the Treasurer, 4 Committee members of cleanliness committee and security committee. This is a total of 9 officials. Some BMUs have weighing machines. Bondo districts has about 70 registered beaches managed by BMUs.

Some beaches in Bondo depend exclusively on Dagua. Some of the bigger Dagua beaches are Kamariga, Osindo and Asembo bay. Others are small beaches.

### **Services Offered by Bondo Department of Fisheries**

Purchase of patrol boats and/ or engines for BMU security patrols. Due to financial shortage very few have been bought e.g.

- An out boat engine was bought for Wichlurn beach. The BMU at Wichlurn beach bought the boat.
- At Usenge beach the BMU bought the engine and the department bought the boat
- At Uyoma beach the department gave both the boat and engine.

Getting this kind of support depends on how strong and committed the BMU is and the level of security problems in the fishing ground as well as the level of other illegal activities on the fishing ground.

The department in Bondo owns 4 boats and 1 engine to support security patrols and enforce regulation as well as carry out other fisheries support work as laid out in the fisheries act.

The department licences fishermen in order to control the numbers and over fishing. Cost of licenses are

- Ksh. 350 per year for traders.
- Ksh. 200 for fishermen
- Buying agents are licenced according to the vehicle tonnage.
  - Ksh. 1,000for less than or equal to 3 tonnes
  - Ksh. 500for every extra tonne over 3 tonnes

The department is in charge of security in the industry and employs Fish Scouts to undertake this task. Due to staff shortage one fish scout mans 10 beaches. Fish Scout are security trained either through the administration police or Kenyan Wildlife Security training College. The department is in charge of law enforcement that includes:-

- Enforcing use of authorized fishing methods
- Enforcing Daga fishing closure months of April – August
- Closure of beaches where unauthorized fishing methods are practiced and not controlled by the BMU and other community members.
- Operate radio call
- Support MBU services and regulate their activities. Currently BMUs are all expected to have bank accounts and maintain proper books on funds collected and expenditure.

### **Challenges**

“The social cultural practices of fishermen seem to hinder their advancement. Some of them can earn up to 30,000.00 per day and yet they have a strange attitude to money where money must be immediately spent.”

“ What is a thousand shillings?”they ask as they leave change with the vendor. ”I cannot carry less than one thousand shillings. It will make my pocket dirty.”

**Name of Organization:** Wichlurn Fishermen Co-operative Society  
P.O. Box 584 Bondo  
**Type of Organization:** Fishermen Co-operative  
**Name of Respondent:** Stephen Atinga Ollango - Chairman  
Tel: 0721 – 532928 or 0733 – 809079  
Nicholas Oyoko Midundo - General Manager  
**Date:** 15/12/03

**General**

- The society was registered in 1975, the current membership is 600 of which 320 members are active and the rest dormant due to one reason or another such as lack of fishing gear having lost theirs through theft and fishing gear piracy. The co-operative has several feeder beaches – Ludhi, Nyamunua, Uhendo, Ogada Kochilo as well as the main Wichlum beach. The current corporate management committee was elected in January 2002. The manager is 2 years old. They have all new staff.

**Services offered to members.**

- Marketing and price setting. The Co-operative operates a type of auction as follows. No middleman or agent is allowed to buy fish from the fishermen. On arrival at the beach agents deposit all funds with the Co-operatives beach recorders. The price offered and therefore the quantity to be purchased is also recorded and the agent placed on the waiting queue. No scrabbling for fish is allowed and each order is filled on a 1<sup>st</sup> come 1<sup>st</sup> served basis
- An agent who arrives with a higher price is put at the head of the queue and loading stopped for all other agents unless they can match the new price and so retain their position on the queue.
- Each agent comes with their own price and the co-operative ensures that the highly organized buying system that has been set up in this beach gives the highest price to their members e.g. price moved from 55.3 – 58.3 on 15/12/03.
- Act as middlemen for members by getting agency FP 2000 to sell fish transported with their own vehicle. The margin of profit made when selling fish direct to the IFP was Ksh. 10.00 per Kgm.
- Lobby with government for services of building of fish banda by the co-operated department.
- Recording sales at all beaches and maintains books for members
- Ensure proper fish handling and maintain fish handling facilities. The beach has a very clean banda. Proper fish handling is practiced, toilets have been build and are maintained and the fisheries department has promised to fence off the beach.
- Working in collaboration with BMU make collection of all beach maintenance commission as under. Dealers are charged Ksh. 3.3. per Kgm fish sold. This money is distributed as under:

Member Saving Scheme	-	1.00
saving (under BMU)	-	1.00
Beach Cleaning and Welfare (Under BMU)-		0.50
Co-operative Management	-	<u>0.80</u>
		<b><u>3.30</u></b>

- Promotion of Savings amongst members I- in 2000 coprative members registered under Social Services a group – Wichlurn Savings Group – for the promotion of savings using the cooperative management team.
- Through direct deduction from sales. 10% of sales value is retained by the co-operative. 8% is credited into the members pass books and 2% is retained by the co-operative
- Investment for members e.g. the co-operative owns buildings such as the current office.
- Fishing gear stores for sale. This was a service offered before but collapsed due to mismanagement. The main supplier was Kavirondo in Kisumu.
- Maintain members share and savings records.
- Membership drive. The current management is expanding membership to include dagaa (current membership is only for Nile Perch fishermen) and other fishermen, retired people who are joining the fishing industry, women especially those who own and lease fishing gear as they are keener savers than men.

### **Services needed by members**

- The main problem is capital especially after fishing gear is lost through piracy. To kit a fisherman with a boat and adequate nets requires at least Ksh. 150,000.00.
- The savings scheme is not designed to give loans and members need credit facilities.
- Fish preservation equipment that can allow cooling in order to increase their bargaining power.
- Lack of electricity and very poor roads.
- Manual recording system. The co-operative has only one person qualified in bookkeeping. The other employees are recorders. The manager therefore has to be assisted by the current chairman who is a retired accountant. Computerization records would be very helpful especially since the manager can be trained.
- Need to modernize fishing boats. The use of sailing boats make fishermen dependant on the wind and often the BMU arranges rescue missions for boats stranded when there is no wind. Need cheap outboard engines.
- Many members have died from HIV need VCT services and other AIDS education.
- Need introduction of improved lighter boats that are cheap to run, use less fuel and are cheap to maintain.

**Name of Organization:** Fishermen Wichlum Beach - Focus Group Discussion  
**Type of Organization:** Fishermen - Focus Group Discussion  
**Date:** 16/12/03

Respondents Name	Fishing gear Ownership	
	boats	Nets
8. Joshua Okeyo		20
9. Vitalis Ochieng		53
10. Joshua Dede	3	150
11. Felix Otieno		4
12. Tobias Ogawo	1	30
13. George Otieno Olulo	1	30
14. George Omondi	1	40
15. Tom Mboya Adongo		20
16. Charles Ogelo Abonyo		14
BMU Officials		
17. Lisha Ogutu Ogema – Treasurer	3	150
18. John Moeri - Vice Chairman	1	70
19. Austin Okelo – Secretary	1	26

#### Discussion on Savings Services.

- Although members are saving through the savings groups who maintain an account in Kenya Commercial Bank Bondo they are disappointed because they see no credit and neither do they see interest paid on this money.
- Members agreed that overall interest accrued on savings will be paid out as dividends but they are yet to realize this benefit.
- Rules of Wichlum Savings Group dictate withdrawal of the money after 3 months but members often withdraw the money the next day after depositing due to problems.
- The post office is also used for savings by fishermen but the branch is very far.
- Members have been approached by village banks e.g. Nyang'oma and SAGA in Misoro but as they have lost a lot of money through these small agencies they rejected the offers unless the village bank is opened on the beach .

#### Discussion on Product Assembly

- The answer to the problems of vehicles staying at the beach for up to 7 days waiting for fish is to have cold store facilities. This will enable the cooperative to maintain large stocks on site which can be collected immediately. But to get cold storage there must be electricity at the beach.
- Ice making facilities close by e.g. in Bondo would also be useful to help bulk fish for quick collection.

#### Discussion on input supply

- The fishing gear especially nets are too expensive and this price problem need to be resolved.
- The theft of nets is too high in the fishing ground off Wichlum beach. The patrols need to be increased especially since most of the nets used by the fishermen are not the cheap nets from Munasa Ltd but the more expensive & higher quality Kavirondo supplied nets.
- Before one of the management committees for Wichlum Fishermen Cooperative Society stole all the goods stock and related funds, the society run a fishing gear goods store that offered fishing gear sourced from Kavirondo on credit.
- Without proper security for fishing gear to prevent the Ugandan pirates from continuously stealing at the fishing grounds - then the impoverishment of fishermen who have lost their gear will continue.

#### Service Opportunities.

- If ice is made available in Bondo then it would be close enough to Wichlum and associate beaches. Bondo is also centrally located and can service all the large beaches in the district which include Musori, Luhanda, Luanda Kotieno, Usenge and Luhano.
- Even though the majority of the people from the area are poor, young fishermen are also poor and unable to raise the funds required to buy even 10 nets. If given loan facilities they can buy the nets & repay from their fish harvest without a problem.
- Wichlum beach fishermen have made a lot of money from fishing and if the Post Bank could have a branch on the beach many more fishermen would open accounts and those already having accounts would save more.
- The security patrols need faster boats in order to match the Ugandan pirates. The funds raised from commissions can pay for petrol and labour but but not adequate to invest in expensive items such as boats and engines. The Ugandan Government has very well equipped security patrol teams on the lake. The BMU patrol team should be equipped in a similar manner.

**Name of Organization:** Uhanya Beach Management Unit - (Uhanya BMU)  
**Type of Organization:** Community organization  
**Name of Respondent:** Esborn Usaka Nyalwa - Vice Chairman  
Daniel Owuor - Bondo County Council clerk  
George Ochieng Awelo – Cooperative recorder  
Manas Osuru - Member Cooperative  
**Date:** 16. 12. 03

**General Information**

The County Council collects cess from every kilogram of fish that leaves the beach. This cess is collected from the traders and IFP agents. The council has build toilets on the beach. (4 were counted). The council also repairs & maintains the road to the beach.

The Uhanya beach has two bandas and is well fenced off with a gate. One banda is owned by the fishermen cooperative while the second banda is privately owned by a former Chairman of the co-operative. The privately owned banda is close to the beach and lands much more fish compared to the cooperative owned band. The private banda is also cleaner and sales activities & fish handling is more organized.

