



# The role of finance in mitigating COVID-19 impacts in fisheries

## KEY MESSAGE

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- Capture fisheries is a profitable, healthy, dynamic and evolving economic sector, which provides employment to 39 million people worldwide. Fishers produce 96 million tonnes of fish and fisheries products for human consumption, and play therefore a very important role in achieving global food security (FAO, 2020a).
- The COVID-19 pandemic and related lockdowns, movement and business restrictions have a negative impact on the health and safety, income, employment and general livelihoods of those working in the fisheries sector, as well as on the fish value chain and availability of fish for human consumption.
- Fishing operations and activities in the fish value chain are highly dependent on the availability of and access to suitable financial services (e.g. for payments, guarantees, mortgages, short-term loans for working capital, credit and investment in assets).
- The COVID-19 pandemic increases financial risks at all stages in the fish value chain, including reduced cash flows, liquidity and incomes, business losses, reduced capacity to repay loans and meet financial obligations towards suppliers, and bankruptcies.
- In order to secure short-term survival of fishing businesses and those active in the fish value chain it is essential that financial service provision continues and is facilitated by banks, finance institutions, credit associations, governments and fisheries organizations.
- This information note provides recommendations in support of a rapid recovery from the COVID-19 economic impact on the fisheries sector, and provides entry points for the financial sector to contribute to a more resilient fisheries sector.

## MAIN POLICY ISSUES

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The fisheries and aquaculture sector produces annually 179 million tonnes of fish and fishery products for human consumption, and provides employment to 59 million people in fish production and many more in value chain activities. The role of fisheries and aquaculture in providing food, nutrition and employment is significant and growing. For instance, the sector supplies an average 20.5 kg of fish/capita/year and contributes 17 percent of total animal protein, and 7 percent of all proteins, consumed globally (FAO, 2020a). The capture fisheries sub-sector can be characterized as profitable, healthy and dynamic and harvests sustainably in most waters where proper fisheries management has been put in place. Nevertheless, globally some 34 percent of the fish stocks are overfished and where fisheries management is not in place, or is ineffective, the status of fish stocks is generally poor and deteriorating. This calls for measures to invest in fisheries management and increase sustainability.

Capture fisheries provides employment to 39 million people worldwide, and produces 96 million tonnes of fish and fisheries products for human consumption. The variety of fishing operations is large, ranging from industrial to small-scale, from bottom trawling to long-lining, from fishing in inland and coastal waters to in the high seas, and from production for the local community to export markets.

A complex set of risk factors sets capture fisheries aside from many other economic and business activities. Fisheries is often seasonal and takes place in a rough marine environment. Fishers have to cope daily with harsh weather conditions, such as storms and hurricanes, and work-related accidents (also in inland waters and rivers) are common. Fisheries management regimes, regulations on fishing quotas and fishing permits, and fluctuations in market prices also pose risks to the fishers and fishing businesses. Fishers are used to deal with unpredictable events that are beyond their control.

In the unprecedented and evolving COVID-19 crisis fishers and fish workers (harvesters, processors and vendors) engaged in the fish value chain have been highly impacted. The lockdowns and restriction of fishing operations have affected the full fish value chain. The disruption of fishing activities has not just caused income losses for fishers, but also for those active in post-harvest processing and the distribution of fish (see also FAO, 2020e). Due to national regulations and decrees that ordered the shutdown of fishing ports, ice factories and processing plants, fishers have been constrained to sell their catch. They sold at reduced prices or had to dump their landed fish either due to short supply of ice or inadequate cold storage units at landing sites (Dao, T.2020). This sudden loss of income has brought to the spotlight that the sector needs social safety nets and inclusive financial services that cater for the fishing population. Majority of the fish value chain workforce (fishers and fish workers) is categorized as employed within the informal sector. These fishers and fish workers are therefore often excluded from government welfare and distribution measures, such as food and cash benefits.

