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POLICY BRIEF

Repurposing harmful fisheries subsidies for nature and people

KEY POINTS:

- By reforming harmful fisheries subsidies, governments can reduce overfishing while creating fiscal space for reinvestments that support marine biodiversity, livelihoods, economic development, and food and nutrition security.
- Successful repurposing of harmful subsidies will require collaborative action from ministries responsible for fisheries, finance, and social protection, together with other actors. Interministerial platforms can facilitate joint planning, programming, monitoring, evaluation, adaptation, and learning.
- Fisheries subsidies that play a social protection role can be instrumental in promoting sustainable fisheries, including by mitigating the shocks of reform, but social protection needs to be informed by fisheries policy objectives and associated management, and complemented by more effective monitoring of fisheries activities and enforcement of regulations.
- Repurposing strategies should be designed with the people whose livelihoods are affected by fisheries regulations and reforms, and with specific consideration for and outreach to people in the small-scale fisheries sector, who are often vulnerable.

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Introduction

Every year, governments spend an estimated US$2.4 trillion on environmentally harmful subsidies across sectors, including fossil fuels, agriculture, water, and fisheries (UNEP 2026; Damania et al. 2023).[1] These subsidies incentivize unsustainable activities, promote inefficiencies, and often exacerbate inequalities (Damania et al. 2023). The need for reform is urgent and clear, and in the context of rising debt and declining Official Development Assistance—as well as increasing environmental degradation—momentum is building globally. The Kunming-Montreal Global Biodiversity Framework (GBF) adopted in 2022 requires governments to reform at least US$500 billion per year in environmentally harmful subsidies by 2030.

Governments spend an estimated US$35.4 billion per year in the marine fisheries sector, of which nearly two thirds (US$22.2 billion) are harmful subsidies that encourage overfishing (Sumaila et al. 2019; see Box 1). Harmful fisheries subsidies are driving global fish-stock decline and marine biodiversity loss, exacerbating the climate crisis and undermining the sector's contributions to livelihoods, food and nutrition security, and poverty reduction (Singh et al. 2018; Harper and Sumaila 2019; Sumaila et al. 2019; Sumaila and Tai 2023).

1 Defined as "finance flows from government policies or programs that encourage unsustainable production or consumption and harm nature through resource depletion, ecosystem degradation or adverse impacts on planetary health" (UNEP 2026).

BOX 1.

What are fisheries subsidies?

Fisheries subsidies describe any government expenditure that has an intended benefit for the fisheries sector, including direct and indirect payments. This definition is based on the World Trade Organization (WTO) Agreement on Subsidies and Countervailing Measures, aligning with that of other sectoral subsidies. It differs slightly from how the term "subsidy" is used to describe consumption support in social welfare, where it refers more specifically to indirect payments that increase household income by releasing income that would have been spent on basic goods or services, typically through price adjustments. Although direct payments in the context of fisheries subsidies generally support fisheries production, they can also be viewed as forms of social protection[2] for fisheries actors.

Whereas most sectoral subsidies are governed by general trade rules focused on socioeconomic factors, fisheries subsidies are also regulated through a dedicated agreement focused on environmental sustainability (Box 2). In the research that has contributed to reaching this agreement, subsidies are typically categorized in terms of their potential impacts on fish-stock sustainability as "harmful", "beneficial", or "ambiguous" (Sumaila et al. 2019). While this categorization appears to set aside socioeconomic sustainability, this is underpinned by stock sustainability and therefore implicit (Skerritt and Sumaila 2021).