Due to the weakness of the cooperative the beach handling and sales activities are characterized by a myrid of middlemen whose roles cannot be clearly defined.

On this beach certain agents have developed relationships with the fisherman and purchase fish direct from the fishermen with no middlemen. These agents give a lot of to fishermen such as leasing them boats and nets in situation where they have lost theirs.

The beach handles all types of fish i.e. Nile perch, Tilapia and dagaa.

**Type of Organization:** Focus Group Discussion - Traders  
**Name of Respondent:** Traders Uhanya Beach - focus Group Discussion  
**Date:** 16/12/03  
 Respondents

<b>Name</b>	<b>Type of Fish</b>	<b>Amount of fish handled</b>
Walter Onyanch Iotieno	Nile Perch	30 – 60 Kgs / day
Morris Odera	dagaa	2 – 3 sacks / day
Sabina Oracha	Tilapia	50 – 80 Kgm / day
Doplhine Ootieno	dagaa	3 sacks / day
Joyce Odela	dagaa	3 – 4 sacks / day
Lilian Auma	dagaa	3 – 4 sacks/ day
George Ochieng Sadia	Nile Perch	10 tonnes / week
Dickson Otieno Abuya	Nile Perch	30 – 60 Kgs/ day
Joseph Abuya Okello	Nile Perch	300 – 400 Kgs per day

**Services – Savings Mobilization**

Many traders save with Post Bank who have a branch in Usenge town that is not very far. However the post office does not offer any credit.

Saga has a center on the beach but receives only small savings amounts because the fisherfolk doubt their credibility. SAGA has had the center on Uhanya beach for two years but although a few loans were given out when they first opened their offices – currently they do not give loans.

- Large traders like George have credit facilities at the Kenya Commercial Bank in Bondo. Previously they used to get credit and ice from the IFP as well as transport but current practise is for IFPs to give you only a vehicle and little ice so that if you want to ensure your fish does not spoil & give you high rejects you have to buy more ice.
- Bondo Biashara Sacco was set up to be able to give loans based on member savings. Instead all members lost their shares and never received any loans.
- A number of traders are members of self help groups. Some of the groups are very well organized and are able to offer loans example is Osiepe Women group who have a merry go round of 11 members all in the dagaa – business. They have opened a bank account and have joint ownership of a boat.

**Product Assembly & market linkage Services.**

- All Nile Perch is sold to the IFPs in Kisumu from Nairobi or capital in Homabay. The price given sometimes is as low as 20/= per Kg. With the IFP arguing that the rejects are very high. This often happens because the traders / agents are not given enough ice by the IFP.
- The beach lands a lot of dagaa from Mageta island often this dagaa has no market. If the Nakuru animal feed factories are not buying then the dagaa is waste & is damped back into the lake.

## Opportunities for Services

A number of fishermen use unauthorized fishing methods due to lack of capital to invest in approved fishing gear. The traders also suffer from lack of adequate credit facilities that will allow them to carry out adequate business able to bring in enough profits for their subsistence. The least amount to start meaningful fish trading business in dagaaa is Ksh. 20,000 – 50,000. Traders in Nile Perch and Tilapia often need up to and over Ksh 100,000 working capital.

The lack of bank facilities makes trading in fish very risky as traders are known to carry large amounts of money and are targeted by robbers after making sales and even on the beach.

Security on fishing ground where theft of fishing gear is high is a major problem needing immediate solutions. The Uhanya BMU have been given an engine by the fisheries Department but they have no boat and rely on hired boats to deliver security services.

Hiring costs are:

- 500 per day for a boat
- 500 per day for engine.
- Petrol purchased by client.

To support the security services the BMU raises money from service charges as under.

- All vehicles pay Ksh 200/= per load.
- Container boats Ksh 300/= per landing
- Boats pay Ksh 100/= per year for parking
- Transport boats pay Ksh 100/= per landing.

The service charges do not generate enough funds for security services and the fishermen and traders need to offer more support to the BMU for patrol services.

Fishing gear is sometimes obtained on credit from IFPs and their agents but when it gets stolen the fisherman becomes impoverished with a loan and no means of livelihood. The creditor often remains unpaid.

The Co-operatives biggest strength is that it knows the movement of members. Many fishermen operate over the 3 countries but the co-operative can trace them.

**Name of Organization:** Financial Services Society  
Bondo Town  
**Type of Organization:** Financial service provider  
**Name of Respondent:** General manager  
**Date:** 17.12.2003

### **General**

The organization was set up with the assistance of funds from CIDA – GESP. The CIDA program office facilitated the setting up of offices purchase of cashbooks, rent and salaries for the 1<sup>st</sup> six months. The office employs 4 staff members ;the Manager, Program Officer, Counter assistant and security officer.

They collaborated with Community Aid International; a local NGO that solicited for the start up funds and KREP who trained staff members and gave technical support to set up banking systems. The society has three village banks:

- Ndari branch - deals with communities from beaches in Rarieda
- Nnyangoma branch - Most members are fishermen and members of the farming community
- Bondo branch.
- Ajigo branch

The Bondo branch is the coordinating branch for all 4 branches and is the oldest branch having been set up in November 2002. This branch has a membership of 600 and a share capital of Ksh 500,000

A board of directors that is elected from amongst the shareholders manages the branches. The board has a Chairman, an Audit Committee and a Credit committee. The highest body is the shareholders through the AGM. Special AGMs can be called to pass information to shareholders, address issues of gross misconduct or embezzlement. The annual AGM is the forum through which new board members are elected.

The link bank for the society is Kenya Commercial Bank.

### **Services offered by Bondo branch**

Shares mobilization – Community members are mobilized to buy shares at Ksh 300 per shares. Each branch must have at least 300 members and a minimum equity of Ksh. 90,000. Each shareholder pays an extra Ksh. 100 for a pass book. All shareholders as group members or individual have access to the following services.

- Safe keeping of documents at Ksh. 100 per year
- Credit services through the small cells of 5 members each that form the ‘ Kikundi ya Mukopo’’
- Cheque Clearance
- Bank transfers

Cost of services at village Bank ensure sustainability. Example of this costs are:

- Interest on loan 10% flat rate
- Withdrawal charges Ksh. 5 – 150 depending an amount

- Cost of pass book Ksh 100

### **Challenges and Opportunities.**

The Society has a high loan default rate. The Kikundi ya Mkopo seem to expect handouts from a CIDA funded initiative.

- Shareholders have low entrepreneurial spirit that needs building up and supporting to identify appropriate opportunities for business. The most common loans are for small business start ups that have a high failure rate.
- Lack of credibility of financial service providers in the region has contributed to a high level of mistrust within the targeted community. This makes it difficult to recruit clients.
- The need for saving services is big that is why so many organizations operate in the area albeit unprofessionally.
- Client mobilization is through collaborations with organizations such as CARE and FAO when they organize field schools for their agriculture and food security clientele. The society also runs a gender and human rights program as part of its services. This helps members to gain confidence in village bank structures which are owned and managed by themselves.
- Other competitors in Region  
FAME (Financial Assistance Management Enterprise) – collapsed institution that was a political set up to convince community members to vote for a particular politician.

### **JUA KALI SACCO**

Bondo Biashara SACCO – Community members invested their money in the SACCO. The poverty eradication community whose chairman is from this area also invested money. This money was borrowed by the management community who were mainly politicians i.e. counselors and the local MPs. These loans were never paid back and members are now struggling to get back their shares. Some of the members are succeeding as they clear their cheques at the society village banks.

- Great Lake Micro Finance: An MFI set up by the past management committee members of Bondo Biashara SACCO. The Poverty Eradication Program is once again channeling resources through this new organization.
- Nyanam Micro Finance Institution – Collapsed Institution.
- SEBEDA – Opened offices in Bondo for one week only. 2 gentlemen who were very persuasive approached community members and sold them shares at Ksh. 100 each. As many as 500 – 1000 members were recruited after which the office was closed and the gentlemen have never been seen again.
- SAGA: Has a very high loan default rate and have stopped giving out loans a situation that is not appreciated by their clients. SAGA also has had a high dependency on donor grants so when donors such as Plan International stopped offering grants they had to streamline their operations.

**Name of Organization:** Post Bank (Kenya Post Office Savings Bank)  
**Type of Organization:** Financial service provider  
**Name of Respondent:** Mrs. Alice Koigi  
**Position/Title:** Operations Director  
**Telephone Number:**  
**Date:** 30.12 2003

### **General**

Post Bank is a government Agency with the main objective being promotion of a Savings Culture in Kenya.

Post Bank operate their own branches as in Nairobi and elsewhere. They also operate sub branches which are rented space within the local Post Office facility and they also use the Post Office as an agent in other centers.

The bank is 93 years old with a mandate to in calculate the savings culture within the population. They therefore set up branches as close to the population as possible. The bank is currently initiating an expansion program. Post Bank is not allowed to offer credit services.

The Post Bank is a member of Savings Bank of East Africa, AMFI, Women World Bank, Global Banking and Innovation Network among others.

### **Services Offered**

- Savings mobilization programs at national level
- Refining savings education using a subsector approach.
- Trains of Trainers in financial management and related services. Used to train Savings Bank personal for the whole E.A. region.
- A large number of savings products
- Money transfer services

### **Partnerships**

- Western Union Money Transfer services.
- Loan disbursement for University Students funded through help. Higher Education Loan Program.
- Monthly disbursement for GoK pensioners 60,000 clients.
- City Bank
- Agent for Postal Co-operative SACCO
- Make monthly salary disbursement for a number of employers eg. Teacher Service Commission, City Guild Council and various ministers and private firms.

### **Friends of Post Bank include:**

Micro save for product development and piloting of innovative services.  
Micro Ped – for capacity building  
World Savings bank institutions  
East Africa Savings Bank Association.

**Challenges**

- Poor services from their agent give them a negative image.
- Feasibility study done in 1997 – 1980 covering the lake region indicated that one of the biggest challenges in the region is poor infrastructure and security on the very poor roads. Part of the area is suitable for mobile banking services.

# **BUSIA DISTRICT**

**Organization Name: BMU Openji Beach  
Bundalangi**

**Organization type:**

**Respondent Name: Sabastian Juma  
Chairman BMU**

**Date: 17/12/03**

### **General**

This is a young beach registered in 1987.

The beach land was owned by 3 families who together agreed to surrender the portion to the public as a public beach. The beach has many boats but no fish buyers so the boats are parked at the beach which is near the boat owners homes.

