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Report of the

**EXPERT WORKSHOP ON GUIDELINES FOR MICRO-FINANCE,
CREDIT AND INSURANCE FOR SMALL-SCALE FISHERIES IN
ASIA**

Bangkok, Thailand, 7–9 May 2019



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PREPARATION OF THIS DOCUMENT

This is the Report of the Expert workshop on Guidelines for micro-finance, credit and insurance for small-scale fisheries in Asia, which was held in Bangkok, Thailand in the period 7–9 May 2019.

The Expert workshop was co-organized by the Asia-Pacific Rural and Agricultural Credit Association (APRACA) and the Food and Agriculture Organization of the United Nations (FAO). The workshop served to discuss successful finance programmes in Asia for small-scale fishers, finalize practical guidelines in support of better access to financial services, and design a capacity building programme for increasing the provision of financial services to small-scale fisheries. The workshop was attended by rural finance, insurance and fisheries experts from Bangladesh, China, India, Indonesia, Japan, Philippines, Thailand, United Kingdom, Canada and the United States of America. The high quality of the contributions by these experts to the Workshop is acknowledged by the organizers.

The Expert Workshop was made possible with the financial support from FAO's Regular Programme under Strategic Objective 3: Reduce Rural Poverty. The workshop contributed specifically to output 3.1.2 Strategies, policies, guidelines and programmes to improve the rural poor's access to, and control over, a set of services, finance, knowledge, technologies, markets and natural resources, including in the context of climate change.

FAO and APRACA technical assistance to the Expert workshop and its preparations was provided by Mr Raymon van Anrooy, Mr Prasun Kumar Das, Ms Thanawan Ampaipanvijit and Mr Kittisak Mommoh. Resource persons to the workshop were Ms Lorna Grace and Mr Uwe Tietze. Formatting and publishing assistance was provided by Ms Estefania Burgos, Ms Marianne Guyonnet and Ms Chorouk Benkabbour of FAO.

This report contains a record of the Expert workshop, including summaries of presentations and discussions, as well as insurance case studies from China, India, Japan and Bangladesh in appendix 5.

ABSTRACT

The Expert workshop on Guidelines for micro-finance, credit and insurance for small-scale fisheries in Asia was held in Bangkok, Thailand in the period 7-9 May 2019. Rural finance, insurance and fisheries experts from Bangladesh, China, India, Indonesia, Japan, Philippines, Thailand, United Kingdom, Canada and the United States of America met to discuss ways to improve the access to financial services for small-scale fishers in Asia. The workshop aimed to discuss successful finance programmes in Asia for small-scale fishers, finalize practical guidelines in support of better access to financial services, and design a capacity-building programme for increasing the provision of financial services to small-scale fisheries. The workshop was attended by 32 experts and was organized by the Asia-Pacific Rural and Agricultural Credit Association (APRACA) in close collaboration with FAO. The insurance and credit guidelines prepared will facilitate the implementation of the Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Poverty Eradication and Food Security (SSF Guidelines), as well as contribute towards achievement of Sustainable Development Goal 14. Access to financial services will enable the small-scale fishers to invest in more responsible fishing operations and technologies, reduce overfishing, contribute to fisheries management and implement climate change adaptation measures.

The micro-finance, credit and insurance guidelines for small-scale fisheries have been endorsed by APRACA members in June 2019, and implementation throughout the Asian region is promoted. The Programme on Capacity building for small-scale fisheries in micro-finance, credit and insurance services (CABFIN SSF), developed by the workshop will be implemented by APRACA, FAO and partners from 2020 onwards.

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Introduction

1. FAO and the Asia-Pacific Rural and Agricultural Credit Association (APRACA), in collaboration with our respective Member States and member rural finance institutions in Asia, as well as many partner institutions worldwide are working, amongst others, towards increasing access of farmers, fishers and rural communities in general to financial services. The access of farmers and communities to credit, savings and insurance services has significantly increased over the last decades. However, a majority of small-scale farmers and fishers still do not have access to key financial services such as micro-finance, credit and insurance. Financial services are important to their livelihoods, will support investments in sustainable fisheries, reduce vulnerability to natural disasters and facilitate adaptation to climate change.
2. From 2019 onwards FAO and APRACA intend to make an effort to increase the access of millions of small-scale fishers in Asia and elsewhere to financial services. Our awareness raising and capacity building efforts are not just focused on fishers themselves and their organizations, but also addressing rural credit, micro finance and insurance providers.
3. It is our view that specific guidelines would contribute to the process to advice financial service providers on the needs of small-scale fishers, how small scale fishers could be served better and about best-practice approaches applied worldwide. APRACA and FAO think that guidelines could assist our members in development and implementation of programmes for micro-finance, credit and insurance that address the situation in small-scale fisheries. Two specific guidelines are therefore being developed at present:
 - a. Guidelines for micro-finance and credit programmes in support of small-scale fisheries in Asia.
 - b. Guidelines for increasing access of small-scale fishers to insurance services in Asia.
4. The guidelines are intended for managers and staff of micro-finance institutions (MFIs), rural credit institutions, non-governmental organizations (NGOs) involved in these subjects, insurers, ministries of finance and other stakeholders. The idea was to develop guidelines that are practical, built on success cases from within the fisheries sector or other rural sectors, and contribute to the implementation of the FAO Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Food Security and Poverty Eradication (SSF Guidelines).
5. The guidelines are also expected to facilitate work by governments, financial institutions and other stakeholders towards the implementation of the UN Sustainable Development Goals (SDGs) in relation to SDG8 (economic growth and employment), SDG 13 (climate change adaptation) and SDG14 (fisheries and oceans).
6. In this context, an Expert workshop was held in Bangkok, Thailand, in the period 7–9 May 2019 discuss ways to improve the access to financial services for small-scale fishers in Asia.
7. The objectives of the Expert Workshop were to:
 - i. Bring together a small group of key fisheries- and financial experts with experience in the provision of financial services to the fisheries sector, to discuss and finalize practical guidelines to increase access of small-scale fishers micro-finance, credit and insurance programmes in Asia and elsewhere.
 - ii. Present, exchange experiences and discuss lessons learnt from fisheries micro-finance, credit and insurance programmes in Asia.

- iii. Discuss capacity building needs and opportunities for small-scale fishers in relation to micro-finance and insurance services, and design a capacity building programme to address the identified needs.
 - iv. Identify agencies, companies, financial institutions, NGOs and experts to involve in a future capacity building programme for small-scale fishers in micro-finance and insurance services.
8. The agenda of the Expert workshop and the List of Participants are provided respectively in Appendices 1 and 2.

Opening of the Workshop

9. The Expert workshop was jointly organized by FAO and APRACA. Thirty-two rural finance, insurance and fisheries experts from FAO Members participated in the workshop: Bangladesh, China, India, Indonesia, Japan, Philippines, Thailand, United Kingdom, Canada and the United States of America. FAO and APRACA provided the secretariat for the workshop.
10. The workshop was formally opened by Mr Prasun Kumar Das, Secretary General of APRACA, who welcomed the participants. He underlined the importance of the Asian region, as the continent is the home for 4.5 billion people, which is around 62 percent of global population. It is estimated that around 30 million small-scale fishers are active in Asia who contribute significantly to the regional and national food and nutrition security and livelihoods. Mr Kumar Das informed the workshop of APRACA's membership and mandate and expressed his desire that the guidelines to be finalized by the workshop would assist national Governments in the Asian region in general and in particular to the 86 member institutions of APRACA spread over 24 countries.
11. Mr Raymon van Anrooy, senior fishery officer, welcomed the participants on behalf of FAO. He referred to the collaboration between APRACA and FAO on agriculture and rural finance which has a long history, dating back to its formal establishment in 1977. APRACA was for many years located at FAO's Regional Office for Asia and the Pacific, in Bangkok. APRACA members became interested in fisheries in the mid-1990s, when the two organizations worked together on the Regional Conference on Insurance and Credit for Sustainable Fisheries Development in Asia, held in Tokyo, in November 1996. In the first decade of this millennium, collaboration on fisheries finance continued, including in a Regional Workshop on Guidance for Credit and Microfinance Programmes in Support of the Sustainable Use of Inland Fisheries Resources and Poverty Alleviation held in Beijing, China, in February 2006 and under the Spanish Government funded Regional Fisheries Livelihoods Programme for South and Southeast Asia (RFLP). The joint activities contributed to various governments in the region supporting the establishment of credit programmes for fisheries. Despite the increase in attention to finance for fisheries most of the fishers, especially small-scale fishers, do still not have access to formal sources of credit and insurance.
12. Mr Van Anrooy made also reference to the SSF Guidelines and their call to support the development of and access to financial services (such as savings, credit and insurance) for small-scale fishers. He added that awareness is increasing globally on the impacts of climate change on coastal regions, fisherfolk communities and fish stocks. Climate change adaptation programmes and projects addressing the small-scale fisheries communities have started in many countries. Investments in more responsible fishing operations and technologies, along with climate change adaptation measures in small-scale fisheries, are now widely regarded as essential and require adequate financial and insurance services.
13. Following the welcome remarks, participants introduced themselves and their area of work.

14. Mr Raymon van Anrooy, FAO Senior Fishery Officer, introduced the agenda and explained the objectives of the workshop.

Summary of past work of FAO on fisheries credit and insurance

15. Mr Van Anrooy presented a “Summary of past work by FAO on fisheries micro-finance, credit and insurance”. He mentioned three key documents:
- i. FAO. 1989. Revolving loan funds and credit programmes for fishing communities. Management guidelines. These guidelines filled a gap in information for those involved in the establishment and operation of revolving loan funds within fisheries development projects.
 - ii. FAO. 2003. Microfinance in fisheries and aquaculture. Guidelines and case studies. FAO Fisheries Technical Paper No. 440. The guidelines in this document provided general principles and basic considerations for those involved in microfinance service provision in fisheries and aquaculture. The document also contains the Report of the Regional Workshop on Microfinance Programmes in Support of Responsible Aquaculture and Marine Capture Fisheries in Asia, Chiang Mai, Thailand, December 2002.
 - iii. FAO. 2007. Credit and microfinance needs in inland capture fisheries development and conservation in Asia. FAO Fisheries Technical Paper No. 460. These guidelines also included reports of two workshops:
 - Regional Workshop on Microfinance and Credit Programmes in Support of Responsible Inland Capture Fisheries Practices for Sustainable Use of Inland Fishery Resources, held in Kuala Lumpur, Malaysia, April 2004
 - Regional Workshop on Guidance for Credit and Microfinance Programmes in Support of Sustainable Use of Inland Fishery Resources and Poverty Alleviation, held in Beijing, China, 14–17 February 2006.
16. Mr Van Anrooy also showed some joint activities with APRACA under the Regional Fisheries Livelihoods Programme for South and Southeast Asia (RFLP) (2008 -2014), including studies on: improving access to micro-finance for small-scale fishers; Microfinance services for coastal small scale fisheries and aquaculture for South Asia countries with special attention to women; and facilitating access to rural finance/microfinance services for small-scale fisheries and aquaculture in Southeast Asian countries. He then introduced FAO’s work on agriculture and fisheries insurance, as well as the Rural Finance and Investment Learning Centre¹ and the SSF guidelines².
17. Following the presentation a plenary discussion took place, which discussed why relatively limited finance is provided for fisheries compared to other rural sectors? Reasons given included: the low contribution of the fisheries sector to the GDP is low (1-2 percent) , limited priority within governments assigned to fisheries, that fishing communities are often far away from capital, and that few requests from governments to development banks are made for fisheries investments. The latter is slowly changing, particularly as part of Blue Growth/Blue Economy investments. It was expected that successful fisheries investments will lead to more investments. Other subjects discussed addressed aquaculture insurance assistance of FAO to the Government of Thailand and any differences between credit programmes for fisheries and aquaculture.

