

## Aquaculture Governance Indicators (AGIs) assessment synthesis report

### Country:

Indonesia

### Species:

Whiteleg shrimp (*L. vannamei*)

Blacktiger shrimp (*P. monodon*)

Information presented based on assessment conducted February 2019.

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### Country overview

According to the FAO, Indonesia was the second largest shrimp producer in the world in 2016, with a total production of 637,555 metric tonnes. Whiteleg shrimp (*L. vannamei*) was introduced in Indonesia in 2004 and has been taken up rapidly since. Approximately 75% of production consists of Whiteleg shrimp, grown using semi-intensive cultivation methods. The remaining, still significant proportion, of production consists of black tiger shrimp (*P. monodon*) from extensive cultivation, making Indonesia only second after Vietnam in terms of production. Shrimp export is mostly destined for the US (mostly Whiteleg) and Japanese (mostly black tiger) markets. The aquaculture industry is estimated to employ a total of 3.3 million fish farmers (FAO, 2018).

### Legislation

The main legislation that concerns aquaculture in Indonesia is codified within the Fisheries Law No. 31/2004 (2004) along with others such as: Law No.16 – Animal, Fish and Plant Quarantine (1992); law no. 7/2004 on Water Resources; Environmental Management Act No. 23 (1997); and guidelines on water pollution in water sources (2003).

Analysis shows that specific and relevant aquaculture legislation is in place. Together, the various pieces of legislation cover most of the issue areas and all of the critical issues. However, the detail in which the issues are covered varies.

Overall organization within legislation is low, primarily due to decentralized organization of government, which means that the Ministry of Marine Affairs (MMAF) is mostly responsible for local-level governments to further define and implement legislation. In addition, responsibility for water quality (effluents) and food quality rest with different ministries, leading to unclarities and sometimes conflicts.

Although the fisheries law stipulates that there should be loans available for small fish breeders, there is a lack of access to finance by this category of producers. This shows that both resources and knowledge needed to comply with legislation are critical points.

Most interviewees point out that non-compliance with legislation mostly occurs at small-scale sites, since large scale operations are more strictly monitored by the government, and because there is no extensive support from the government to comply with legislation.

The remote location of many production locations makes monitoring a challenge. There is no evidence of systematic evaluations of aquaculture legislation. Each new government comes up with a new 5-year plan which includes evaluation, but this does not seem to be implemented at the local level.

Indonesia is actively involved in ASEAN discussions around aquaculture. While legislation seems to be well coordinated at the global/regional level, there is little evidence that this leads to concrete action and implementation of programs. One reason for this could be, as one interviewee pointed out, that regional and global meetings are mostly attended by middle management, thereby creating an obstacle for effective decision-making and implementation.

### **Voluntary codes and standards**

Seven standards play an important role in Indonesian shrimp aquaculture: ASC; BAP; Global G.A.P.; Naturland; ASIC shrimp; CBIB/IndoGAP; and ASEAN GAP

The number of farms certified by global private standards (ASC, BAP, Global G.A.P.) is limited, with 38 BAP-certified production sites and five ASC. There are some mangrove-integrated extensive production sites that have received Naturland organic certification. ASIC shrimp is a regional and relatively new standard particularly aimed at small-scale producers, piloting in Indonesia. CBIB/IndoGAP is a standard introduced by the Indonesian government. ASEAN GAP is a regional standard which aims to align the various Southeast Asian national GAPs. It is not used actively to certify individual sites.

In general, there is bias in representation across the standards in Indonesia. Producers

and communities are usually not well represented in standard-setting, whereas (large) industry is well represented. Government involvement is limited to public standards. NGO involvement differs: for ASC this is relatively high, for BAP it is less.

The standards do not differentiate farms in terms of scale and/or production method, with the exception of ASIC shrimp. A lot of emphasis is put on the farmer as the actor responsible for standard implementation, which is an issue particularly for small-scale producers who face financial/technical barriers to comply with the standards. Various schemes have introduced group certification as a way to overcome this barrier but results of this remain unclear. Moreover, private standards are relevant only for large-scale, vertically integrated production (a small portion of the industry). Despite public standards being more appropriate across scales, they lack market recognition and do not cover all key Seafood Watch issue areas.

A large number of especially small-scale farmers does not participate in any standard scheme, although a small minority do via processors. Monitoring of all certifications is based on annual visits to production locations. The quality of this monitoring differs, though there are various systems in place to safeguard quality. Most private standards periodically undergo a review process including stakeholder consultation. This review process is mostly concerned with the content of the standards and not so much with the actual implementation.

