

Livelihood Strategies and Financial Arrangements for Fishermen in Paraty, Brazil: The Need and Prospect of Credit

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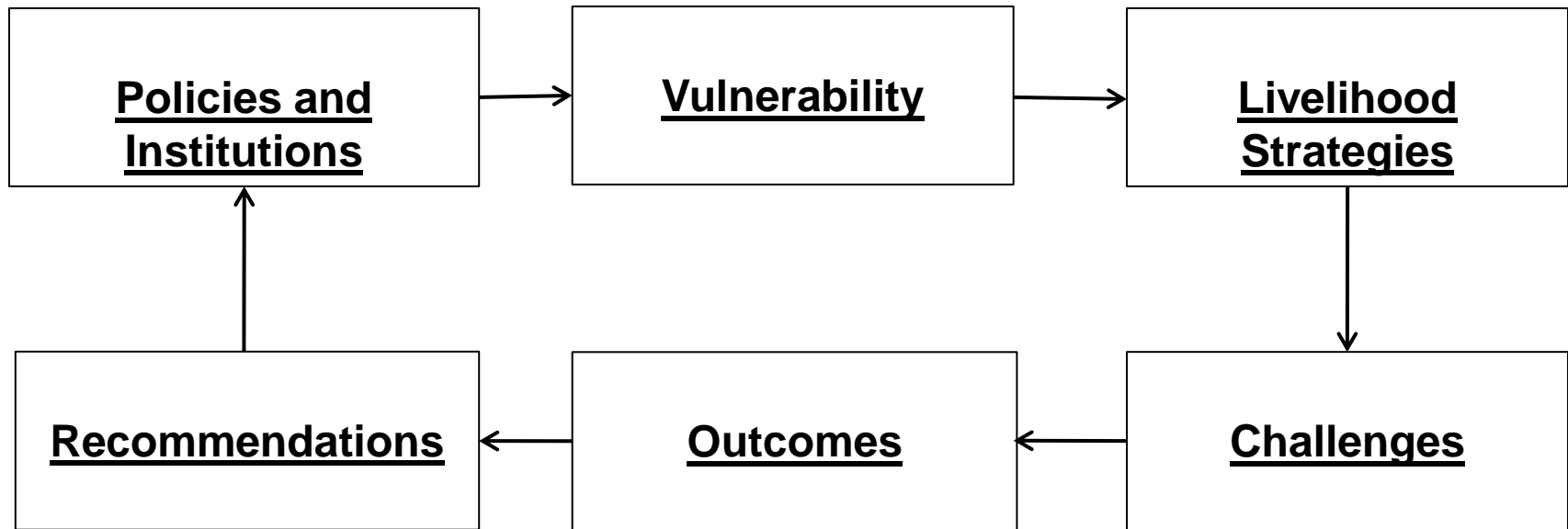
Outline

1. Study Area
2. Objectives and Framework
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4. Challenges for Small-scale fishermen
5. Livelihood Strategies
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7. Demand-side Challenges of Credit Use
8. Supply-side challenges of Credit Provision
9. Recommendations

1. Study Area



2. Objectives and Framework



Adapted from Sustainable Livelihoods Framework (DIFD)