¹ For more information please visit: <http://www.ruralfinanceandinvestment.org/>

² www.fao.org/voluntary-guidelines-small-scale-fisheries/en/

Guidelines for micro-finance and credit programmes in support of small-scale fisheries in Asia

18. Ms Lorna Grace, APRACA consultant, presented the draft “Guidelines for micro-finance and credit programmes in support of small-scale fisheries in Asia”, which was circulated to the participants one week before the workshop.
19. The presentation discussed the contents of the draft guidelines with specific attention to: increasing awareness about the financial service needs of small-scale fishers (SSF) for more sustainable access to finance; guiding policy and decision makers in the Asia-Pacific region and elsewhere, introducing and incentivizing financial services to small-scale fishers, with the ultimate objective to encourage investment in the industry and by doing so influence and strengthen sustainability, ecological and economic viability of these SSFs. The presentation also discussed how to build capacity among financial service providers, fisherfolk organizations, NGOs, and concerned government agencies, to design and implement financial service products and programmes that suit the needs of small-scale fishing communities and enhance social protection, and to promote financial services that incentivize and reward a responsible and sustainable conduct of fishing, fish processing and marketing operations.
20. This was followed by identification of why finance for SSF is so important, and a general outline of the uses of financial services and how credit can improve their businesses and returns. An elaboration of the reasons why SSFs are not well served by the microfinance and credit marketplace was included, which pinpointed the low technical and financial capacity of the SFS, the challenges with costs of outreach and the weak understanding of risks facing SSFs by the financial providers. An additional slide identified some key entry and leverage points for attracting financial providers to the sector. The presentation identified the actors involved in SSF finance, from the perspective of suppliers and demanders as well as key actors who dictate the enabling environment for finance.
21. An overview of the Good Practices in delivery of financial products and services to SSFs was made as well. The presentation then went into depth on these good practices, including the need to understand the market by listing all the activities needing finance within the capture fisheries value chains. These included the role of product design, specialized policies and procedures, the need for risk assessment and credit analysis and the optimum use of delivery channels to reduce cost and lower risk. The presentation ended with a discussion of second tier investors and considerations when developing or designing supporting finance or enabling tools, such as lines of credit, guarantee funds and start up projects/programmes.
22. The presentation finished with a discussion around some outstanding questions on methodologies for delivering finance, incentives, stimulating interest and how value chains can support credit provision. Finally Ms Grace discussed how institutions can utilize or coordinate with digital technology to lower costs and/or risks of SSF finance.
23. In the discussion that followed the presentation a range of questions were asked. Firstly, why finance is so important for small-scale fisheries? It was noted that SSF needs a range of financial services, including savings, credit, insurance, payment and remittances. In terms of credit, SSF businesses need access to working capital, and fixed assets purchase. Capture fisheries are under pressure from unsustainable fishing practices, providing credit can contribute to appropriate investments for sustainable fisheries management. Provision of credit by financial institutions, can challenge the hold of predatory marketing arrangements, contributing to SSF larger margins.
24. Secondly, it was asked again why the financial sector is not targeting SSF. Is the business itself profitable or not? Reasons given by the experts included: high transaction costs, insufficient numbers of fishers have access to digital payment methods, limited financial literacy among fishers, relatively larger administrative costs for many small loans to SSFs (administrative costs

determine large part of the premiums in insurance services and interest rates charged in credit programmes), uncertainty about the catch levels and incomes (both can be highly seasonal), fisheries related risks are unknown among financial service provider staff, limited knowledge about the fisheries sector and its profitability within financial service providers, lines of credit in agriculture/aquaculture are not adapted to capture fisheries, the geographically dispersed locations of many fishing communities, fisheries credit provision is not reported separately from agriculture and therefore is therefore not visible in reports, the information status between banks and fishers is not equal (asymmetrical information), risks of investment in SSF are sometimes higher than in agriculture (because of migrating fishers with their assets), most credit labelled for the fisheries sector is used effectively by the aquaculture sector, and informal credit provision for working capital is available (exploitative or not?).

25. It was asked whether market price stabilization to get higher prices would be an option for fishing communities. Experts noted that SSFs in South Africa use an online app Abalobi³ to sell fish, while still at sea, to middlemen or restaurants. It was mentioned that price stabilization may be detrimental to the producers, as politicians favour consumers in cities. Value chain linkages can stabilize prices in the fish value chain and generate investments in different stages of the value chain. Many fishers do not like to contract their production. They see high fluctuations in daily prices received for fish, but they expect to be better off taking advantage of these fluctuations and the competition in the market. Many SSFs think short term and apply risk taking behavior. Fisherfolk organization often provide market price info to members. It was noted that certification of fisheries products has contributed to price stabilization and slightly higher prices for products in some markets.
26. The possibility of mainstreaming fisheries with agriculture finance was discussed as well. Some examples were provided of the Boulder Institute of Microfinance⁴. It was noted that impact investors are slower with investing in fisheries than they invest in agriculture, because of uncertainty and limited knowledge of the sector, and because SFF generally requires limited investments and not many millions. The product designs for agriculture finance and investments do not necessarily suit the SSF needs. Private equity is interested in investing in SSF, but likes to bundle credit and insurance products. It is expected that bundling is needed to unlock value, mainly through reducing collateral requirements.
27. It was noted that fishers have often limited collateral and that banks continue to require more collateral from fishers than from other sectors. The Bank for Agriculture and Agriculture Cooperatives in Thailand (BAAC) informed the meeting that collateral can be provided by self-help groups and in the form of large-scale assets (large vessels, and machines); small boat cannot be regarded as collateral at present. There is no collateral/asset registry for fisheries in most of the Asian countries. Fishing vessel registries or records exist, but are not complete and many small-scale vessels are not included. The limited administrative capacity in fisheries causes challenges for keeping vessel registries up-to-date.
28. Reference was made to a fisheries credit network, established by APRACA in the 1990s in Indonesia, which is not active anymore, but could be re-started. It was noted that many good practices exist in the region that still needed to be documented. Many studies on microfinance in fisheries have been prepared by projects, banks and government institutions, but the findings need wider dissemination. It was suggested that APRACA and FAO can play a role in the collection and dissemination of this information throughout the region.

³ More information is available at: <http://abalobi.info/>

⁴ <https://www.bouldermicrofinance.org/>

29. Following the plenary discussion three working groups were established by the Workshop to discuss:
- Priority steps to be taken in the Asia Pacific region in the near future for increasing access of small-scale fisheries to microfinance services.
 - Optimal ways for governments and other funders, donors, and regulators to develop an enabling environment to nurture small-scale fisheries finance.
 - Good/best practices in the small-scale fisheries microfinance operations in the Asia Pacific region and document these.
30. The outcomes of the working group discussions are provided in appendix 3.
31. The working group presentations were followed by plenary discussions. Subjects discussed included: increasing engagement of impact investors, documentation needs by credit and insurance service providers, extension of existing credit schemes for farmers to fishers, the possibility of credit card companies that offer cards to farmers for agriculture loans and repayment to also offer similar services to fishers, the benefits of loan insurance on working capital to reduce the risks related to non-performing loans, the introduction of digital wallets in value chains, traceability of fisheries products and system losses in the provision of credit to farmers and fishers.
32. The possibility of establishing a dedicated fisheries bank was also discussed. It was noted that the risks may be too high and that the sector is too small for establishing a viable separate bank. Examples from agriculture and livestock banks that extend loans to the fisheries sector were provided by the experts, with specific reference to the situation in Myanmar, Bangladesh, Vietnam, Thailand and The Philippines.
33. On the specific text of the draft guidelines the experts commented that the guidelines should not only be focusing on vessel owners, but also target the skippers and crew. It is important that these have access to life and accident insurance services. It was noted that the fishers do not know about financial products available and that therefore they need more information. It was further noted that the guidelines need an executive summary and an overview of the steps to take to establish and operate a credit programme for SSF. Steps should include a market survey, group establishment (as necessary), operationalization/development of documentation, record keeping, monitoring of delivery, repayment monitoring. The need for communication of the microfinance programmes, as well as awareness raising and education of clients (the fishers) and the role of the governments require specific attention in the final version of the guidelines.

Guidelines for increasing access of small-scale fisheries to insurance services in Asia

34. Mr Uwe Tietze, APRACA consultant, presented the Draft Guidelines for increasing access of small-scale fisheries to insurance services in Asia, which was circulated well before the workshop to the experts attending.
35. The presentation started with an overview of structure and contents of the draft guidelines. Purpose and target audience were explained. The purpose of the guidelines is to:
- Increase awareness about the needs of small-scale fishers for better risk management, disaster preparedness and insurance services;
 - Guide policy and decision makers to help introduce insurance services to small-scale fishers, with the ultimate objective to strengthen the sustainability and ecological and economic viability of these fisheries;
 - Build capacity among insurance providers, fisherfolk organizations, NGOs, and concerned government agencies, to design and implement insurance programmes that suit the needs of small-scale fishing communities and enhance social protection; and,

- Promote insurance services that incentivize and reward a responsible and sustainable conduct of fishing operations and a better preparedness for natural disasters, including climate change related challenges.
36. Mr Tietze continued his presentation by elaborating on the context and framework, in which insurance programmes for small-scale fisheries should be conceived. Major risks and consequences faced by fishers were identified and it was explained, why most fishers are presently not insured. Risks included capsizing, grounding, collision and sinking of vessels; fire on board of vessels or in port; injury or death of crew as a result of above or of human errors during navigation of fishing operations; oil spills or other pollution caused by fishing vessels; theft and vandalism, when moored in port; piracy and crime; storms, hurricanes, typhoons, tsunamis. Major consequences were identified as damage or loss of vessel and gear; financial obligations to provide compensation to third parties that have been affected; loss of life or disability; loss of income and/or employment; destruction of fish habitats such as reefs and mangroves.
 37. The presentation went on to identify the main components of an enabling environment and different options for the provision of insurance facilities and services. The options presented included community/cooperative based insurance, parametric insurance, traditional insurance companies, the partner-agents models and mutual insurance. Advantages and challenges of these options were discussed in the context of the special characteristics of the small-scale fisheries sector.
 38. Advice was provided on how to design and implement insurance programmes that suit the needs of small-scale fishing communities. This included practical advice on insurance assessments and surveys; insurance coverage; factors that determine the cost of fishing vessel insurance/insurance premiums; evaluation of insurance applications, as well as on determination of loss settlement and claim adjustment.
 39. Mr Tietze emphasized that the key factor that determines the cost of fishing vessel insurance and insurance premiums is the value of the fishing vessel. It was pointed out that in some countries, fisheries officers, who are in charge of the annual renewal of fishing vessels registrations, have either been trained, or could be trained, to assess the overall condition and value of fishing vessels using depreciation rates or similar means. This could be a pragmatic solution in the case of small-scale fisheries and smaller vessels. Other cost factors that affect the insurance premiums are length, beam, draft and age of the vessel, type and horsepower, and fuel of engine, mooring location and seasonal changes of the same, area of navigation of the vessel and the claims history of the owner and/or navigator.
 40. The plenary discussion that followed the presentation was diverse and included many subjects. It was noted that policy renewal is a problem as often payments are too late in the second and following years. If automatic debit of the premiums from the bank account is authorized that would reduce lapsing of policies and transaction costs. Another option would be to issue master policies for three to five years to prevent lapsing. Premium changes complicate automatic deduction from client accounts. A matter to take into account is that insurance policies are risk sensitive, thus generally fishers with higher risk exposure would pay earlier their premiums.
 41. It was noted that underwriting by the government would be needed to cover particularly mass claims after large natural disasters. The design of insurance products for SSFs needs to be prioritized, combined with training of extension officers. It was added that life and accident insurance should be mandatory for loans for fishing vessels, but only for the value of the vessel. In addition, if insurance would become a requirement for registration as fisher, fishing vessel or for getting an authorization to fish, then the crew can be protected more easily than is currently the case in most fisheries.