- **Harmful subsidies**, often referred to as "capacity-enhancing" subsidies, incentivize overcapacity[3] and overfishing by artificially increasing revenue or reducing the costs of fishing through infrastructure investments or subsidizing inputs such as fuel, vessels, and gear. Because wild fish stocks have a maximum limit on sustainable harvests, increasing fishing capacity poses an inherent risk to fish stocks and supporting ecosystems.
- **Ambiguous subsidies**, such as income support for fisheries actors, have the potential to encourage fishing capacity and therefore imply a moderate risk of increasing overfishing. Outcomes can be positive, negative, or mixed, depending on their design and implementation, and the context.
- **Beneficial subsidies**, such as spending on fisheries management and research, aim to support stock sustainability. They can actively mitigate the impacts of overcapacity and therefore reduce risks posed by ambiguous subsidies.

In practice, fisheries subsidies are often noted in public budgets under broader budget lines such as fuel subsidies, tax exemptions, or credit support rather than a single identifiable budget line, and so governments often lack clear oversight.

2 Social protection refers to the set of policies, systems, programs, and mechanisms aiming to prevent or protect people from poverty and vulnerability.

3 Fishing capacity refers to the quantity of fish that can be taken by a fishing unit, such as an individual, community, vessel, or fleet, given no limitation on the yield from a fish stock. Overcapacity occurs when the potential to catch fish exceeds the level required to harvest a stock sustainably.

In 2022, after more than 20 years of negotiations, the World Trade Organization (WTO) reached a first Agreement on Fisheries Subsidies, prohibiting the most harmful types of marine fisheries subsidies. The Agreement entered into force in September 2025, but many countries have yet to ratify, and there is an urgency for complementary rules to be negotiated, both to make the Agreement more comprehensive and to prevent the existing Agreement from lapsing in 2029 (see Box 2).

Fisheries subsidy reform is complex and sensitive, the main hurdle being potential short-term socioeconomic impacts and inequities in their distribution. In developing countries and the small-scale fisheries (SSF) sector in particular, there are valid concerns about the impacts of removing fisheries subsidies from people who depend on them, some of whom are highly vulnerable (World Bank 2023; Nuotuo et al. 2025). Ending harmful fisheries subsidies could negatively impact SSF in some countries, if subsidy removal is not combined with strategic reinvestment of reform revenues and a suite of measures to mitigate transition risks. This should include social protection and other forms of livelihood support for the most vulnerable as well as effective fisheries management.

By reforming and repurposing harmful fisheries subsidies, governments can go further than addressing overcapacity and overfishing. They can strategically mobilize budget for a range of Sustainable Development Goals (SDGs) and can more effectively, efficiently, and equitably achieve policy objectives (FAO, UNDP, and UNEP 2021; World Bank 2023). Written for policy makers who have an interest in subsidy reform, this brief draws from literature on subsidies, social protection, fisheries management, and marine conservation to present options for reinvesting fisheries subsidy reform revenues that can enable and positively incentivize sustainable and resilient SSF, while protecting and enhancing jobs and diets in coastal communities. In particular, it highlights the potential of combining social protection with fisheries management, including the monitoring of fisheries activities and enforcement of regulations.

BOX 2.

The Agreement on Fisheries Subsidies

The current World Trade Organization (WTO) Agreement, often referred to as "Fish 1", prohibits subsidies contributing to Illegal, Unreported and Unregulated (IUU) marine fishing, fishing or fishing-related activities on overfished marine stocks,[4] and fishing and fishing-related activities in unregulated high seas (WTO 2022). Not only is this a landmark achievement for the sustainable use and conservation of marine resources, it is also the first and only trade agreement with environmental sustainability as the primary objective, setting a precedent for other sectors.

Embedded in the Agreement are conditions of special and differential treatment (SDT) designed to provide developing and least-developed WTO members with more flexible timelines and support to comply with the Agreement. These members have two extra years to implement the Agreement (WTO 2022). Additionally, a funding mechanism known as the "Fish Fund" has been created to support developing and least-developed WTO members that have ratified the agreement, by providing technical assistance and coordinating with core partners (WTO Fish Fund 2026).