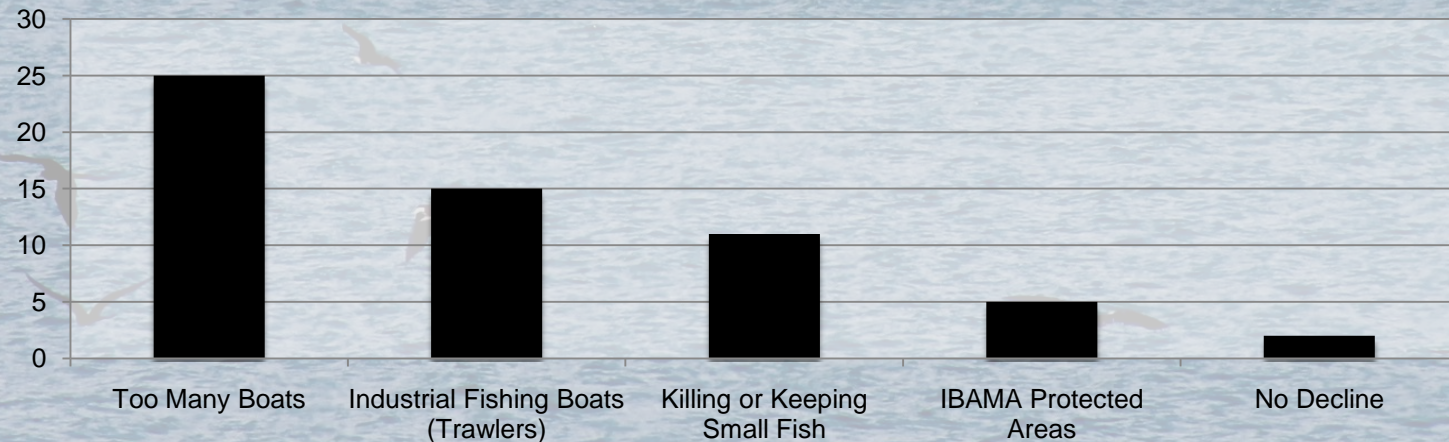
1. To determine the challenges that small-scale fishermen face in income generation
2. To determine their livelihood strategies fishermen employ to increase their income
3. To establish how credit is used as part of the livelihood strategies of fishermen
4. To establish the supply and demand side challenges of credit provision
5. To offer recommendations that would improve income generation and borrowing capacities

3. Methods

- 30 Fishermen Surveys (Quantitative Analysis)
 - 12 Paraty, 9 Praia Grande, 9 Tarituba (Approx 10% of Fishermen/Community)
- Six Fish Market interviews (Qualitative Analysis)
 - Four Paraty, one Praia Grande, one Tarituba
- Agent from the Bank of Brazil's National Program for the Strengthening of Family Agriculture (PRONAF)
- Colonia de Pescadores (Fisher's Association)
- Informant from the Fisheries Institutional Foundation for the State of Rio de Janeiro (FIPERJ)

4. Results: Challenges for Small-scale Fishermen

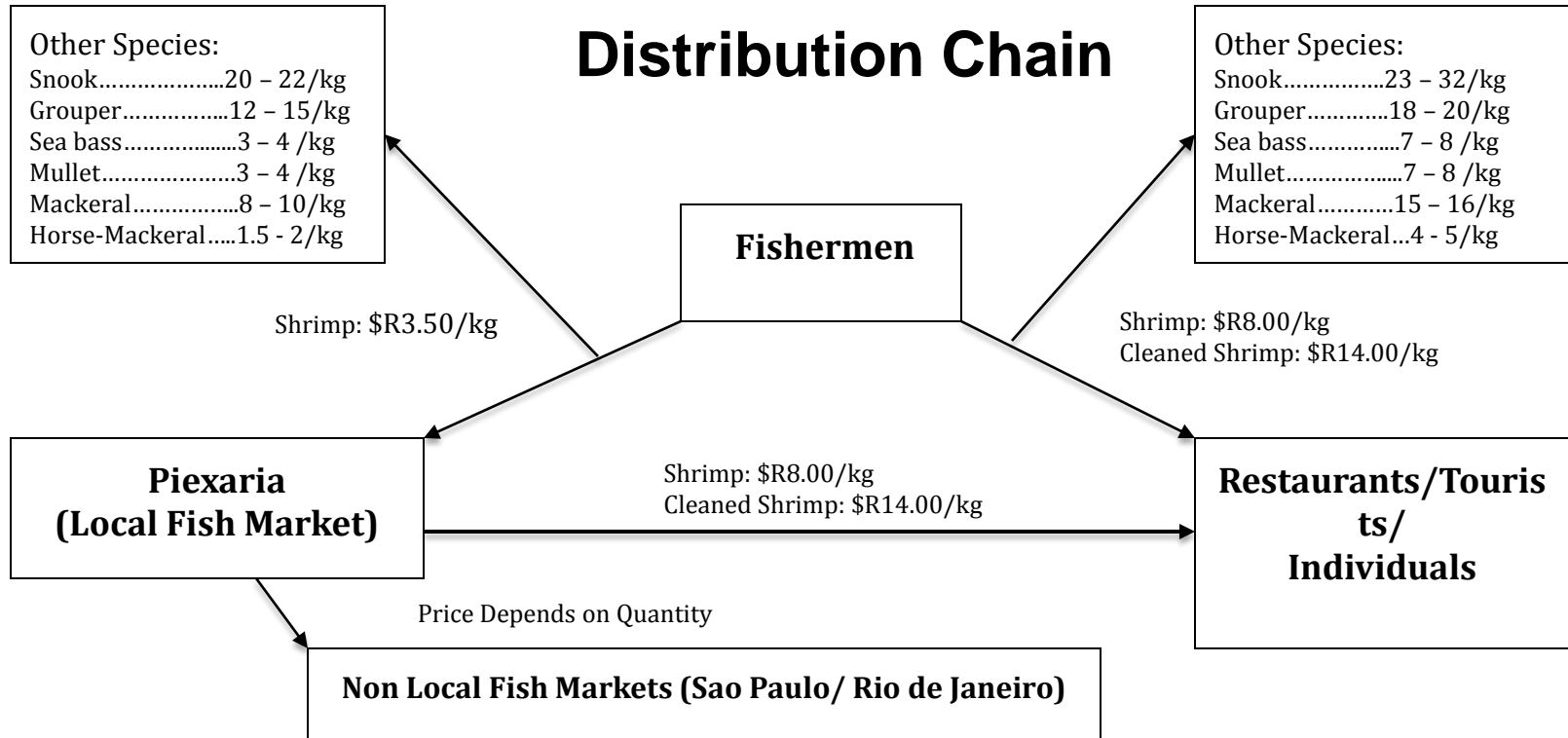
Fishermen Perceptions on Fish Catch Decline



