



INFOFISH speaks to ... **SUCHITRA UPARE**

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☛ *Based on the premise that access to financial services for coastal and inland small-scale fisheries communities will remain a serious challenge for coastal and inland small-scale fisheries communities within the next five years, could you briefly describe what the FAO-initiated and -supported CAFI-SSF Network is, and what it aims to achieve by 2025?*

☛ Access to financial services for coastal and inland small-scale fisheries communities is a major challenge for small scale fisheries development. Therefore, FAO has taken an initiative to establish the Global Network for capacity building to increase access of small-scale fisheries to financial services, also called CAFI-SSF Network, during the Expert Workshop on “Guidelines for Micro-finance, Credit, and Insurance for Small-Scale Fisheries in Asia” (Bangkok, Thailand, May 2019)¹, organized by FAO and the Asia-Pacific Rural and Agricultural Credit Association (APRACA).

During the workshop, representatives from the financial sector, government agencies, fisherfolk organizations and civil society involved in financing to the small-scale fisheries (SSF) sector in Asia-Pacific, welcomed and endorsed the initiative and proposed the Network establishment strategy. In 2020, FAO and APRACA jointly developed a Network Concept Note and conducted regional virtual meetings with key stakeholders from the Asia-Pacific, Latin American, the Caribbean, and African (West and East) regions. In these meetings, nearly 80 stakeholders associated with fisheries and aquaculture discussed the Network’s scope of work, strategy and governance. To ensure wider outreach across regions with financial service providers (FSPs), CAFI-SSF has partnered with APRACA and the African Rural and Agricultural Credit Association (AFRACA), and is currently engaging with more organizations interested to become Network partners.

What the CAFI-SSF (the Network) aims to achieve by 2025/2030 is to enhance resilience of small-scale fisheries development. The Network will focus on increasing the availability of and access to credit, microfinance and insurance services for SSF. The Network has four specific objectives:

¹ <https://www.fao.org/documents/card/en/c/ca6482en/>

- increase advocacy and awareness;
- enable capacity building and knowledge sharing;
- support innovative and suitable programmes particularly to meet the microfinance, credit, and insurance needs of SSF; and
- promote and increase collaborative action among members to strengthen existing and build new partnerships.

The Network aims to increase the capacity of policy makers, financial service providers, fishers’ and fish farmers’ organizations to promote, design and implement appropriate financial services in support of small-scale fisheries and aquaculture. The following are few initiatives taken by the Network to strengthen some of its partner organizations:

- Foremost is to increase global attention and awareness. The Network organizes knowledge-sharing sessions through a Webinar Talk Series. In 2021 and 2022, eight knowledge-sharing sessions have been organised. Information on these webinars can be accessed here: <https://www.rfilc.org/event/organizer/cafissf-network/>
- It has supported a baseline study to assess current situation of financial and insurance services provision for the small-scale fishers in Africa and developed case studies on financial institutions servicing SSF in the United Republic of Tanzania and Zambia.
- Support a study on “Issues, Practices & Opportunities in Application of Insurance as a tool for Marine Fisheries Management and to Build Resilience in the Sector in South Asia”.

Further, the Network will contribute to achieving the 2030 Agenda for Sustainable Development Goals, particularly SDG 14, target 14.b: “provide access for small-scale artisanal fisheries to marine resources and markets”.



Self-help group meeting in Odissa State, India

- ☛ *Considering that most women are to be found in the processing and marketing sectors and to an extent in fish farming activities, what special provisions should be included within savings, credit, and insurance schemes so that they would have equitable access to financial services and insurance protection?*
- ☛ Women play a central role in whole value chain activities, aquaculture, mariculture, post-harvest processing, fish marketing, distribution, and retail. As confirmed by the recent Illuminating Hidden Harvests (IHH) study, 45 million women participate in SSF; this includes for subsistence². Hence it is important to ensure that women are provided access to financial services. In Asia, particularly in Bangladesh, India, the Philippines, and Viet Nam, women are provided loans through Self-help Groups (SHGs) for marketing of fish and fishery products for retail purpose. Taking into consideration their major role within the fish marketing sector, they should be provided cash credit to purchase fish for local sale, provision for purchase of ice-making unit, iceboxes or solar dryer units, weighing machines, and fishbone cutting machines; fish packaging materials for retail sale; fish stall with refrigerated storage facility; improved technology machines for fish brining or smoking; and purchase of fish transport

² <https://www.fao.org/voluntary-guidelines-small-scale-fisheries/resources/detail/en/c/1539334/>

vehicles such as bicycles, scooters, rickshaws and trucks (with appropriate refrigeration and packaging facilities).

