



# Economic Empowerment of Coastal Communities Through Fisherman Insurance

Riaman<sup>1\*</sup>, Sukono<sup>2</sup>, Kalfin<sup>3</sup>

*Department of Maathematics, Faculty of Mathematics and Natural Sciences, Universitas Padjadjaran, Indonesia*

*\*Corresponding author email: [riaman@unpad.ac.id](mailto:riaman@unpad.ac.id)*

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## Abstract:

The current condition of fishermen in Indonesia is still far from prosperous, especially small fishermen who generally have an income of less than one million/month. Fishermen are faced with constraints on the characteristics of their fishing business which depend on climate change, weather uncertainty, and sea waves, so they pose a high risk. This affects the low income of these fishermen because fishermen working hours are very dependent on the weather so if the sea waves are high or other bad weather, fishermen are forced not to go to sea. Therefore, it is necessary to protect fishermen through fisherman insurance. Currently, the government has been trying to increase the target of fish production and consumption through protection and welfare for fishermen. One of the efforts to improve fishermen's welfare is a work program that guarantees protection against risks to fishermen, fish cultivators, and salt farmers. This program targets 1 million insurance for fishermen spread across the territory of the Republic of Indonesia. One of the government's efforts to protect fishermen and their families is through the provision of Insurance Premium Assistance for Fishermen. This effort is intended to provide guaranteed protection against risks experienced by fishermen, such as death, permanent disability, and medical costs; as well as provide awareness of insurance for fishermen. However, currently, fishermen's income is not included in the risk guarantee from the fishermen's insurance program. Even though the income of fishermen is one of the criteria for measuring the economy of coastal communities who work as fishermen and indirectly can determine the maritime economy. Therefore, we as academics intend to conduct training and socialization of economic empowerment of fishing communities based on knowledge, skills, and potential in Cirebon Fishermen Village through Community Service programs. The material that will be provided in this Community Service activity is related to the economic empowerment of fishermen communities and community-based fisherman insurance. This material will be given to the workshop session both to the local community.

*Keywords:* Disasters, economic empowerment, fishermen, coastal coasts, insurance

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## 1. Introduction

Coastal communities are a group of people who live in coastal areas and the source of their economic life depends directly on the utilization of marine and coastal resources, both in large part and in whole. So that the main livelihoods in coastal areas are fishermen and fish cultivators. Reported by WARTA EKONOMI Jakarta on (18/2), sociologically, coastal communities have a distinctive characteristic in terms of social structure, namely the strong relationship between patrons and clients in market relations in fishery businesses. Usually, the patron provides assistance in the form of capital to the client. This is a tactic for the patron to tie the client to his debt so that the business continues.

From these debt problems, conflicts often occur, but the conflict that dominates is the competition between fishermen in fighting over fish resources, which are starting to be limited in number. Therefore, it is very important that there are parties who can develop marine resources and regulate their management. The existence of the powerlessness of the poor fishermen to social, economic, and political conditions, which apply to them in each region. This then causes poverty to intensify and pressures them to continue to live within the poverty line.

One of the efforts to provide support to poor fishermen so that they can improve their standard of living and then become economically independent because of their establishment is the Coastal Community Economic Empowerment (PEMP) program which was developed nationally. The PEMP program aims to improve the welfare of coastal communities of micro-scale productive age through the development of an entrepreneurial culture, institutional strengthening, mobilizing community participation in empowerment activities, as well as diversifying sustainable and local resource-based businesses, with an economic approach and social institutions (Surya et al., 2020).

This empowerment program is carried out through three approaches, including: (1) institutions, to strengthen the bargaining position of the community because they must be gathered in a solid institution so that all their aspirations

and demands can be channeled properly; (2) assistance, for people who have not been able to walk on their own due to lack of knowledge and low levels of knowledge mastery; (3) revolving productive business funds, funds are provided to develop productive businesses that are the choice of the community itself, after the groups using the funds are successful, they must set aside their profits to be distributed to other community groups who need it.