- Brazil still the highest net importer of fish in Latin America
- Federal government plan to increase fish production substantially in the next decade, and lower fish prices to encourage greater local consumption

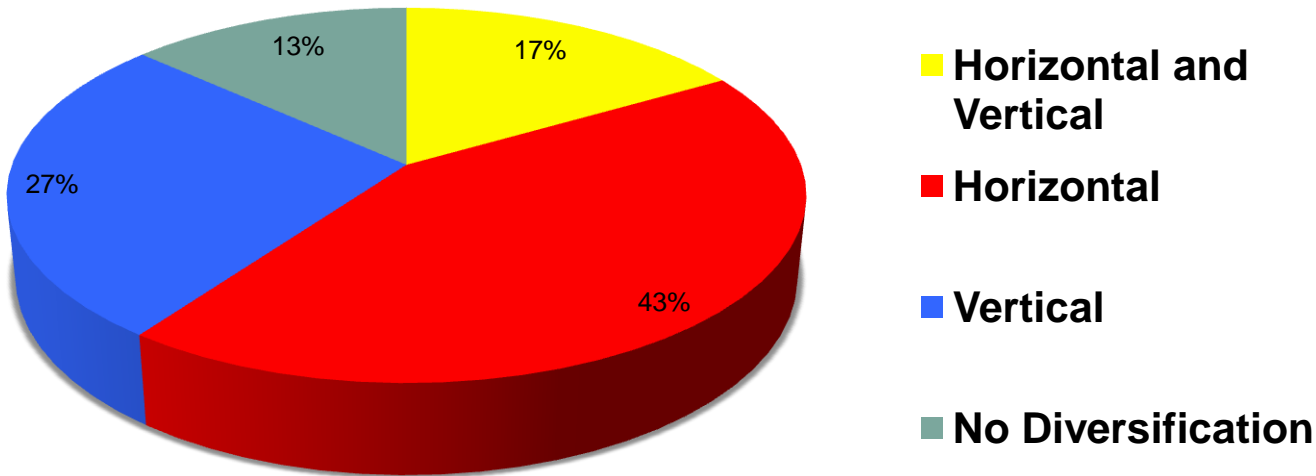


Marketing Challenges



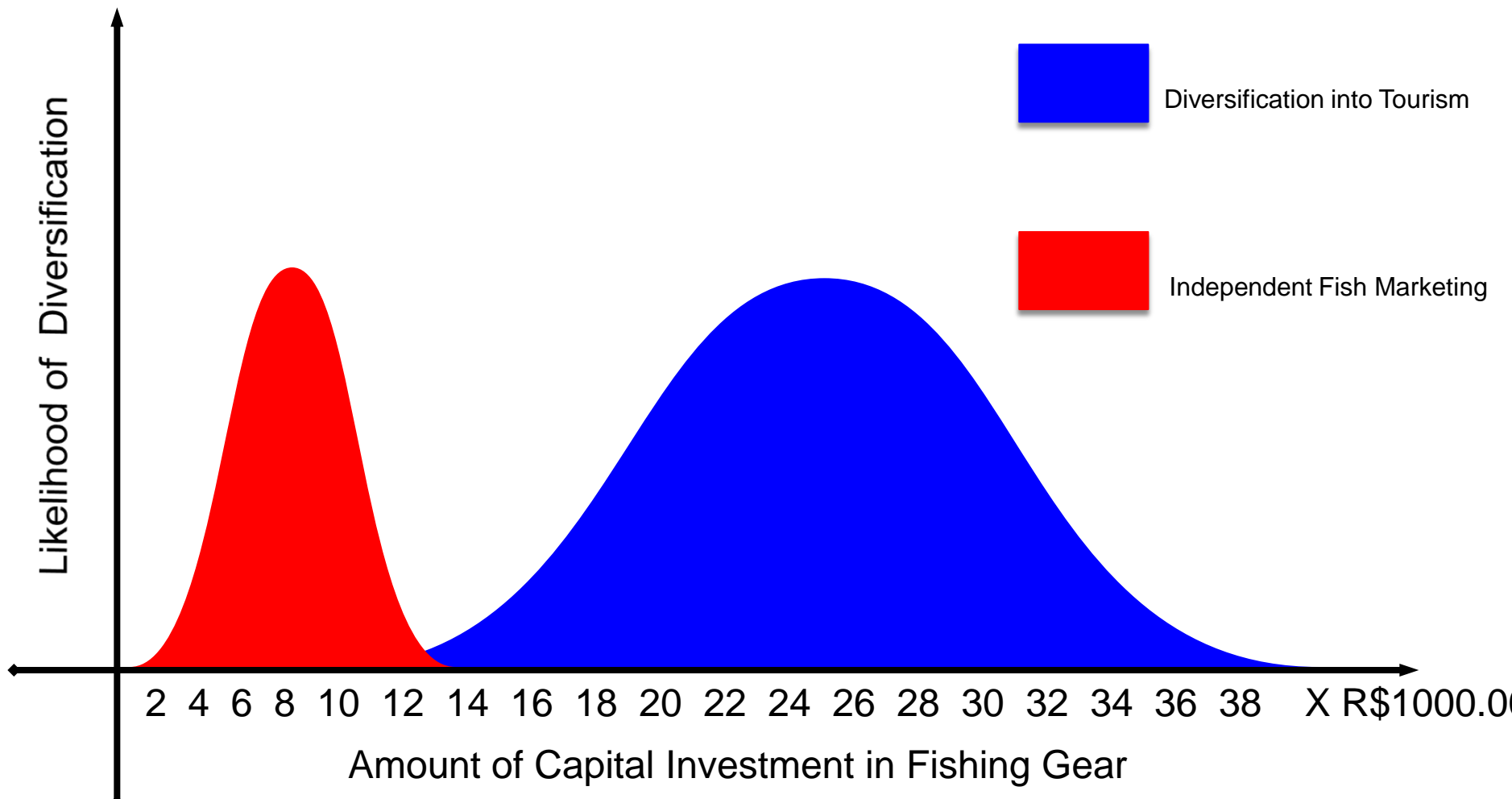
5. Livelihood Strategies