42. Examples were given of bundling of loans and insurance, as is practiced in Kerala state, India, and elsewhere. The insurance premiums can be financed as part of the loan for a vessel (this is possible for larger vessels in India, Indonesia and the Philippines). Often the government subsidizes the premium of the insurance if the vessel is formally registered (for example in The Philippines where insurance premiums for large vessels >30 tonnes are subsidized by the national government and premiums for smaller vessels by local governments). The experts recognized that insurance premium subsidies are often necessary at the introduction phase of insurance for SSF.
43. Experts also acknowledged that current insurance policy wordings are complicated and that the exclusions of coverage are many, creating limited trust among fishers in the insurance and the provider. The legal wording in policies is generally too complicated and therefore simple wording should be developed.
44. It was further noted that safety at sea training of crew is sometimes tied to registration of fishers, fishing licenses or authorization to fish and could be linked to insurance as well. It was mentioned that most fishers do not purchase insurance because they do not know their exposure to financial risk. In the parametric insurance programme, which starts in the Caribbean in 2019, the fisheries cooperatives are expected to function as loss adjusters and to monitor practices by fishers, particularly, what they do with their vessels when a storm approaches.
45. Given the small sector in some countries and the limited demand from small-scale fishers, some insurers use premium rates applied in other countries as guidance when starting up new insurance products or in locations where limited information exists of losses.
46. Following the plenary discussion three working groups were established by the Workshop to:
- Review the APRACA/FAO Draft Guidelines for Increasing Access of Small-scale Fisheries to Insurance services and to make specific suggestions/recommendations for changes, deletions and amendments in the structure and text of the guidelines.
 - Identify priority steps to be taken in the Asia Pacific region in the near future for increasing access of small-scale fisheries to insurance services.
 - Document good/best practices in the small-scale fisheries insurance process in the Asia Pacific region.
47. The outcomes of these working groups is made available in appendix 4.
48. The working group presentations were followed by plenary discussions. Specific discussion items after the presentation of the first working group included: the need to add a section on parametric insurance and hybrid products, the importance of fisheries disaster risk management, the practical implications/challenges of fish catch insurance, the reasons for not being insured, and potential solutions to address the non-renewal and lapsing of insurance policies. The discussion after the presentation of the second working group concluded that bundling finance with insurance products is a good idea, but that these bundled products are probably more for protecting the bank than the fisher. It was mentioned that the majority of APRACA members sell insurance as third party insurance product. Financial institutions generally like to insure part of the loan they provide. SEAFDEC representatives informed the workshop that the institution is interested to incorporate some collaboration on credit and insurance in its ongoing work in fishing communities in Thailand, particularly in the ecosystem approach to fisheries (EAF) trainings. SEAFDEC staff would however need training on microfinance and insurance subjects, to enable them to participate actively.
49. With respect to the development of “new” insurance services and products it was noted that, in general, proposals for amendment of agriculture and fisheries specific finance regulations need to come from the line ministries to the central bank/ministry of finance.

50. The experts discussed also moral hazard matters, the risks involved in governments covering the insurance premiums in fisheries related loans, capacity building and awareness raising needs for successful fisheries insurance programmes, and the functioning of insurance programmes of rural/state owned banks versus those of commercial banks and insurers.

Programme proposal for capacity building for small-scale fishers in micro-finance and insurance services (CABFIN SSF)

51. Mr Van Anrooy presented a draft programme proposal for capacity building for small-scale fishers in micro-finance and insurance services, which was prepared together with Mr Tietze. He presented background information, justification for the proposed programme, as well as draft goals, objectives and expected outcomes of the programme. He then discussed the potential activities, stakeholders, target countries and timeframe for implementation.
52. The workshop welcomed the programme proposal and expressed in principle agreement with the programme and its goals, objectives and outputs proposed. It was mentioned that for the CABFIN SSF, coaching would be important. It is required to handhold some of the MFIs in the development of microfinance products for SSF. CABFIN SSF should cover credit, microfinance and insurance. It was noted also that SDG 1.4 has specific wording on microfinance that needs inclusion, that the programme should cover also inland capture fisheries, and that the linkage between financial services for SSF and social security and fisheries management programmes for SSF would be important to include. Various experts expressed interest to participate in the programme.
53. A survey was conducted among the experts to identify the priority training and education needs of credit/microfinance and insurance providers, as well as for fisherfolk organizations in relation to credit and insurance matters for small-scale fisheries.
54. The survey concluded that all identified training needs of microfinance/credit and insurance providers were considered of high or medium priority.

Expertise/capacity needs identified	Priority
Cooperation/networking skills with fisherfolk and fishing industry organizations	High/medium
Cooperation/networking skills with fisheries administrations and local government agencies	High/medium
Microfinance and credit products design for small-scale fisheries (SSF)	High/medium
Insurance products design for SSF	High
Economic and operational characteristics of SSF fisheries	Medium
Cash flow analysis for SSF	High/medium
Demand or needs assessment (market analysis) for insurance/credit provision to SSF	Medium
Delivery models and options for insurance and credit services to SSF	Medium
Risk assessment in SSF	Medium
Marketing and promotion of insurance and credit services to SSF	Medium
Monitoring payment and repayment of credit in SSF	High/medium
Fishing technologies and operations	High
Fisheries management & legal issues	High/medium
Motivational/Education programmes	High

55. The survey further concluded that most training and capacity building needs of fisherfolk organizations and their members, related to credit/micro-finance and insurance services, could be considered of medium priority.

Expertise/capacity needs identified	Priority
Accounting/financial literacy	Medium
Accountability	Medium
Business management	Medium
Availability/employment of professional staff	Medium/low
Leadership skills	Medium/low
Formation and management of self-help groups (SHGs)	Medium
Saving habits	Medium/low
Preparedness for natural disasters	Medium/high
Negotiation and advocacy skills	Medium/low
Adequate funding and government support	Medium
Cooperation/networking skills with fisheries administrations and local government agencies	Medium/high
Cooperation/networking skills with providers of credit, microfinance and insurance services	Medium
Fishing technologies and operations	High
Fish processing and value chain issues	Medium/high
Fisheries management & legal issues	High

56. Following the presentation and discussion of the survey results, a draft proposal for a capacity building project was presented by Mr Tietze as a first step in the implementation of the overall CABFIN SSF programme. It is conceived as a bottom-up pilot project operated in two countries in specific geographic locations, which is intended to have a catalytic effect. The proposed project takes into consideration a limited available budget of about USD 50 000 to 75 000 per country. The workshop participants discussed possible locations for the pilot projects (to take place from early 2020) and agreed that Thailand and The Philippines would be suitable countries to start with.
57. The objective of the pilot projects would be to lay the groundwork for an improved access of selected coastal fishing communities, involved in marine capture fisheries in Thailand and the Philippines, to work on establishing demand oriented credit and microfinance and insurance services in support of a sustainable exploitation of fisheries resources and livelihood diversification. The pilots, if successful, are expected to be replicated elsewhere. The training materials to be developed, after being used and evaluated for the effectiveness, shall be further refined as training modules, which can be shared through the CABFIN network, SEAFDEC, APRACA Centrap, BFAR, the Thai fisheries administration and others.

Presentation of examples of successful capacity building programmes for financial service provision to small-scale fishers Country presentations

58. Various experts made interesting presentations on the programmes applied in their countries, including the following:
- Mr Syed Arif Azad, Ms Shelina Afroza and Ms Papia Rahman (Bangladesh): Successful capacity building programmes for financial and insurance services provision to small-scale fishers in Bangladesh;
 - Mr Manuel Cortina (The Philippines): Philippine Crop Insurance Corporation (PCIC) Fisheries and Aquaculture Insurance Program;
 - Ms Suchitra Upare, Mr Maroti Upare and Mr Ranjit Kumar (India): Examples of successful capacity building programmes for financial and insurance services provision to small-scale fishers;
 - Mr Joseph Xavier (India): Insurance for artisanal fishing Assets;

- Mr Tumbur Pardede (Indonesia): Microfinancing in Indonesia: Enhancing capital access for small scale fishers;
- Mr Zhang Weiguang (China): Micro-finance for small-scale fisheries in China.

59. In the plenary discussions that succeeded the presentations a wide range of topics was covered, including: awareness raising of fisherfolk and their communities on accident- and life insurance, the legal and regulatory frameworks in place for insurance services, the role of premium subsidies in introducing fisheries insurance, and similarities and differences with aquaculture insurance schemes. Other items of discussion related to the possibilities for establishing mutual insurance associations in various Asian countries, the opportunities to use self-help groups for introducing insurance in small-scale fisheries, the need to include unnamed crew members in the insurance policy (because of frequent changes in crew), and loss ratios and profitability of various existing fisheries insurance schemes.

60. It was noted that accident and life insurance systems in various countries in Asia that address fisheries can usually cover the costs of the accidents and fatalities from the premiums collected. However, the challenge is to cover situations with mass fatalities, due to natural disasters such as tsunamis and large typhoons.

Field visit

61. A field visit was made to a fishing village and fishing port in Khlong Dan Sub-district, Bang Bo District, Samut Prakran Province, located some 60 km from Bangkok. The participants obtained a first-hand experience of small-scale fisheries, the fish value chain and the fishing technology in use in Thailand. They also interacted with the fishermen on the loans they had received from BAAC, the challenges encountered to repay their debts after a natural disaster, and how the loans have assisted them to continue and develop their fisheries businesses.

Next steps

62. The next steps in the guidelines finalization process, as well as in drafting this workshop report and the CABFIN SSF programme were discussed and agreed by the workshop.

63. The workshop also agreed on the establishment of a CABFIN SSF network, preferably linked with the FAO CABFIN network and the Rural Finance and Investment Learning Centre. The participants selected Ms Suchitra Upare as coordinator for the CABFIN SSF network development process. Activities foreseen in the next 12 months to start the CABFIN SSF network include the following:

- Draft Terms of Reference (TORs) development for an *ad hoc* expert working group/network on capacity building in finance for SSF
- Online discussion between experts to identify specific experts and practitioners to join in the network and in the implementation of the TORs
- Online discussion on the workplan of the network
- Official inauguration of the network in a regional expert meeting in 2020
- Experts to submit relevant documentation for inclusion in the Rural Finance and Investment Learning Centre website linkedin/google groups and FAO's blue blog.

Observations and recommendations

64. The Expert workshop on Guidelines for micro-finance, credit and insurance for small-scale fisheries in Asia was held in Bangkok, Thailand, in the period 7–9 May 2019. The workshop was attended by 32 experts from rural and agriculture banks, insurance providers, fisheries experts and government officials from Bangladesh, Canada, China, India, Indonesia, Japan, Philippines,

Thailand, United Kingdom, the United States of America and the Southeast Asian Fisheries Development Center (SEAFDEC). The workshop was co-organized by the Asia-Pacific Rural and Agricultural Credit Association (APRACA) and the Food and Agriculture Organization of the United Nations (FAO).

65. The Expert workshop discussed financial inclusion and financial services programmes in Asia for small-scale fishers, finalized guidelines in support of better access of small-scale fishers to financial services, and designed a capacity development programme for increasing the provision of financial and insurance services to small-scale fisheries.

66. The main observations and recommendations from the Expert Workshop are the following:

67. Observations:

- The access of small-scale fishers to micro-finance, credit and insurance services is limited in most countries in Asia, compared to financial services availability for farmers and other rural sectors.
- SSF finance shares many common characteristics with agriculture and other rural finance, but also has some unique elements (such as specific daily working capital needs, uncertainty in catches, seasonality, labour risks, moral hazard, limited collateral, perishability of products, and some declining markets), which must be considered when supporting improved access.
- There are some initiatives that successfully target the financial needs of small-scale fishers, and could serve as examples for the region.
- Financial literacy among SSF remains weak in most Asian countries, including a limited understanding of the financial situation of their fishing business, cash flows generated, business risks involved, and which results in limited access to financial products.
- Capacity development, education, marketing, and awareness raising materials in support of financial service provision to small-scale fishers are not widely available in the region.
- Digital Finance services are rapidly gaining acceptance among SSF, and facilitate the micro-finance, credit and insurance service provision to SSF through reduction of transaction costs and risks, high speed of transactions, limiting lapsing of insurance policies and delays in payments, traceability of payments and reduction of asymmetry of information.
- Value chain finance is important for SSF, not just fisherfolk, but also processors, middlepersons and retailers, to reduce on one hand reliance on informal credit and exploitative situations and long-term indebtedness, and on the other hand to facilitate intra value chain credit provision.
- There is lack of resource partner, government and other supporting institutions' financial tools to stimulate financial service provision to SSF.

