

CASE STUDY



TRUSTAFRICA

Investment Climate & Business Environment Research Fund

TrustAfrica is an independent foundation that strives to secure the conditions for democracy and equitable development throughout the continent.

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Our programs focus on:

- Democracy & Civil Society
- Equitable Development
- African Philanthropy

ICBE Research Fund

In partnership with the International Development Research Centre, we have set up a special fund to support research and advocacy on business and investment in Africa and help ensure that the benefits of economic growth extend to all members of society. Known as the **Investment Climate & Business Environment (ICBE) Research Fund**, it has awarded nearly US\$1.5 million to 53 teams in 16 African countries in its first two rounds of support.

Grant Summary

Uganda Management Institute
US\$50,000 (2007)

“Supply chain rigidities and business survival in the Ugandan fishing sector”

Michael Mugabira,
principal investigator



Christopher Reardon

Fishing for Solutions in the Great Lakes Region

Adoption of sustainable fishing practices could save the Nile perch, lift incomes, and preserve livelihoods among Uganda’s poor.

When Henry Kityo got into the fishing business eight years ago, his boat reliably pulled 40 kilograms of Nile perch daily from the fertile waters of Lake Victoria, Africa’s largest lake. Now he’s lucky if his crews bring in half as much. Kityo faults competitors who harvest immature fish, a practice that is decimating the Nile perch population. Smaller catches have driven one-third of the commercial processors out of business in the last year, imperiled the livelihoods of 200,000 fishermen, and jeopardized the daily sustenance of millions of Ugandan families. “We want to stop illegal fishing,” says Kityo, 33. “But we don’t know how.”

Michael Mugabira has some ideas. As a researcher affiliated with the Uganda Management Institute, Mugabira conducted a recent study of the fisheries sector with support from TrustAfrica’s Investment Climate and Business Environment Research Fund. He initially set out to gain a better understanding of the stark income inequalities between processors, who had been thriving, and fishermen, who faced acute poverty. But the data pointed to some unexpected conclusions. “If you want to improve conditions among fishing communities,” Mugabira says, “it’s better to work on sustainable practices than to focus on income disparities.”

From Boom to Bust

It was just a few years ago that fishing emerged as one of Uganda’s most vital industries. As exports of Nile perch boomed in 2004 and 2005, this mild white fish began to rival coffee, tea, and cotton as a major foreign exchange earner, contributing more than 12 percent of the nation’s gross domestic product. But times have changed. “The fisheries sector has collapsed,” says Mugabira. “Unless we stop harvesting immature fish, it will never come back.”

Mugabira’s research centers on supply chain rigidities—bottlenecks that constrain the movement of goods from producers to consumers or hinder the flow of information in the reverse direction. With co-investigator Daniel Ssekiboobo ▶

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and three assistants, he conducted a survey of 480 fishermen on Uganda's largest lakes: Victoria, Albert, and Kioga. Their methodology also incorporated analysis of government data and a review of relevant policies. By investigating the fish value chain, they hoped to identify inefficiencies that influence the quality, quantity, price, and timely delivery of Nile perch—and to find out why, even when profits are up, so many fishermen struggle to meet their basic needs.

Sadly, they found that the sector's pursuit of short-term gains at the expense of long-term value had induced significant inefficiencies. Primary constraints in the value chain include information and power asymmetry among stakeholders, weak partnerships, and poor coordination among government agencies. Excess capacity is also problematic, with Uganda's total fish production surpassing the sustainable target level by 27 percent, a yearly surfeit of 90,000 tons. Mugabira has calculated the annual cost of these constraints to be US\$400 million. Removing them through the adoption of sustainable fishing practices, he says, could generate enough extra revenue to raise fishermen's incomes fourfold.

Based on his findings, Mugabira is calling on the public and private sectors to:

- Train and certify fishermen and issue distinct classes of fishing permits;
- Promote long-line fishing, a more sustainable alternative to using gill nets;
- Reduce the number of fish processing plants to match stocks of Nile perch;
- Process alternative species with high demand in regional markets; and
- Invest in aquaculture to raise other species for domestic and regional markets.

Setting a New Course

The government has incorporated some of these measures into pending legislation. It is also working to reduce the number of fishing boats by 20 percent and to rein in mismanagement of district offices and beach management units by centralizing the processes for vetting boats and issuing licenses and permits. "Studies like this change minds," says Wilson Mwanja, Uganda's Commissioner for Fisheries Resources. "Before people were thinking it's just an environmental problem. Now they see it's a business problem, too."

Mugabira takes heart in signs that the major fisheries are also changing course. The Uganda Fish Processors and Exporters Association has begun to sanction crews, boat owners, and fisheries that buy or sell Nile perch below the legal limit of 20 inches. It is also working with partners in Tanzania and Kenya to develop regional standards and mechanisms for sustainable fishing, prompting a recent move by the Lake Victoria Fisheries Organization to begin issuing single-species licenses.

These efforts alone won't save the Nile perch or stabilize the fisheries sector, because they apply mainly to exports to Israel, Europe, and North America—not regional traders who smuggle immature fish into the Central African Republic, Democratic Republic of Congo, and southern Sudan, where protein is in high demand. But they're an important start, says the association's chairman, Philip Borel de Bitche. He and Mugabira, who now works for the Uganda Investment Authority, are exploring opportunities to develop the market for alternative products like dried fish heads, farmed fish, and less popular species like tilapia.

"Lake Victoria is the largest inland fishery in the world," says de Bitche. Stronger enforcement is essential, he says, but it must be coupled with better sensitization of fishermen and rapid development of viable alternatives to illegal fishing and trading. "This is a critical year," he says. "We can't afford to fail." ■

Read an in-depth report on this research project at www.trustafrica.org/icbe.