Some examples of how capture fisheries has been impacted by COVID-19, include:

- **Income loss by fisherfolk.** Many of the fishing vessels are not owned by the fishers who use them. The captain and crew members on the vessels get a share of the catch as income, instead of a stable salary. In parts of Mediterranean and Black Sea more than 90 percent of small-scale fishing vessels have had to stop fishing (temporary) owing to lack of markets and falling prices (GFCM, 2020). This in turn has resulted there and in other regions in a sudden loss of income and livelihoods of the crew, and consequently in an inability to pay their house rent and other financial obligations, as well as increased food insecurity.
- **Living and working conditions of (migrant) workers.** An increasing number of crew members on fishing vessels are migrant workers. The labour arrangements of migrant workers in fishing are often informal and their living conditions can be characterized as poor. Accommodations of the migrant workers often lacks basic amenities (shelter and reliable water and electricity supply), and their access to nutritious food and health services is constrained. In their crowded accommodations, health recommendations and measures of physical distancing ordered by governments cannot be maintained (see also FAO, 2020b). Further marginalizing of migrant crew members, who are already vulnerable to a myriad of economic and financial constraints, appears to be another side-effect of the COVID-19 crisis.
- **Increased fishing businesses' capital needs and reduced loan repayment capacities.** Fishing vessel owners commonly have loans with (local) banks and other financial institutions (FIs). Most fishing vessels, especially the newer vessels, are partly owned by banks, which also provide loans for working capital. The typical fishing business requires working capital for purchase of fuel, ice and bait, as well as for purchase of equipment and to cover the costs of maintenance and repairs of vessel and equipment. In the small-scale sector, particularly in coastal communities that are not well served by financial service providers, it is common practice to resort to informal moneylenders. These lenders generally provide short-term loans

at higher interest rates and loan conditions that contribute to a cycle of debt from which the small-scale fishers cannot easily escape. The COVID-19 crisis has caused in some cases that vessel owners (particularly small-scale) to divert their available working capital to support and sustain their basic household consumption needs, help the families of their crew to survive, and are therefore often unable to repay their loans. The building-up of interest and penalties for late repayment, along with often limited assistance from FIs in seeking together for solutions, is strangling their otherwise profitable businesses and prevents them to restart their operations. Reduced cash flows shown by the fishing businesses, lower liquidity and incomes, business losses, reduced capacity to repay loans and to meet financial obligations towards suppliers and FIs, cause the latter to tighten their risk control processes, and are more hesitant to provide additional credit. The eventual outcome is an increased number of insolvent fishing companies and bankruptcies in the sector.

- **Reduced turnover by fish processing and other fish value chain businesses.** Fish processing facilities that support the livelihoods of a large number of fish workers are amongst the COVID-19 most impacted industries. A global assessment of the impact of COVID-19 on the world of work has classified labour food services as those with high risks due to their labour intensity. (ILO, 2020). The close proximity of workstations in food processing environments specifically make these environments super-spreading situations where risk is high for COVID-19 transmission (Dyal, 2020). The fish processing facilities employ a workforce predominantly consisting of women, who work on an output-based contract basis with minimal social security benefits. Sudden disruptions in the fish supply chain and cancellation of contracts by export markets has led to staff reductions and mass unemployment (see FAO, 2020e). At this stage quantified data are not available on the number of fish workers that may be affected due to COVID-19 crisis. The challenge is to revive the fish processing units by adopting COVID-19 related health and safety measures and to retain the staff employed. Many fish processing facilities are not just dependent on the raw materials supply, labour, and the market demand, but are also reliant on a continuous supply of credit to ensure sufficient working capital is available. Micro-, small- and medium-scale fish processors often require working capital to (re)start operations, as payments for products to fishers are to be made, salaries need payment, and payments received from buyers (e.g. wholesalers, retailers) are often delayed. Moreover, the reliance of the fish processing industry on export markets is high, as 38 percent of all fish produced globally is traded and in developing countries this percentage is even 60 percent (FAO, 2020a), which causes additional deferrals in payments received for processed products, while money is needed to continue processing activities.