68. Recommendations:

- APRACA members encourage implementation of the Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Poverty Eradication and Food Security (SSF Guidelines), as endorsed by the 31st Session of the FAO Committee on Fisheries (COFI) in 2014, and particularly its article 6.4 “support the development of and access to other services that are appropriate for small-scale fishing communities with regard to, for example, savings, credit and insurance schemes, with special emphasis on ensuring the access of women to such services”.
- APRACA members, rural and agriculture finance institutions, fisheries and finance authorities, NGOs and other stakeholders endorse, as relevant, and actively promote the implementation of the FAO-APRACA

- Guidelines for increasing access of small-scale fisheries to insurance services in Asia, and the
- Guidelines for micro-finance and credit programmes in support of small-scale fisheries in Asia.
- FAO further develops the Programme on Capacity building for small-scale fisheries in micro-finance, credit and insurance services (CABFIN SSF) and seeks support from the SSF Umbrella Programme, and FAO and APRACA members as well as micro-finance, credit and insurance institutions and other industry actors, for its implementation in the Asian region.
- Fisheries authorities to collect and make available production information, socio-economic data of fishers (including a fishers registration/record) and loss and damage assessment reports following natural disasters, specifically on small-scale fisheries, to facilitate financial services market and risks assessments.
- Fisheries authorities, in close consultation with relevant ministries, make third party liability insurance (where available) mandatory for obtaining and renewal of respectively fishing vessel registrations, fishing licenses and authorizations to fish.
- Finance institutions to bundle loans for SSF vessels with life insurance policies for the value of these vessels, in order to avoid indebtedness of fishing households in case of casualties and/or disability of fishers.
- Ministries of Finance or regulatory authorities to request financial institutions to disaggregate data and information on loan provision to agriculture, aquaculture and capture fisheries, to enable monitoring of status and trends of financial service provision to the fisheries sector.
- Ministries of Finance and relevant departments to consider initially subsidizing a part of the insurance premiums for SSF, or preferably establish a guarantee or insurance facility, which supports insurers in case of mass casualties and large natural disasters, to facilitate access by small-scale fishers, as well as reduce the dependence on post-disaster government compensations.
- FAO, in collaboration with APRACA, to document through case studies the currently available best practices in financial service provisions to small-scale fishers.
- Establish and operationalize the Capacity building for small-scale fisheries in micro-finance, credit and insurance services (CABFIN SSF) Network to facilitate communication and collaboration between experts in the provision of financial and insurance services to small-scale fishers.

Workshop closure

69. On behalf of APRACA and FAO, Mr Kuma Das thanked all experts for their active participation in the workshop. He acknowledged the contributions by the FAO, resource persons and APRACA and hotel staff that contributed to the success of the workshop. He thanked Ms Suchitra Upare for volunteering to coordinate the CABFIN SSF network and expressed his hope to see many of the experts again in project activities and future meetings of the network. He emphasised that sister organizations of APRACA in the Africa and Latin America regions will be interested in the developments in Asia and the Pacific and can be easily involved in the next steps and the CANFIN SSF network.
70. The workshop was adjourned on Thursday 9 May at 17.00 hours.

Appendix 1

Agenda

7 May 2019	
09.00 – 09.15	Registration of participants
Morning Session	
09.15 – 09.45	1. Opening of the Meeting Welcome words by APRACA Secretary General, Mr. Prasun Kumar Das Welcome words on behalf of FAO Introduction of participants
09.45 – 10.00	2. Objectives of the meeting and adoption of the agenda (Mr Raymon van Anrooy, FAO)
10.00 – 10.15	3. Summary of past work by FAO on fisheries micro-finance, credit and insurance (Mr Raymon van Anrooy, FAO)
10.15 – 10.45	Coffee break + Group Picture
10.45 – 11.45	4. Presentation of the draft “ <i>Guidelines for micro-finance and credit programmes in support of small-scale fisheries in Asia</i> ”(Ms Lorna Grace, APRACA consultant)
11.45 – 12.45	5. Plenary discussion on the draft guidelines
12.45 - 14.00	Lunch break
Afternoon Session	
14.00 - 15.30	6. Review in working groups of Steps to take for increasing access of small scale fisheries to microfinance services and Good/Best practices in the small-scale fisheries Microfinance process
15.30 – 15.45	Refreshments
15.45 – 17.00	7. Presentation in plenary of working group outcomes
8 May	
Morning Session	
09.00 - 09.15	8. Summary of the previous day discussions and changes to the draft “ <i>Guidelines for micro-finance and credit programmes in support of small-scale fisheries in Asia</i> ” (Ms Lorna Grace, APRACA consultant)
09.15 - 10.15	9. Presentation of the draft “ <i>Guidelines for increasing access of small-scale fishers to insurance services</i> ”(Mr Uwe Tietze, APRACA consultant)
10.15 - 10.45	Coffee break
10.45 – 12.15	10. Review in working groups of Steps to take for increasing access of small scale fisheries to insurance services and Good/Best practices in the small-scale fisheries insurance process
12.15 – 13.30	Lunch break
Afternoon Session	
13.30 – 14.30	11. Presentation in plenary of working group outcomes
14.30 – 18.00	Field visit to a fishing port

9 May	
Morning Session	
09.00 - 09.15	12. Summary of the previous day discussions and changes to the draft “ <i>Guidelines for increasing access of small-scale fishers to insurance services</i> ”(Mr Uwe Tietze, APRACA consultant)
09.15 – 09.45	13. Presentation on the development of a “ <i>Programme proposal for capacity building for small-scale fishers in micro-finance and insurance services</i> ” (Mr Raymon van Anrooy, FAO)
09.45 - 10.15	Coffee break
10.15 – 12.00	14. Presentation of examples of successful capacity building programmes for financial service provision to small-scale fishers - Selected experts will make 10-minute presentations followed by 5 minutes discussions in plenary.
12.00-13.30	Lunch break
Afternoon Session	
13.30 – 14.00	15. Presentation on the (updated) draft logical framework for the programme (Mr Raymon van Anrooy, FAO), followed by plenary discussion
14.00 – 15.00	16. Identification of priority capacity building and training needs on micro-finance, credit and insurance for small-scale fisheries and next steps
15.00 – 15.30	17. Conclusions of the expert workshop and recommendation for follow-up activities
15.30 – 16.00	Closure of the meeting by APRACA Secretary General, Mr. Prasun Kumar Das

Appendix 2

List of participants

BANGLADESH

AFROZA Shelina
Former Secretary
JIBAN BIMA CORPORATION
24 Motijheel C/A, Dhaka-1000

AZAD Syed Arif
consultant
Former Director General, Department of Fisheries; 135/1, west kafrul, taltola, Dhaka 1207

CANADA

GRACE Lorna
Finance Specialist
Small Finance Big Change
236 East 62nd Avenue,
Vancouver, BC

CHINA

WEIGUANG Zhang
Director
Underwriting (Aquaculture Insurance)
Dept.
China Fishery Mutual Insurance Association
8/F, Building D,R&R Morgan Center,
No 6, Taiping St., Xicheng District,
Beijing, 100050

ZONGLI Zhang
Ph.D student
Nanjing University
Weigang No.1 Xuanwu district
Nanjing city, 210095

INDIA

KUMAR K.G. Ranjit
Deputy General Manager (Faculty Member)
Bankers Institute of Rural Development
Behind Women's Polytechnic,
Krishna Nagar Road, Bondel,
Mangalura-575008

UPARE Maroti
International Consultant,
Former G. M. NABARD,
Former Fisheries Consultant World Bank, FAO, IFAD, UNDP
Artica B-403, Lodha Aqua CHS, Mira Road (East),
Opposite Thakur Mall. Thane - 401107

XAVIER Joseph
Chief Executive
SOUTH INDIAN FEDERATION OF FISHERMEN SOCIETIES
KARAMANA POST
TRIVANDRUM – 695 002
KERALA

INDONESIA**PARDEDE Tumbur**

Founder & CEO

PT. Fintegra Homido Indonesia

Multika Building 2nd Fl. Ste. 214,
Mampang Prapatan Raya Kav. 71-73,
Jakarta Selatan 12790

JAPAN**FUKIAGE Keiichi**

General Manager,
General Affairs Department

Japan Fishing Vessel Insurance Association

9th Floor, Hibiya Daibilu, 1-2-2
Uchisaiwaicho, Chiyoda-Ku,
Tokyo, 100-0011

PHILIPPINES**CORTINA Manuel J.**

Officer-in-Charge
Business Development and Marketing
Department

Philippine Crop Insurance

Corporation, Department of
Agriculture, Republic of the
Philippines; 7th Floor Building-A,
NIA Complex, EDSA,
Quezon City

THAILAND**IZUMI Imasanami**

Special Advisor

Southeast Asian Fisheries Development Center (SEAFDEC)

SEAFDEC Secretariat, Surswadi
Building, Kasetsart Univeristy Campus,
P.O. BOX 1046, Kasetsart Post Office,
Bangkok 10903

TALADON Panitnard

Special Department Coordinator

Southeast Asian Fisheries Development Center (SEAFDEC)

SEAFDEC Secretariat, Surswadi
Building, Kasetsart University Campus,
P.O. BOX 1046, Kasetsart Post Office,
Bangkok 10903

SUASI Thanyalak

Head of Fisheries Management Section,
Research and Development Division, SEAFDEC
Training Department

Southeast Asian Fisheries Development Center (SEAFDEC)

SEAFDEC Secretariat, Surswadi Building,
Kasetsart University Campus, P.O. BOX 1046,
Kasetsart Post Office,
Bangkok 10903

JIRAWATJANYA Keerati

Farmer Loan Department

Bank for Agriculture and Agricultural Cooperatives (BAAC)

2346 Phaholyothin Road, Chatuchak,
Bangkok 10900

PONGMANURAK Somchai

Assistant Director Research and
Innovation Development Center
**Bank for Agriculture and Agricultural
Cooperatives**
469 Nakhonsawan Rd.,
Suan Chittalada, Dusit,
Bangkok 10300

SONTIRAT Suthasinee

Economist, Professional Level
**Department of Fisheries, Ministry of
Agriculture and Cooperatives**
50 Phahonyothin Road, LatYao,
Chatuchak,
Bangkok, 10900

SUKKHEE Korakot

Assistant Vice President Branch Administration
lower Southern Region
**Bank for Agriculture and Agricultural
Cooperatives**
225, 6th Floor Building Bangkok Life,
Satjakul Road, Hat Yai,
Songkra 90110

UNITED KINGDOM**CHAI Mangi Stephen**

Senior Environmental Economist
Advice and Assessment
**Center for Environment fisheries
& Aquaculture Science**
Unit 1 First Floor, Plymouth Fish
Quay,
Plymouth, Devon, PL4 0LH

FAIRWEATHER Dan

Director
**Willis Towers Watson, Livestock, Aquaculture
and Fisheries**
51 Lime Street London EC3M 7 DQ

UNITED STATES OF AMERICA**TIETZE Uwe**

International consultant,
Fisheries management & economics
6345 Murray Ct. NW,
Olympia, Wa 98502

UPARE Suchitra

FAO Consultant
32 B, Rhobella Drive, Manchester Garden,
Poughkeepsie,
New York- 12603

**Asia-Pacific Rural and Agricultural Credit
Association (APRACA)****DAS Prasun Kumar**

Secretary General,
APRACA,
4th Floor, BAAC Building, 469 Nakhon
Sawan Road,
Bangkok-10300

AMPAIPANVIJIT Thanawan

Administrative Officer,
APRACA,
4th Floor, BAAC Building, 469 Nakhon Sawan
Road,
Bangkok-10300

MOMMOH Kittisak

Project Coordinator,
APRACA,
4th Floor, BAAC Building, 469 Nakhon
Sawan Road,
Bangkok-10300