Women are an equally active workforce in aquaculture-related activities; here, I would like to give an example of a successful initiative on how women have been provided equitable access to financial services (which includes savings and credit schemes). The State Government of Odisha in India has a policy initiative under the aegis of “Mission Shakti Programme” to give priority to women self-help groups (SHGs) for leasing village ponds (community tanks). The duration of lease is on long-term basis, usually for three to five years. The Programme, in association with the Directorate of Fisheries (DOF), has received technical support and around 6 343 women SHGs have participated in fish culture, covering 8 076 village community tanks, with a turnover of INR 145.05 crores (USD 18.22 million) and income-generation of USD 9.1 million (INR 72.5 crores)³ (1USD approximately equals to INR 79.62).

Worldwide, fish processing facilities employ a workforce predominantly consisting of women, mainly working on output-based contract basis with minimal insurance and social security benefits. The severe occupational hazards faced in post-harvest processing units are cuts and scrapes,

³ <https://missionshakti.odisha.gov.in/convergence/directorate-fisheries>

stings leading to tetanus infections and whitlow, or in some species, the release of poison in body (ciguatera poisoning, scombroid poisoning etc.) This is further coupled with the health and biological risks they face within the processing sector. This can potentially be addressed with the following approaches:

- It should be made mandatory for micro-, small- and medium-processors to take a gender-neutral policy cover for the workers employed within the units;
- The insurers need to provide an “all-risk” cover, instead of “named perils” to ensure cover for all occupational risks and hazards;
- Emphasis on introducing financial literacy programmes to increase the financial capability of women;
- Use of mobile phones for loan disbursement, repayment, and insurance premium payment; and
- It is essential for insurance companies to increase efforts and engage with financial institutions (this includes banks, credit unions, microfinance institutions) to design products in which insurance is bundled with a credit and savings component.

These steps are beneficial in the provision of credit, savings, and insurance services and create a win-win situation to increase incomes and provide inclusive financial services for women workers within the SSF sector.

☞ *Are there any small-scale credit and insurance schemes managed at the grassroots level in Asia that have been successful? What are the lessons learnt which make it possible for their success to be replicated in other countries in Asia and the Pacific?*

☞ According to (FAO 2022), the primary sector of capture fisheries and aquaculture employs 58.5 million people, of whom 35 percent are engaged in aquaculture while the remaining 65 percent are involved in capture fisheries production. The Asian region constitutes around 50 million people employed in the sector, of whom 90 percent are linked to SSF. Hence it is important to serve the required needs and bridge the demand-supply gap particularly for credit, microfinance, and insurance services within the region. We would like to share information on a few successful schemes that may be replicated throughout the region.

Countries like India, Bangladesh and Viet Nam are the top three borrowers’ markets in terms of microcredit needs. India has the largest and most cost-effective micro-credit scheme,

the Self-Help Group (SHGs)-Bank Linkage Programme. The concept was pioneered by the National Bank for Agriculture and Rural Development (NABARD) and is successfully being implemented for the past three decades. The programme covers overall some 8 million SHGs and about 100 million poor households. This credit scheme has been popular amongst the 28 million fisherfolk, with active participation from women engaged in the sector.

A successful model for provision of micro-credit to SSF is implemented in southern India by the SIFFS (South Indian Federation of Fishermen Societies):

- They offer customized loan products to suit productive purposes and household consumption needs of fisher communities;
- The client beneficiaries include owners of motorized and non-motorized small-scale fishing vessels and crew members on-board;
- The loan product is designed to have a flexible repayment structure and low interest spread. In case of larger loan amounts, SIFFS offers a longer repayment term duration than the formal financial service providers (FSP);
- Seasonal loans are offered with flexibility to repay at the end of fishing season; and
- Fisherwomen are provided working capital loans for fish vending and petty trade activities and consumption loans are available to address lifecycle needs of fisher households.