At the 14th WTO Ministerial Conference in March 2026, WTO members re-committed to negotiating a more comprehensive Agreement, often referred to as "Fish 2". While the rules are still being negotiated, the broad objective is to prohibit all subsidies that encourage overcapacity, thereby tackling a root cause of stock depletion. However, "Fish 1" includes a "sunset" clause mandating that if a more comprehensive set of rules is not adopted within four years of the Agreement's entry into force (by September 2029), the entire Agreement will be terminated, unless otherwise decided by the General Council.

4 Subsidies are not prohibited if they are being used to rebuild overfished stocks to a sustainable level.

The distribution of fisheries subsidies

The majority of harmful fisheries subsidies are provided by a handful of mostly higher-income countries, and mostly subsidize fuel (Sumaila et al. 2019).[5] However, when spending is considered relative to the economic size or scale of the fisheries in which they are spent, the picture changes. For example, when regional subsidy amounts are considered as a proportion of total landed value of catches, all regions provide similar amounts of harmful subsidies per unit of landed value (Skerritt and Sumaila 2021). Even in regions and countries that are not considered "big" subsidizers in absolute terms, this spending is significant.

It is also notable that 20-37 percent of harmful fisheries subsidies support fishing in foreign waters or areas beyond national jurisdiction. This results in a disproportionate flow of harmful subsidies from higher-income countries, which tend to have stronger capacity for fisheries management and particularly enforcement, and often relatively sustainable fish stocks, toward activities taking place in lower-income coastal countries that have lower management capacity and often poorer stock status (Skerritt et al. 2023; Costello et al. 2021).

Across all types of fisheries subsidies, spending tends to be regressive and poorly targeted, prioritizing the large-scale fisheries (LSF) sector, despite significantly more people being engaged in the SSF sector (an estimated 94 percent of people in fisheries engage in SSF activities).[6] Only 19 percent of global marine fisheries subsidies are estimated to go to the SSF sector, and only one third of that amount is allocated to SSF in developing countries, where the majority of SSF operate (Schuhbauer et al. 2020). Furthermore, LSF fishers receive on average 3.5 times more government support than SSF fishers. This disproportionate incidence is not due to productivity and scale alone; it is also visible in terms of landed value, with LSF being subsidized at twice the rate of SSF per unit of landed value (Schuhbauer et al. 2020).

The bias in public fisheries expenditure stems from the widespread political and social exclusion of small-scale fishers, fish workers, and their communities. Although their visibility is increasing, people who depend on SSF still tend to face a range of structural constraints and inequities that increase their vulnerability (FAO, Duke, and WorldFish 2023). These include limited access to public services such as health and education, low formal social protection coverage, low financial inclusion, and insecure or inequitable access to fishery resources and markets. Fishing and related activities are also typically seasonal, uncertain, and often dangerous—a reality that is exacerbated by climate change (Dias et al. 2023; Cánovas-Molina and García-Frapolli 2022; Pomeroy et al. 2020). Despite these challenges, SSF communities around the world play a crucial role in stewarding aquatic ecosystems and resources, often bearing the costs of doing so with limited support (Charles et al. 2024; Bladon et al. 2025).

Some of the estimated US$22.2 billion spent annually on harmful fisheries subsidies could be repurposed to reduce vulnerability and build resilience in SSF communities, and to support and encourage their role in environmental stewardship (Cisneros-Montemayor et al. 2016; Bladon et al. 2025). For example, an analysis of 30 coastal least-developed countries indicated that it would cost US$2.2–2.6 billion to lift low-income fishers in those countries out of poverty and that in over one-third of the countries this could be done by repurposing harmful fisheries subsidies alone (Teh et al. 2024). This repurposing should include supporting the most vulnerable populations to manage any shocks resulting from the removal of harmful subsidies (Costello et al. 2021; Mukherjee et al. 2023).

5 China, the European Union, Japan, South Korea, and the United States collectively provide more than half of the world's harmful fisheries subsidies, in terms of absolute US dollar value.