CHAMPANAND Sophia

Publication Assistant,
APRACA,
4th Floor, BAAC Building, 469 Nakhon Sawan
Road,
Bangkok-10300

FOOD AND AGRICULTURE ORGANIZATION (FAO)

HQ, Rome Italy

VAN ANROOY Raymon

Senior Fishery Officer,
Fishing Operations and Technology Branch,
Fisheries and Aquaculture Department;

**Food and Agriculture Organization of the
United Nations**

Room F-609, Viale delle Terme di
Caracalla,
00153 Rome, Italy

RAP, Bangkok, Thailand

SIAR Susana

Fishery and aquaculture Officer

**Food and Agriculture Organization of the
United Nations**

Regional Office for Asia and the Pacific,
39 Phra Atit Road,
Bangkok, 10200

Appendix 3

Outcomes of the Working Groups on the Guidelines for micro-finance and credit programmes in support of small-scale fisheries in Asia

Working Group 1: Identified priority steps to be taken in the Asia Pacific region in the near future for increasing access of small-scale fisheries to microfinance services

Priority steps for increasing access of small-scale fisheries to microfinance services in the Asia and Pacific region						
Priority step 1: CAPACITY BUILDING FOR APPROPRIATE ASSESSMENT OF SSF ACTIVITIES						
Responsible/involved party/stakeholder	Country/sub-region	Expected outcome of step	Verification indicators	Benefits	Risks	Time frame
1. Stakeholders: Banks, Government, Micro Financial Institutions, NGO's, Fisherman Associations, Buyers/Input Suppliers 2. Country/Sub-Region: Region wise 3. Expected Outcome of Step: Effective/Proper Use of Lending, Better Livelihood/Social Benefit 4. Verification Indicators: Know Your Customer, Physical Presence of Inputs, Cash Flow of the Household 5. Benefits: Ensure Timely Repayment 6. Risks: Under Capacity/Untrained Manpower 7. Time Frame: 3 to 5 years						
Priority step 2: DEVELOP and EXTEND BUNDLED PRODUCT (Credit, Insurance, Saving, Pension)						
Responsible/involved party/stakeholder	Country/sub-region	Expected outcome of step	Verification indicators	Benefits	Risks	Time frame
1. Stakeholders: Banks, Government, Micro Financial Institutions, NGO's, Fisherman Associations, Buyers/Input Suppliers 2. Country/Sub-Region: Region wise 3. Expected Outcome of Step: Broader range of products available. 4. Verification Indicators: 5. Benefits: Provision of multiple financial services to SSFs through one channel. Risk mitigation for the providers. 6. Risks: Possibility that individual products are not available to be bundled. One mis-designed or priced product may impact the future uptake of the bundled products. 7. Time Frame: 1 to 2 years						
Priority step 3: STIMULATE USAGE OF DIGITAL PAYMENTS/DISBURSEMENT						
Responsible/involved party/stakeholder	Country/sub-region	Expected outcome of step	Verification indicators	Benefits	Risks	Time frame
1. Stakeholders: Banks, Government, Micro Financial Institutions, NGO's, Fisherman Associations, Buyers/Input Suppliers 2. Country/Sub-Region: National wise 3. Expected Outcome of Step: More transactions, less costly, digital integration of SSFs 4. Verification Indicators: 5. Benefits: : More seamless and cost effective transactions, some risk diminishment 6. Risks: Technology Risk 7. Time Frame: 2-4 years						
Priority step 4: CENTRALIZED DATABASE OF FISHERS						
Responsible/involved party/stakeholder	Country/sub-region	Expected outcome of step	Verification indicators	Benefits	Risks	Time frame
1. Stakeholders: Banks, Government, Micro Financial Institutions, NGO's, Fisherman Associations, Buyers/Input Suppliers 2. Country/Sub-Region: National wise 3. Expected Outcome of Step: Increase Financial Inclusion 4. Verification Indicators: Updated Database of Fishers 5. Benefits: TBD 6. Risks: TBD 7. Time Frame: 3 to 5 years						

Priority step 5: Update REGULATION/MONITORING FRAMEWORK						
Responsible/involved party/stakeholder	Country/sub-region	Expected outcome of step	Verification indicators	Benefits	Risks	Time frame
1. Stakeholders: Banks, Government, Micro Financial Institutions, NGO's, Fisherman Associations, Buyers/Input Suppliers 2. Country/Sub-Region: National wise 3. Expected Outcome of Step: Flexibility of the Policy around Financial Inclusion. 4. Verification Indicators: Revised Strategy and Documents 5. Benefits: More Actors/Stakeholders will be Involved and included in planning 6. Risks: TBD 7. Time Frame: 4-5 years						
Priority step 6: ENGAGEMENT FRAMEWORK FOR PRIVATE FUNDS/FOUNDATIONS/IMPACT INVESTORS						
Responsible/involved party/stakeholder	Country/sub-region	Expected outcome of step	Verification indicators	Benefits	Risks	Time frame
1. Stakeholders: Banks, Government, Micro Financial Institutions, NGO's, Fisherman Associations, Buyers/Input Suppliers 2. Country/Sub-Region: National wise 3. Expected Outcome of Step: Infusion of more Funding into SSF sector 4. Verification Indicators: Disbursement Reports of Relevant Organizations/Institutions 5. Benefits: Wider Outreach and Coverage, diversification of financial resources, promotion of Sustainable fisheries 6. Risks: Monitoring of end users 7. Time Frame: 2-4 years						

Working Group 2: Discussed optimal ways for government and other funders, donors, and regulators to develop an enabling environment to nurture small-scale fisheries finance

This working group discussed opportunities for:

1. Establishment of joint liability groups in small-scale fisheries.
2. Subsidized interest rates for small-scale producers.
3. Increasing awareness among SSF of insurance services and how these can support their businesses
4. Establishment of a Fisheries Bank after studying the viability and effectiveness by respective national governments.

Working Group 3: Discussed good/best practices in the small-scale fisheries microfinance operations in the Asia Pacific region and document these.

Country, name and type of institution/organization that offers microfinance services for small-scale fisherfolk	Year, when microfinance program started	What does microfinance programme cover? What are the benefits?	What are the key drivers of the success of the programme/product?	Overall experience of the microfinance programme/product regarding success, impact, challenges	Future directions and plans of microfinance programme/product
Good/best practice 1: The Philippines “Production Loan Easy Access” (PLEA)					
Philippine Department of Agriculture (DA) and Agricultural Credit and Policy Council (ACPC) “Production Loan Easy Access” (PLEA)	Aug 2016	Initiated by Government. 0% interest to institute/ lending conduits (cooperative/rural banks). 6% lending cap to fisherfolk Free insurance coverage from Philippine Crop Insurance Corporation (PCIC)	Program implemented by Loan Facilitation Team (LoFT)- composed of ACPC, DA, LBP, PCIC. Embedded Capacity building/Financial Literacy. Information dissemination about the program and the insurance coverage.	High repayment rate 97% Limited fund from government Limited manpower Agriculture policy office Limited budget of ACPC No collateral	Present 2 billion Philippine Pesos increasing to 3.4 million?
Good/best practice 2: Thailand: BAAC					
Thailand BAAC: Bank for Agriculture and Agricultural Cooperatives	More than 20 years until now	No collateral. Small boat. Including value chain (fish processing)	Relationship between fishers as loan guarantee Bank assesses ability of borrower	10% NPL: (Non Performing Asset) (10 million outstanding). Government Policy for sustainable fisheries decreasing Demand	Government Policy for sustainable fisheries decreasing Demand. Provide better management loan.
Good/best practice 3: India					
India South Indian Federation of Fishermen Society	1998	Credit, insurance savings for fishermen and women. No collateral.	No collateral. Credit link to marketing. Repayment based on fish catch of the year. Loan size based on fish catch of 5 year average.	Observe sustainable management practices. Before tsunami 95% After tsunami 80%-85% Still depending on money lender. Increasing cost of operation and fix assess	Expansion to new coastal villagers
Good/best practice 4: Japan					
Japan Fisheries Cooperative (100-500 member/cooperative) 1 300 port 50 federation credit guarantee fund association	>50 year	To fishermen and women	Many strong cooperative. Better awareness of fishermen’s financial need.	Government subsidy for interest. Good repayment. Number of boats is declining.	-

Appendix 4

Outcomes of the Working Groups on the Guidelines for increasing access of small-scale fisheries to insurance services in Asia

Working Group 1: Reviewed the APRACA/FAO Draft guidelines for increasing access of small-scale fisheries to insurance services and to make specific suggestions/recommendations for changes, deletions and amendments in the structure and text of the guidelines.

This working group identified changes, deletions, amendment of text with specific references to chapter, sub-chapter and paragraphs. The changes have been reflected in the final version of the guidelines, which is made available online at: <http://www.fao.org/3/ca5129en/ca5129en.pdf>

Working Group 2: Identified priority steps to be taken in the Asia Pacific region in the near future for increasing access of small-scale fisheries to insurance services

Priority steps for increasing access of small-scale fisheries to insurance services in the Asia and Pacific region

Responsible/ involved party/ stakeholder	Country/ sub-region	Expected outcome of step	Benefits	Time Frame
Priority step 1: National awareness workshop				
NGOs, Insurance companies, Government, International organizations	National level	Increase awareness for insurance Linking various stakeholders Documentation of insurance for SSF (invoice, receipt of insurance)	Increase insurance in SSF	Minimum of 6 months (by December 2019)
Priority step 2: Information-Education-Communication material Development				
Insurance providers and International organizations	National, Regional level	Promote insurance by providing promotion materials, education, information to let fishers understand benefit of insurance.	Brochure, printed documents Education, Information sharing and easy access for insurance	Minimum of 6 months (by December 2019)
Priority step 3: Media strategy				
Government, insurance companies, international organizations	National, Regional level	Reach out for more audience, materials should be in both English and local language.	Communication network such as TV, social media, radio etc. to increase access to insurance	Minimum of 6 months (by December 2019)
Priority step 4: Increase access for fisherfolk to insurance				
Cooperation between insurance company, financial institution, and the government	National level	More insurance for fisherfolks will be buying in the next 3 years if the fisherfolks understand the insurance operation. Increase fisherfolks to buy more insurance for the first 2 years by reducing the fee of the insurance	Increased access to insurance	Minimum of 6 months (by December 2019)
Priority step 5: Promoting regional access for insurance through SEAFDEC				
SEAFDEC, and national level	Encourage fisherfolk insurance with lower premium.	SEAFDEC Agreement and collaboration between regional countries in the issue of insurance.	Fisherfolks in regional level can access to insurance. Reduce risk for SSF	Minimum of 1 year

Responsible/ involved party/ stakeholder	Country/ sub-region	Expected outcome of step	Benefits	Time Frame
Priority step 6: Product development for SSF				
National Level	Better access to insurance	Development of a prototype by involving all stakeholders	Reduce risk for SSF, more access for insurance	Minimum of 1 year
Priority step 7: Setting up a Pilot project including digital platform				
National Level Government, insurance company, international organizations	Better way of insurance management, Improving technology for better insurance	More insurance coverage for fisherfolks Model for increasing access for the basis of lesson learned.	Reduce risk for SSF, more access for insurance	At least 2 years

Working Group 3: Documented good/best practices and experiences in the small-scale fisheries insurance process in the Asia Pacific region.

