

The purpose of these *Key Sheets* is to provide decision-makers with an easy and up-to-date point of reference on issues relating to the provision of support for sustainable livelihoods.

The sheets are designed for those who are managing change and who are concerned to make well-informed implementation decisions. They aim to distil theoretical debate and field experience so that it becomes easily accessible and useful across a range of situations. Their purpose is to assist in the process of decision-making rather than to provide definitive answers.

The sheets address three broad sets of issues:

- Service Delivery
- Resource Management
- Policy Planning and Implementation

A list of contact details for organisations is provided for each sub-series.

Workshop overview⁽¹⁾

In October 2003, the Support unit for International Fisheries and Aquatic Research (SIFAR) organised a 'Workshop and Exchange of Views on Fiscal Reforms for Fisheries: To Promote Growth, Poverty Eradication and Sustainable Management'. This took place in the context of a wider OECD-DAC ENVIRONET initiative aimed at examining issues related to environmental fiscal reform (EFR) for sustainable development and poverty reduction.

This Key Sheet is the first of six summary documents on fiscal reform in fisheries based on the outcomes of the Workshop. The purpose of this Key Sheet is to present an overview of the workshop conclusions and recommendations, and to suggest some ways in which these conclusions might be taken forward.

Workshop conclusions

Overexploitation is now the pervasive problem in fisheries, and landings of the 10 most valuable species have declined by 45% due to overfishing. A first important conclusion of the workshop concerned the need to recognise, particularly in policy development, the central role played by resource rent in fisheries exploitation. Depending on the institutional arrangements in a fishery, resource rent can be the driving force leading to overcapacity and overfishing or it can be the basis for the generation of sustainable wealth and revenue. [Key Sheet 2](#) in this sub-series discusses the nature of resource rent.

The most important institutional element concerns the arrangements for access to fish resources. It is widely recognised that free and open access leads to the dissipation of resource rent. Fishery management systems have concentrated on dealing with the open access dimension of the problem. Fiscal arrangements have the potential to improve fisheries exploitation by dealing with the "free" dimension. Such arrangements, and hence their reform, are important in at least two ways. First, fishery management systems are gradually beginning to emerge that allow resource rent to be generated on a sustainable basis. Fiscal conditions will determine the sharing of this wealth between different stakeholders. Second, fiscal arrangements may themselves constitute an important management measure, usually supporting other management instruments and helping to control exploitation levels.

Workshop participants paid much attention to the question of how the fisheries sector could most effectively contribute to macroeconomic objectives - see [Key Sheet 3](#). On the question of employment, for instance, one politically-attractive policy option is to use fish resource rents to encourage employment within the fishery sector itself. However, experience worldwide demonstrates that risks are associated with this option, and participants felt that a wider view must be taken of the question in order to ensure that the best decisions are made from an economy-wide perspective.

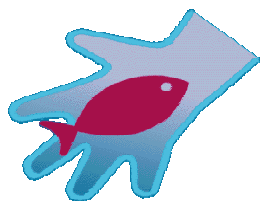
In many countries, a key macroeconomic goal is poverty reduction. Policy-makers face difficult choices on how best to use the fisheries sector to contribute to this objective. One choice, which may be unavoidable in some places at some times, is to use the inherent wealth of the fishery by allowing the dissipation of resource rents into subsistence fisheries as a social safety net. The great difficulty with this policy is that dissipating the wealth of a fishery sows the seeds for its destruction in the long run through overexploitation. The challenge, to which there is no unique solution, is how to generate wealth and revenue on a sustainable basis and ensure that they are distributed equitably.

Having recognised the importance of resource rent and the way in which it conditions the macroeconomic contribution that the fishery is capable of making, the workshop turned its attention to the question of the management instruments that could be used to generate such rents. Two sets of instruments (not necessarily mutually exclusive) are required:

- one set to ensure effective management so as to generate rents, and
- one set to ensure an appropriate sharing of rents between different stakeholders

- see [Key Sheet 4](#) in this sub-series.

On the question of effective management, the workshop concluded that a key requirement is to control capacity. Participants stressed the need to relate solutions to the characteristics of the fishery and to design feasible institutional arrangements. The importance of use rights was also recognised. The fiscal question concerns how best to determine use right fees to achieve the desired rent-sharing between stakeholders.