6 While there is no universal distinction between small-scale and large-scale fisheries, the former can be broadly defined by characteristics such as relatively small production units (typically individuals, households, owner-operators with one or two hired crew, or microenterprises), low input and output, and low levels of technology or capital investment, relative to LSF (FAO, Duke, and WorldFish 2023).

What are the options for repurposing harmful subsidies?

The most appropriate ways to repurpose budget currently allocated to harmful fisheries subsidies will vary according to a country's specific fisheries contexts, policy objectives, and national and international commitments. However, investments in the transition to sustainable fisheries can generate benefits across a wide range of broader goals, including creating jobs, alleviating poverty, and reducing hunger and malnutrition (Singh et al. 2018; FAO, Duke, and WorldFish 2023).

There are two main sets of options for repurposing harmful subsidies in the fisheries sector. Investments in these options can be categorized as "beneficial" or "ambiguous" subsidies in terms of their potential impacts on overcapacity and overfishing. Both categories are essential and should be used in a parallel and joined-up way (Table 1).

Table 1. Options for repurposing harmful fisheries subsidies

	Option	Description
Beneficial subsidies	Fisheries management	Measures to ensure the continued or improved productivity of fisheries resources, based on specific policy objectives, legislation, assessment, and regulations or rules, the compliance of which is ensured through monitoring and enforcement.
	Area-based conservation	Tools that establish and maintain marine areas for conservation, including Marine Protected Areas (MPAs) and Other Effective Area-Based Conservation Measures (OECMs)[7].
	Fisheries research and development	Research, development, and extension activities—including stock assessment—to increase the knowledge base for and outline concrete pathways to socioeconomic and ecological sustainability of fisheries.
Ambiguous subsidies	Social protection	Social protection policies and programs—including social assistance, social insurance, social services, and labor market interventions—which are targeted and tailored to the needs of individual fishers and fish workers, their households, and their communities. In the fisheries literature, these are often referred to as "fisher assistance".
	Small-scale fisheries (SSF) community development	Services and activities that aim to improve the welfare and livelihoods of people who engage in SSF, including financial services and products that are appropriate and accessible, and training and targeted physical infrastructure that aim to improve safety, improve the sustainability of fishing practices, reduce post-harvest loss and waste, and support livelihood diversification.
	Buybacks	Programs that provide payments to fisheries actors (individuals or businesses) for permanent or temporary withdrawal of fishing vessels, gear, permits or licenses, with the objective of reducing capacity.
	Innovative finance mechanisms	Novel financial mechanisms to increase the amount of finance reaching SSF. These include establishing new markets such as nature-based blue carbon markets, marine biodiversity credits, blue bonds, and other Payment for Ecosystem Services (PES) as well as mechanisms that encourage existing markets to integrate the costs of nature-positive actions, such as those sharing MPA user fees with SSF communities.[8]

Source: Adapted from Sumaila et al. (2019).

7 The Conference of the Parties to the Convention on Biological Diversity (CBD COP) Decision 14/8 defined OECMs as an "area other than a Protected Area, which is governed and managed in ways that achieve positive and sustained long-term outcomes for the in-situ conservation of biodiversity, with associated ecosystem functions and services and where applicable, cultural, spiritual, socio-economic, and other locally relevant values." They are crucial to achieving the GBF Target 3 for protecting 30 percent of the planet by 2030 (Gurney et al. 2023).

8 While not traditionally included in fisheries subsidies frameworks, these mechanisms often require initial public investment for early-stage transaction costs and can play a catalytic role in attracting private investment to SSF.

Beneficial fisheries subsidies

Beneficial subsidies, including fisheries management, fisheries research and development, and area-based conservation measures, aim to support fish-stock sustainability and therefore carry little to no risk in terms of incentivizing overfishing (Table 1). By conserving and rebuilding fish stocks and preserving the health and resilience of ecosystems, beneficial subsidies also support socioeconomic outcomes, maintaining or enhancing benefits for livelihoods, food, and nutrition into the future. In much of the world and especially in less developed countries where the majority of SSF operate, capacity to effectively manage fisheries—not least to enforce laws and regulations—is limited and investment is urgently needed (Hilborn et al. 2020, FAO 2024).