Country, name and type of institution/ organization that offers insurance services for small-scale fisherfolk	Year, when insurance program started	What does insurance program cover? What are the benefits?	Participation in insurance programme Increased, stagnated, decreased?	Overall experience of the insurance programme regarding success, impact, challenges	Future directions and plans of insurance programme
Experience 1: Life insurance for fishers in Bangladesh					
Bangladesh	2014	1. Life insurance by Jibon Brima Cooperation 2. Target 50 000 fishers	stagnated	The program was not implemented. (observation of workshop organizers: does not fall under category of best practice)	1. More awareness/ education for insurers and fishers 2. General insurance should be introduced together with life insurance. 3. Government initiative and subsidy is required for running insurance successfully. 4. A pilot project can be initiated by JBC with DoF to target SSF insurance in the coastal area of Bangladesh and technical support from APRACA and FAO. 5. Ministry of Finance may designate a core group to help supervise and coordinate SSF insurance in Bangladesh.
Good/best practice 2: Life and Accidental Insurance for capture fisherfolk in Indonesia					
Indonesia Ministry of Fisheries, OJK and Consultant of Life Insurance Co.	2016	Death and injury coverage in workplace and other places (1 st year premium paid by govt.)	Increased In 2016, registered fisherfolk in database are 1.3 million fishers and insured fisherfolks are around 400.000 fisherfolk	challenges : - database of fisherfolk is not up-to-date - Lack of knowledge of fishery business process by Insurance Co. - Lack of financial literacy of insurance benefits to fisherfolk	1.Up-dating of new fisherfolk database 2.Increasing financial literacy of insurance benefits to fisherfolk/association 3. Increasing awareness of fishery business process of financial and insurance industry

Country, name and type of institution/ organization that offers insurance services for small-scale fisherfolk	Year, when insurance program started	What does insurance program cover? What are the benefits?	Participation in insurance programme Increased, stagnated, decreased?	Overall experience of the insurance programme regarding success, impact, challenges	Future directions and plans of insurance programme	
Good/best practice 3: Micro and Small Loan Insurance Programs						
Indonesia Ministry of Fisheries, OJK, Bank, Insurances/Guarantee Co.	2014	Loan insurance: micro and small loan (Govt. subsidizes insurance premium) - Small-scale : requires collateral (land certificate, vehicle certificate, vessel certificate w/ limited size min. 30GT and up) - Micro-scale: no requirement of collateral Loan coverage: 70% - 80% of requested loan amount	Increased for small-scale with collateral Decreased for micro-scale without collateral	challenges : -Lack of database in fisheries sector (especially about production and sale transaction records) -Lack of awareness of financial literacy (for fisherfolks) and fishery business sector (for banks and insurance co) -Limited collateral types -Moral hazard of loan insurance by fisherfolks and the impact to loan repayment	1.Up-dating new fisherfolk database. 2.Increasing financial literacy of insurance benefits to fisherfolk/ association 3. Increasing awareness of fishery business process of financial and insurance industry	
Good/best practice 4: China Fishery Mutual Insurance Association						
China China Fishery Mutual Insurance Association, Province Fishery Mutual Insurance Association	1994	1.Fishing boat 2.Fisherman (no.1&2 cover 90%) 3.Third party 4. Boat Construction 5.Fishing Port 6.Personal accident insurance for law enforcement /researcher	1.Assets safety 2.Employee accident compensation 3.Get loan (1,2,3 for owner of the boat) 4.Employee get money when injured 5. Social security 6.Employment	1. Boat insurance increased and fishermen insurance decreased. But both insurance coverages were extended to other parts of the fishery industry. 2. Per capita insurance amount was 400,000 yuan in past, now increased to 500,000-700.000 3. In 2018: 1.8 billion yuan was collected in insurance premiums. -80,000 vessel were insured -760,000fishermen -14,900 claims were settled for 8,120 fisherfolk and 6,780 boats. Compensation paid was 0.876 billion Yuan	1.Dominated by govt. 2.Professional institute & staff 3.Moral hazard 4.Low profit, low risk awareness	1.To ensure all fishery employees are insured 2. Insurance to be extended to all parts of the fishery industry 3. More insurance products to be offered.

Country, name and type of institution/ organization that offers insurance services for small-scale fisherfolk	Year, when insurance program started	What does insurance program cover? What are the benefits?		Participation in insurance programme Increased, stagnated, decreased?	Overall experience of the insurance programme regarding success, impact, challenges	Future directions and plans of insurance programme
Good/best practice 5: Japan Fishing Vessel Insurance Association						
Japan Fishing Vessel Insurance Association	1937	Cover: 1. Fishing Vessel and its machinery and equipment on board up to 1,000 tonnage vessels. 2. Protection and Indemnity etc.	Benefits: 1. Premium is relatively reasonable due to subsidy by govt. 2. It is stable because the reinsurance by the govt. 3. It is almost all risk insurance for fishing vessels. *Remark; the main feature of the system is that the insurance obligation arises by the decision of the fisheries cooperatives for all fishing vessel entering insurance with the government subsidy for the premiums. The scale of operation at the cooperative level ensures a large number of insurance policies and lower costs and contributes to risk diversification.	Decreased (because of decrease number of fishing vessels.)	Success: Stable operation Challenges: 1. Decrease number of fishing vessels 2. Loss prevention	To keep premium levels by streamlining organizations and operations.

Appendix 5

Case studies on fisheries insurance

1. Introduction

This appendix includes four country case studies of insurance programmes for capture fisheries, mainly marine capture fisheries from Japan, China, India and Bangladesh.

Japan has a well-established insurance programme that covers fishing vessels, protection and indemnity, cargo as well as death or permanent disability of owner/operators. The main programme is a mutual insurance scheme run by the Japan Fishing Vessel Insurance Association with strong government support including subsidized insurance premiums. Insurance for most types of fishing vessels is mandatory in Japan.

China has a similar insurance scheme that also is based on the principal of mutual insurance with government support. However, the system is still evolving. Insurance has been made mandatory recently for most types of fishing vessels in China.

While there are various government sponsored insurance schemes covering death and disability of fishermen/women in **India**, fishing vessel insurance has not been successful so far. The case study from India includes the example of the South India Federation of Fishermen(women) Societies (SIFFS) and its attempt to introduce fishing vessel insurance to the small-scale fishery sector and the lessons learnt in the process. The approach is also based on the mutual insurance principle with government support.

The case of **Bangladesh** is an example of an innovative government sponsored life insurance programme for fishermen, which is based on a system of identity cards for fishermen.

2. Japan

2.1 General information provided by FAO's world capture fisheries insurance review of 2009

Information on the state of capture fisheries insurance in Japan is provided by an FAO review of the current state of world capture fisheries insurance⁵.

Information is provided on the insurance market, demand for insurance, supply issues, insurance policies in force, perils covered, vessels insured, equipment and gears insured, underwriting, risk management, handling of claims.

The review finds that capture fisheries insurance in Japan is successful both in terms of coverage and benefits. The fisheries insurance system in Japan is well organized and efficient, providing essential insurance services at reasonable costs to all fishers including small-scale producers. This is largely so, because the Government of Japan plays a major role in the capture fisheries insurance market and subsidizes insurance premiums. Further contributing to the success is the fact that insurance is mandatory and well regulated.

Japan's national capture fisheries insurance policy is an integral part of the national insurance policy, which aims to provide an equitable level of support to small-scale fishers who experience damages or losses of fishing vessels, catch, equipment and gears caused by natural disasters or accidents. Thus, the insurance system guarantees fishers the continuation of their fishing operations. Mutual fisheries insurance programmes play an important role in this system.

The FAO review of 2009 concludes that in the foreseeable future, the insurance scheme in Japan will continue to see a gradual shrinkage in the total number of vessels insured and the total value of the

⁵ VanAnrooy, R., Ahmad, I.U., Hart, T., Hotta, M., Ping, Y., Yang, W., Shipton, T., Benoit, C., Ruchismita, R., Upare, S., Siar, S.V. 2009. Review of the current state of world capture fisheries insurance. FAO Fisheries and Aquaculture Technical Paper. No. 510. Rome. Italy. FAO. 162 p.

insurance policies under it. This phenomenon has already been witnessed over the last decade and is caused by the general decrease in the number of fishing vessels in all sectors, namely, coastal, offshore and distant water fisheries.

The decrease of ocean-going fishing vessels has been brought about largely as a result of the restrictions imposed on international fisheries by a number of fisheries regulations. Offshore and coastal fisheries have also witnessed downward trends, both in production and in the number of fishing vessels. The reduction in fisheries stocks of targeted fish species is another cause of the ongoing decline in the fleet. An ageing workforce of fishers and the younger generation's limited interest in fishing jobs provide additional reasons.

2.2 Present status and recent developments, the Japan Fishing Vessel Insurance Association⁶

Coverage

At present (2019), eighty-two percent of all working powered registered fishing vessels of a tonnage larger than one are insured with the Japan Fishing Vessel Insurance Association. Of the total number of fishing vessels, i.e. 138 174, there are 112 767 vessels covered by insurance.

Legal status and purpose

The fishing vessel insurance association is a non-profit protection system that legally operates under the Act on Compensation of Damages Related to Fishing Vessels of 1952. It is not regulated under the Insurance Business Act of 1939. The main purpose of the mutual insurance scheme is to contribute to stabilizing the management of small- and medium-sized fisheries. Fishermen enter into an insurance contract with the fishing vessel insurance association.

Role of subsidies

Fishermen are eligible for a government subsidy of a part of the insurance premium. However, the condition for obtaining the subsidy is that all of the operating vessels with a gross tonnage between 1 and 100 tons in the geographic area set for a given fisheries cooperative need to enter into a contract with the insurance association. This arrangement provides an incentive to maximize the coverage of insurance and to better share risks and reduce costs.

Reinsurance

The government reinsures the fishing vessel insurance association by a "Stop of Loss" method. The government reinsurance activates when the insurance association has paid out claims, which exceed 109% of the net premium income of one fiscal year. The government will reimburse 85% of the amount of payouts exceeding 109%.

Role of government

In addition to providing reinsurance and subsidizing insurance premiums, the government allows for tax exemption; approves the articles of the associations and the insurance stipulations including the insurance premium rates. The government also supervises the association and the central society or apex body.

⁶ The information in this section was provided by Mr. Keiichi Fukiage, General Manager, General Affairs Department, Japan Fishing Vessel Insurance Association, at the APRACA/FAO Expert Workshop on Developing Guidelines for Micro-finance, Credit and Insurance for Small-scale Fisheries in Asia, 7-9 May 2019, Royal Princess Larn Luang Hotel, Bangkok, Thailand.

*Operational details for 2017***Table 1: Claims received and paid in 2017 by the Japan Fishing Vessel Insurance Association**

1	No. of member fishermen	112 891
2	No. of insurance contracts	164 796
3	Total gross tonnage of insured vessels	763 267
4	Net premiums collected	Yen 17 701 million
5	Number of claims received	33 601
6	Claims paid	Yen 13 257 million
7	Incurred claims ratio (5/2)	20.4 %
8	Gain/loss ratio (6/4)	74.9%

The table shows that the claims paid amounted to 74.9% of the premiums received.

Table 2: Claims by class of fishing vessel in 2017, Japan Fishing Vessel Insurance Association

Tonnage	No. of insured vessels	No. of claims received	Ratio
Less than 5 tons	141 513	24 123	17%
5-20 tons	22 137	9 113	41%
20-100 tons	390	153	41%
More than 100 tons	756	207	27%
Total	164 796	33 601	20%

The ratio of claims is lowest in the smallest vessel category.

Changes of the number of insured vessels

The trend, mentioned in section 2.1 continued. The number of insured vessels in Japan reached a high in 1987 with 255 252 fishing vessels being insured. Since then, the number has steadily declined to 164 796 vessels in 2017, because of reduction of the size of the fishing fleet.

In terms of insured gross tonnage, the peak was reached in 1980, when 1.7 million gross tonnage of fishing vessels were insured. The gross tonnage steadily declined. In 2017 only 763 267 gross tonnage of fishing vessels were insured, because of a reduction of the fishing fleet.

Type and causes of accidents

Table 3 shows the type of accidents and number of insurance claims. Damage to engines and collision with drifting objects stand out as the most frequent accidents, accounting for 37 and 27 % of claims respectively. Claims related to stormy weather accounted only for 0.6 percent of all claims.