Bangladesh, along with India, supports another micro-credit innovation, “Joint Liability or Solidarity Group Lending”, that focuses on livelihood and income-generating activities and promotes groups acting as guarantors of loans. Each group consists of either three, five or seven members who collectively guarantee each others’ loans mainly for small and microenterprises in need of short-term working capital. Initial training is provided to group members, focusing on joint liability responsibility. Microfinance institutions (MFIs) approve loans based on the groups’ creditworthiness. This scheme can easily be implemented by MFIs and banks too can adopt this scheme to finance groups of fishermen and fish farmers for undertaking small investments in Asia-Pacific.

Countries like, Japan, the Philippines, Thailand, Indonesia, China, India, and Viet Nam have introduced regulatory frameworks for provision of insurance schemes to SSF communities. I would like to share some examples that have the potential to be replicated within the region, for providing support to SSF communities that often experience damage or loss of their fishing vessel(s), catch, equipment and gears,

partial or total loss during aquaculture operations because of natural disasters or accidents. The insurance system guarantees the SSF communities' continuation of their operations.

Japan has the largest insurance market in Asia. The national insurance policies are an integral part of the country's disaster counter-measures policies (under the Fishery Accident Compensation Act). The coverage for all type of operations like capture fishing, aquaculture, hatchery, breeding units or any other fishery-related facilities, is offered only through a fishery mutual insurance scheme (FMIS). They are mandatory for all fishers and fish farmers and these schemes are implemented and managed through a three-tier system such as: (i) at the village level these schemes are operated through fisheries cooperative associations (FCAs); (ii) at the Prefecture level⁴ the fisheries mutual insurance associations (FMIA) manage the mutual insurance programmes; and (iii) at the national level the central government supports the system through subsidies and a provision for special funds is available for rehabilitation from disasters.

Indonesia has a law on insurance to "protect and empower" fishers and fish farmers. The government operates a subsidy programme to cover insurance premiums both at central and local levels. It has initiated partnerships to implement this programme with twelve insurance companies.

In Thailand, shrimp farmers are mostly small-scale with an average farm area of less than one hectare, but they mainly practice intensive farming techniques (high stocking density). To combat disease outbreaks and to provide a safety-net and risk-mitigation mechanism, the Thai National Farmers Council, in collaboration with the Thai Chamber of Commerce, developed an innovative approach through a collective action model linking shrimp farmer cooperatives (clusters) with other stakeholders – seed and feed producers, buyers, processors, exporters, credit institutions, government regulatory and technical agencies, and insurers. The shrimp farmers adopt and implement good aquaculture management practices and comply with buyers' product quality standards. This insurance scheme clearly reflects SSFs insurance-worthiness.

➊ *How can governments and other stakeholders encourage more small-scale fishers to insure their vessels and equipment? Conversely, how can insurance providers be encouraged to package their services so that they are accessible and attractive to the sector?*

➋ International Maritime Organizations (IMO) conventions include compulsory insurance requirements for large vessels, and they do not distinguish between a merchant marine or a fishing vessel. Similarly, decision-makers may integrate insurance within legislative and policy frameworks, as efforts

are needed to extend and make compulsory insurance for small-scale fishing boat owners, to register them, and/or to obtain/renew fishing licenses or authorizations.

Fishing is one amongst the most dangerous occupations in the world. There is a growing concern regarding safety at sea, with increasing numbers of fishing vessel loss or damage, or even damage to third-party property or loss of life, as well as personal injury to crewmembers including third parties. Often when these losses are not compensated, it creates a financial and social hardship for SSF communities and limits them from reviving their operations. Governments and other stakeholders can intervene to introduce stringent and compulsory safety risk covers like third-party liability insurance in fisheries, which is of utmost importance. This type of insurance covers a wide variety of claims, including claims for loss of life or personal injury, as well as claims relating to loss or damage caused by a fishing vessel to another vessel or other property. This cover can be provided by protection and indemnity clubs (P&I) or private insurers.