Fisheries management and area-based conservation measures, while essential, can have costs for the people whose livelihoods are affected, at least in the short to medium term. For example, if an area is closed to rebuild fish stocks, fishers, fish workers, and their wider communities may experience a loss of income or food availability. This can undermine their acceptance of regulations and reduce the effectiveness of management and conservation efforts. Complementary mechanisms are therefore required to mitigate socioeconomic costs (Bladon et al. 2025).

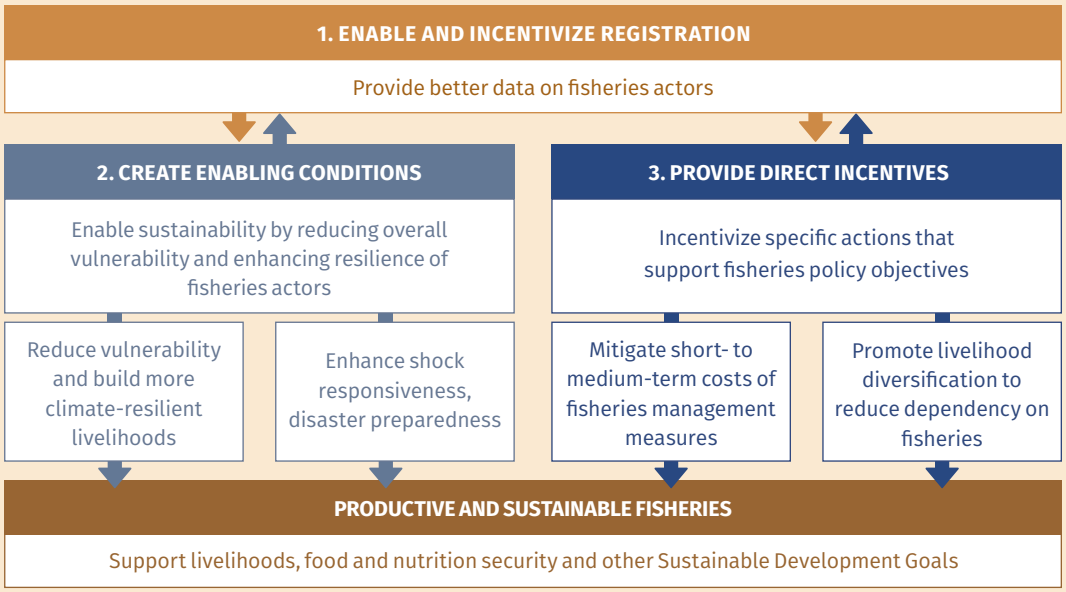
Ambiguous fisheries subsidies

The options categorized in Table 1 as ambiguous subsidies are valuable tools for facilitating the transition to and maintenance of sustainable fisheries. While the examples listed are a diverse set of tools, by playing a social protection function each can enable and incentivize environmental stewardship actions that actively support beneficial subsidies such as fisheries management and area-based conservation. In particular, social protection interventions tailored for fisheries actors can promote sustainability and offset the potential shocks that reforms can generate, but an intersectoral approach is critical (Box 3).

BOX 3.

Blue Social Protection

Blue Social Protection is an intersectoral approach that leverages social protection (SP) to promote sustainable and productive small-scale fisheries (SSF). By following this approach, SP interventions in SSF can enable and positively incentivize fisheries sustainability, with benefits for aquatic ecosystems and the livelihoods that depend on them, climate resilience, and societal food and nutrition security.



1. As a foundational step, SP benefits and services can help enable and incentivize fisheries actors to register themselves, their assets, and their activities. This can generate data essential for fisheries management, enhance SP coverage, and inform the design and implementation of subsidy reform.

