



Left. Refrigerated trucks wait to load fish at Bwondha Landing Site, Mayuge District, recently. At least 2,200 people engaged in subsistence or commercial fish farming and fish traders and processors were meant to acquire loans under the fisheries credit fund to acquire trucks such as these, but that did not happen following the scrapping of the fund. PHOTO BY DENIS EDEMA

Where did Shs7.2 billion fisheries credit fund go?

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THE PROMISE:

In November 2002, the Government of Uganda launched the Fisheries Development Project (FDP), which was meant to be implemented with funding from the African Development Bank (AfDB).

The Ministry of Agriculture, Animal Industry and Fisheries started implementing the project in May 2003.

The project was rolled out at a time when Uganda was experiencing a decline in fish catches from the country's major lakes: Victoria, Kyoga and Edward, on account of over fishing and pollution of the lakes.

The five-year project, which was designed for implementation in fishing communities around lakes fishing communities around Victoria, Kyoga, Albert, Edward and George, was meant to address quality and food safety issues, which had occasioned the two bans that had been slapped on fish products from Uganda.

The European Union (EU) had slapped the first ban on fish products from Uganda in 1997 before slapping yet another ban on those from the East African region in March 1999.

The first ban was effected amid fears by some EU countries that fish products from Uganda could be contaminated with vibrio cholerae, the bacterium that causes cholera.

The March 1999 ban was as a result of the discovery that fishing communities in the region had been using unorthodox methods, including the use of poison, to increase their fish catches.

The project was structured into five components; one of which was the \$2m (Shs7.2b) fisheries credit fund (FCD) to boost the activities of at least 2,200 people engaged in subsistence or commercial fish farming, and fish traders and processors.

Under the arrangement, the various actors were to be given loans to enable them acquire modern equipment such as boats, fishing gear and refrigerated vehicles to enable them engage in modern fishing practices and also keep post-harvest losses to a minimum.

The loans were meant to have been accessed through commercial banks and microfinance Institutions, but within less than a year of commencement of the project, government scrapped the credit fund.

Mr Edward Nsimbe Bulega, the then national coordinator of the project, told the media early

2,200

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in 2004 that the decision followed a disagreement between the financial institutions and government over the repayment regimes.

While the government wanted the beneficiaries to access loans without necessarily having to provide any collateral and to start paying back after a six-month grace period, the financial institutions insisted on having collateral against the loans and that repayments had to start almost immediately.

"Micro-finance institutions were reluctant to finance long-term loans, saying the risks were high," Mr Nsimbe Bulega, told the media back then.

Sources within the Ministry of Agriculture,

Animal Industry and Fisheries said efforts to find another intermediary agency to run the fund as had been the case with the much maligned and largely failed Entandikwa credit scheme, also hit a dead end after government and AfDB officials expressed misgivings about putting such colossal sums of money in the hands of private individuals.

So what happened to the \$2million that was meant to fund this particular component? Nobody seems to know what exactly happened to the money.

Official position

Ms Connie Acayo, the assistant commissioner-in-charge of communication at the Ministry of Agriculture, Animal Industry & Fisheries, told Daily Monitor that she is not sure of what could have happened to the money or how it was spent.

But Dr Edward Rukunya, the commissioner for Fisheries in the same ministry, says the money was still lent out to fish farmers, but that the loans took a non-cash form.

"Those who were meant to get credit got it, but the loans were given in the form of items. Individual applicants were provided with items that included fish fry, feeds and equipment depending on what they required on their farms," he said.

However, it is not clear how many fish farmers or processors benefited from this loan facility. Speaking to Daily Monitor on phone last Thursday, Dr Rukunya, gave two reasons for his failure to provide the relevant statistics.

In the first instance, he said he was out of office when contacted for a comment, and in the second instance, he said the project was wound up in 2010 and that there was a possibility that information would not be very easy to come by as it could have not been archived.