Some years back, Asian IFPs used to get their Nile Perch supply from this beach but once this aspect of their business was taken over by agents. The agents prefer other beaches. No one from the beach has the capacity to negotiate to be an agent. Agents often support beaches that are close to the home.

Fishermen from Openji beach are very good and bring in big catches of fish that they take to beaches with markets such as Marenga, Bukoma and Osieko. The fishermen deal with Nile perch and tilapia. For Nile perch they use hooks as there are cheaper than nets. The only time they use nets is to catch the bait for Nile perch.

A number of the fishermen from this beach fish on the Ugandan side of the boarder. As fish is migratory and the border is very near – this fish often migrates to Uganda. if you have a licence you can fish in Uganda without any problem. You will also be required to pay tax. For a Kenyan the cost is higher than for a Ugandan.

Cost of Ugandan fishing licence      Ksh. 10,000 per year.

Cost of boat Ugandan(number) licence Ksh. 5,000 per year.

The main regulation is that you cannot fish in Uganda and sell the fish in Kenya. Since Kenya offers better prices for fish, the fishermen often smuggle the fish onto the Kenya beaches.

Selling prices for the fish depend on how well the fishermen can negotiate with the IFP agents.

### **Available Services**

Members of the beach are also members of the Bunyala Fishermen Co-operative Society on Marenga beach and are represented on the co-operative committee during **its** monthly meetings. However they do not receive any services from the co-operative at their beach.

The beach has no development except for a tree nursery that is part of the environmental program under the LVEMPO – Lake Victoria Environment Management Program. The beach needs a banda and sanitation facilities.

The road to the beach is in good condition but only local tilapia traders come in the morning and evening to buy fish for domestic use or resale on the local market and hotels.

Fishermen can rent boats at 1,5000/= per month at this beach. The boats need a crew of 3 – 4 fishermen. This service is found very useful.

The majority of the local fishermen do not operate savings accounts. When they have surplus funds they invest in cows. When their fishing gear gets stolen they sell one or more cows to set themselves up again.

Groups have ceased to be popular because the members always mismanage and misappropriate each others money.

**Organization:** Bunyala Fishermen Co-operative Society  
**Type of Organization:** Co-operative Society  
**Respondent:** Mr. Bernadict Makhulo  
Chairman  
P.O. Box 23 Port Victoria  
Tel: 0721 – 694737  
Nicholas Mainya  
Member  
Topista Nakwaya  
Member  
Mildred Odhiambo Nyongesa  
Member  
Bernard Were  
Secretary/ Manager

**Date:** 18/12/03

### **General**

The Co-operative Society was established in 1966 with the major objective to assist fishermen in selling their produce. The Co-operative has not grown as it has been managed over the years by different elected committees. The current total membership is 2000 with 50% dormant. The current management team took office on February 15<sup>th</sup> 1999. The team adjusted the Co-operatives by laws to include.

- Marketing
- Improve fish handling
- Promote member saving
- Offer credit facilities to members
- Bring on board other improvement such as fish storage facilities
- Other value addition activities associated with the fishing industry

When the current committee took over only one Co-operative account had Ksh. 30.000. The rest were in the red and many bills such as NSSF and employee salaries were in arrear for 6 – 7 months. Most of these pending bills have been cleared and the title deed for the beach obtained in the name of Bunyala Fishermen Co-operative Society. The Co-operative also handles other beaches which include Marenga, Bukoma, Runyu / Rukala, Nalera B, Namabusi, Openji, Sisenye, Kadacho, Marenga and the Marenga Omena beach. The main beach plot owned by the cooperative is on Marenga beach.

The Co-operative works closely with the BMU.

The BMU is divided into several committees

- Environmental Committee - for Ground Cleanliness
- Sanitation Committee - for Band, stalls and toilet cleanliness
- Disaster Committee - for Problems on Lake e.g. capsized boats and fire.

Vigilante Committee - This is a new committee to provide patrols to control theft of fishing gear.

Fishing along this beach is by use of hooks and lines, gill nets and beach seines, and trawling. sail boats and ???paddle??? are the most common boat with few boats having outboard engines.

### **Services to members**

In order to offer services to members the Co-operative charges the following commissions.

Nile Perch - Ksh. 0.5 per Kg. Landed  
Tilapia - Ksh. 150 – 40 depending on the size of the fish basket.

Since the beach is owned by the Co-operative the BMU has no authority to collect commissions. Currently the BMU charges commission on tilapia and other goods such as grain and passengers. The fishermen do not pay any commission only the agents pay commission.

### **Marketing of fish** – The beach has 5 bandas

One of them the newest is exclusively used for Tilapia. Sales of Tilapia average 7 tones per day from this beach. The other bandas are shared amongst the IFP agents for sale of Nile perch.

Agents from Capital, FP 2000, afro Meat and WET buy a long?? Fish from this beach. The agents deposit Ksh. 10,000 with IFP for ice and get the ice and vehicle and came to Maranga beach where they are guaranteed fish. The agents also operate container boats who collect fish on the lake fishing grounds sell direct to them.

The beach receives a lot of fish smuggled from Uganda. This is because Uganda is very near and has deep water compared to the Kenyan side of the beach. The fish is smuggled onto the beach by both Kenyan and Ugandan fishermen.

- Identify partners to support beach development projects.
- Working with IDEAS as partners. have a memorandum of understanding on 5 years implementation of a strategic plan. 2000 – 2007.
- Capacity building of staff members and the Co-operative management committee has been financed by Action Aid and implemented jointly by Action Aid and IDEAS.

### **Ice Plant**

The community Development Trust fund (CDTF) has funded the ice plant which on commission will have cost Ksh. 19 million.

The building foundation for the ice plant was laid down in August 2001.

Active construction started in 2002. The Co-operative had to meet 25% of the cost in cash or in kind. They put up a perimeter wall on the beach as required and ensured the

beach has good toilets. Water flush toilets were put up including septic tanks and 8 toilets and urinals completed.

Already installed are the following as part of 25% contribution.

- Feasibility study was undertaken by the integrated Development Entrepreneurships and Sustainability (IDEAS) and a second feasibility study undertaken by CDTT.
- Running water on site with underground water tanks of capacity 25,000 litres. This water is from the municipal supply.
- Paid for and installed 3 phase electricity
- Paid labour costs for all unskilled labour input.
- The ice making machines have been paid for through Howard Humphrey Engineers who were subcontracted through CDTF.

The ice plant has a chill room capacity of 30 Tones ice flakes of 15 tonnes/24 hours.

Major delays to the completion of the plant is on supply of materials and technical support e.g. the electrification tender used low quantity materials and had the job redone. The constructor for machine installation and electrification-EZEMAC is very slow.

Opportunities and threats to services.

- The price of fish fluctuates very fast over short periods e.g. may 2003 Ksh. 80 per Kgm.
- June – Ksh. 40 per Kgm and December 2003 Ksh. 60/Kgm. reasons given by the agents for price fluctuate include:-
  - Foreign exchange variations
- reduced consumption in importing markets
- Fish glut due to fish smuggling from Uganda.
  
- Funding for completing the ice plant needed for
  - 1) Steel structure for the overhead water tank
  - 2) Backup Generator

Level of funding required is Ksh. 1.5 million

#### **Future Plans and Strategies**

- IDEAS is to assist the Co-operative to use the ice plant for value adding by processing fish.
- IDEAS to help the Co-operative in identifying markets for the processed fish.
- The Co-operative will be marketing the fish direct to the Agents and IFPs and the role of middle men on the beach will be made redundant. All middle men (locally known as Kajanga) will be given notice to leave the beach or be absorbed as employees. Currently the Maranga beach has 20 authorized Kajangas.
  
- Once the Co-operative starts buying fish they will open up FOSA services to members and give members access to credit.

- Members education is a critical component of all future activities. For many years the Co-operative was known as belonging to the local member of Parliament. This misinformation has to be changed.
- Set up strong management system with support from Action Aid.
- Skills development for Co-operative members including business skills, saving skills, cold room and ice use in industry and so on.

Beach Cleanliness and Fish Handling (Quality Assurance) issues.

The requirement is for beach agents to be equipped with overalls, gumboots. Gloves and crates for fish handlers. This is not implemented except when a warning has been sent out about inspection

Marenga beach women who handle tilapia wear green overdresses. The tilapia handling area is continuously cleaned and the handling somehow organized.

The Nile perch selectors and fish inspectors wear white overalls. The handling of fish in this area can only be described as chaotic (my comment)

The drainage system on the beach need urgent attention. There is a lot of run off from melting ice and so on which stagnates into smelly blackish pools.

- Fisheries department visits the beach before every inspection to alert the fishfolk on what to do to ensure compliance.
  - Wheel burrows are supposed to be used to transport fish from the boats to the banda but there is no evidence wheelbarrows on this beach.
  - Handlers wearing gumboots step into mud and other dirt and climb with the same gumboots into the trucks that carry the fish.
  - Kachanga's should buy uniforms to be easily identified as fish handlers.
  - Need restriction of people on the beach currently the beach is like a 24 hr market place (my comment).
  - Passenger boats land at exactly the same spots as the fishing boats.
  - Introduce strict rules and fines on beach in order to discourage certain practices like dragging fish into the mud, fighting over fish and sleeping on top of fish landing and weighing tables.
  - Need to replace the current rusty and broken down fish handling tables.
  - Need to block off fish receiving bandas to stop entry as a through way for passers by.
- 
- The beach lands an average of 10 tones / day Nile Perch, 4 – 5 tones / day Tilapia.
  - Need proper sewage system as dripping ice from IFP vehicles give a direct drainage problem.
  - Need to agree on and implement the BMU funds collection system in order to give the BMU resources to facilitate the work they are supposed to do such as cleanliness

and security. This has been a bone of contention because the Co-operative argues that since they own the beach no one else is allowed to collect commissions.

- Clarify BMU by laws and duties of BMV on the beach.

**Type of Organization:** GOK Department  
**Organization:** Department of Public Health  
**Respondent:** Mr. Jackton Wandera Wesonga  
Public Health Officer

**Date:** 18/02/03

### **General Information on Services Offered.**

The division has 3 public health officers who give information and advice on fish handling, beach cleanliness and sanitation workers who handle fish are supposed to have medical examination every 2 months and are issued with Health Certificates that expire every 6 months. If a worker has a wound then he or she is not allowed to handle fish. The public health officers ensure that pit latrines are available and clean, there is no stagnant water on beaches and fish baskets are handled properly without contaminating the fish inside. All fish graders and handlers must have uniforms to identify them.

