



Context & Geography: Bondo Sub-County, Siaya County, Kenya (Lake Victoria Basin)
Target Beneficiaries: Unemployed rural youth, women, and persons living with disabilities (PWDs)
Primary Facilitator: Aquaculture Business Development Programme (ABDP) in partnership with the Siaya County Department of Fisheries

Executive Summary

This case study highlights two distinct, youth-led business models demonstrating horizontal and vertical integration within the Lake Victoria aquaculture value chain. By transitioning from informal labor and micro-enterprises into structured business units, the Usenge Fish Processors Youth Group (downstream processing and retail) and the Usenge Fish Feeds Suppliers Youth Group (upstream input supply and production) serve as proof-of-concept models for rural youth economic empowerment through the ABDP co-investment grant framework.

Case A: The Downstream Model (Processing, Retail & Production)

1. Evolution & Baseline

The group was established on April 16, 2022, by unemployed youth with a baseline capital footprint consisting of small member contributions, temporary mabati (iron sheet) structures, and three traditional firestone meko cookers.

2. Financial Engineering & Capital Injections

The enterprise scaled its operations through a blend of public grants, matching co-investments, and structured profit reinvestment:

- ♦ **ABDP Grant Equity:** KES 450,000
- ♦ **Group Cash Co-investment:** KES 50,000
- ♦ **Strategic Cap Ex Reinvestment:** KES 650,000 (sourced from business surpluses to procure commercial furniture, cutlery, two refrigerators, and one deep freezer).
- ♦ **Financial Risk Management:** Diversification of capital assets across two banking institutions (Equity Bank and Postbank).



3. Production Dynamics & Market Output

The group successfully diversified horizontally from food service into primary production to secure their supply chain:

- ♦ **Production Infrastructure:** 4 production cages measuring 10"m"×5"m"×7"m" .
- ♦ **Stocking Density:** 30,000 Nile Tilapia (*Oreochromis niloticus*) fingerlings per cage.
- ♦ **Financial Performance:** Achieved a single-harvest revenue of KES 500,000 in December 2024, with subsequent projections targeting a harvest yield of approximately 100,000 pieces of fish.

4. Socio-Economic Impact

Market Traffic: Serves between 200 and 500 patrons daily at a price point of KES 300 to KES 700 per plate.

- ♦ **Employment Creation:** Created 5 sustained casual positions paying KES 300/day, directly targeting gender inclusion (4 women, 1 man).
- ♦ **Agri-diversification:** Mitigated climate and economic shocks through a half-acre cotton farming buffer enterprise.

Case B: The Upstream Model (Input Supply & Production)

1. Evolution & Baseline

Founded by 15 youth (10 men, 5 women, including 1 PWD) who previously worked as manual cage feeders for third-party aquaculture investors. They leveraged their baseline technical field experience to pivot from casual laborers to input suppliers.

2. Financial Engineering & Capital Injections

- ♦ **ABDP Grant Equity:** KES 450,000
- ♦ **Group Cash Co-investment:** KES 50,000
- ♦ **Utilization of Capital:** Dedicated primarily to working capital for seed and feed inventory stocking, optimizing cash flow liquidity in the local feed market.

3. Market Positioning & Production Dualism

The group operates a dual revenue engine combining retail and primary production:

- ♦ **Upstream Retail:** Operates a dedicated fish feed depot supplying both commercial manufactured feeds and locally formulated alternatives.

- ♦ **Primary Production:** Owns 3 metallic aquaculture cages (10"m"×5"m"×7"m") stocked at a lower density of 8,000 tilapia fingerlings to manage input-output ratios.

4. Socio-Economic Impact

Logistical Innovation: Created employment for 3 youth, specifically designing a direct-to-farm home delivery model to capture market share among small-scale cage farmers along the beach.

Key Best Practices & Lessons Learned

I. Social Inclusion via GALS Methodologies

The integration of Gender Action Learning System (GALS) tools, specifically the Family Balance Tree, allowed Case A to systematically address intra-household gender imbalances. This social alignment directly correlates with their high female employment rate (80% of casual staff) and equitable profit-sharing structures.

II. Asset & Enterprise Diversification

Rather than relying solely on the volatile cycles of fish harvesting, both groups protected their cash flows through auxiliary income streams—Case A via commercial food service and cotton farming; Case B via agro-input retail and distribution.

III. The Pathway to Value Chain Maturity (Strategic Visions)

Both enterprises demonstrate a clear trajectory toward advanced value chain maturity:

- ♦ **Case A (Horizontal Scaling):** Transitioning to a multi-outlet franchise model across neighboring beaches (Uhanya and Uharia) and shifting targeting toward high-value species (Nile Perch).
- ♦ **Case B (Vertical Integration):** Planning a transition from simple feed retail to primary feed manufacturing using locally formulated ingredients capturing higher margins in the process.

