Background

• Indonesia is the largest producer of raw seaweed in the world
• 80% of Indonesia’s seaweed production is for export
• Relative easy form of aquaculture to be developed in terms of skills required, low investment
• Still problems in increasing local seaweed production and upgrading the value of seaweed
Objectives

• To investigate the role of Pantarese communities in the seaweed value chain
• To identify constraints in the development of seaweed industry in Pantar
• Identify ways to improve the participation of local communities in the value chain to improve livelihoods
The discussion in VCA

- The core processes of a VCA (e.g. input, production, collection, intermediary trade, wholesale and retail marketing, and consumption)
- The actors
- Price and relative benefits
- Ways to improve participation
Method

- Participatory Rural Appraisal (PRA)
- Focus Group Discussion (FGD)
- Interviews with key informants
- Observation

Period of data collection:
- June and August 2008,
- November 2009 to January 2010,
- June and September 2010.
The activities

Producers

Collectors

Traders

Exporter
Women diving to collect seaweed dislodged from ropes
Exporter
Processing company
Processing company

Utilities

Retailers

Consumers
Key actors

Inputs → Production → Collection → Intermediary trade → Processing → Retail → Consumers

Actors:
- Kiosks - Village traders
- Farmers
- Village traders
- Bulk buyers
- Carrageenan company - Consumer products company
- Sellers

Consumers
Relationship among actors

- business relationships
- personal connections
- Village traders play key role
Price

- Kiosks
  - village traders

- Carrageenan company
  - consumer products company

- Farmers

- Village traders

- Bulk buyers

- Retail

- Consumers

Price

US$0.6-0.7/kg (2009)

US$0.65-1/kg (2009)

US$1.2/kg in 2009

SRC=US$6/kg (2009)

RG= US$10/kg
Price setting

- The price is set by processors in China and Philippines.
- Collectors in Pantar set the price based on communication with traders and exporters.

Seaweed price at farmer level
Benefits

• Producers gained a higher benefit per kilogram than the village trader, bulk buyer or exporter

• However, as the quantity traded by farmers was smaller than the quantity traded by the bulk buyer or exporter, the total benefit received by the seaweed farmers was smaller than for the other actors.
## Constraints expressed by fishers and village traders in four villages

<table>
<thead>
<tr>
<th>Stage in the value chain</th>
<th>Labuhan Bajo</th>
<th>Blangmerang</th>
<th>Kayang</th>
<th>Marisa</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Inputs</strong></td>
<td>No concern</td>
<td>No concern</td>
<td>No concern</td>
<td>No concern</td>
</tr>
<tr>
<td><strong>Production</strong></td>
<td>Hard to find</td>
<td>- hard to find</td>
<td>Hard to find</td>
<td>- lack of skills to identify the location</td>
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<tr>
<td></td>
<td></td>
<td>- lack of skills to identify the location</td>
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<tr>
<td><strong>Village trader</strong></td>
<td>- needs further processing for better quality</td>
<td>- irregular and low production (not economically viable to transport)</td>
<td>- low quality</td>
<td>- low quality</td>
</tr>
<tr>
<td></td>
<td>- lack of information about demand required by buyer</td>
<td>- needs further processing for better quality</td>
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<td></td>
<td>- low and irregular production for transporting to other places (not economically viable to transport)</td>
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</tbody>
</table>
Potential strategies for upgrading the product

- Improve the quality:
  - harvested in 45 days to get a better gel strength
  - a moisture content level of over 35%
  - Improve method in farming and post harvesting
  - 3% purity

- Add value
  - produce food and other products
  - process seaweed carrageenan
    (carefully study about other inputs)

- Other interventions:
  - strengthening the capacity in a group
Better method of farming
Add value (1)
Seaweed body creams, spa scrubs

Source: Msuya, F. (2013)
Conclusions

- The seaweed value chain was linked to and influenced by the international market.
- The value chain of the seaweed production was complex at the collection and intermediary trade stages as it involved many actors.
- Village traders played a key role in this value chain.
Thank you