Public Meeting on Beach  
Facilitator ECOVIC (K) Chapter)

Presenters: Councilor Obwanda Osuga  
ECOVIC (K) Chapter  
Mr. Symonds Orondo  
ECOVIC (K) Chapter  
Mrs. Mary A. Mwata  
ECOVIC (K) Chapter  
Okumu Fanuel  
Fisherfolk CBO-  
Stephen Osogo  
BMV Marenga Beach  
Bernard Were  
General Manager Co-operative  
Charles Mukolwa  
Vice Chairman Co-operative  
Casper Owaki  
Councilor  
Bernedict Makhulo  
Chairman

Beach Community Members were sensitized on several issues that affect them. Promotion of change for increased economic returns was advocated in the meetings with the following issues discussed:

1. Problems between Ugandans, Tanzanians and Kenyans on use of Lake resources.
2. Campaigns for one fishing licence across the whole of Lake Victoria

3. Use of approved fishing methods
4. Relationships between Department of Fisheries officials and the fisherfolk.
5. Environmental issues on the Lake
6. Security of Kenyan fishermen nets
7. Issues related to fish pricing and marketing.
8. Corruption in Fishermen Co-operative Societies.

ECOVIC(East African Community Organization for the Management of Lake Victoria Resources) is a members organization at grassroots level including BMUs, Co-operatives, Women groups etc. in their membership. They carry out research and undertake community and environmental programs in support of proper use of resources from around the lake.

**Organization:** Abalomandala Self Help Group  
Cold Storage  
Sisenye Beach  
**Type of Organization:** Fishermen Welfare Association  
**Name of Respondents:** Okumu Omanyen  
fisherman

**Date:** 18/12/03

### **General**

Sisenye Beach is currently a very active beach that is not registered but lands tilapia for sale to fish wholesalers and market traders who sell the tilapia as far as Mumias and all the towns that fall within that radius e.g. Bumala, Butula, Buhuyi, Segga and so on. The beach seems to be on private land whose owner allows the fishermen free use of the land.

This cold storage project was sponsored by the European Union Micro Enterprise Support Programme which is a white elephant that is unlikely to be revived. The project objective seemed to have been for the setting up of one - Cynthia Onukho - into the fish agency business. The Self Help Group is a welfare group with membership from near Bundalangi town and having no interest at Sisenye Beach. Currently the caretaker and watchman look after the facility.

The co-ordinator and the person behind the cold room facility is Ms. Cynthia Onukho who negotiates for the funding to put up the cold storage facility. A company was registered called Bisura Company Ltd. to buy fish from the fishermen, store the fish in the cold room and then serve the IFP agents.

3 people were recruited including the respondents to be buyers of fish from the fishing ground. The three buyers were expected to hire a container boat at KShs. 2,500 with a 75 HP engine per trip (carries up to 4 tonnes) and having been given ice by the IFP agent – collect fish and deliver to the cold storage for onward sale. To fill the container boat would take up to one week.

It was anticipated that Ms. Cynthia Onukho would get the agency to supply Capital Fish Processing in Homa bay with Nile Perch. The bid for this agency was not successful. Further the cold storage did not work as it was unable to chill the fish adequately and the first consignment of fish placed in the cold room spoiled.

The cold storage is made from a second hand refrigerated 40 foot container. The three phase electrical supply is installed and crates for packing fish in place. The facility is located about 150 metres from Sisenye landing site and is well fenced off with office facilities and a caretaker's house.

**Organization:** Dagua Traders  
Marenga Omena Beach  
**Type of Organization:** Focus Group Discussion  
**Date:** 18/12/03

### **Respondents**

Lucy Auma  
Josephine Magabe  
Maxmilla Agwan  
Emily Sibare  
Agnes Ododa  
Patricia Orege  
Jane Ayro  
Petronilla Adhiambo  
Pamela Alieno  
Christine Musamba  
Karen Atieno - Owns boat and net and is a trader  
Pauline Wanyama  
Millicent Okewo

### **General**

The beach which is also called Marenga Omena Beach is used exclusively to land Omena with tilapia and Nile perch landed on the bigger Marenga beach. Most of the beach community is engaged in Omena business in one way or another e.g drying, fishing and trading. The F.G.D. participants are all wholesale traders locally known as Chumbu or dagaa brokers.

**Services offered** – Bulking and marketing.

The beach is known as a large supply beach for dagaa. Many buyers come to the beach from as far as Mombasa, Nairobi, Nakuru, Bungoma and so on to buy Omena.

The price of dagaa fluctuates from Ksh 50 per 2 Kgs volume measure to Kshs 15 for the same volume.

- On the market days of Monday, Wednesday, Friday and Sunday the traders are able to sell over 400 bags of Omena from the beach.
- The good months for dagaa trade are January to April. During these months there is no rain and the Omena dries well and fetches good prices. The roads are also passable and the prices are good at Kshs 40 – 50 per 2 Kgm volume.
- During the 4 months when dagaa fishing is banned the traders carry out other duties or rely on Omena smuggled in from Uganda. Some of the traders have storage facilities and store enough dagaa to sell during this period.

- Most of the dagaa sold on this beach is for human consumption. Some agents do buy for the IFPs but they add water and sand in order to increase the weight.

The problem of adding water and sand will be there for as long as the animal feed processors buy dagaa at 25 – 30/= per Kgm. One Kgm is equivalent to 3 x 2Kgm volume measures which would normally fetch 60/= as the lowest price for human consumption dagaa.

The months of May to August are the rainy months and drying dagaa is a problem. The roads are also impassable and no buyers come to the beach. The price for dagaa is very poor at this time.

- The price paid to fishermen is Kshs 120 – 250 per trough depending on the season. From one trough of wet dagaa the yield is 8 – 10 tins of 2 Kgm volume. A boat with a crew of 3 – 4 fishermen can land up to 20 troughs per day. The boat owner takes 50% of the landed dagaa as expenses and the fishermen crew share the remaining 10 troughs.

The boat crew is made up of

1. Pilot and net handler
2. Anchor handler
3. Net handler

The fourth person can assist the pilot and /or the anchor handler.

- The traders if given support can organize themselves to deliver dagaa to large buyers anywhere in Kenya.

#### Savings mobilizations

- All the traders are members of one group or another that has been set up to ease the financial challenges of members. Some of the groups are successful and some are failures. Among the successful groups are:
  - Chumbu Women Group of 20 traders and started in 2002. There is a merry go round in which members receive Kshs 10,000 twice a month. The member contribution is Kshs 500 per two week round. This group is not registered.
  - Chumbu Self help group, unregistered has 12 members including Millicent Okeyo . This group meets twice a month on the 15<sup>th</sup> and on the 30<sup>th</sup> of every member to give members Kshs 24,000 for their merry go round turn. Members contribute Kshs 2,000 twice a month.
  - A few women traders have opened accounts with Post Bank but as no credit is available the service is not popular.
  - To start dagaa business one must have a capital base of more than Kshs 20,000. Traders have to maintain this as the minimum working capital otherwise they cannot earn adequate returns from their business activities.
  - Other financial service providers have approached the traders but they have seen their men loose a lot of money to these firms. They are not willing to risk their money which is very little compared to the men.
  - What is important is to get a good credible organization that can give the traders loans especially when they have problems raising working capital. There are between 50 –100 traders on the beach.

- The traders came from diverse parts of the lake region and do not know each others background very well. This is one of the reasons why many of the groups they form break up.

**Organization Name:** Funyula Financial Services Association.  
**Type of Organization:** Financial Services Provider  
**Respondent :** Jacklyn Odaba  
**Position:** General Manager

**Date:** 19/12/03

### **General Background**

The Current general manager was recruited by K-Rep in 2000 as a sales clerk. Her main task was to recruit community members to set up a village bank. In September 2000 the Funyula FSA was launched. The village bank has a staff of 5 – FSA manager, one cashier, one Loans officer and 2 security officers. K-REP is the promoter, supervisor and initiator of the programs. KREP field coordinator based in Mumias visits the bank once a month to monitor its activities. The field co-ordinator reports to the Regional Manager who is in charge of all the village banks in the Western Kenya region that number over 10. The Nairobi K-REP office has an officer who is in charge of all village banks.\

The village bank is registered under Social Services and is owned and managed by community members. Staff salaries are part of the bank expenses as no donor funds the bank. The only start up support that was offered was client mobilization costs for 6 months before the banks launch. After the launch 6 months rent was paid, renovation of the office, 2 year stationary supply, furniture and an office safe.

The bank has 790 share holders and 200 associates having started with 129 members 3 years ago. The clients are farmers (majority), jua kali, small retail business, fishermen and youth groups.

### **Services offered.**

1. Biashara Account.

Membership Costs	
Share value:	Kshs 385
Passbook Cost	Kshs 100
Mini Savings balance	<u>Kshs 100</u>
Total	Kshs 585

This account runs like a current account and one can save and withdraw money at any time.

2. Associate Account

Passbook cost:	Kshs 200
Mini balance:	Kshs 100

3. Masomo Account

Available only to share holders

Passbook cost:	Ksh. 200
Minimum balance:	Kshs 1,000

Members are given loans on application of 2 savings for only school fees. The fees are paid direct to the schools through cheques.

4. Fixed deposit Account – Available to shareholders and associates.  
The minimum deposit is 20,000. Interest varies but is based on commercial rates of the link bank. The link bank is the National Bank of Kenya Busia branch.
5. Furaha Account: This is a new product that is to be introduced to allow shareholders to borrow or save for special functions such as weddings, other celebrations and funerals.
6. To be able to take loans one must be a shareholder and a member of the group - Kikundi cha Mukopo (5 –15 shareholders). The group members save a minimum of Kshs 80 per month. Collections are made in meetings held once or twice per month at the group level. The treasurer keeps records of the group savings and remits the money to the village bank. At the village bank each group has a ledger card and a pass book that is kept by the treasurer. The group savings are the collateral against which members are given loans. Other collateral pledged are household items. For most loan defaulters these items are sold to group members for loan recovery.

There are over 50 Kikundi cha mukopo (for this village bank) in Funyula, Budalangi, Matayos, Nyalenga and Ugenya.

7. Cost of services at Funyula. FSA Dec 2003

a) Interest on loans		Repayment period
1 <sup>st</sup> Loan	6% per month	6 months
2 <sup>nd</sup> Loan	6% per month	6 months
3 <sup>rd</sup> Loan	5% per month	9 months
4 <sup>th</sup> Loan	4% per month	12 months
Subsequent loans	4% per month	12 months

b) Emergency Loans are given at a maximum of Kshs 6,000 at interest rate of 5% per month repaid over 3months.

c) Loan processing fees

Loan Amount	Fees
Ksh 1,200 – 5,000	100
Ksh 5001 – 10,000	150
Kshs 10,001 – 20,000	200
Kshs over 20,000	1% of total loan Amount

The value of an FSA is through the number of daily transactions. Currently Funyula has 40 –50 transactions daily.