### CURRENT MEASURES TAKEN BY GOVERNMENTS

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Governments worldwide have taken important measures to mitigate the impact of COVID-19 on the economy, including the impact on coastal and inland fishing communities and the capture fisheries sector at large. Examples of commonly introduced practices include: the establishment of *ad hoc* disaster relief funds; temporary suspension of electricity bill payments; price warranties and cash/food direct benefit transfers; fuel subsidies, and moratoria of several months on the repayment of mortgages and other major consumer loans. These measures are implemented with different philosophies, time scale and at different levels. The COVID-19 impact is different from one place to the next and so are the responses.

**Developed countries** are supporting the fisheries sector to overcome the financial challenges caused by the temporary cessation of fishing activities and suspension or reduction of post-harvest production activities. In addition to general stimulus packages, direct fisheries-specific income support measures are provided to fishers and fish processing facilities frontline workers in the **United Kingdom of Great**

**Britain and Northern Ireland, United States of America, Canada and Japan.** The **European Union (EU)** has modified its European Maritime and Fisheries Fund (EMFF) to mitigate the impact of COVID-19 on the fisheries and aquaculture sectors. Moreover, as part of its Coronavirus Response Investment Initiative Plus, the EU provides support for the temporary cessation of fishing activities due to COVID-19, financial compensations to processing enterprises, and support to producer organisations for the storage of fishery products (EC. 2020). **Australia**, under its Relief and Recovery Fund, is waiving the fishing license fees of around USD 6 million (Carreon, B. 2020) for all commonwealth fishers to support and cover fisher license permit fees for the remaining year of 2020.

Several **Developing countries** have immediately prioritized support to rural communities. In many countries, major groups of fishers, fish workers and their households have been given access to some supply of food and cash to meet their basic requirements, through public distribution system or cash/cheques. Countries like **Chile, Colombia, India, Kenya and Peru** have introduced or extended cash payments to vulnerable groups in the population through Government-to-Person (G2P) programmes with the aim to insulate them from the unprecedented shocks and economic downturns. The capture fisheries sector stakeholders, particularly small-scale fishers and their households, and fish workers, are in some countries benefiting from the G2P assistance offered.

Countries like **Costa Rica, Mexico and Seychelles**, provide subsidies for fuel, refrigerated fish transport vehicles and reductions in duties and tariffs related to import of essential fishing tools and equipment in an attempt to decrease the market prices at which fishers are selling their catch to local processors.

**Other** countries swiftly intervened by providing emergency- and production capital, to maintain the fish value chain functioning. **Bangladesh** released USD 662 million by providing access to subsidized working capital loans for small-scale farmers (The Business Standard. 2020), which provides access to small-scale fishers. **India** released a stimulus package of USD 2.64 billion, including USD 1.45 billion to support the inland and marine fisheries production and USD 1.19 billion for addressing critical gaps in the fish value chain. This measure will further generate employment for 0.55 million fish workers (ET Government. 2020). **The Philippines** provided nearly USD 20 million as loan assistance to marginal fishers and micro- and small enterprises (MSEs) associated with fisheries (Nakpil, D.2020) as part of a general package to mitigate the economic impact of COVID-19.

The situation is dynamic and evolving, governments may put in place more measures in the coming weeks and months, depending on the economic effects of the COVID-19 crisis on their people.

### CURRENT MEASURES TAKEN BY FINANCIAL INSTITUTIONS

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During lockdowns and other restrictions in movement of people, many governments made an exception for the financial service sector, along with the health, transport and food retail sectors. The governments regarded the banking sector as provider of **essential services** to ensure uninterrupted financial services. Generally, micro finance institutions were advised to operate on a skeletal basis and to guarantee access for their clients (e.g. small-scale farmers and fishers) to their services within the often-remote regions where they operate.

FIs that provide credit to the capture fisheries sector include a wide range of commercial banks, development financial institutions, cooperative banks, rural credit associations and microfinance institutions (MFIs).<sup>1</sup> FIs have put in place many different measures (APRACA, 2020) to mitigate and ease the impact of COVID -19 and to ensure a continuous supply of credit, offer loans of reduced interest

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<sup>1</sup> MFI's often have the flexibility to offer a broad spectrum of financial services. Besides credit, they can provide other services, like savings, insurance, remittance and payment services.

rates, collateral free loans, install moratoriums on loan repayments, support debt restructuring, make changes in credit policies for the impacted fisheries sector, and actively approach clients by phone and digital channels (e.g. e-mails and app messages) to discuss their credit situation and options available. A useful overview of responses by various major national and international finance institutions is made available on-line by the UNEP Finance Initiative (UNEP, 2020).

