

# Indonesia Challenge Fund

## Promoting responsible private sector investment for improved sustainability of Indonesia's fisheries

Fisheries are vital for Indonesia's economy and food security. Fisheries, including aquaculture, contribute approximately 2.6 percent of Indonesia's GDP, generate around US\$ 4.1 billion in export earnings<sup>1</sup>, support employment for over 7 million people<sup>2</sup>, and contribute over 50 percent of all animal-based protein in the national diet.<sup>3</sup> Indonesia's fishery sector is one of the largest in the world, second only to China's in terms of production.<sup>4</sup>

Yet among the complexity of this large and varied sector, many of Indonesia's fisheries suffer management and supply chain challenges, leading to missed economic and financial returns as well as job creation opportunities. Investment by the private sector is limited. However, growing demand for sustainable and socially responsible seafood provides opportunities to leverage market incentives for increased investment, environmental and social outcomes in Indonesia's fishery sector.

**The Indonesia Challenge Fund is a two-year, US\$ 1 million initiative that aims to strengthen the capacity of the private sector, local fishing communities, and government institutions, to generate a pipeline of return-seeking responsible investments in selected coastal fisheries.**

The program is funded by the Global Environment Facility, and implemented by the World Bank with guidance from the Ministry of Marine Affairs and Fisheries (Directorate General of Competitiveness), Coordinating Ministry for Maritime Affairs and Investments, and the National Development Planning Agency. The Challenge Fund's technical partners are Hatfield, Yayasan Konservasi Alam Nusantara (YKAN), and Planet Partnerships.

## The Challenge Fund's focus areas:

- 1. Knowledge and analytics:** Research on barriers and opportunities for private sector-led responsible investment in sustainable fisheries, drawing on the experience of existing successful initiatives from across Indonesia.
- 2. Development of business cases:** Supporting the development of specific investment opportunities along the fishery supply chain. Identifying capital needs, quantifying risk and return, assessing potential environmental and social outcomes, and defining investment potential in expanding sustainable fishing practices.
- 3. Investor identification and matching:** Matching of potential investors to investees, and supporting Indonesia fishery sector players in search of capital and investment partnerships.
- 4. Knowledge exchange:** Public events, dialogue, business competitions, and assistance to government partners for promoting opportunities and supporting investment-focused policy reform.

1. FAO FishStat Database 2019 <http://www.fao.org/fishery/statistics/en>

2. CEA (California Environmental Associates). 2018. Trends in Marine Resources and Fisheries Management in Indonesia.

3. FAO. 2018. State of World Fisheries and Aquaculture.

4. FAO FishStat Database 2019 <http://www.fao.org/fishery/statistics/en>

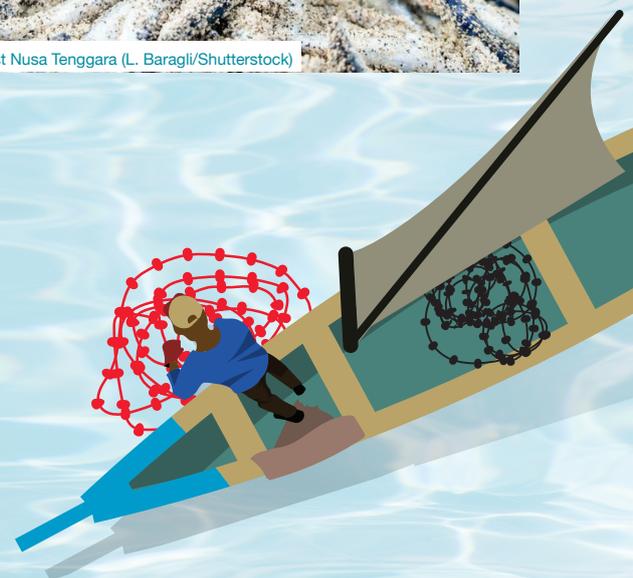
# Results and Impact

Now at a close, the Challenge Fund has successfully:

1. **Screened 60 and secured five local enterprises**, with strong environmental sustainability and social development goals, to receive business coaching and mentorship to help shape their business cases and get the investment they need.
2. **Supported government in improving conditions for investment**, through research on the Investment Landscape. This looked at the barriers and opportunities of investing in sustainable marine and fisheries businesses in Indonesia. Further, an assessment of private sector opportunities in the snapper fishery in Eastern Indonesia was also conducted.
3. **Developed a methodology to identify businesses that have the potential to positively impact the sustainable fish industry in Indonesia**. The selection tool was developed to assess both business viability and their social and environmental impacts.
4. **Connected enterprises to 40 potential investors**. The experience of business-investor matching gained through this project will also continue through the Indonesia Oceans for Prosperity Project (LAUTRA), as a business incubator-like support is planned under this new project for sustainable fisheries and aquaculture enterprises.
5. **Engaged with the startup ecosystem Digifish—a platform of 30+ startups—to work together on the issue of sustainability and co-hosted Indonesia's biggest Fisheries innovation Festival in 2022.**

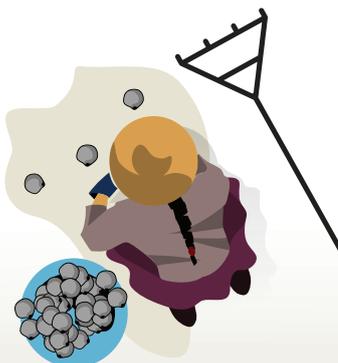


Gili Trawangan West Nusa Tenggara (L. Baragli/Shutterstock)



## 5 Selected Business Cases:

1. **Sustainable Seaweed Farming:** PT Rote Karaginan Nusantara from Kupang
2. **Sea Cucumber Cultivation:** PT 17 Thousand Island from Labuan Bajo
3. **Solar-Powered Ice Machines:** International Pole and Line Foundation Indonesia from Southeast Sulawesi, North Maluku, and West Papua
4. **Community-Based Fisheries Management:** *Asosiasi Perikanan Pole & Line dan Handline Indonesia* from the Arafuru Sea
5. **Artisan Seafood Cannery:** *Unit Pengelolaan Ikan Mina Bahari 45* from Yogyakarta.



The Indonesia Challenge Fund is one part of the global Coastal Fisheries Initiative (CFI) ([www.fao.org/in-action/coastal-fisheries-initiative/en/](http://www.fao.org/in-action/coastal-fisheries-initiative/en/)), a collaborative effort funded by the Global Environment Facility. CFI brings together UN agencies and international conservation organizations at the forefront of efforts to improve fisheries management and conserve marine biodiversity in coastal areas through better governance and strengthening the seafood value chain. CFI is implemented by Conservation International, FAO, UNDP, UNEP, the World Bank and World Wildlife Fund.

### Contact

Ambroise Brenier [abrenier@worldbank.org](mailto:abrenier@worldbank.org)  
World Bank Indonesia Sustainable Oceans Program  
[www.worldbank.org/en/programs/indonesia-sustainable-oceans-program](http://www.worldbank.org/en/programs/indonesia-sustainable-oceans-program)