- Training services: The community members do not often understand the concept of savings and saving accounts in which they can gain interest. All group members are trained during the Kikundi cha Mukopo meetings by village bank staff. The officers also monitor and advice on how these meetings should be handled.

### **Services to fishermen.**

The Marenga beach fishermen members of the Bunyula Fishermen cooperative Society have joined the FSA. The challenge in serving fishermen is that they want big loans such as Kshs 250,000 for purchase of engines, nets and other business expansion capital investment. They do not have any financial institutions near their beaches and so joined the village bank. The fishermen are also indisciplined and during Kikundi cha Mukopo meetings they never arrive on time.

#### **Other Services offered through collaborations**

1. Action Aid – Give small loans for crossbreed cows ie herd upgrading and shed building through the village bank.
2. Maintain accounts for village development committee funded by DANIDA for the development of water points such as springs, boreholes and wells.
3. Service KWFT loans for business women .
4. Service the Beehive loans for the Africa Now / Honey Care beekeeping projects. All payments for loans, equipment and product sold is through the village bank. Beneficiaries are village bank shareholders.
5. Care Kenya Assistance in cooperative training by KUSCO as the village bank operates on a cooperative model.
6. Promotion is carried out through chiefs barazas, churches, D.O.s, public holiday and other forums, farmer field schools and similar public events.

### **Opportunities and Constraints to service Deliverer**

1. Level of transactions is continuously increasing. The manager fears reaching the point at which monitoring the transactions becomes difficult. A computerized system needs to be introduced.
2. Very high rent.
3. Level of employment to service client base unknown.
4. Illiteracy amongst clients makes training very expensive and too many training visits have to be made to the Kikundi cha Mikopo.
5. Legal set up of the village bank needs to be addressed as registration under the social services does not make the bank a legal entity. Options available are registration as a cooperative or a company limited by guarantee.
6. Cost of transport is very high in the area due to the poor state of the roads.

### **Achievements**

- The Annual returns for the year 2002 – 2003 were posted on the wall. Profits were made this financial year amounts to Ksh 91 per share. Dividend payout will be at the rate of Kshs 36 per share.

**Organization name:** Tanaka Ice Plant  
**Organization Type:** *Input supplier*  
**Respondent:** Jeremiah Akala  
**Position:** Plant Operator

**Date:** 20/12/03

The plant is owned by Mr. Samuel Owiti tel. 0722 –598061. It started in 2002 and had been running for one year. The ice plant capacities is 1,400 Kgs x 2 every 12 hrs with a Total capacity of 5.6 Tonnes.??? The plant runs 24 hrs seven days a week. It manufactures block ice – one block at 15 Kgs. The plant transports ice to the Marenga Beach in Port Victoria and Bukoma beach in Sio Port daily for sale to the tilapia fish traders.

**Date:** 8<sup>th</sup> December 2003  
**Organization:** Peche Foods Company Limited  
**Respondent:** Mayanna Shivpura-General Manager  
**Type Of Organization:** Industrial Fish Processor  
**Location:** Kisumu

### **Background:**

Peche is a private Limited Company established in 1992 to process and export Nile perch.

With a work force of a hundred people, the factory has a capacity of 20 tons per day. Its main activities are procuring, Processing and exporting Nile perch. They also sell by-products to Artisan Wholesalers.

With ten 3-ton trucks and a flake ice-producing unit, Peche gets its supply from Uhanya, Mbita, Osieko and Port Victoria to name but a few. The factory experiences under capacity utilization and is only able to use 10 Tons Per day due to low fish supply.

### *Services*

#### **1. Product Assembly And Market Linkage.**

According to the respondent, it takes 3 –4 days to fill a truck due to low volumes of fish supply from the lake. In the waiting process a lot of ice is wasted causing fish spoilage in some cases. They suggest:

- Investment in ice delivery Vehicles to deliver ice to the landing sites.
- Ice and cold storage where possible to run by cooperative societies.
- Fish buying to be done through auction system and do away with agents. (It is notable that Peche does not make use of many agents even the few he uses last 3 months to 1year). They prefer procuring fish through their own staff.
- The respondent advocates a total improvement of the infrastructure and says that beach development fund is inadequate to ease bulking and assembling problems.

#### **2. Quality Assurance**

- There is a need for training services on hygiene, fishing and fish handling techniques.
- Mechanized fishing boats, which can carry more ice while on the lake alongside sailboats, which rely on the wind direction.
- The fisher folk need to be informed about EU standards in relation to quality and not quantity of fish.

#### **3. Material Input Supply**

- Peche has selected agents to whom it loans boat engines and nets on hire purchase terms over a specified time on agreed terms. This explains why the respondent would rather fish is sold through auctions so that fisher folk can get good returns on their fish and be able to repay their loans comfortably.
- Since they produce their own ice, investment in ice delivery vehicles will bring ice closer to the source of fish.

- Formation of stronger co-operative societies will play a big role in making fishing gear affordable to the fishermen as they could have a centralized supply outlet.

#### **4. Savings Mobilization**

- In the respondent's view a centralized market will give fishermen more bargaining power and an awareness of the need to save.
- Due to lack of cold storage facilities, IFP agents have the take it, or leave it attitude-forcing fishermen to sell their fish at low prices. The fishermen, frustrated, end up drinking and engaging in other unbecoming practices.
- The few accredited agents are given cash floats ranging from 100,000/= to 500,000/= and there being no banking facilities on the beaches carrying such sum of money in cash is risky.

**Date:** 8<sup>th</sup> December 2003  
**Organization:** Kavirondo Fishnets Limited  
**Respondent:** *Nashid Kassam – Director*  
**Type Of Organization:** Importers/Wholesalers  
**Location:** Kisumu

**Background:**

This is a family business with Mr. Hassam Kassam and Mrs. Nashid Kassam as directors. It has been in operation for over 12 years after Mrs. Hassan inherited it from her father. With a staff of 20 the business is run on a wholesale and retail basis. They sell high quality products from China and the brand name “Kavirondo” is a household name among the fisher folk in all the districts.

There are 7 fishing gear dealers in Kisumu who sell imported nets, twines, ropes, floats, hooks, engines and wood among other inputs. Some local input includes- plastics, floats, containers, paints and sealant.

**1. Product Assembly And Market Linkage:**

- Fishermen need good quality fishing gear. Kavirondo supplies good quality nets with a life span of 2 years unlike cheaper brands accessed from Uganda and elsewhere.
- Also available are motorboat engines, which the fishermen require for quick assembling of fish from the lake to the landing beaches.

**2. Material Input Supply.**

- A few traders along the lakeshore are offered credit facilities to stock fishing gear closer to the beaches. Most of them do not pay back in time. Beach societies and association if well organized could provide a useful link between the input supply and the fishermen.
- High import duty (25%) makes the gear expensive compared to the 2% duty charged in Uganda
- Some middlemen provide fishing gear to the fishermen in return for fish. However without centralized selling points the fishermen cheat on the middlemen.

**3. Savings Mobilization:**

- The respondent thinks the fisher folk are poor communities who are not able to save since they squander all their earnings. The few who are enlightened practice deposit purchasing.
- She has found herself custodian for some of the fishermen’s money purely on trust. And she has also lent them money and fishing gear on the same basis. There is a need for banking facilities closer to the beaches.
- With the supplied fishing inputs together with appropriate landing and marketing input the fisher folk can get improved incomes. She has given loan ranging from cash 50,000 to 1,000,000 to fishermen

**4. Quality Assurance**

With proper fishing gear and enforcement of the required regulations by DOF, the fishermen are assured of better yield.  
Motorboats facilitate faster travel to distant fishing ground although fishermen complain of pirating and loss of their fishing gear.

**Date:** 9<sup>th</sup> December 2003  
**Organization:** Victoria Ice Manufacturers  
**Respondent:** Thomas Nyamao – Director  
**Type Of Organization:** Ice Producer  
**Location:** Kisumu

### **Background**

Victoria Ice Manufacturers is a sole proprietorship, which has been in operation for five years. The plant is worth 4,000,000/= with a production of a hundred blocks of 15kgs each per 8hours on two daily shifts. Being a one-line industry with a sole clientele, sales are going concern.

A block of ice costs 40/= to make and retails at 70/= with infrastrure incorporated in the cost. Power constraints prohibit it being close to the fishermen although power factorization is cheaper in making ice (1 unit per litre/ kg).

Treated water is not easily available although there is a 2,000,000 liters treatment plant from which factories buy treated and approved water at 5,000/= per 18,000 liters.

#### **1. Product Assembly And Market Linkage**

- From his experience in the fishing industry the respondant knows what quality of ice is in demand for his clientele. His customers are fresh wholesale fish dealers from Nairobi, Kisumu and Port Victoria.
- Other buyers break the block ice for re-sale to retailers.

#### **2. Quality Assurance**

- Use of cooler boxes is recommended for fishermen especially on non-motorized boats. This helps to keep the fish fresh on sailboats, which depend on the wind direction.
- The ice is able to preserve fish in papyrus baskets from the beaches for transportation as far as Nairobi.

#### **3. Material Input Supply**

Although block ice has worked well so far, the respondent agrees that flake ice is better although the plant is expensive to install

Investments in insulated Vehicles for distribution of ice to the landing beaches where demand is high is viable.

#### **4. Savings Mobilization**

Lack of cold storage facilities or the money to access such facilities result into losses for fishermen and small-scale traders. They loose through rejection and in selling cheaply to IFP agents to avoid spoilage. Long-term credit facilities are not available as the respondent only offers overnight credit to ice buyers

**Date:** *10th December 2003*  
**Organization:** **Fresh Fish Women Association**  
**Respondent:** **Phoebe Obara – (Chairlady),  
Linnet Akoth (Secretary),  
Millicent Akoth (Member),  
Carren Wesonga \_ (Member),  
Margaret Anyango – (Member),  
Helen Awino – (Member),  
Eunice Odumbo- (Member),  
Florence Anyango- (Member),  
Francis Odida- (Member).**  
**Type Of Organization:** **Trade Association**  
**Location:** **Kisumu**

### **Background:**

These are traders who operate at the municipal council market as retailers and wholesalers. The market, which was opened in 1972, has a stalled ice making equipment and a non fun??? cold storage. When the cold storage was operational in 1997 the traders were charged 2/= per fish as storage charges, they pay a rent of 200/= per month for the stalls and have running water and sinks.