Table 3: Type of accidents and number of claims submitted to the Japan Fishing Vessel Insurance Association

Ranking/ frequency	Type of accidents	Number of claims submitted	Percentage
1	Damage to engines	12 504	37
2	Collision with drifting objects	9 081	27
3	Damage to hulls	3 298	10
4	Grounding, stranding	2 672	8
5	Damage to facilities	2 357	7
6	Incurion of seawater. leaking	804	2
7	Collision with other vessels	695	2
8	Sinking	555	2
9	Stormy weather	190	0.6
10	Fire	183	0.5
11	Stranding	179	0.5
Total claims		33 601	

As far as the claims are concerned, the single most frequent reason for submitting insurance claims by Japanese fishing vessel owners are engine problems (37%). The claims after collisions with driftwood or twining of plastics or other drifting objects are similarly large in number. Drifting objects account for 27% of all accidents, which lead to insurance claims. Another frequent cause is the improper operation of a fishing vessel, which can lead to damage to the hull, collisions, sinking, grounding and damage to facilities.

Other general causes of accidents include the aging of fishermen and related reduction in professional efficiency, the use of aging fishing vessels and lack of regular vessel maintenance, as well as a deterioration of the marine environment.

Mitigation measures include clean-up efforts of the marine environment, such as the removal of driftwood and other drifting objects from fishing ports and anchorages after storms, continuous guidance and training of fishing crews and boat operators on safety-at-sea measures and disaster preparedness, as well as enforcement of regular maintenance of fishing vessels, gear and facilities.

3. China

Fisheries insurance in China is another example of a mutual insurance arrangement.

3.1 General information provided by FAO's world capture fisheries insurance review of 2009

Information on the state of capture fisheries insurance in China is provided by the 2009 FAO review of the current state of world capture fisheries insurance. Information is provided on the insurance market, demand for insurance, supply issues, insurance policies in force, perils covered, vessels insured, equipment and gears insured, underwriting, risk management, handling of claims.

The review concludes that although fisheries insurance in its current form in China has only been available since the 1980s, it is playing a positive role in the sustainable development of the capture fisheries sector. It has strengthened fishers' security and contributed to improving working conditions and safety on board of the vessels.

The relative success of fisheries insurance in China is probably due to the fact the most of it is provided in the form of mutual insurance by the China Fishery Ship owners' Mutual Insurance Association (CFSMIA). Different from the case of Japan, fisheries insurance in China was not mandatory at the time of FAO's global review and was not subsidized by the central government of the country. However, this changed later, as shown in section 3.2 below.

The 2009 FAO review notes that the fisheries insurance business is still in its infancy, and there are issues that deserve attention:

- The question of whether or not to provide government assistance to the sector after natural disasters that affect the fishing sector has not been resolved in China. Insurers argue that the lack of such assistance is constraining the development of the insurance business. This issue becomes even more relevant in the context of climate change related natural disasters.
- The extent of subsidy provided by local government in support of fishery insurance viability is largely dependent on the conditions of local finance. This means that in localities where the local revenue is small, it will be difficult to initiate and maintain a healthy fisheries insurance industry.
- A lack of information continues to result in adverse selection in fisheries insurance. A solution has yet to be found, although the collaboration between CFSMIA and the Administration of Fishery and Fishing Harbour Supervision has made it possible for insurers to access more information than in the past.
- The fact that most fisherfolk are insufficiently educated to understand the need for insurance, as well as the wording of the policies by the insurers, is constraining the development of the business.

- Insurance companies are in urgent need of reinsurance services. However, commercial reinsurers and other direct insurance companies are reluctant to share and reinsure their risks.

3.2 Present status and recent developments⁷

Since the above review, many changes have taken place. They are summarized below.

Making insurance mandatory

In the past, commercial insurance companies in China have largely avoided the fisheries sector because of the perceived high risk. The field has thus been left to mutual insurance associations and central, provincial and local government entities. However, commercial insurers have now started to play a greater role as reinsurers and underwriters of mutual insurance associations.

On December 9, 2016, the Chinese government issued a decree called "Opinions on Promoting the Reform and Development of Safe Production". Article 29 of this decree calls for the abolition of the so called "safety production risk mortgage system" and the establishment of a "safe production liability insurance system". The decree identifies eight high-risk industries, i.e. mining, dangerous chemicals, fireworks, transportation, construction, civil explosives, metal smelting and fisheries. Fisheries was identified as a high-risk industry for the first time and included in the mandatory scope of safety liability insurance.

In December 2017, the relevant state ministries and commissions formulated the "Implementation Measures for Safe Production Liability Insurance" (Safety Supervision Office [2017] No. 140). These measures include provisions regarding underwriting and insurance, accident prevention and claims, incentives and guarantees as well as supervision and management. The implementation of the safety liability insurance was further refined and implemented on January 1, 2018. At present, Shandong, Liaoning, Zhejiang, Chongqing and other provinces and cities have introduced safety insurance implementation plans including specific plans for fisheries.

Since then, fisheries insurance, mainly referred to as insurance of people rather than property, has been classified as a statutory and mandatory insurance, and the specific implementation is carried out by the competent fisheries departments and fisheries industries. If a fisher does not participate in the insurance programme, the government will not allow it to carry on fishing.

Insurance subsidies

From 2008 to 2016, the central government set up a pilot project for providing mutual insurance premium subsidies for fisheries mutual insurance, and successively carried out pilot work on fishermen's insurance premium subsidies in key coastal fishing areas of nine provinces, covered by the China Fisheries Mutual Insurance Association and coastal Liaoning, Hebei. Eight local associations, such as Shandong, Jiangsu, and Zhejiang, are specifically responsible for the total pilot project capital outlay of 10 million yuan⁸ per year.

Central government financial subsidy situation in 2008-2016

Subsidized insurance premiums were available for seaworthy marine fishing vessels with a certificate of 14.7 KW or more, as well as for marine fishermen.

In the case of a fishing boat's total loss complementary insurance, the proportion of financial subsidy premiums was 20 - 25% (previously 25%). In the case of the fishermen's personal safety insurance, the central government also subsidized 20 - 25% of the premium. The maximum insurance subsidy available

⁷ The information in this section was provided by Mr. Zhang Zongli of Nanjing University at the APRACA/FAO Expert Workshop on Developing Guidelines for Micro-finance, Credit and Insurance for Small-scale Fisheries in Asia, 7-9 May 2019, Royal Princess Larn Luang Hotel, Bangkok, Thailand.

⁸ 1 Yuan = ±0.14 USD

was 100 000 – 200 000 yuan per person (previously 200 000 yuan)/year. The maximum amount was reduced due to a large funding gap.

Geographic areas where subsidies were provided

The area where fisheries insurance subsidies were available consisted of nine provinces and regions, i.e. Dalian City, Liaoning Province, Tangshan City, Hebei Province. Rizhao City and Qingdao City, Shandong Province. Fuzhou city of Fujian. Yangjiang City, Guangdong Province, Zhuhai City and Shanwei City. Qinzhou City, Guangxi Province. Jiangsu Province and Hainan Province. A pilot area for fishermen's personal safety mutual insurance was located in Daishan County, Zhejiang Province.

However, in 2017, the central government's subsidies for fishermen's insurance ended.

Financial subsidies provided in various provinces in 2018

Currently, fishery insurance premiums are not subsidized at the central government level. Only some provinces provide provincial, city and county level subsidies for fisheries related insurance premiums.

The proportion of provincial-level fisheries insurance subsidies varies from 20 - 50% of the premium. Subsidized insurance premiums are available for fishing boat insurance, fishermen's personal safety insurance and employer's liability insurance.

Table 4: Provincial financial subsidies for fisheries mutual insurance protection in coastal provinces of China

Provinces /cities	Subsidized insurance	Subsidy ratio
Fujian	Fishing boat insurance, employer's liability insurance	30%
Hebei	Fishing boat insurance, employer's liability insurance	25%
Liaoning	Fishing boat insurance	20%
Jiangsu	Fishing boat insurance, employer's liability insurance, fishermen's personal safety insurance	25%
Ningbo	Fishing boat insurance, employer's liability insurance	20%
Zhejiang	Fishing boat insurance, employer's liability insurance	20%
Guangdong	Fishing boat insurance, employer's liability insurance, fishermen's personal safety insurance	30%
Hainan	Fishing boat insurance, fishermen's personal safety insurance	50%
Guangxi	Fishing boat insurance, fishermen's personal safety insurance	20%
Tianjin	Fishing boat insurance, employer's liability insurance	30%
Shanghai	Fishing boat insurance	35%

4. India

4.1 General: insurance schemes in operation in the Indian fisheries sector⁹

⁹ For more information, please see: What ails fisheries insurance in India? An assessment of issues, challenges and future potential. Shinoj Parappurathua, *et al.*, Marine Policy 86 (2017) pp. 144–155.

Accident and life insurance

As far as fisheries insurance in India is concerned, the “Group Accident Insurance Scheme for Active Fishermen’ operated by the Central Government is the major programme presently in operation. The scheme is available in all states and covers marine and inland capture fisheries. While there is fairly high coverage in the southern states of Kerala and Tamil Nadu, the level of penetration in other states is much less.

The scheme covers the life and disability risks of the boat crew. The insured fishermen (18–70years) or his dependent family can claim up to INR 200 000¹⁰ in case of permanent disability/accidental death, and INR 100 000 in case of partially disability. The premium is fully subsidized and borne by the central government and state governments on 50:50 basis. An additional 300 000 fishermen were targeted to be covered under this scheme during the 12th plan (2012–2017).

A similar scheme is in operation under the patronage of Matsyafed in Kerala and provides a compensation of INR 500 000 to the dependents of fishermen, who die in accidents. Matsyafed, the Kerala State Co-operative Federation for Fisheries Development Ltd., is the Apex Federation of 654 Primary Fisherman Co-operative Societies spread over 10 districts of Kerala, South India. There are 332 co-operative societies in the marine fisheries sector, 183 in the inland fisheries sector and 131 women Co-operatives. The Matsyafed insurance scheme also covers partial disability and hospital expenditure of injured fishermen with payments varying from case to case.

Vessel insurance

Fishing vessel insurance coverage is extended by public insurance companies. The conditions for vessel insurance vary significantly depending on the type of vessels, area of operation and companies involved. The annual premium generally ranges between 3 to 5 per cent of the value of vessels. Compensation is generally given only in case of total loss of the vessels.

Direct vessel insurance schemes and credit-linked schemes are offered by the subsidiaries of the General Insurance Corporation of India LTD (GIC), i.e. the New India Insurance Company Ltd., the Oriental Insurance Company Ltd. and the United India Insurance Company Ltd.. Vessel insurance is also offered by Matsyafed, Kerala, for member fishermen on vessels purchased under their subsidized loan scheme.

A subsidized vessel insurance scheme is also offered by the Government of Tamil Nadu. Special risk coverage against damage of vessels is offered by boat owners’ associations based at certain harbours, e.g. Neendakara harbour in Kollam district of Kerala, Paradeep harbour in Odisha, and Mangrol harbour in Junagadh district of Gujarat.

Regarding the loss and damage to fishing gears, very few insurance schemes are on offer in India. Certain vessel insurance policies also cover gears with extra premiums. Specific insurance policies are offered by subsidiary companies of GIC.

4.2 The case of the South Indian Federation of Fishermen Societies (SIFFS)¹¹

The case study of SIFFS in southern India provides an example of how a mutual insurance arrangement for fishing boats, boat owners/operators and crew is evolving.

History and objectives of SIFFS

SIFFS originated from the intervention of NGOs in the artisanal fishing sector during 1970s and 1980s. The objectives of SIFFS are:

- Producer control over fish marketing and inputs to liberate fishermen from the clutches of middlemen, merchants and money lenders;

¹⁰ One Indian Rupee is approximately equivalent to 0.04 US Dollar.

¹¹ The information was provided by Mr. X. Joseph, Chief Executive Officer, SIFFS. See also: <http://www.siffs.org/MicroFinanceService.html>

- Livelihood protection and enhancement using appropriate technology;
- Policy research and advocacy to support the interests of artisanal fishermen;
- Resource Management to ensure sustainable livelihoods from fishing;
- Alternative employment and strengthening of women's livelihoods to diversify the economic base of the community and ensure its all-round development.