While coordination between standards occurs at global fora's (e.g. GSSI, ISEAL, ASEAN), there are complaints from industry in Indonesia regarding lack of coordination between the standards. Introduction of

standards has not directly resulted in changes in legislation, and instead through the active engagement in monthly meetings it has contributed to furthering the discussions around sustainability.

### **Collaborative arrangements**

There are diverse modes of collaborative arrangements ranging from public-private and interactive governance to non-state self-governance and industry self-governance. At the moment, there is no single platform where all stakeholders are represented to collaborate, although a respondent from the Sustainable Trade Initiative (IDH) indicated a plan to develop such a platform.

The collaborative arrangements include a wide variety of actors and cover most of the issue areas (e.g. cumulative impacts via ecosystem governance). Producers are less well organized in a representative organization, except for large scale operations which are represented through Shrimp Club Indonesia. NGOs play a dominant role in most of the collaborative arrangements. This results in donor-oriented decision making. More strategic collaboration is often closed, whereas collaboration at the level of implementation is much more open to participation. The decision-making processes are not very transparent.

There seems to be a lack of reliable data on the shrimp industry in Indonesia. Some, but not all, of the project results are published online, and information is often outdated. Sharing of information is usually done among stakeholders through other media, so one would need to be 'in the loop' to be informed.

Most collaborative arrangements include evaluations and reflection on the performance

of participants, but there is no evidence of new rules, processes, or forms of coordination emerging out of this. There is no active coordination between the collaborative arrangements, but most of the actors participate in multiple collaborative arrangements, thereby ensuring some form of coordination. Notably, the collaborative arrangements in which the government is involved in have had an influence on the policies of the Ministry. Moreover, the ecosystem governance project is expected to result in important policy changes.

In terms of coordination with codes and standards, some of the collaborative arrangements have proposed changes in codes and standards, and two of the selected collaborative arrangements are targeted at increasing the adoption of certification by small-scale producers.

### **Capabilities**

Five actors were selected to assess this dimension: i) Ministry of Marine Affairs (MMAF) (state); IDH – Sustainable Trade Initiative Indonesia (civil society); iii) WWF Indonesia (civil society); iv) AP5I (market); v) Shrimp Club Indonesia (market).

The state and civil society actors are very open to discuss issues and uncertainties. There is an open discussion culture at MMAF. In practice openness depends on the chair of the meeting and the difference in hierarchy of the participants. If the diversity (in hierarchy) is higher, openness increases. The market association is less reflexive and does not always fully acknowledge (the extent of) issues.

Most actors appear to pay attention to practical issues and formulate concrete goals.

These goals, however, do not always lead to concrete action. There are no obvious barriers to participate in trainings. Resources dedicated to monitoring and evaluation are deemed to be insufficient. Government and NGO actors are getting accustomed to planning M&E activities, but the problem is implementation and follow-up.

There is limited evidence of organizations or individuals leading by example. Most actors appear to be reactive. Overall, innovation drive appears to be limited.

There are some attempts to gain more impact at the level of districts, but there is no evidence of success. Some organizations have multiple level of organization (national, provincial, district), whereas MMAF and AP5I are mostly organized at the national level. Overall, there appears to be a mismatch between local and national level processes and organizations, respectively.

Most relevant actors are organized in a WhatsApp group, which is also used in case of emergencies such as disease outbreaks. There are also regular meetings at MMAF with the main stakeholders. Communication on controversial and systemic issues is mostly characterized by a hands-off approach.

### **Actionable insights**

**Legislation:** the legitimacy of standard-setting and governance processes can be improved by enhancing the representation of relevant Indonesian stakeholders and ensuring all voices are taken into consideration.

**Voluntary codes & Standards:** there is a need for more inclusive processes of standard-setting to ensure relevance for the Indonesian context; more support is needed for producers to comply with certifications; and

increased coordination between standards—including the public standards—can decrease complexity and lead to more productive cooperation for improvement pathways.

**Collaborative arrangements:** small-scale producer representation decreases the legitimacy of the collaborations; the collaborative arrangements cover most of the important environmental issues in their scope and also work towards action and implementation; there is a lack of reliable data and learning; and continuity of projects is often dependent on external factors.

**Capabilities:** not all issues are always acknowledged and there are some hierarchies which impede full reflexivity; there are concerns regarding the lack of concrete actions and implementation of plans; and communication between actors appears to be well-organized, but proactive outsider engagement regarding controversial issues is limited.