The association is a sub-group of the **Fresh fish joint women group**, which has total of 7 sub-groups. This sub-group has 31 members whose main objective is to uplift one another in business and to be self-sufficient.

### **Products Assembly And Market Linkage**

- The respondents buy ice blocks from private manufacturers, hire transport, go to source fish mainly tilapia from Yimbo, Uyoma, Asembo, Sakwa and Port Victoria. Some times they are forced to use public transport that has scheduled departures.
- Transportation is normally a problem especially in rainy season as hired transport is expensive and many roads are impassable. One or two traders accompany the vehicle to and from the beach on behalf of the group in turns.
- At the beaches they have to go through middlemen to buy their fish limiting the quantity and quality of the fish they get.

#### **1. Quality Assurance**

The traders deal mainly in fresh tilapia fish that either has to be sold immediately it reaches the market or stored in cold storage. They used to pay 2/= per fish for this service when the facility was operational and it was worthwhile. Now they have to look for ice again when they have excess supplies therefore in incurring more expenses.

#### **2. Material Input Supply**

- As a measure to do away with middlemen the traders give fishing gear to fishermen as soft loans and get fish in return as payment.
- Given a choice the respondents' first priority is to have the cold storage and ice making facilities operational, as these will improve their income. They

also can make extra money by selling ice alongside their current supplies therefore generating more income.

### 3. Savings Mobilization

- Each of the 31 members saves 100/= per month. They also have weekly merry go-rounds in three categories- 200/=, 100/= and 50/= contributions according to their volume of business.
- In 1997 they got a loan from **CARE (K)**, which was secured by their savings and shares. According to one respondent they need a minimal capital of 50,000 /=to run their businesses viably as a 3 ton lorry carries fish worth 80,000/=.
- Nyanza is a micro-finance area and many financiers and NGO's have approached this group being in the center of Kisumu City. The group finds it difficult to tell genuine ones from those that are not as a result of this the community development officer from the municipality comes to their rescue when someone approaches them new. According to one respondent "tumeona wengi na hakuna kile wanatufanyia, sasa nyinyi muna nini?" (We've seen many but they have done nothing. So what do you have for us?).

However they are ready to work with any financier who is genuine and willing to give them credit to expand their business and look for other markets.

**Date:** 11<sup>th</sup> December 2003  
**Organizations:** Bmu, Co- Operative Society –Kiumba Beach.  
**Respondents:** Moses Ouma (Bmu, Committee Member)  
James Otieno (Fisherman)  
Dan Ogola (Fisherman),  
Samuel Ogweri (Fisherman)  
**Type Of Organization:** Fishers Associations  
**Location:** Suba Districts.

**Background:**

Kiumba beach is about 1-½ acres in size and has 89 boats, 69 of which are operational and 20 are grounded. The main activities on Kiumba beach fishing, Nile perch fishing selling to IFP agents and artisanal processors. A beach leader explained that the BMU functions include:

- Security
- Peace keeping and case resolving
- Proper management of finances
- Monitor development opportunities
- Registration of fishermen and boats
- Search and rescue services and representation among others.

At this juncture the fishermen requested to be given a chance to talk in the absence of the BMU leader and permission was granted.

**1. Savings Mobilization**

- The fishermen were very bitter that their savings had been mismanaged
- There was no proper record keeping and they had no passbooks.
- They have no motivation to save due to mistrust of BMU.
- According to one respondent, they would like to be trained in finance management and in saving related matters as all they know is “saving deposit and refund”. Their savings do not earn interest or dividends and even getting a refund is not easy.

**2. Product Assembly And Market Linkage.**

It cost about 1,200/= per day to hire a boat engine so the fishermen use sailboats.

As the boats arrive, the middlemen do the sorting in the boats; carry the good fish to the weighing scale in the open from where the fish is carried to the banda. One fish handler in bathroom slippers slipped and fell with the fish he was carrying as he tried to mount the banda

Platform hurting his leg .As he bled profusely there was no first aid administered to him as

Somebody else just picked up the fish and business went on as usual.

- A respondent suggested that wheelbarrows should be used to transfer fish from the lake to the banda.
- They lack information on prices, opportunities to improve their sales.

### **3. Quality Assurance**

- A fish storage that was built in 1969 is no longer operational.
- There is no ice except that brought in by IFP agents for their use. An IFP agent who had left Nairobi on a Tuesday with five tons of ice was left with 3 ½ tons on Thursday to travel with to Nairobi on Friday depending on whether the truck gets filled.

### **4. Material Input Supply**

- Fishermen lack enough capital to buy appropriate fishing gear, which has to be bought from Kisumu.
- With no proper savings they cannot access credit to modernize their fishing gear.
- They are at risk in the high waters in sailboats, as they do not have life Jackets.

**Date:** 11<sup>th</sup> December 2003.  
**Organization:** Kachieng' Fishing & Selling Self-Help Project- Kiumba.  
**Respondent:** Joseph Odera (Chairman)  
Edward Migawi (Vice Chairman)  
James Owuor (Secretary)  
Peter Jagero (Ass. Secretary)  
Tom Manyanya (Treasurer)  
**Type Of Organization:** Fisher Association.  
**Location:** Suba District.

### **Background:**

The association was registered under culture and social services on 2<sup>nd</sup> June 2003 as a subdivision of the cooperative society in which the fisherfolk have lost confidence. With a membership of 27 members, this group has a seriousness of purpose, who have built an office and furnished it out of their own initiative. Its members are enlightened and know what they want and where they are going. They want to sell and develop themselves.

#### **1. Savings Mobilization.**

- They operate on the co-operative society principals avoiding the mistakes that are bringing down the society.
- They have an account with Co-operative Bank in Homa bay – 52km away. For security and transparency 2 members do their banking at a given time. They each spend 200/= on fare per banking trip. So banking facilities closer to them is a priority. They are hesitant about exploiting microfinance services, which they know very little about.
- A respondent said they would like to be trained in various aspects of business and finance management. He also said seminars, when available are attended by retired civil servants and teachers who never pass information to them - the people who need it most.
- For income generation they give loans to non- members who are credit worthy.

#### **2. Material Input Supply**

- From their assessment each fisherman needs a minimum of 50 –100 nets to operate viable businesses. They need loans for this capital or material input on hire- purchase basis.
- They lack exposure and representation as their livelihood is around the lake.
- As a group they intend to open a fishing gear shop because Kisumu is too far for the members.

#### **3. Quality Assurance**

- With help and electricity, they would like to refurbish the run down cold storage, which was built in 1969.
- They would like to improve fish handling facilities between the lake and banda as a safety measure.

#### **4. Product Assembly And Market Linkage**

- With time they would like to build their own banda with modern fish handling facilities to compete with the one run by **BMU**.
- At marketing level they would to invest in open or insulated trucks. This way they would be able to sell their fish direct to **IFP** and other consumers.

**Date:** 11<sup>th</sup> December 2003  
**Organization:** IFP Agent – Mbita  
**Respondent:** Hussein Abdi (Director), Hassanali Some (Director).  
**Type Of Organization:** Fish Trader (Middlemen).  
**Location:** Suba District.

**Background:**

The two partners are IFP agents operating from a beach along the causeway on Mbita beach. They build a banda on mutual agreement with the owner of the plot. They have been operating from the banda since the year 2000 and will continue doing so until they recover the cost of building it. Their main activities are: -

- Procuring fish through brokers
- Selling it to IFP.
- Fish transportation services.

**1. Savings Mobilization.**

- Agents are the people who control fish prices on the beach. The respondent says when he started operating on the beach in 2000 the price was 30/= per kg and he helped to raise it to 100/= per kg. Now it ranges between 57/= and 60/= per kg.
- They give soft loans to the fisherfolk to buy fish on the lake and to compete with other buyers.

**2. Product Assemblies And Market Linkage**

- They motivate the fisherfolk by giving a price slightly higher than other buyers this ease the problem of bulking. This is because between him and the fishermen are brokers and fish selectors who are also loaders. Brokers could collude with selectors and loaders and he would end up with poor quality fish.
- Poor infrastructure deters fish collection from certain beaches. Motivated brokers will go out of their way to source fish from the Islands and from sellers from on the lake.

**5. Quality Assurance**

- The agents provide brokers with Ice in motorboat containers to source for fish from Islands.
- There is need for ice production for better quality deliveries to IFPs based in Nairobi, which is along way for Mbita.
- Selectors base their knowledge on fishing experience, as most of them have not undergone formal training.

**4. Material Input Supply**

- The agents supply fishing gear to fishermen in exchange for fish on agreed terms. This is because it is time consuming and costly to buy the gear from Kisumu as the few shops around are sparsely stocked.
- The respondents want law enforcers to make it a must for all fishermen to wear life jackets. Most of them do not have life Jackets.

**Date:** 15<sup>th</sup> December 2003  
**Organization:** Department Of Fisheries – Bondo  
**Respondents:** Sospeter Okungu (Fisheries Scout)  
Caroline Achieng’ (Secretary).  
**Type Of Organization:** Government Department  
**Location:** Bondo District.

### **Background**

The district fisheries Officer Mr. Andika Semo was away. The main respondent who is fisheries department scout discussed mainly matters pertaining to his work and generally on DOF.

Activities of the department include management and conservation of fishery resources, fish quality approval, registration and licensing of fishing vessels among others.

Scouting activities include law enforcement, security of fishermen and they work in conjunction with administration police, KWS, and BMUs who intermediate between the community and DOF.

#### **1. Savings Mobilization.**

- According to the scout, mobile fishermen have many wives as they move from beach to beach making it impossible for them to settle down to a particular beach’s savings system.
- They spend their money lavishly. As an example he says, one man had a drinking style of carrying only one thousand-shilling notes and when he paid his bill he would give a note and not take his change. This he said would soil his pockets. The man was popularly known to say “Alfu tang’o?” (What is one thousand shillings?) . He died of Aids.

#### **2. Product Assembly And Market Linkage**

- Nile perch is in great demand resulting in over exploitation. Fishermen resort to using gear such as monofilament nets, beach seine and inappropriate mesh size nets. For Dagaa, they do mock fishing where they do not use lights. Especially the months of April to August when there is a closure.
- To enforce the law the fishermen are way – laid, arrested and gear impounded. However DOF does not have enough scouts to cover all the beaches effectively.
- BMUs also break the law, as they are independent of government and lack legal authority over the fisher folk.
- Formalization of fish import channels will promote harmony with neighboring countries and safety for the fisher folk.

