

Enhancing Accessibility to Funding for Small-Scale Fisheries in Africa

Executive Summary

Small-Scale Fisheries (SSF) are fundamental to Africa's food security, nutrition, livelihoods, and economic development. However, widespread financial exclusion continues to undermine the sector's potential. Fewer than 10% of SSF practitioners have access to credit, severely limiting opportunities for investment, innovation, and sustainable growth.

This policy brief identifies core barriers to financial access in SSF, including limited awareness among both fishers and financial service providers (FSPs), lack of sector-specific financial products, weak organizational structures, high collateral requirements, and insufficient data to inform risk assessment and product design.

To address these issues, the brief proposes a set of targeted policy and institutional interventions: Establishing an enabling policy environment that fosters inclusive and participatory SSF development; Raising awareness among both SSF actors and FSPs about financing options and sector potential; Strengthening fisherfolk organizations and cooperatives to improve credit access; Enhancing financial literacy and business development skills among SSF practitioners; Building the capacity of FSPs to better understand and serve the SSF sector; Designing tailored, affordable financial products—such as digital services, in-kind lending, and insurance schemes; Improving data systems to support credit profiling and reduce perceived lending risks.

Unlocking financial access for SSF is essential for realizing inclusive blue growth and achieving the broader goals of sustainability, resilience, and equity in Africa's fisheries sector. The African Union Member States (AU-MS) are strongly encouraged to prioritize financial inclusion for SSF as a strategic pathway to empowering fishing communities and accelerating sector-wide transformation.

Introduction

Small-scale fisheries (SSF) are vital to Africa's development contributing significantly to nutrition, food security, livelihoods, employment, poverty alleviation and revenue generation, and contribute to the GDP of many countries across the continent. To develop these fisheries sustainably, access to financial services by the fisherfolks and practitioners is essential. Most Finance Service Providers (FSPs) operate an extensive network of branches across the



continent. However, despite the availability of financial services, there is limited use of these provisions by the small-scale fishers. Generally, it has been observed that less than 10 percent of small-scale fisherfolks are able to access loans from FSPs, highlighting a significant gap between financial service provision and actual utilisation within the sector.

This policy brief highlights the barriers and constraints to accessing financial services by SSF and outlines practical, actionable recommendations to overcome these challenges and enhance financial inclusion. The insights presented in this policy brief are based on information gathered under the African Fisheries Reform Mechanism (AFRM) with support from the Fisheries Governance Project Phase Two (FishGov2 Project).

Barriers to financial access for SSF

Access to financial services remains a major challenge for SSF due to a combination of structural and systemic factors. These include limited awareness of available financial services by SSF, inadequate knowledge of FSPs about SSF, limited availability of tailored financial products, weak or informal organizational structures to leverage opportunities, and a lack of reliable data to inform policy and investment decisions. These barriers significantly limit SSF's ability to invest in sustainable practices, improve livelihoods, and build resilience.

Limited awareness

1. Limited awareness of the FSPs about the fisheries and aquaculture sectors as a result of inadequate provision of dedicated schedule in their scheme of services. There is a perception of the fisheries sector as a risky venture and one that is prone to natural calamities – thus eroding attractiveness of fishers as credible clients.
2. Limited awareness of the small-scale fishers about the services offered by FSPs – general perception that FSPs prefer to work with other agricultural value chains. Additionally, many fishing communities express apprehension particularly concerning the potential risks or negative aspects associated with accessing financial support services.

Inadequate Financial products and services

1. Inhibition caused by high interest rates and complicated procedures at the time of borrowing from FSPs.
2. One size fits all syndrome - Provision of general agricultural products that are not specialized to Small-scale fisheries.
3. There is also inadequate funding to meet the growing financial needs of the fisherfolk across the continent.
4. Inadequate collateral is the biggest obstacle.

Weak organisational structures to leverage opportunities

1. Inadequate well-functioning fisherfolk organizations to secure funding.
2. Weak capacity of many SSF practitioners to develop bankable proposals (to include viable business plans, feasibility studies) due to lack of skills thus hindering their ability to access grants, loans and other forms of credit facilities.

Lack of reliable data

1. Insufficient database on fisheries and aquaculture operators along the value chain. - Absence of robust data which affects access to financial services: FSPs rely heavily on data to access risk, determine credit worthiness and design appropriate financial products. Without adequate records, small scale fishers are often unable to present the business case needed to access loans, insurance and investment. This further constrains the growth of the sector



Policy Recommendations

- Create an enabling policy environment to promote the involvement of SSF in decision making, policy development and implementation
- Awareness raising on services offered by FSPs, and about the performance of fisheries and aquaculture sectors including the SSF so as to bridge the gap for both providers and users
- Strengthen the organisation of stakeholders along the SSF value chain into cooperatives/ associations for enhanced partnerships with FSPs. Cooperatives/associations would play a critical role in facilitating access to credit and microfinance services
- Provision of relevant financial literacy and capacity development– SSF need to be trained on formalizing business activities and financial management skills (including increasing saving capacity). Inclusive tailored capacity building across the value chain needs to be considered.
- Provision of capacity building activities and training – FSPs need more technical knowledge about various aspects (e.g. business model, fishing technologies) to enhance their understanding of the SSF sector and enable the design of appropriate financial products and services.
- Strengthen capacity for collection of reliable data and analysis on small scale fisheries including use of advanced technologies and strategies for information dissemination.
- Mapping of financial service providers active in rural and coastal areas and fishing communities so as to bridge the gap for both providers and users
- Developing of specialized financial products for small-scale fisheries through design and promotion of tailored financial solutions that reflect the realities of the SSF environment.
    i. Provision of affordable funding facilities (loans, credits, etc.)
    ii. Provision of digital financial services – online digital platforms will promote accessibility to financial services by the SSF.
    iii. Innovative Financing Models that enable the exploration of alternative financing approaches such as "Loan in Kind" schemes where inputs like fishing gears and accessories are provided in kind, with repayment also made in kind to offset the loan.
    iv. Risk mitigation incentives through the promotion of insurance and other de-risking mechanisms to incentivise FSPs to lend various actors in the SSF while safeguarding fishers against shocks.

Conclusion

Small-Scale Fisheries in Africa have significant potential to support food security, livelihoods and economic growth. However, limited organizational capacity, low financial literacy and poor access to finances from service providers continue to hinder progress. AU-MS are urged to address the structural and systemic barriers, bridge data gaps, and simplify access to funding which is essential in empowering SSF communities and ensuring their meaningful participation in sustainable fisheries development.

References

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