The coastal community development strategy can be carried out through two approaches, including: a structural approach, namely a macro approach that emphasizes the arrangement of socio-political systems and structures by prioritizing the role of authorized agencies or organizations formed for the management of coastal and marine areas; and a non-structural approach, namely an approach that prioritizes mental empowerment of the community in order to increase the ability of community members to participate in marine coastal management and issues. In addition, the Ministry of Maritime Affairs and Fisheries (KKP) intervenes in strengthening the economy of coastal communities and village resilience through the *Tangguh Coastal Village Development (PDPT)* program. This program focuses on efforts to integrate human resource development, develop coastal infrastructure, and support the development of a productive economic business climate.

Furthermore, as reported by *MONITOR Bandung* on (6/3), Maritime Expert and Professor of the Bogor Agricultural Institute (IPB), Rokhmin Dahuri, said that the development of coastal areas and small islands in the context of community empowerment requires various strategies including the development of the fisheries sector, marine tourism sector and the concept of developing coastal areas. Furthermore, there are three important points for the development of the fishery sector, including: strengthening and developing handling technology as well as transportation of fishery products, improving the quality and competitiveness of the traditional fishery product processing industry, as well as improving the quality and competitiveness of the modern fishery product processing industry. Meanwhile, there are five important steps for the development of marine tourism, including: revitalization, product development, new infrastructure development, promotion, and the work capacity of local governments and state civil servants (ASN).

Among these various strategies, the key to empowering coastal communities must start from increasing the capacity and welfare of fishermen. Because the development of the marine and fisheries sector to boost economic growth both locally and regionally is still not optimal, one of the reasons is that empowerment and improvement of the welfare of fishermen and coastal communities is still often neglected. This is caused by the lack of counseling and education, the absence of guaranteed selling prices for fishermen's catch, the difficulty of accessing banking capital, and government policies that actually make it difficult for fishery businesses.

One strategy for empowering coastal communities is to provide education and counseling for fishermen to use and utilize the latest fishing tools and technology. On the other hand, the government must seriously establish fishermen's cooperatives so that fishermen's catches are not priced very cheaply by middlemen, and provide access to affordable credit and bank interest to obtain business capital. Based on the description above, the government has made efforts to get coastal communities out of poverty for a long time. Several government policies have even been implemented directly, namely facilitating facilities and infrastructure, expanding business fields, modernizing fishing gear, providing capital assistance, and others. But unfortunately, government programs that have been given to coastal communities are more nuanced in assistance than empowerment programs. Various studies have also been carried out to analyze strategies for empowering fishing communities in various areas, for example, Bajo Village, Bacan District, South Halmahera Regency, North Maluku; Madura Island (Muda, & Putra, 2018); Meranti and Rokan Hilir Regencies, Riau (Ridwan, & In'am, 2021); Panggang Island Thousand Islands, Jakarta (Zamroni, 2019); North Minahasa Regency, North Sulawesi; Bonang District, Demak Regency, Central Java (Tanzil, 2018).

Therefore, as academics, we intend to conduct training and outreach for the economic empowerment of fishing communities based on knowledge, skills, and potential in the Cirebon Fisherman Village through the Community Service (PPM) program. Furthermore, the target to be achieved from this PPM is to know the analysis of the needs for the empowerment of coastal fishermen based on economic knowledge and coastal potential in the Cirebon Fisherman Village to identify the problems and needs of fishermen in order to answer any fisherman problems identified in the coastal fishing community in the Cirebon Fisherman Village. , then a needs analysis is carried out as a basis for compiling the model material for empowering coastal fishermen based on economic knowledge and coastal potential in the Cirebon Fisherman Village, as well as knowing the analysis of fishermen's economic empowerment through business diversification of fishing catches of coastal fishermen in Cirebon Fisherman Village, as well as providing knowledge about fisherman insurance based on community to coastal fishermen in Cirebon Fisherman Village.