Livelihood Diversification Strategies



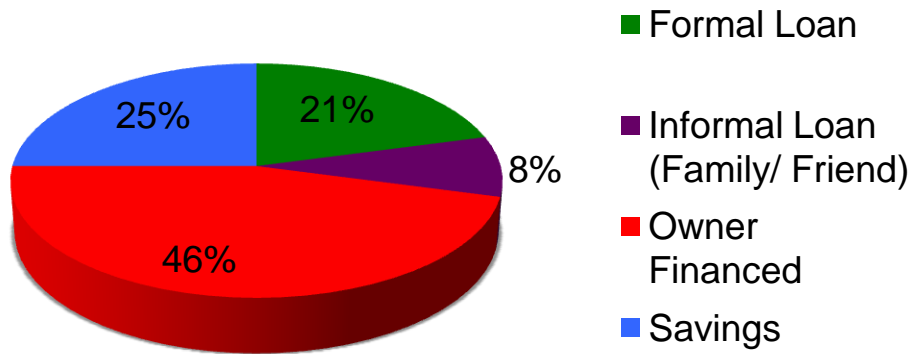
1. Larger Fishing boat with tourism capacity
2. Adding tourism capacity to current fishing boat, transport, construction work
3. Purchasing larger fishing boat, reducing fishing assets, selling higher in the value chain
4. Keeping status quo