#### **3. Quality Assurance**

- Quality assurance is one of the main functions of DOF.
- The department lacks training funds and facilities transport on land and water and quick communication systems to effect this function.

#### **4. Material Input Supply.**

- Wichlum build a patrol boat and was given an engine for patrolling by DOF.

- Oyamo bought an engine and was given a boat.
- The department has four boats and one engine for scout patrolling which are inadequate to cover all the beaches in a given time.
- Weighing machines have been supplied by DOF for BMUs and co-operative societies.
- Wichlum and Misori got theirs from councilors and chiefs.

**Date:** 15<sup>th</sup> December 2003  
**Organization:** Bmu, Wichlum Beach – Bondo  
**Respondent:** Moses O. Ngiela (Assistant Secretary)  
**Type Of Organization:** Fisher Association.  
**Location:** Bondo.

## **Background**

This is the cleanest and most organized beach so far. The office bearers had been summoned to the chief's office over a case that the respondent felt should have been solved by the BMU. He cited administration interference in their duties.

The current office bearers were elected on the 28<sup>th</sup> September 2003 with most of them being re-elected to the offices including the treasurer. This is a clear indication that the community has confidence in them. Their functions include: -

- Marketing of the co-operative society
- Implementing the savings scheme
- Patrols
- Organizing recreation activities and facilities for members.
- Beach cleanliness.

### **1. Savings Mobilization**

- The co-operative society has one manager and four employees for book keeping.
- All the fish is sold through the co-operative society to the person who offers the best price.
- This is an example of how the transaction is handled  
50 kg of fish X sh.50/= per kg. = 2500/= out of this 20% is deducted from 2500/=, 2000/= is paid to the fisherman. Of the 500/= 20% which is 100/= goes to the co-operative society and 80% which is 400/= goes to the members savings account.
- These calculations are done in the presence of the fisherman, who after receiving his money may opt to go for recreation e.g. Watching a movie, playing football or go home to rest.
- The 20% that goes to the co-operative caters for salaries, support social services and investments on behalf of the society.
- They have put up a commercial building of six rooms and each member contributes 500/= per month towards this project.
- Co-operative society has about 800 members
- The patrol department gets 1/= per kg towards rescue services, security patrols and social support when the need arises like in cases of death.

### **2. Product Assembly And Market Linkage.**

- There is a need for electricity, which is 20km away at Nyang'oma. This would gear the society towards investment in ice production.
- Fish movement from the boats, trolleys and weighing bay is done in a very orderly manner
- Priority is given to the buyer who offers the best price therefore boasting the income.

### **3. Quality Assurance**

- Proper selection of spoiled fish from good fish is done transparently.
- The spoiled fish is put aside as only the good fish is taken for weighing by women who are either wives or relatives to the fishermen. They confirm the weight of the fish to the recording officer before the fishermen go for their payment

### **4. Material In Put Supply.**

- The beach members want electricity supply for cold storage services
- Clean water
- Pier near the water to minimize contamination of fish
- Marketing and representation services
- To penetrate the monopoly of fishing gear input suppliers
- Improve fishing techniques
- With 8 officers from DOF manning 72 beaches there is a loophole in their services. They recommend backup staff.

**Date:** 15th December 2003  
**Organization:** Banda Women Group-Wichlum-Bondo  
**Respondents:** Sabina Orwa (Chair Lady)  
Patricia Ogutu (Treasure)  
Pamela Were (Secretary).  
**Type Of Organization:** Trader Association  
**Location:** Wichlum Bondo District

### ***Background***

The group is comprised of women who are mainly mediators for the fishermen; some are artisan processors who own fish smoking units near the beach and others who own boats. The group was registered in 2000 as a self-help group, which has 53 members currently.

#### ***1. Savings Mobilization***

- The members are involved in various activities like farming and selling fruits and vegetables. they come to the beach in the afternoon to await landing of the fishermen.
- At the end of the day each member saves 300/= per person towards their development projects.

#### **2. Product Assembly And Market Linkage**

- Culturally women are not allowed to fish or though few are venturing in the activity. The women have to rely on the fishermen.
- There are about 137 boats on the beach. On arrival, loaders carry the fish to the delivery trays where sorting and selection is done.
- Rejected fish is sold at artisan processors for smoking and later for onward sale in Kisumu and other towns.
- Two respondents have established markets at Kimilili in Bungoma district for smoked fish.
- While weighing fish, the women use what is called “hala hala” this is weighing fish of different sizes on the scale. what is recorded is the exact size in kilos. the excess weight which is less than kilo is what the women get for payment.
- Apart from their savings as a self-help group they also save 200/= per person weekly on Mondays.

#### **3. Quality Assurance**

- High quality of cleanliness is maintained when handling fish the women are uniformed and are not allowed to access the banda in bathroom sleepers or with out head scarves.
- Only good quality fish is weighed and sold.
- Due to the quality of fish sorting on this beach most of the smoking units were in operational during this visit.

#### **4. Material Input Supply**

- The group owns one 25-ft boat with 10 nets. They require 60 more and other gear like Jerry cans, ropes and threads for repair.

- The chair-lady who has more than 20 years experience on the beach owns a boat and so do some of the other members.
- They put in their services in solidarity with the fishermen.
- Women who stocked basic gear along other hardware and groceries manned all the three fishing gear shops visited.
- They restocked once a month ???ting high prices and distance from supply??? as major problems of getting gear from Kisumu.

**Date:** 16th December 2003  
**Organization:** Dagua Fishermen, Women Traders & Boat Builders  
Respondents: Jacktone Onyango (Fisherman)  
Quinta Oyamo (Trader)  
Samuel Otieno (Boat Builder)  
**Type Of Organization:** Fisherman/Trader  
**Location:** Wichlum-Bondo District

### **Background**

This is a small beach with only 19 boats of which 2 belong to women. It is run by sub branch of the BMU. One respondent says the link between BMU and the Dagua beach is very weak. The beach has about 200 people of whom 50 to 100 are women traders.

#### **1. Savings Mobilization**

- Each boat yields about 8 troughs per day currently.
- 20% of the earnings are allocated to the boat for fishing related requirements. The net amount is shared equally between the fishermen and the boat owner.
- Boat owners are members of Wichlum co-operative society
- As per the spokes lady, the women cannot depend on income from dagгаа sales alone.
- They have a merry-go-round in which every member contribute 50/= and this is given to one member on rotation every???
- They have nothing to save and most of them depend on their husbands or other businesses. For those who do not have husband, "lazima mtu hawe na rafiki mvuvi pande ile ama maisha haiwezekani" (one must have a fisherman friend on the main beach or else life is impossible).
- Dagua business is not as lucrative as Mbuta business.

#### **2. Product Assembly And Market Linkage**

- Closed season is applicable only in Kenya's while Kenyans suffer there is plenty of Dagua from Tanzania and Uganda.
- During the rainy season, when Dagua cannot be sun dried there is a lot of wastage the traders want alternative drying facilities and a fish store.
- Fish meal Dagua sells at 16/= - 17/= per kg and to transport one bag to Bondo cost 200/=.

#### **3. Quality Assurance**

- Dagua processing is simple from the lake it is sun dried for one day and is ready for the market.
- For human consumption ?? Redding keeps it fresh longer.
- Most animal feed suppliers make deliveries after drying once to avoid shrinkage.

#### **4. Material Input Supply**

- Fishermen need motorboats to venture deep further on the lake. They need capital to modernize their boats. Lack of fish stores makes the traders not to have bargaining power.

- There is a need for an open air-drying shed for use during the rainy season.
- They also need sensitization on market opportunities.
- There is a boat-building unit on the beach although the required materials are expensive and some are not locally available.
- Materials like mvuli and mgogo timber are not locally available and are smuggled in from Uganda.
- Boats are also smuggled in from Uganda. There was one container boat on sale during our visit. Speaking to the Ugandans who brought it, they hoped to sell it for between 70,000/= -80,000/=. They just arrived as any other fisherman, secured their boat, removed the engine and carried it on land to somewhere awaiting the sell of their vessel. In case it is not bought they would move to another beach but that was not likely to happen. This is a common transaction on the beach.

**Date:** 16<sup>th</sup> December 2003  
**Organization:** IFP Agent Uhanya  
**Respondent:** James Onono Ndianya (Caretaker)  
**Type Of Organization:** Fish Trader  
**Location:** Bondo District.

**Background:**

The agent operates under a group name of Aketch Industries and operates from a group Banda very close to the water. The Banda was build by a local businessman; the group of 10 women and 40 men was registered in 2002 after being failed by the co-operative society.

**1. Savings Mobilization.**

- The respondent was not very well vast in such matters all he had to say was that they charged a commission of 30cents per kilo of fish for using th e banda
- The fisher folk had a problem and with SAGA and they want proper banking services with reputable bank and institutions.
- The co-operative society has not served its purpose since 1969.

**2. Product Assembly And Market Linkage.**

- The respondent owned a good number of boats and has been in the business for more than 25 years.
- The owner of the banda also owns many boats locally and in Uganda.
- As a group they own five containers and four pullers.
- In a day they handle between two and three tons of fish.
- This banda was very unlike the BMU that had very little activity.

**3. Quality Assurance**

- Both bandas are poorly maintained.
- BMU is weak
- Processors collide with foreigners at the expense of the local fishermen who cannot sell their fish.??

**4. Material Input Supply.**

- Fishing gear is very expensive.
- There are no security patrols.
- There is a need for training in business management and they lack market information and representation.??

**Date:** December 17<sup>th</sup> 2003  
**Organization:** Bondo Biashara SACCO.  
**Respondent:** Audi Dede (Manager).  
**Type Of Organization:** Sacco  
**Location:** Bondo Town

## **Background.**

The SACCO was registered in 1998 for traders in Bondo generally according to a chamber of commerce recommendation. Started its operation in May 1999 with the following office bearers: Simon Jaramba (Chairman), Joseph Dede (vice chairman), Walter Waga (secretary), Walter Wija (treasurer).

Managing committee members: - Albert Ochieng – Madinyu division  
Protas Adogo – Rariada division  
Richard Andere –Usigu division  
James Openda- Bondo/ Maranda division.  
Vareria Owiti – Bondo Town.