## 2. Methodology

The implementation method used in this Community Service (PPM) activity is a practical qualitative method, meaning that the results of intracampus research can be applied to the community directly and practically. The understanding given is more on qualitative approaches such as discussion, consultation, and joint evaluation. However, in the workshop session, there was little quantitative explanation regarding the economic empowerment of local fishing communities.

### 3. Results and Discussion

#### 3.1. Fishermen in Indonesia

Indonesia is a country whose water area is larger than its land area, which consists of 3.25 million km<sup>2</sup> of ocean and 2.55 million km<sup>2</sup> of the Exclusive Economic Zone (EEZ), so Indonesia is dubbed a Maritime Country. This causes Indonesia to have extraordinary wealth in the marine sector. With abundant marine wealth, the government through the Ministry of Maritime Affairs and Fisheries is determined to make Indonesia the axis of the world's maritime economy. To achieve this goal, of course, it must be in line with improving the welfare of the people around the coast, especially fishermen as the spearhead of maritime economic development in Indonesia.

A fisherman is any person whose livelihood is catching fish and another biota that live in fresh, brackish, or marine waters. Based on the Law of the Republic of Indonesia Number 7 of 2016, fishermen include: small fishermen, namely fishermen who catch fish to fulfill their daily needs, both those who do not use fishing vessels and those who use the largest fishing vessels, namely 10 GT (gross tons); traditional fishermen, namely fishermen who catch fish in waters which are traditional fishery rights that have been used for generations in accordance with local culture and wisdom; labor fishermen, namely fishermen who provide their energy who participates in the fishing business; and owner fishermen are fishermen who own fishing vessels used in the fishing business and actively engage in fishing who own fishing vessels both in one unit and in cumulative amounts of more than 10 to 60 GT.

The condition of fishermen in Indonesia is still far from prosperous, especially small fishermen who generally have an income of less than one million rupiah/month. The low income of fishermen is because fishermen's working hours are very dependent on climate change, especially weather uncertainty, so that when sea waves are high or other bad weather, fishermen are forced not to go to sea.

In addition to the uncertainty of the weather, there are several other factors that affect fishermen's income, namely working capital consisting of fisherman's work equipment used when catching fish, purchasing diesel fuel, food and drinks when going to sea, and bait; the number of workers or generally known as crew members (ABK); long seas, which are generally done in the afternoon and return to the pier in the morning; sea experience; the use of technology such as the use of the global positioning system (GPS), radio, and fish finder; and the number of fish caught, including the selling price. Education and health are also indirect factors that can affect fishermen's income. Likewise, with working hours at night in the middle of the sea, of course, the physical health of fishermen is at stake, so when they are sick, fishermen are forced not to go to sea.

#### 3.2. Coastal Community Economic Empowerment

Coastal communities consisting of fishermen, fish cultivators, processors and traders of marine products, salt farmers, and other communities whose socio-cultural-economic life depends on fishery and marine resources are generally still classified as poor. The backwardness and poverty of coastal communities is caused by limited access to sources of capital and the weak infrastructure of community socio-economic institutions at the village level. Coastal communities often have to deal with income uncertainty, the pressure of a long fish famine, and climate change. In addition, they also have to deal with various pressures and exploitation that have arisen along with the development of the modernization process in the fisheries sector. Based on the poverty background of the fishing community who always suffers, the government issues an innovation program to improve the living standards of the fishing community, one of the empowerment programs is the Coastal Community Economy (PEMP) program. This program aims to overcome poverty and develop the economic dynamics of coastal areas designed to achieve an institutional approach through empowerment strategies. First, the coastal community empowerment model is based on cultural institutions or social institutions. Second, a gender-based coastal community empowerment model (Zamzami, 2011).