Impact

This lack of clarity on how the \$2million was

SPECIAL REPORT

spent is sparking off fears that most of the money could have gone the same way many other such colossal sums meant for several other donor-funded projects implemented by departments of government could have gone – either wasted and abused or simply stolen.

Mr Jim Mungunga, the spokesperson of the Ministry of Finance, Planning and Economic Development, says the diversion of funds to provide for other purpose instead of the ones initially earmarked would require endorsement from the funding agency, but in this case there is nothing to suggest that AfDB okayed the Ministry's decision to move the management of the fund from financial institutions to the fisheries department, or even to change it to the non-cash format.

Objective

That aside, the objective of providing the funding for those involved in the fish farming and processing sector was to improve quality, expand the number of possible sources of fish catches and reduce post-harvest handling. These have largely not been achieved.

So much fish continues to go to waste as fish traders and communities continue to shun the 30 fish handling centres that were constructed to address issues of improvement of the quality of fish on the market.

While these facilities were provided with ice-block making facilities to help in lengthening the shelf life of the fish, they continue to lie idle because communities insist that contractors did shoddy work on the plants.

Fish dealers also continue to employ rudimentary methods of ferrying fish from landing sites to the markets. It is not strange for one to come across tons of fresh fish stacked on either pickup trucks or lorries.

Often times, the traders, mostly women dressed in not-so-clean attires sit atop the piles of fish.

The consumers either do not know about this or simply do not care enough not to buy the fish.

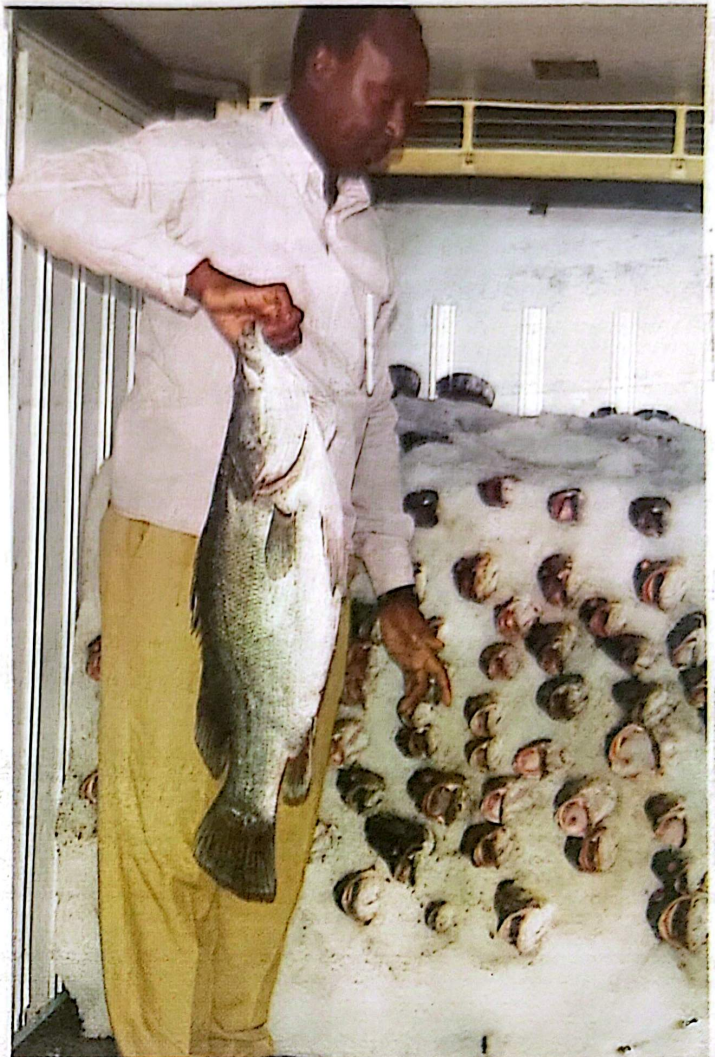
Similarly, common on the highways is the sight of one or two Nile Perch fishes tied at the back of Bajaj motorcycles.