### **1. Savings Mobilization.**

- They started with membership registration fee of 20/= and then build up savings to a minimum of Ksh 600/=.
- After 6 months the members qualified for loans of three times their savings.
- They started by using the chairman's vehicle for divisional recruitment.
- Between October 1999 and May 2000 they had recruited 200 members.
- The five-committee members are representatives in their divisions where they have opened offices.
- Under them they are 3 –5 field collectors who go round on bicycle collecting deposits from members.
- The savings are for loans purposes and they have the following membership  
Usigu about 150 (Uhanya).  
Nyang'oma - 200 (Wichlum).  
Ndeda and Oyamo – 250 (Islands)  
Rarienda – 50.  
Bondo – 15.
- After loan application, processing takes one month before the member benefits.
- Loans range between Ksh 10,000 - 240,000
- Ten members from Wichlum have received loan up to Ksh1000 and 20 member from Uhanya more than 150,000.
- They are opened 6 days a week up to 5.00 p.m and they also offer FOSA services.
- No dividends have been received so far due to irregular loan repayment at 1- % interest per month.
- By October outstanding loans were 1.5 million of which 350,000 was recovered in 3 weeks with help of BMUs.

### **2. Quality Assurance**

- Biashara SACCO is an intermediary of poverty eradication.
- ??The SACCO identifies, justifies and receives funds trainee and monitor finance.
- 65 groups have registered 12 of which have been financed.
- Members repay weekly to their groups then the groups pay biashara monthly.
- Fishermen are a risk to deal with financially as they move with the fish.
- Cold storage facilities closer to them will reduce their movement culture.
- They also require mechanized fishing gear, capacity building and poverty eradication. This will change their lifestyle and improve returns.

**Date:** 18<sup>th</sup> December 2003.  
**Organization:** Bmu, Marenga - Port Victoria  
**Respondent:** David Musungu Omuke (Bmu Delegates)  
Joseph Ekhamba Khumo (Secretary)  
**Type Of Organization:** Fish Organization  
**Location:** Port Victoria.

**Background:**

They are 11 beaches managed by subunit delegates under Marenga BMU. The beach is owed by the co-operative society, which had made little progress since it was started in 1966 due to poor management and political interference. However a donor has been identified for construction of the ice plant, cold room and jetty. The work is in an advanced stage.

**1. Savings Mobilization**

- There is need for centralization of banking services.
- Co-operative and Kenya commercial banks offered mobile bank services from the 70's and closed down in the 90's.
- K-Rep has an office in Funyula and has representative in port Victoria for member recruitment.
- ??Budalangi is too big to be covered by one representative.
- Banking is done as far as Busia, Ukwala and Siaya.
- Post bank is not popular as it operates through post office and is therefore not effective on the ground.

**2. Product Assembly.**

- They are 2 banda one for Nile perch ran by the co-operative society and build by action Aid.
- The market for both Nile perch and Tilapia is naturally established through long-term customers and word of mouth.
- Local consumption of Nile perch is 5% the rest is exported.
- Fish is bought from fishermen by a "Kachanga" then carried to grading tables by graders in the company of an agent/ sub agent, where it's weighed, sold and loaded.
- IFP buyers are Afro-meat, WET, Capital, Peche and East African Sea food.
- Fish comes in from sub units like Obenje, Sisenya, Bumba and Bugota.
- A respondent at Obenje said they can buy a license for 10,000 Ushs and 5,000 Ushs for a boat number, pay local tax known as "Musolo" and fish in Uganda waters.
- For Tilapia after grading the trader pays for fish and then packing is done in baskets.
- Fish handling from the lake to the bandas on this beach leave a lot to be desired!
- Most of the fish on this beach comes from Uganda.
- Ugandans received loans from A Korea firm in 1997 to modernize their fishing gear. This has enabled them to have a better production.

### **3. Quality Assurance**

- The ministry of health provides 3 officers who are assisted by beach leader.
- All fish handlers have medical certificates which are renewable every six months
- According to the “Bora Afya “(ministry of health officer) there is no stagnant water so there is problem as far as the area between the lake and the Banda is concerned.
- After selection he says, “The bad fish is still good for human consumption when it is processed by sun drying and it is very sweet”.
- For Tilapia the fish is packed in papyrus baskets lined with polythene sheets then packed with ice for transportation by truck to Kisumu, Nakuru and Nairobi.

### **4. Material Input Supply**

- ◆ With the ice plant project in its advanced stages this problem of ice will soon be solved. Currently traders get the ice from Busia and Kisumu.
- ◆ Security is a problem especially from Ugandans who steal their gear. There is a police unit at Mulukoba which lacks supplementary support like marine ??guns, life jackets and backup service.
- ◆ The police have 1 boat and DOF has 4 boats and these are not sufficient.
- ◆ They lack a proper rescue team and there are no stands by rescuers on site.

**Date:** 18th December 2003  
**Organization:** Mbu, Fishermen - Marenga Beach-Port Victoria  
**Respondents:** Fred Oloo (Fisherman)  
James Yamo (Fisherman)  
Daniel Munyolo (Fisherman)  
Richard Oyoo (Fisherman)  
**Type Of Organization:** Fishermen Group.  
**Location:** Port Victoria.

## **Background**

Sinyenye beach is a sub unit of Marenga BMU its main operations are Daga fishing and selling mainly to women. There are about 50 boats and an unknown number of registered fishermen as most of them are Ugandans who come and go according to demand or who have homes in both Kenya and Uganda.

### **1. Savings Mobilization**

- The fishermen have organized themselves in tribal groups for self help purposes. They are not keen about the co-operative society as they say “hiyo ni ya wa dosi”(that is for the big shots).
- There is a tribal problem because most of the fishermen are Luo, Luhya or Ugandan and they feel insecure.
- They substitute Omena fishing with selling charcoal and cereals from Uganda.

### **2. Product Assembly And Market Linkage**

- Daga fishing is done on this beach but it also receives a lot of its supply from Uganda. There is no proper market for Omena and the price is too low.
- There is a communication barrier due to bad roads especially during the rainy season.
- There is a need for alternative means of transport Like Lake Transport.

### **3. Quality Assurance**

- Daga from this beach is mainly for human consumption. Supplies are sold as far as Bungoma, Kakamega, Kisumu and Nairobi.
- The fishermen would like to be assisted to improve their yields, as they cannot cope with the demand at times.

### **4. Input Supply**

- Most of the fishing gear is bought in Uganda and they do not seem to have a problem so far as far as the gear supply is concerned.
- They would like to get capital to expand their fleet and be able to compete with their Uganda counterparts.

**Date:** 19<sup>th</sup> December 2002  
**Organization:** IFP Agents – Marenga Beach  
**Respondents:** Rosandra Ingabo (Agent) Mohamed Hussein  
**Type Of Organization:** Traders  
**Location:** Port Victoria

### **Background**

Marenga beach supplies Nile perch to W.E Tilley, Peche, F. P.2000, Afromeat, Capital and E.A. Sea food. Two of these have lady agents. W.E. Tilley's agent is the owner of Bismillah Hotel, which is open 24 hrs.

### **1. Savings Mobilization**

- One requires capital for at least 15 tons to be able to make a good profit.
- There is an urgent need for banking services because it is risky to carry large sums of money around
- If the fisher folk are educated on banking services like receiving payment by cheque transaction will be easy to handle.
- Agents sometimes operate under the cover of sub agents for security reasons.

### **2. Product Assembly And Market Linkage**

- They have arrangements with particular fishermen with whom they deal.
- They also have container boats to source fish from the lake. The first respondent has 3 containers and the second respondent get most of his fish from Uganda.
- The first respondent lost 1.5 M Shillings worth of fish when her trucks got stuck in the mud for 3 days due bad roads.

### **4. Quality Assurance**

- Rejection due to under weight and spoilage is about 60-65kgs.
- Rejected fish is sold for 20/= -30/= per kg or given away for free.
- When the delivery from the boat is made at night it is easy to get poor quality fish due to poor lighting of the area.

### **Material Input Supply**

- Improvement of infrastructure.
- There is insecurity both on land and on water.
- Banking services as it is risky carrying cash money.
- Improvement of fish handling between the water and the trucks.

**Date:** 19<sup>th</sup> December 2003  
**Organization:** Wholesalers  
**Respondents:** Rose Amolo, Selina Auma  
**Type Of Organization:** Traders  
**Location:** Port Victoria.

## **Background**

These are representatives of a group of women who deal in Tilapia wholesale. Most of them used to operate at Busia before the border closure for fish in the year 2000 most of them have been in business for more than five years. They buy fish and transport it to the counterparts in Nairobi, Kisumu and Nakuru for retailing.

### **1. Savings Mobilization**

- They each contribute 1000/= each for their merry-go-round to boost their business.
- Business is run individually, although they have recently a group saving scheme. This is because the group broke up when the operations in Busia ended and they parted.

### **2. Product Assembly And Market Linkage**

- They source fish from as far as Jinja and Sigulu.
- From the waters fishermen are paid cash and graders are paid with fish instead of money.
- Packers pack the fish in papyrus baskets, which are then loaded in the lorry ready for transportation. The traders do not have to travel with the fish but it gets to their counterparts. Some of them have never left port Victoria for years.
- There is high competition from Tanzania and other suppliers from Mbita, Muhuru Bay, Osieko, Usenge and Kisumu.

### **3. Input Supply**

- The traders would like to have the roads improved.
- They get their ice from Busia and Kisumu and the supply is not sufficient.
- There is a need for finance services where they can borrow and improve their business for better competition.

**Date:** 30th December 2003  
**Organization:** Rabai Road Millers And Witman Millers  
**Respondents:** Hanna Mbere (Proprietor)  
Onesmas Njiru (Miller)  
**Type Of Organization:** Millers  
**Location:** NCCCK Nairobi

**Background:**

These are flour millers based in Nairobi mainly for household needs. They grind maize, millet, finger millet, groundnuts and other cereals for human consumption. For adding value to their products, some millers ventured into adding Omena to other ingredients to offer nutritious flour product.

According to the first respondent, the ratio of Omena added to the flour is very small, as it is about 250gms to 10kg of flour. This is because Omena has a very high protein content and only a small amount is required. The flour is meant for babies and invalids so she is very careful about the measures.

They buy small amount of Omena according to their requirements from Gikomba as they would not like to stock Omena in their store because of the smell and its also highly perishable.

The second respondent says Omena is popular with chicken feed producers who buy it in tons for starter meal production.

Chicken feed producers get their Omena supply from Musoma and Mwanza in Tanzania, as Kenya cannot meet their demand.