The PEMP program has succeeded in improving the welfare of coastal communities and fishermen in several areas, however, it cannot be separated from various obstacles, as the evaluation described in the following studies. Kurniasari and Reswati (2011) assessed that the implementation of the PEMP program had low effectiveness. At the concept level, PEMP has fulfilled the livelihood and capital strategy to break the poverty chain. However, PEMP has received less attention in macro strategy, because the marine and fishery sector has not yet become an important consideration in national policy. On a practical level, several things need to be improved, namely changing fishermen's perceptions of the meaning of aid, increasing target capacity in financial management and administration, synchronizing various empowerment programs, and adjusting the program to the local culture which is very local in nature. Nugroho (2015) also evaluates the performance of the PEMP program to improve the welfare of coastal communities and fishermen in Pasuruan Regency, and initiates alternative policies and programs that consider: (1) the concept of co-management in the management of fisheries resources, where there are clear boundaries and division of authority. between government and society; (2) concepts developed in economic theory and development models that are compatible with Indonesia are formulated into Indonesian development concepts based on Pancasila; (3) the value of the sacrifice of resources and the value of the resulting externality so that there is an even distribution of welfare in the current generation; and (4) analysis of local priorities, potentials and needs.

Economic empowerment of fishing communities can also be carried out on a partnership-based basis, which not only involves the central and local governments, but can also collaborate with financial institutions, non-

governmental organizations, and universities (Sitorus & Lase, 2020). Economic empowerment strategies for coastal communities and fishermen can also be carried out based on the housewife community, through: (1) raising awareness of the fishing housewife community to participate in working to support household socio-economics, (2) make the housewife community the basis and play a central role in managing the potential socio-economic resources of fishermen's households, (3) take advantage of the position and role of housewives which are social capital for socio-economic empowerment of fishing communities, and (4) implementing job diversification among the fishing housewives community. Subparta et al. (2018) made a model that is more suitable for PEMP and in line with the expectations of coastal communities, especially in the Air Kuning Fishermen's Village, Pengambangan, and Kusuma Temple, Jembrana Regency, Bali. The design of the PEMP model involves five aspects, namely: (1) the economy, including employment and income generation; (2) social, related to education, science, technology, and health; (3) environment and housing, including conservation of coastal resources and house renovation; (4) infrastructure, by increasing ports, fishing boat docks, and fish auction places, as well as increasing people's hatcheries and brackish water units, as well as increasing fish processing factories; (5) culture, by fostering the nature of mutual cooperation, faith and piety, as well as developing the art of *makepung* during the western season and maintaining existing norms as *awig-awig*.

### **3.3. Fisherman Insurance in Indonesia**

Due to the high risk of work accidents as well as the uncertainty of the weather, work as a fisherman should receive special attention from the government to get a protection or guarantee. Currently, the government has been trying to increase the target of fish production and consumption through protection and welfare for fishermen. This is in accordance with the concept of welfare launched by the government for all elements of the people of the Unitary State of the Republic of Indonesia (NKRI).

The government's efforts to provide protection for fishermen have been stated in Law no. 7 of 2016 concerning the protection and empowerment of fishermen, fish cultivators, and salt farmers. This law is a clear regulation in regulating the protection of fishermen in Indonesia in order to avoid losses due to various risks of fishermen's work. One of the articles in this law discusses that one of the rights of a fisherman is to be protected from the risk of natural disasters, climate change, and pollution.

In addition, protection in an effort to improve the welfare of fishermen is one of the Work Programs of the Ministry of Maritime Affairs and Fisheries of the Republic of Indonesia in 2016, as stated in the Regulation of the Minister of Maritime Affairs and Fisheries Number 18/PERMEN-KP/2016 concerning guaranteed risk protection to fishermen, fish cultivators, and salt farmers. In this work program it is stated that fishermen in Indonesia must get insurance protection which is targeted by the government to reach one million insurances for fishermen spread throughout the territory of the Republic of Indonesia.