The aims of the FIs for developing and applying mitigation measures are generally twofold: to increase the chances of survival of the client business and thus their eventual loan repayment capacity, and to assess and manage their own financial risks vis-à-vis the client.

Some examples of how FIs have modified their credit policies, from which clients active in capture fisheries are benefiting, are:

- **Reducing annual interest rates.** For instance, the Agriculture Development Bank of Nepal reduced the annual interest rate from 11 percent to 9 percent, which is lower than the base rate of the bank. The Vietnam Bank for Agriculture and Rural Development (VBARD) has introduced a preferential credit package of USD 5 billion, to provide new loans for clients affected by the COVID-19 crisis, and lowering the annual interest rate by two percent (APRACA, 2020).
- **Encouraging clients to use mobile applications.** Banks promote the use of such applications, to ensure there is continuous supply of finance and also to link small-scale producers with value chain actors (markets).
- **Introducing loan repayment moratoriums.** Many FIs offer a three months moratorium period or an equated monthly instalment holiday to borrowers for term loans and working capital loans (e.g. Bank for Agriculture and Agriculture Cooperatives [BAAC], Thailand, State Bank of India, VBARD, and the National Bank for Agriculture and Rural Development [NABARD], India). Similar moratoriums on loan repayment are provided by FIs in Georgia and Peru; these help to ease the immediate financial burdens.
- **Collateral free micro-loans.** In The Philippines, Agriculture Credit Policy Council (ACPC) launched aid and recovery schemes with collateral free and zero interest loans up to USD 500, and with a long-term repayment tenure of five years. The Philippines Central Bank has eased its “Know Your Customer” procedures<sup>2</sup>, and the Philippine Guarantee Corporation increased its guarantee coverage to 90 percent and reduced its guarantee fee to 0.50 percent.
- **Interest subventions by Apex FIs and refinance agencies.** These measures have been introduced for the borrowing agencies of Apex FIs and to aid further on-lending to end client. NABARD in India has given two per cent interest subvention to its borrowers viz. State Banks and Cooperative Banks, and these institutions in turn have offered a three percent incentive to clients for prompt loan repayments.

MFIs play a critical role in the supply of credit and working capital loans to small-scale fisheries. In this pandemic, with almost 90 percent of MFI clients unable to pay (The Economist. 2020), MFIs are actively looking into concessional financing options for a workforce (including fish workers) that is temporarily unemployed due to the COVID-19 pandemic. Most MFI's have a cushion of cash for a couple of months, but will have challenges to function for longer crisis periods without some limited support. The incomes of MFIs come from the interests earned and return of the principal. The COVID-19 crisis affected the income, through an increase in actual losses and a shortage of cash resources. The COVID-19 response measures of MFIs vary. Some examples of actions taken by MFIs include:

- Kabalikat para sa Maunlad na Buhay Inc.(KMBI) in The Philippines offered its existing clients a moratorium on loan repayments for 2 months or till the economic activity of client restarts, while it continued to provide loans to new clients.

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<sup>2</sup> Mandatory process and critical component to identify and verify, evaluate and monitor client risk.

- The microfinance arm of BRAC has suspended its lending, collection of payments and charging of interest in all the seven Asian and African countries where it operates (The Economist. 2020).

It should be noted that MFIs have continued operating during many crises in the recent past, such as wars, natural disasters, disease outbreaks (e.g. HIV, cholera, Ebola) and have generally been able to return to sustainability relatively fast after these crises. MFIs will be able to play during and after the COVID-19 crisis an important role in poverty alleviation and serve as safety nets for vulnerable groups of small-scale fishers and fish workers.

