



# Indonesia: Infrastructure Improvement for Shrimp Aquaculture Project

Project Name	Infrastructure Improvement for Shrimp Aquaculture Project	
Project Number	55020-001	
Country / Economy	Indonesia	
Project Status	Approved	
Project Type / Modality of Assistance	Loan	
Source of Funding / Amount	Loan 4283-INO: Infrastructure Improvement for Shrimp Aquaculture Project	
	Ordinary capital resources	US\$ 93.00 million
Strategic Agendas	Environmentally sustainable growth Inclusive economic growth	
Drivers of Change	Gender Equity and Mainstreaming Governance and capacity development Partnerships	
Sector / Subsector	Agriculture, natural resources and rural development / Agriculture research and application - Agro-industry, marketing, and trade - Fishery - Irrigation	
Gender Equity and Mainstreaming	Effective gender mainstreaming	
Description	<p>The project will help the Ministry of Marine Affairs and Fisheries (MMAF) to introduce sustainable shrimp aquaculture to increase the productivity, quality, profitability, and environmental sustainability of shrimp farming by smallholders. The project will improve smallholder farmers' access to quality inputs, production, and post-harvest practices and traceability through infrastructure, capacity support, and value chain strengthening in selected locations (Across Bali, Banten, Central Java, East Java, Lampung, Nangro Aceh Darusalam, and South Sulawesi provinces). It is aligned with the following impact: contribution of the fisheries industries to the national economy increased. It will have the following outcome: productivity, profitability, and environment sustainability of shrimp aquaculture increased. Specifically, it will (i) increase quality and sustainability of inputs for shrimp production, (ii) develop sustainable and climate adaptive aquaculture infrastructure and services, and (iii) strengthen shrimp aquaculture supply chain.</p>	
Project Rationale and Linkage to Country/Regional Strategy	<p>Indonesia is among the top five shrimp producers in the world, with a global market share of 8.7%. Its shrimp product exports to the European Union, Japan, and the United States totaled \$2.04 billion equivalent in 2020. Indonesia is a leading exporter of frozen seawater shrimp but lags its peers in exports of fresh, salted, or smoked shrimp. The main farmed shrimp species is the whiteleg shrimp (<i>Litopenaeus vannamei</i>), which accounts for 80% of production. The whiteleg shrimp is cultivated by large companies and about 50% of the smallholders. The remaining 50% of the smallholders cultivate the tiger shrimp (<i>Penaeus monodon</i>) extensively. While the potential for Indonesia's shrimp aquaculture is high, the traditional mode of farming employed by smallholders constrains productivity, profitability, and environmental sustainability. Developed countries are increasingly monitoring the quality of shrimp imports for transparency and traceability, drug and chemical residues, and environmental damage. As awareness of food safety grows among consumers, Indonesian shrimp producers must improve traceability along the shrimp value chain and raise the standards of hygiene in shrimp processing. Only large shrimp producers, hatcheries, and feed suppliers currently comply with MMAF's framework for Indonesian Good Aquaculture Practices (INDOGAP). MMAF will need to expand the use of its sistem telusur dan logistik ikan nasional (national fish traceability and logistical system, STELINA) by farmers and other actors along the value chain if Indonesia is to maintain a strong position in international markets.</p> <p>The proposed project will support four operational priorities of the ADB Strategy 2030. It is also aligned with ADB's Action Plan for Healthy Oceans and Sustainable Blue Economies, and its country partnership strategy 2020-2024 for Indonesia, (pathway 3: strengthening resilience). The Government of Indonesia's National Medium-Term Development Plan 2020-2024 promotes aquaculture and proposes to increase (i) the number of superior aquaculture production centers to 50 in 2024 from 10 in 2020, and (ii) the export value of fisheries to \$8.0 billion in 2024 from \$6.2 billion in 2020. The MMAF National Shrimp Farm Development Program 2020-2024 aims to increase shrimp production by 250% to 1.29 million tons by 2024 (from 527,397 tons in 2019).</p>	
Impact	Contribution of the fisheries industry to the national economy increased (National Medium-Term Development Plan, 2020-2024)	
<b>Project Outcome</b>		
Description of Outcome	Productivity, profitability, and environmental sustainability of shrimp aquaculture increased	
<b>Progress Toward Outcome</b>		
<b>Implementation Progress</b>		
Description of Project Outputs	Quality and sustainability of inputs for shrimp production increased Sustainable and climate adaptive aquaculture infrastructure and services developed Shrimp aquaculture supply chain strengthened	
Status of Implementation Progress (Outputs, Activities, and Issues)		
Geographical Location	Nation-wide	
<b>Safeguard Categories</b>		
Environment	B	
Involuntary Resettlement	C	

Summary of Environmental and Social Aspects	
Environmental Aspects	
Involuntary Resettlement	
Indigenous Peoples	
Stakeholder Communication, Participation, and Consultation	
During Project Design	Insights and inputs of project stakeholders and beneficiaries will be considered in project design through meaningful dialogues and appropriate communication means.
During Project Implementation	The project implementation will require consultation and participation of all stakeholders. Their participation, inputs, and involvement will be included in the project participation and communication plan and in other safeguard documents, as required.
Business Opportunities	
Consulting Services	ADB is financing consulting services for the project preparation and due diligence through the transaction technical assistance on Supporting Water Security Investments Facility (Subproject 4). Consultants with highly specialized expertise and extensive experience in aquaculture will be engaged.
Responsible ADB Officer	Quincieu, Eric
Responsible ADB Department	Southeast Asia Department
Responsible ADB Division	Environment, Natural Resources & Agriculture Division, SERD
Executing Agencies	Ministry of Marine Affairs & Fisheries
Timetable	
Concept Clearance	27 May 2021
Fact Finding	10 May 2022 to 23 Jun 2022
MRM	19 Aug 2022
Approval	14 Dec 2022
Last Review Mission	-
Last PDS Update	14 Dec 2022

## Loan 4283-INO

	Financing Plan Total (Amount in US\$ million)	Loan Utilization			
		Date	ADB	Others	Net Percentage
Project Cost	104.12	Cumulative Contract Awards			
ADB	93.00	-	0.00	0.00	%
Counterpart	11.12	Cumulative Disbursements			
Cofinancing	0.00	-	0.00	0.00	%

Project Page	<a href="https://www.adb.org/projects/55020-001/main">https://www.adb.org/projects/55020-001/main</a>
Request for Information	<a href="http://www.adb.org/forms/request-information-form?subject=55020-001">http://www.adb.org/forms/request-information-form?subject=55020-001</a>
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