One of the government's efforts to protect fishermen and their families is through the provision of Insurance Premium Assistance for Fishermen (BPAN). Fisherman Insurance Premium Assistance is a priority of the Ministry of Maritime Affairs and Fisheries (KKP) which is also in line with *Nawacita* number five, namely improving the quality of life of Indonesian people. BPAN is intended to provide guaranteed protection for the risks experienced by fishermen, such as death, permanent disability and medical expenses; as well as providing awareness to fishermen for insurance. This assistance is intended for small and traditional fishermen with the criteria for having a fisherman card, the maximum age is 65 years, has never received insurance program assistance from the government or has received an insurance program from the government but the insurance policy has expired or the type of risk guaranteed is different, no use prohibited fishing gear, and comply with the provisions stated in the insurance policy.

The implementation of fisherman insurance is carried out by the Ministry of Maritime Affairs and Fisheries in collaboration with the Indonesian Service Insurance Company (Jasindo). The company Jasindo is trusted to implement a protection program for fishermen in terms of occupational accident protection and has been effective since October 2016. In 2017, KKP targets Fisherman Insurance Premium Assistance for 500,000 people. With the value of benefits per person in the form of compensation for accidents due to fishing activities in the amount of IDR. 200,000,000.00 if it causes death, IDR. 100,000,000.00 if it causes permanent disability and IDR. 20,000,000.00 for medical expenses. Meanwhile, compensation for accidents other than fishing activities is an individual benefit of IDR. 160,000,000.00 is given if it causes death (including death due to non-accidental/natural death), IDR. 100,000,000.00 for those with a permanent disability, and medical expenses of IDR. 20,000,000.00.

### **3.4. Community-Based Insurance**

According to Mehr and Cammack in Therese and Vaughan (2013), insurance is a tool to reduce financial risk through a collection of exposure units in sufficient numbers so that individual losses can be estimated and borne equally by those who are members. Insurance has two most basic characteristics, namely transferring risk from an individual to a group and sharing losses on a fair basis by all group members. Insurance is generally divided into two major parts, namely: Loss Insurance and Life Insurance. Loss insurance consists of fire insurance, loss and damage insurance, marine insurance, freight insurance, and credit insurance. While life insurance consists of accident insurance, health insurance, and credit life insurance.

Social security or insurance is not only implemented by formal organizations (government or private) but can also be implemented by non-formal organizations that develop in local communities. Community-based social security is more assured of sustainability because the mechanism is established based on the shared interests or needs of its members, although the scope of services is relatively limited and the assistance provided is relatively small (Lobe & Berkes, 2004). The Amil Zakat Infaq Sodaqoh Tsalatsatun Kharimah Institute (LAZIS TK) in Minggir II and III Hamlets of Sendangagung Village emerged as a medium to distribute zakat from wealthy groups to the poor in their area. The process of institutionalizing zakat distribution can occur through efforts to build collective awareness and by showing positive performance for the community. Efforts to build community collective awareness of the importance of social security are carried out through outreach and comparative studies on the implementation of the same program in other areas. Various kinds of knowledge that are distributed to the community are further strengthened by real programs for the poor such as financial assistance, educational assistance, cheap medical treatment and working capital assistance. There is also community-based insurance from the PEKKA Microfinance Institution (LKM) which provides health protection and manages unsecured cooperatives for the people of Lembata Regency, East Nusa Tenggara.

#### 4. Conclusion

Based on the results of the analysis obtained, it can be concluded that the current condition of fishermen in Indonesia is still far from prosperous, especially small fishermen who generally have an income of less than one million rupiah/month. The low income of fishermen is because fishermen's working hours are very dependent on climate change, especially weather uncertainty, so that when sea waves are high or other bad weather, fishermen are forced not to go to sea. Other factors that affect the low income of fishermen, namely working capital, use of technology, and the number of fish caught, including the selling price are still low, especially for small and traditional fishermen. Education and health are indirect factors that can affect fishermen's income. Likewise, working night hours in the middle of the sea, of course, the fishermen's physical health is at stake, so when they are sick, fishermen are forced not to go to sea.

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