Most of those involved in the trade do not have refrigeration trucks or facilities to keep the fish not only clean and unexposed to dust and bacteria. Suffice it to say that quality issues around the sector have never been adequately addressed.

Fish farming has also not grown to the expected levels. While it had been quite popular at the time the Fisheries Development Project (FDP), failure to provide concessionary lines of credit has meant that fish farming has become the preserve of moneyed locals.

Again because of lack of credit, Ugandan fish farming seem to have been driven out of the lucrative cage farming business especially in Lake Victoria where it is now dominated by Chinese, Ukrainian and Russian nationals.

It would, therefore, suffice to say that all the objectives of the credit fund were never realised and that the fund itself had gone missing.



Frozen. A fisherman at Bugoto Fish Landing Site displays a Nile Perch, one of the many that are placed in ice to help give it a longer shelf life ahead of its transportation from Bwondha to processing plants in Jinja. Credit for the provision of similar facilities to commercial farmers did not materialise following the scrapping of the fisheries credit fund. PHOTO BY DENIS EGEWA

VOICES



"The credit fund had been a great idea. Our banks don't usually give good deals to those involved in value addition so there is always need for government to find ways of providing them with loans on concessionary terms if we are to grow our manufacturing sector and the economy,"

DAUID MIGEREKO, FORMER MINISTER FOR LANDS AND URBAN DEVELOPMENT



"In the case of loans and grants, money has a tribe or colour. Money for roads is for roads. I don't see how they could have done that (change the format of the loan) without the consent of funders. They (AfDB) must agree that it (change) will not have an adverse effect,"

JIM MUGUNGA, MINISTRY OF FINANCE AND ECONOMIC PLANNING SPOKESPERSON



"Those who were meant to get credit got it, but the loans were given in the form of items. Individual applicants were provided with items that included fish fry, feeds and equipment depending on what they required on their farms."

EDWARD RUKUNYA, COMMISSIONER FOR FISHERIES

All those credit funds do not work because people's political affiliations are always dragged into the application process. What Uganda needs is an agriculture bank and I'm working with some consultants so that we seek leave of Parliament to allow me table a private member's Bill to allow for the creation of that bank,"

FRANCIS BARNABAS GONAHASA, KABWERI COUNTY MP, KIBUKU DISTRICT AND SHADOW MINISTER FOR AGRICULTURE

MONITOR'S POSITION

The Fisheries Development Project (FDP) and the idea of creating a credit fund were certainly very good ideas, that seem to have been failed by poor planning and poor implementation. Government and the financial institutions failed to agree on the rules of engagement, something that would possibly not have arisen had the institutions been kept in the loop at the time the project was being mooted and the terms of engagement and loan provision, management and recovery agreed upon before government and AfDB officials put pen to paper.

Where such an agreement would not have been worked out, it would have still been possible to find a credible intermediary agency to manage the loan portfolio.

The scenario once again points to inadequacies in the planning functions, something which needs to be addressed as a matter of urgency if

with the credit fund.

Most important, however, is the need for government to take interest in some of these projects with a view of establishing what could have gone wrong.

It might be more than seven years since the project wound up, but it is not yet too late for government to investigate and establish how the funds were managed and why the credit fund idea did not meet the expected success.

Should it be established that failure was as a result of negligence, incompetence, corruption or abuse of office, those found culpable should be punished.

In that way, government would be seen to be fighting rampant corruption and abuse of authority and the impunity that has often plagued them. Indeed, these measures would go a long way in restoring public confidence in the

OFFICIAL EXPLANATION

Dr Edward Rukunya, the commissioner for Fisheries in the same ministry, says the money was still lent out to fish farmers, but that the loans took a non-cash form. However, it is not clear how many fish farmers or processors benefitted from this loan facility. Speaking to Daily Monitor on phone last Thursday, Dr Rukunya, gave two reasons for his failure to provide the relevant statistics. In the first instance, he said he was out of office when contacted for a comment, and in the second instance, he said