### Box 1. Measures taken by financial institutions to support the Small-scale fishers during the COVID-19 crisis

With the support of government's specific economic measures, financial service providers have continued their provision of credit and microfinance services to small-scale fishers and the fisheries sector at large. The main measures adopted by members of the *Asia Pacific Rural and Agricultural Credit Association* (APRACA) are summarized below:

- Suspension of principal repayments, reduction or rescheduling of interest rates on loans already granted and deferment of payment of overdue loans (both principal and interest).
- Provision of special emergency loans, with no required collateral and low fixed interest rates, and extension of emergency credit lines.
- Rebate of penalties to members who are not able to repay their instalments in this period.
- Encourage clients to use the mobile applications for availing their credit needs and provide interest rate concessions.
- Closely follow-up/monitoring of clients and fishing enterprises that may be more affected by the crisis and ensure extraordinary measures are provided to them.
- Follow-up with national regulators that have taken steps to mitigate COVID-19 impact on micro-, small- and medium- enterprises, including in fisheries, by providing stimulus packages, tax breaks, and interest rate reductions.

(Source: APRACA, 2020)

## ACTIONS TO BE CONSIDERED

To guide decision makers, financial services providers and fisherfolk organizations in the development of measures for a rapid fisheries sector recovery from the COVID-19 economic impact, to build back better, and to provide entry points for the financial sector to contribute to a more resilient fisheries sector, the following actions may be considered:

### Possible actions to be taken by governments

- List the financial and fisheries sectors among those sectors that provide essential services to the economy and facilitate the continued operations of the financial sector and of fish value chain during lockdown situations.
- Designate fishers, processors, and distribution workers and aquaculture workers as essential workers as they provide food to the nation and the world through fish and fish product trade (FAO, 2020c);
- Make available, through APEX FIs, subventions that facilitate onward lending by rural and agriculture banks to fishers, and assume part of the credit risks through guarantees or dedicated risk facilities.

- Continue policy reform processes to increase access to credit with reduced interest rates, flexible repayments, options for waiving or refinancing existing loans and issuance of loans without collateral to the small-scale fishers.
- Provide policy instructions, decrees and related legislation (as needed) to relieve financial pressure on the population (including fisheries) for instance through suspension of financial obligations, such as payment of utility bills, mortgages and real estate/land taxes.
- Support inter-institutional coordination between government agencies and FIs (commercial banks, public sector banks, cooperative banks, enterprises, etc.) to implement special credit and microfinance programmes for the fisheries sector.
- Declare fisheries at par with agriculture for the purpose of priority sector lending, asset insurance programmes, tax breaks, fuel subsidies, import/export tariffs and other levies.
- Develop national, regional and district fisheries contingency plans to address the post COVID-19 economic slowdowns and future downturns in a timely and effective way, such as implemented in some Latin American and the Caribbean countries (FAO/ECLAC, 2020).
- Support and safeguard fish value chains to absorb the surplus availability of fish and fishery products through institutional purchase (e.g. for hospitals, prisons, manufacturing unit canteens etc.) and to promote and boost domestic consumption, by providing online platforms for fisherfolk cooperatives to sell the fish products directly to consumers (FAO, 2020f).
- Prioritize assessments of and investments in fishery sector infrastructure, such as fishing harbours, landing sites, fish processing, wholesale and retail markets to address critical gaps in the fish value chain, increase the value of fish and fishery products, and to reduce food losses and wastage.
- Facilitate the introduction of fisheries insurance programmes, through enabling legislation and policies, to reduce the risks of non-repayment of loans for fishing vessels and equipment.
- Support the diversification of employment opportunities in coastal and inland, fisheries dependent communities, to reduce dependence on fishing and develop a true blue economy.
- Develop and extend national social protection programmes to the coastal and inland fisheries dependent communities and increase access of fishers and fish workers to these programmes (see also FAO/ECLAC, 2020).
- Invest in education and training of unemployed, particularly youth and women, in fishing communities to address gender inequalities, occupational safety and health, use of child labour, youth unemployment and underemployment problems in these communities, and their increase resilience to future shocks.
- Introduce cash-for-work programmes in fishing communities to rebuild coastal ecosystems (e.g. mangroves, coral reefs) and fisheries resources, build a more sustainable fisheries sector and to increase resilience to future crises.