2. Mainstream SP programs, particularly those that use adaptive approaches, can increase resilience and reduce overall vulnerability of fisheries actors, and they can enhance preparedness for and responsiveness to climate shocks and natural disasters. In turn, this can create enabling conditions for environmental stewardship. In the context of fisheries subsidies reform, mainstream SP programs can be tailored for and targeted to vulnerable SSF workers and households to offset potential shocks to prices, income, and food and nutrition security that may result in the near to medium term from the removal of harmful subsidies, such as those for fuel and other inputs.

3. SP interventions can also be deliberately designed or adapted to directly incentivize specific stewardship actions through two main options: first, instruments such as conditional transfers, public works, and temporary unemployment benefits can compensate for short- (but potentially recurring) to medium-term socioeconomic costs of management measures designed to reduce fishing pressure, such as seasonal closures. Second, where longer-term interventions are required to reduce the overall dependency of workers on a specific fishery, area, or subsector, SP programs can facilitate livelihood diversification and labor-market transformation through, for example, active labor-market programs and economic-inclusion approaches that combine re-skilling with grants and complementary financial services.

The World Bank has published a Blue Social Protection Handbook that provides practical knowledge on leveraging SP interventions to support productive and sustainable SSF (Bladon et al. 2025).

Source: Original elaboration for this brief based on Bladon et al. (2025).

Evidence of the outcomes linking social protection to environmental stewardship is still quite limited, in large part due to limited systems of monitoring and evaluation (Stacey et al. 2021; Roe et al. 2015; Hadj-Hammou et al. 2026). Yet, a growing body of literature highlights the potential of this approach to improve fisheries management and conservation outcomes, while also reducing human vulnerability and building climate resilience (Bladon et al. 2025; FAO 2022; Booth et al. 2025; FAO 2019; Shalli et al. 2026).

Ambiguous subsidies, nonetheless, do have some risk of encouraging overfishing. Improvements in fishing-community welfare, fishery productivity, and profitability can encourage more fishing pressure, including by attracting new entrants (Purcell et al. 2024). For example, interventions that reduce post-harvest loss and waste can add value to catch, increasing profits without increasing catches, but in fisheries without access regulations or effective monitoring and enforcement, this could trigger unsustainable levels of exploitation. Furthermore, social assistance and other interventions designed to incentivize specific actions can ultimately trigger perverse actions, as demonstrated by an experimental evaluation of an incentive program for small-scale fishers implemented by a non-governmental organization (Booth et al. 2025).

Ambiguous investments can also have unintended socioeconomic outcomes beyond fisheries. For instance, a social assistance program providing rice to fishers during seasonal closures had ripple effects on the local labor market, the microfinance market, and rice prices (Mohammed et al. 2014). Investments in innovative financing mechanisms that generate returns, such as blue bonds, may also present a risk for SSF, as they may prioritize investor demands over local priorities (Kılıç 2024).

Critically, these challenges can largely be attributed to how interventions are designed and delivered. Steps can be taken to minimize the risks of encouraging overfishing and other unintended outcomes.

How to optimize outcomes for nature and people

By considering the following recommendations, policy makers can move toward equitable reform and successful repurposing of harmful fisheries subsidies, minimizing any potential trade-offs between policy objectives within and beyond the sector. These actions will support implementation of the current Agreement on Fisheries Subsidies and strengthen readiness for implementation of more comprehensive rules.

Collaborate and coordinate within and between ministries

Repurposing harmful subsidies is inherently intersectoral. It will require inter- and intra-ministerial coordination and collaboration to enable the ongoing sharing of information and technical expertise, joint impact assessments, co-management of budgets and financial accountability, and the development of common monitoring and evaluation frameworks (Bladon et al. 2025). Typically, leadership should come from the ministries responsible for fisheries or central ministries responsible for finance that can support any necessary federal budget adjustments, but they will need to work with a range of other government bodies, including those responsible for social welfare and labor, and across national and sub-national government levels. Establishing dedicated interministerial platforms with joint action plans and programming will help to ensure that different types of reinvestments complement each other and support diverse policy objectives.