Co-operative structure and legal entity

SIFFS was registered as the apex body of a three-tier co-operative structure in 1980, under the Travancore Literary, Scientific and Charitable Societies Act of 1955. Primary societies and district federations form the first two tiers of the organisation.

Presently, SIFFS has over 100 primary societies at the village level. These societies are affiliated to the district federations, which are in turn the members - full or associate - of SIFFS. Full members are the primary members of SIFFS, with membership granted to the federations fulfilling certain basic criteria. Associate members include federations that do not yet comply with the stipulations for full membership.

Activities

SIFFS has different sets of activities at each of the three levels in the tier.

Primary Societies: fish marketing; provision of credit for asset replacement from external sources (banks) and from own sources (accumulated profits at the primary level); promotion of savings; insurance for members (under govt. schemes); other welfare activities.

District Federations : monitoring and support services to primary societies; liaison with regional offices of banks for credit; liaison with Funding Agencies for developmental support; marketing support to primary societies; marketing of fishing inputs; welfare schemes; technology development and dissemination; boat building and repair services; import and distribution of outboard motors and repair services; credit program for members; extension of primary societies network; marketing of fish and fish products; running of ice plants for ice supply; Albezzia plantations for Kattumaram timber supply; studies, research, documentation and publication; advocacy and lobbying and support to fisherwomen's groups.

Accident insurance for fisherfolk

The SIFFS implements the "Group Accident Insurance Scheme for Active Fishermen", provided for by the Central Government of India. The key to the successful provision of accident insurance services to its members is the fact that promotion of insurance is fully integrated with provision of micro-credit and linked to fish marketing.

Fishery assets insurance - SIFFS experience and views as presented at the expert workshop in Bangkok, 7-9 May, 2019

The case is included here, because other small-scale fishermen/women associations, which might want to offer fishing boat insurance to their members, learn from SIFFS experiences and avoid mistakes.

SIFFS acknowledged that fishing boat insurance in India has not been successful in the past in spite of the fact that marine insurance policies are available with all insurance companies. The common vessel insurance policies carry a premium of about 4% per annum of the value insured. Only total loss of the boat is covered by the insurance. Generally, insurance companies are reluctant to provide insurance cover for fishing boats and fishermen are not interested in taking insurance cover for their boats.

The reasons for the reluctance of insurance companies to provide cover are that claims are difficult to verify, reliable documentation of age and condition of boats are difficult to obtain and there is high moral hazard. Fishermen find insurance premiums unaffordable, complain about long delays in paying compensation and of a high rate of rejection of genuine applications. That is the reason, why fishing boat owners have not taken insurance voluntarily.

In some cases, fishermen are obliged to take insurance cover, for example when purchasing a boat with a bank loan. In the State of Tamil Nadu in southern India, mechanised fishing boats require insurance for purpose of registration and all boats including artisanal fishing boats require insurance, if they take advantage of subsidised diesel fuel.

SIFFS experience with fishing boat insurance in the district of Trivandrum

In 1998, a fishing boat and her crew were lost in the village of Vizhinjam. This incident caused the Trivandrum SIFFS federation to start of system of contribution by all members after loss of a member's boat. The contributions were Rs.¹²100 per head for a motor boat and Rs.10 per head for a Kattumaram (log raft). 250 motor boats were insured at the start of the scheme.

An average motor boat replacement value was estimated at Rs. 50 000. The insurance covered only 50% of the replacement value and that in terms of a loan, not as a pay-out. The balance of Rs.25 000 had to be provided by the insured.

A strict system of verification was applied. Two society presidents from another region would verify that the loss of boat, or engine or both had actually occurred using personal and family connections and through a field visit. The rejection rate of insurance claims was as high as 50%.

The insurance did not cover any loss of nets. Neither did it cover partial loss. However, the "total loss" definition was flexible and based on whether a boat or engine can be repaired and used economically afterwards. There were other exclusions, such as: all damages on shore or when anchored in harbour as well as losses outside the district, where the boat was based, for example while migrating to other districts.

While SIFFS considered its fishing boats insurance scheme overall successful, SIFFS admitted that it was difficult to operate it.

The difficulties were:

- Difficulties and delays in collection of insurance contributions. The scheme was not premium based and hence members were unable to decide how much they will have to contribute in a given year.
- Settlement of insurance claims in the case of mass casualties, such as the one, which occurred when 70 boats originating from the town of Kanyakumari were burnt on Quilon beach, where they had migrated to for fishing in 2002, in a clash between local and the migrant fishermen from Kanyakumari. Damages in the wake of the Enayam cyclone in the 90s and the 2004 Tsunami, which resulted in a huge loss of boats, lack of records and finally a deluge of boats from NGOs.

Lessons learnt:

- It is better to avoid "total coverage" of the value of the boat and engine; members should bear part of their loss or else there is an incentive to cheat.
- Only fishermen can verify loss of equipment and not external surveyors. However, verification by fishermen needs to be well organized.
- There is a need to link the amount insured to the age of boat and engine.
- Only total loss of the boat or engine or a combination of both should be covered by the main insurance policy.
- Partial loss could also be covered, but only with caution and payment of an additional premium.
- There is a need to have a system to take care of both regular losses as well as mass casualties.

Based on the lessons learnt from their initial scheme, SIFFS concluded that a new insurance scheme should be developed for all SIFFS members. After assessing losses that normally take place, and the

¹² 69.65 IND Rupee = 1 USD

affordability of premiums to members, an insurance premium of 1% was considered affordable as well as viable. Losses were to be divided into “normal” losses and catastrophic losses or “mass casualties”. “Normal losses” were defined as those that occur each year, when individual boats go missing or face accidents.

“Mass casualties” were defined as those that take place, when at least 10 boats are lost or affected by storms, tsunamis, riots, etc. A premium of 0.2 % should be set apart for “mass casualties”. 0.8% was to be kept for “normal” losses. Mass casualties were to be insured with insurance companies taking a combined policy covering earthquake, fire and flood. Normal losses were to be taken care off by SIFFS itself through its “risk fund”.

Evolution of insurance scheme and future plans

SIFFS sought a grant from the Tamil Nadu Government (funds sourced from an IFAD tsunami project) to establish a revolving fund that provides the first premium as a loan and also provide a cushion in years when the normal losses are higher than expected. The features of the new scheme are shown below.

Name of the scheme: PFARMS (Post Tsunami sustainable Livelihood Programme – Fishing Asset Risk Mutual Society), A Programme for Insurance of Artisanal Fishing Assets launched in 2017

Partners of PFARMS

- IFAD¹³ – PTSLP (IFAD - Post Tsunami sustainable Livelihood program)
- DLFSF (District Level Fishermen Federations of SIFFS)
- UIIC – Ltd. (United India Insurance Company Ltd.)
- Controlled and Managed by Elected Fishermen Board Representatives of DLFSFs

Details of Programme

A tripartite agreement was made between IFAD - PTSLP, Board of PFARMS and UIIC Ltd. According to the agreement, the Board of PFARMS will run and monitor the insurance programme all over the state of Tamil Nadu, India. The features of the programme are shown below:

- A Chief Executive Officer and adequate staff were recruited.
- PFARMS collects a premium amount of 1% of the value of the fishing asset with timely renewal, and 20% of the value and premium will be deducted every year at renewal.
- PFARMS facilitates the proper documentation of the insurance policies.
- PFARMS settles claims of individual losses to the fishermen (if below ten in numbers).
- UIIC collects 0.43% of the total premium rate excluding service charges, tax and stamp duty from PFARMS.
- UIIC Ltd provides claim settlement for the fishing assets due to mass casualties in disasters (more than ten claims at a time).
- PTSLP provides a matching grant in the ratio of 1:1 of the premium amount collected from the clients in 2017-18 and 2018-19 as a risk fund for the programme.
- PTSLP provides the administrative expenditure to PFARMS for two years 2017-18 & 18-19.
- Claims with UIIC: losses of 330 fishing assets caused by the Gaja Cyclone were settled.

¹³ International Fund for Agricultural Development

In addition to the above fishing assets insurance scheme, life and accident insurance is provided to fishermen. Accident insurance for marine fishermen is provided under a federal government sponsored scheme. 50% of the premium is provided by the federal government and 50% by the State of Tamil Nadu. The scheme provides near total coverage of all active fishermen in most coastal states.

SIFFS provides additional coverage by becoming a nodal agency for the “Janshree Bhima yojana” insurance programme that also covers death due to natural causes.

Coverage of crew members

SIFFS realized that insuring the life of fishermen, who are crew members but not boat owners and members of SIFFS was still difficult. Particularly the mobility of fishing crew between boats makes it difficult to cover them. To overcome the problem, SIFFS customised a “nameless” accident policy with the insurance company. When an accident at sea occurs on a boat of a SIFFS member, then all crew working on it at that time are covered by the policy. The name of the injured person is provided after the accident. The premium is Rs.165 per boat covering the boat owner (member, named) and four others (non-members, nameless).

5. Life insurance for fisherfolk in Bangladesh¹⁴

The life insurance programme for fishers in Bangladesh started in June 2012 and terminated in June 2017. According to the information provided by the Department of Fisheries in Bangladesh (DOF), a total 1 420 000 ID cards were issued from early 2013 onwards. The number of women that were issued a card added up to 47 235 women. The card contained information on: fishermen/women’ names, names of mothers and fathers, date and place of birth, sex, ID issue date, national ID card number, fisher ID card number, address and permanent address.

The project provided life insurance to the fishermen/women that were issued with an ID card. A total of 587 fishing households were paid compensation for the death of a fisherman/woman in their family. The pay-out per person was 50 000 taka (\pm 600 USD). The total compensation paid by the programme was 20 897 000 taka (\pm 250 774 USD).

The compensation was generally paid for fishermen that went missing at sea, became victims of piracy and suffered fatalities while fishing. The local DOF office would file a report with the family of the deceased and clear it. The report would then be sent to the Ministry of Fisheries and Livestock (MOFL), which would process it and if approved, would send a cheque to the local DOF. The cheque would be collected by the family and cashed at a local bank. The total procedure would take between four and six weeks.

The DOF considered the ID card project a success and plans to continue and expand it. It is planned to include also coverage for accidents and loss of vessels. If the card would get a chip inside and linked to a bank account of the fisher, it could possibly also be used for paying compensation in closed fishing seasons and fishers could use the balance to buy groceries or gears. That would be useful in a time of crisis, e.g. after natural disasters. The ID card should preferably be set up in such a way that fishers pay the costs of maintaining the system. Pay-outs for deaths could be increased with inflation.

¹⁴ The information was provided by the Department of Fisheries, Bangladesh.

The Expert workshop on Guidelines for micro-finance, credit and insurance for small-scale fisheries in Asia was held in Bangkok, Thailand in the period 7-9 May 2019. Rural finance, insurance and fisheries experts from Bangladesh, China, India, Indonesia, Japan, Philippines, Thailand, United Kingdom, Canada and the United States of America met to discuss ways to improve the access to financial services for small-scale fishers in Asia. The workshop aimed to discuss successful finance programmes in Asia for small-scale fishers, finalize practical guidelines in support of better access to financial services, and design a capacity building programme for increasing the provision of financial services to small-scale fisheries. The workshop was attended by 32 experts and was organized by the Asia-Pacific Rural and Agricultural Credit Association (APRACA) in close collaboration with FAO. The insurance and credit guidelines prepared will facilitate the implementation of the Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Poverty Eradication and Food Security (SSF Guidelines), as well as contribute towards achievement of Sustainable Development Goal 14. Access to financial services will enable the small-scale fishers to invest in more responsible fishing operations and technologies, reduce overfishing, contribute to fisheries management and implement climate change adaptation measures.

The micro-finance, credit and insurance guidelines for small-scale fisheries have been endorsed by APRACA members in June 2019, and implementation throughout the Asian region is promoted. The Programme on Capacity building for small-scale fisheries in micro-finance, credit and insurance services (CABFIN SSF), developed by the workshop will be implemented by APRACA, FAO and partners from 2020 onwards.



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