### Possible actions to be taken by financial institutions

- In line with national financial regulators advice, provide a moratorium of a sufficient number of months on the repayment of loans and interest payments, restructure and reschedule loans, and facilitate debt conversions.
- Reduce the fees for loan and mortgage restructuring and other business costs to support rapid recovery of businesses in the fisheries sector.
- Promote the establishment and implementation of microfinance and credit programmes dedicated to support fishing businesses, small-scale fishers and fisherfolk organizations, accompanied by awareness raising and capacity building (see for more information Grace and Van Anrooy, 2019).
- Design special microfinance schemes that provide inclusive financial services to the most vulnerable within the fishing communities, with special attention to crewmembers and women.

- Contact clients actively (by phone and digital tools – e.g. telebanking, apps) to assess and manage credit risk, forecast cash flows and advise clients on re-starting their business and options for strategic refocusing.
- Establish a dedicated team (and helpline) to assist clients with assessing their situation and addressing their immediate financial needs, for instance through rapid approval of business interruption loans.
- Facilitate financing of fish value chain and ancillary activities in fisheries credit programmes, such as for fish processing, distribution and trade, boat building yards, fishing gear shops and other equipment's sellers, to maintain service levels in fishing communities and enable fishers to buy and sell locally and prepare for commencing fishing operations again.
- Provide emergency credit lines to enable fishing vessel- and fish processing facilities owners to keep and pay their employees and to restart operations as soon as safely possible. This will help in sectoral revival and improve ease of doing business in COVID-19 crisis.
- Assist the government in reaching vulnerable people in the implementation of cash-transfer and social protection programmes.
- Assess the internal ability to manage risks of non-performing loans, and how to meet the demand of restarting businesses and the continuity in clients services during lock-down situations.
- Analyse the cash flows, liquidity situation, business operations trends of clients and assess the related risks for clients and the FI, and enter in discussions on the business recovery options.
- Keep track of governmental and other aid- and support programmes that the clients in fisheries could benefit from.
- Actively advice clients in fisheries on options for receiving government aid, accessing government assistance programmes and securing finance to re-start/recover business.
- Actively advice clients that are expecting a near-future insolvency/bankruptcy situation due to COVID-19 business reductions, on how to recover, restructure, refinance or right size their business.
- Promote the development and use of digital technology platforms for micro-finance, credit, insurance and other financial services in fishing communities to support financial inclusion, preferably combined with the financial literacy programmes.
- Assist fisheries sector workers that do not possess a bank account, and therefore do not have access to government aid, to create such bank accounts. Their enrolments in government support schemes may unlock larger business for the FIs in the future, and allow more sustainable longer-term support to the small-scale fisheries sector.
- Strengthen the capacity of fisherfolk organizations and fish producer organizations (FPO's) in business management skills, management of community credit groups or Self Help Groups to strengthen their collective bargaining skills, negotiation skills, and enable the creation of community savings groups and improved credit programme delivery (FAO, 2020d).
- Strengthen the capacity of FIs staff to customize and effectively deliver financial products and services to small-scale fisheries (Grace and Van Anrooy, 2019).
- Explore potential innovative investment models for investing in sustainable fishing practices and the fish value chain, to attract investors and rural banks to be involved in financing the SSF sector through bank loans, blue bonds, blended finance, impact investment, corporate social responsibility, etc. (FAO, 2020g).
- Develop business interruption insurance solutions and related services, which would cover the losses caused by lockdowns and costs of related supply chain interruptions.
- Cancel repayment of loans (forgive loans) used to maintain crew on the payroll and restructure loans where possible, backed by guarantees of governments (see also FAO, 2020f).
- Assist fishing vessel leasers/renters in obtaining rent payment exemptions, reductions or deferred payment arrangements from vessel owners, for the duration of the COVID-19 lockdown.

- Promote credit guarantees and risk insurance mechanisms as critical points for financial investments to increase the production and insulate fishing communities from future shocks.