Conversely, insurance providers need to identify key entry points to package insurance services and make it accessible to the SSF sector through various ways:

- collective approach – promote alliances with fisherfolk federations, boat owners' associations, cooperatives, producer organizations, and NGOs to deliver insurance services in a collective manner;
- establish linkages with other financial institutions – engage with specifically banks, credit unions, and microfinance institutions with a widespread outreach in rural areas, to design suitable insurance products that can be bundled with credit or savings components. In several countries, microfinance institutions have a good presence in remote areas; thus, insurance providers can leverage on these linkages to reduce high administrative costs and offer cost-effective options with a reduced premium rate and faster claim handling process;
- introduce innovative delivery models for distribution – tie-up with dealers of fishing boats and gears, farm machinery and equipment, suppliers of fish seed and feed could act as insurance agents. Also, weather-index based insurance is used in agriculture and livestock and is now being piloted in aquaculture. It uses the level of rainfall as a "payout trigger" to cover damage from natural disasters such as flood, excessive precipitation, and drought. In aquaculture, other parameters can be used. In China, for example, index-based insurance schemes use wind speed (for

⁴first level of jurisdiction and administrative division (at present 47 prefectures in Japan)

laver seaweed insurance) and temperature as a parameter (for crab, oyster, and sea cucumber); and

- simple policy documents with an effective mechanism in place to address fisher/fish farmer grievances with respect to damage assessment and the claim settlement process.



Credit: Noorul Haasan

Lakshadweep Island (India), affected by cyclone Taukate

☞ *And in closing, could you recommend to readers some useful websites and/or publications that contain further details and information on insurance and financial services for the small-scale fisheries and aquaculture sector?*

☞ There are many publications on credit, microfinance, and insurance services for small-scale fisheries; however, I would like to suggest several relevant and useful publications as follows:

- World review of capture fisheries and aquaculture insurance – 2022.
- DOI: <https://doi.org/10.4060/cb9491en>
- IYAFa. 2022. Small in scale, big in value. International Year of Artisanal Fisheries and Aquaculture. [online] Food and Agriculture organization of the United Nations (FAO). Rome. www.fao.org/artisanal-fisheries-aquaculture-2022/home/en/
- Martinez, N.A. and Van Anrooy, R. 2021. Third-party liability insurance for fishing vessels. CC4Fish Policy Brief, October 2021, issue no. 4. Rome, FAO. <https://doi.org/10.4060/cb6963en>.
- Financing small-scale fisheries in the Philippines – A policy brief. Rome. <https://doi.org/10.4060/cb8029en>
- Guidelines for increasing access of small-scale fisheries to insurance services in Asia: A handbook for insurance and fisheries stakeholders. 2019. <http://www.fao.org/3/ca5129en/ca5129en.pdf>
- FAO. 2020a. FAO's Blue Growth Initiative. Blue finance guidance notes: Microfinance for small-scale fisheries. Rome. www.fao.org/3/ca8645en/ca8645en.pdf
- FAO. 2020b. FAO's Blue Growth Initiative. Blue finance guidance notes: Insurance for small-scale fisheries. www.fao.org/3/ca8646en/CA8646EN.pdf
- FAO.2020c. FAO's Blue Growth Initiative. Blue finance guidance notes: Aquaculture insurance for small-scale producers. 2020. Rome. <http://www.fao.org/3/ca8663en/CA8663EN.pdf>
- Martinez, N. A. & Van Anrooy, R. 2020. Compulsory insurance (third party liability) requirements for fishing vessels: a case for the introduction of compulsory fishing vessel insurance in the Caribbean. FAO Fisheries and Aquaculture Circular No. 1199. Rome, FAO. <https://doi.org/10.4060/ca7732en>
- Tietze, U. & Van Anrooy, R. 2018. Assessment of insurance needs and opportunities in the Caribbean fisheries sector. FAO Fisheries and Aquaculture Circular No. 1175. Rome, FAO. <https://www.fao.org/3/ca2199en/CA2199EN.pdf>
- FAO. 2015. Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries in the Context of Food Security and Poverty Eradication (SSF Guidelines) <https://www.fao.org/documents/card/en/c/14356EN>
- Rural Finance and Investment Learning Centre <https://www.rfilc.org/newsletters/>
- Financing Fisheries in Africa. Case studies from the United Republic of Tanzania and Zambia <https://afraca.org/wp-content/uploads/2022/01/Financing-Fisheries-in-Africa-case-studies-from-the-United-Republic-of-Tanzania-and-Zambia.pdf>
- Financing Fisheries in Africa. Financial services provision to small-scale fisheries <https://www.rfilc.org/wp-content/uploads/2022/03/Financial-services-provision-to-small-scale-fisheries.pdf>