Identify harmful subsidies

A critical step in reforming and repurposing harmful subsidies is for governments to collect data and information on subsidies allocated to the fisheries sector and on their potential or actual negative environmental impacts. A Self-Assessment Tool is available to assist WTO members—particularly developing and least-developed countries—in understanding and implementing the WTO Agreement on Fisheries Subsidies. The Tool guides governments through the process of identifying and collecting key information and data, evaluating current and ongoing alignment, and articulating technical assistance and capacity needs (IISD 2022). The WTO Fish Fund offers a grant to support countries in these initial assessments (WTO Fish Fund 2024).

Co-design reinvestment with the fisheries sector

The potential impacts of subsidy removal should be assessed in consultation with legitimate representatives of the beneficiaries of existing programs. Options for reinvestment should also be developed in a consultative and participatory way with current beneficiaries as well as wider SSF communities and representatives, as per the Voluntary Guidelines for SSF (FAO 2015).[9] Beyond building buy-in and acceptance, co-designing solutions will also help to ensure that any subsidies playing a social protection function are locally appropriate and reach those most in need, in ways that are accessible and timely. Where those benefits and services are designed to directly incentivize specific actions, this co-development can ensure adequacy and reduce the risk of inadvertently incentivizing overcapacity and overfishing. The approach will require collaboration with a range of non-State actors, including fisheries associations, cooperatives, and community-based organizations.

9 The current beneficiaries of harmful subsidies may not always be the beneficiaries of reinvestments.

Combine complementary policies and programs

Governments should develop comprehensive strategies for reinvestment of reform revenues that combine complementary options. First and foremost, policies and programs that aim to directly support effective fisheries management and stock sustainability should be combined with subsidies with a social protection function, tailored and targeted to the most vulnerable actors (Costello et al. 2021; Bladon et al. 2025; World Bank 2023). Positive outcomes can be further optimized by providing packages of different kinds of complementary support, such as combining cash transfers or grants with financial services. Similarly, subsidies with a social protection function need to be combined with effective fisheries management.

Raise awareness

While reforms may be opposed initially by those who stand to lose out in the short term, effective communication and engagement with civil society and fisheries organizations can support the success and longevity of reforms. Public awareness campaigns can clearly communicate why subsidy reform and repurposing is taking place and share continuous learning. Targeted outreach can help to ensure that intended beneficiaries know what support they can receive, including how to access, and any conditions of, the support.

Monitor, evaluate, learn, and adapt

Rigorous systems of monitoring, evaluation, learning, and adaptation (MELA) are crucial for demonstrating if, how, or why outcomes occurred following subsidy reform and repurposing. Given the ambiguous nature of fisheries subsidies with a social protection function, this is critical for risk management. MELA systems are necessary to guide adjustments to the design and implementation of subsidies if interventions appear to be causing unintended outcomes, such as encouraging overcapacity and undermining stock sustainability, and to inform adaptive management in the case of external changes such as climate impacts or food price volatility.

MELA systems should be co-developed for fisheries subsidies using comprehensive indicators that track socioeconomic and ecological outcomes, including those related to fisheries management and which support compliance with the WTO Agreement on Fisheries Subsidies (for example, fish-stock status, incidence of IUU fishing, and coverage of monitoring and enforcement) as well as those related to social protection and food and nutrition security. Stronger MELA systems, and therefore stronger evidence on outcomes, will inform an iterative and adaptive process of design and implementation of more effective, efficient, and sustainable subsidy programs, supporting accountability (Hadj-Hammou et al. 2026).

As governments begin implementation of the WTO Agreement on Fisheries Subsidies, and as more comprehensive rules are introduced, rigorous MELA will also provide case studies that can guide other countries toward equitable reform and repurposing.

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