### Possible actions to be taken by fisherfolk organizations

- Support actively the formal registration, licensing and formal recording of fisherfolk organization' members in governmental databases by collecting data and information of members in a consistent manner and assisting the members in the registration processes. Being officially registered and recognized as fisherfolk gives in many countries access to governmental aid programmes, subsidies, duty free imports, credit- and social protection programmes.
- Pro-actively help fishers to understand financial services and facilitate awareness raising about financial services and products on the market, and related digital technology platforms provided by government, FIs or social enterprises.
- Educate and train members on how to access financial services and products.
- Collaborate with financial service providers to establish mutual funds, revolving funds and other member-to-member support systems, using procedures and conditions that suit the members and ensure sustainability.
- Invest in strengthening the internal organization, (financial) management and leadership of the fisherfolk organization, and enter into formal arrangements with financial services providers to facilitate member' access to credit and microfinance programmes.
- Introduce decent working conditions and labour contracts on fishing vessels owned by fisherfolk organization' members, which will enable formal wage payments, contributions and access to benefits from social protection programmes.

## ROLE OF FOOD AND AGRICULTURE ORGANIZATION OF THE UNITED NATIONS (FAO)

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The Food and Agriculture Organization of the United Nations (FAO) has been proactively advocating for and supporting vulnerable and marginalized fishers and their households in coastal communities. During the COVID-19 crisis, given the limitations in financial access and dearth of investments in fisheries sector, FAO is engaging with fisheries authorities, FIs and service providers, as well as fisherfolk organizations to increase access of fishers and fish workers to micro-finance, credit, investment and other financial services.

FAO has the **knowledge and technical expertise** on (small-scale) fisheries operations, policies and management. With its information, the Organization can support a positive perception among financial service providers with regards to the fisheries sector, reduce their information gaps, and advocate for global best practices and improvements in technology and sustainable fisheries.

FAO can be a **facilitator as well as a collaborator** in bringing together the financial sector and the (small-scale) fisheries sector to their mutual benefit. This is done through capacity building of financial service providers, including through the FAO Rural Finance and Investment Learning Centre (RFILC)<sup>3</sup>, by providing insights into the unique business characteristics and challenges faced by the fisheries sector, as well as through a strong network of regional rural and agricultural credit associations, in Asia-Pacific, Africa and Latin America.<sup>4</sup>

FAO has developed **guidelines for microfinance and credit services** in support of small-scale fisheries (Grace and Van Anrooy, 2019) for finance and fisheries stakeholders. These guidelines, prepared jointly with APRACA, are disseminated among policy and decision makers and discussed and

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<sup>3</sup> For more information, please visit: <http://www.ruralfinanceandinvestment.org/>

<sup>4</sup> Asia Pacific Rural and Agricultural Credit Association (APRACA), <https://www.apraca.org/>, and African Rural and Agricultural Credit Association (AFRACA), [www.afraca.org](http://www.afraca.org)

implemented in some Asian countries. These guidelines for microfinance and credit services are contributing to the implementation of the Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Food Security and Poverty Eradication. A widely adopted financial management guideline for fisheries projects i.e. revolving loan funds and credit programmes for fishing communities, is being updated to facilitate broad application by stakeholders in fisheries and aquatic resource ecosystem management.

FAO recently prepared a series of **Blue finance guidance notes** (FAO, 2020d and FAO, 2020g) under its Blue Growth Initiative. The series contains seven brochures on microfinance and insurance for small-scale fisheries and aquaculture, blue bonds, blended finance, impact investment and innovative investment approaches. The brochures aim to provide governmental, non-governmental, private and public stakeholders with information, resources and concrete pathways for obtaining finance to support blue growth transitions at local, national, regional and global scales.

FAO and partners are working on the establishment of a Global Network for capacity building to increase access of small-scale fisheries to financial services (**CAFI SSF Network**).<sup>5</sup> This Network aims to facilitate the availability and access to finance and insurance for small-scale fisheries through strengthening the capacity of policy makers, service providers and fisher folk organizations.

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<sup>5</sup> For more information on the CAFI-SSF Network, please see:  
<http://www.ruralfinanceandinvestment.org/node/3867>

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