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Sustainable Aquaculture for a Secure Future

Title: Analysis of the use of credit facilities by small-scale fish farmers in Kenya

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Abstract: The government of Kenya encourages aquaculture development by offering credit facilities through the government agricultural finance institution, Agriculture Finance Corporation. Nevertheless, the level of credit use in fish farming is very low. Access to credit is among several factors that affect farmers' decision of whether to use particular technology or services. The study examined factors that affected the decision of fish farmers in Kenya to utilize credit facilities in fish production using a probit model. The analysis suggests that farmers in the Western province will have a 19% more probability of using credit facilities for their fish farming operations than farmers from the other provinces such as the Rift Valley, Central, and the Eastern province. The effect of tilapia sales on the probability of credit use by fish farmers is more than three times that of catfish sales. Total pond acreage owned by fish farmers had a positive effect on credit use but the effect was very small and negligible. The level of fish farmers' use of credit facilities is very low, and there is probably the need to educate farmers on credit use and for the government agricultural lending agency and other commercial agricultural lenders to invest in this enterprise. Kenyan lending institutions have financed traditional agricultural enterprises, and with the growing production of farmed fish, more research is needed to document the aquaculture business model to assist in assessing the profitability potential in aquaculture.

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