Independent Marketing and Tourism

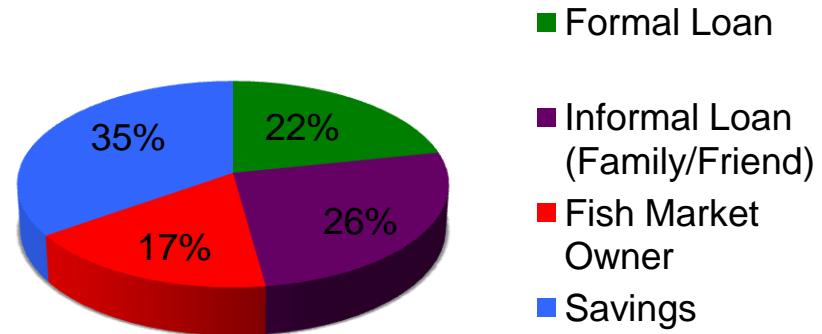


6. Credit Use

Fishing Boat Acquisition: Method of Finance



Financing of Gear Purchase and Boat Repairs

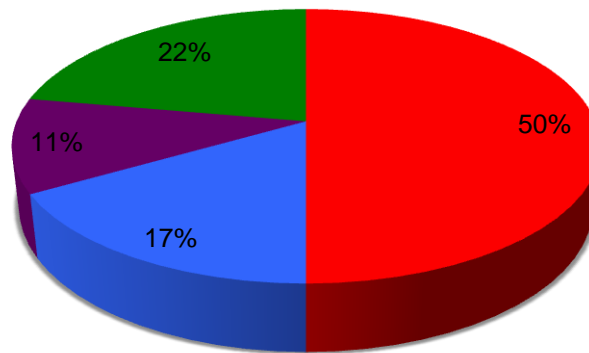


- 75 percent of fishermen use credit to purchase fishing assets
- 40 percent of fishermen have used a formal loan
- 20 percent of fishermen have used a loan from PRONAF

7. Demand Side Challenges of Credit Use

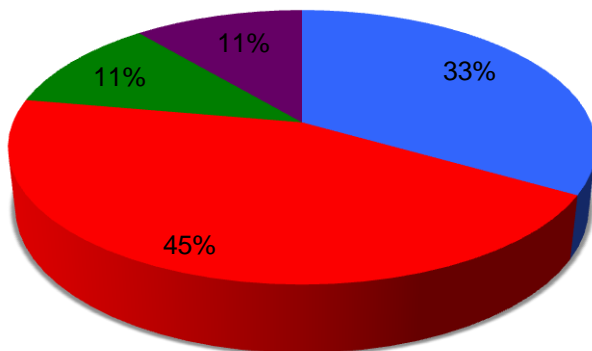
Rationale for Formal Loan Avoidance

30% of Fishermen



- Bureaucracy
- Fears Lossing Assets
- Prefers to Use Savings
- Formal Structure of Repayment

Reason for Formal Loan Refusal



- Collateral
- Co-signer
- Not a Member of a Fisher's Association
- Non-fishing Related Loan with PRONAF

30% of Fishermen

8. Supply Side Challenges in Credit Provision

- Peixaria owners experienced poor repayments from fishermen, only lend to fishermen they trust and know well
- 35-50 percent of fishermen defaulted on their PRONAF loans in the last period
- PRONAF is now on 'stand by' and only lending to previous trustworthy borrowers
- No concrete plan to recover loans and continue lending

9. Recommendations

- Transfer defaulted loans to the Colonia de Pescadores (Fundo Aval) so PRONAF may proceed with loan provision (Colonia de Pescadores)
 - Lacking an honest broker ie. NGO
- Colonia de Pescadores would be of greater assistance to fishermen if they were organizationally stable (FIJERJ)
- Fishermen must self organize to create credit cooperatives, and community run fish markets (FIJERJ)
- Fishermen require greater education on domestic economy – governments role to provide technical support (PRONAF)
- Greater focus by Bank of Brazil on fishermen savings programs (FIJERJ)
 - Flawed system of lending to fishermen who cannot save, in order for them to purchase gear that will not raise their income
 - All future loans to new borrowers must include greater follow up, however no institution sees this as their role

Obrigado/ Thank you