DFID experience

- The DFID Workshop and Exchange of Views on Fiscal Reform in Fisheries took place in the context of a wider OECD-DAC ENVIRONET initiative examining issues related to environmental fiscal reform (EFR) for sustainable development and poverty reduction. Outcomes of this initiative will include a joint-agency paper on EFR - Environmental Fiscal Reform.
- DFID has also supported work on EFR in China, India and South Africa.

Centres of expertise

- Australian Bureau of Agricultural and Resource Economics - ABARE
- Department for Environment, Fisheries and Rural Affairs - DEFRA
- Department for International Development - DFID
- European Union - EU:
 - DG VIII Development
 - DG XI Environment
 - DG XIV Fisheries
- Food and Agriculture Organization of the United Nations - FAO UN, Fisheries Department
- German Technical Cooperation Agency - GTZ
- GOPA Consultants
- IDDRA
- Institut de Recherche pour le Développement - IRD
- Integrated Marine Management - IMM
- Marine Resources Assessment Group - MRAG
- National Oceanic and Atmospheric Administration - NOAA Fisheries
- Natural Resources Institute - NRI

Fishing access agreements are an important element of the overall fiscal arrangements in many developing countries. There was much discussion of such agreements at the workshop. An important policy question concerns the sharing of fish resources between local and foreign fishers. Some participants felt that local fishers should be favoured, but others argued that the main priority for fishery management was to control the overall level of fishing effort. The breakdown between local and foreign elements was then a politico-economic question, turning essentially on the Government's economic objectives and the relationship of the fishery to them. It was thought to be important that access agreements should be managed as part of an overall fishery management system.

On the assumption that systems can be designed and implemented so that resource rents can be generated, the workshop turned its attention to the allocation of rent to different uses - see [Key Sheet 5](#) in this sub-series. This is a very broad question that goes beyond the fishery sector. One important factor will be choices made concerning the split of rent between the private and public sectors. The workshop focussed on the use of rent collected in the latter context.

The standard approach is for the public element of resource rent to go directly to the Central Government Treasury. Allocations to fisheries are then made through normal Government budgeting procedures. Participants were concerned that this approach has tended to starve fisheries administrations of resources although there are some signs of improvement as Governments come to realise the importance of better fisheries management.

Over and above the contribution to the Treasury, the group suggested that an appropriate use of resources generated from fishing activity would be to improve the physical infrastructure in fishing communities. Such improvements might include roads, electricity to enable cold storage and reduce waste, and the construction and management of landing sites. Activities more directly related to fishing would include the creation of appropriate credit facilities and the funding of Monitoring, Control and Surveillance (MCS) programmes.

Finally, the workshop discussed how fiscal reform might be undertaken - see [Key Sheet 6](#) in this sub-series. In discussing this issue, participants looked at both fiscal reform in general and at access agreements in particular. On the former, they stressed the need for political will to drive the process. Because the benefits from fisheries can and do spill over to other sectors (e.g. funding construction of roads and schools), there must be wide consultation so that the general public have a sense of ownership of the resource. Both direct and indirect beneficiaries from fisheries must be included in the transparent negotiation of a reform process so as to maximise benefits and minimise adverse impacts.

On access agreements, participants emphasised the need for proper preparation before beginning negotiations. A clear set of guidelines for negotiating agreements should be established, taking into account factors such as the catch history and status of fish stocks in the zone, fleet compliance history, and national policies and objectives. Many coastal states need to strengthen their capacity to monitor, control and enforce the requirements as set out in the agreements.

Next Steps

The workshop identified a number of ways in which these ideas could be taken forward. The sections below suggest some possibilities at different levels – international, regional and national. It must be stressed that these are only some possibilities and that different approaches may work better in different countries and different fisheries depending on the precise circumstances.

INTERNATIONAL

Given the novel and important nature of the topic, the Group was keen to find ways to promote the ideas. It was recommended that workshop conclusions be widely disseminated, including to all international and regional organisations having an interest in fisheries policy in the various countries and regions.

The Group was also keen to find ways to continue dialogue. A number of suggestions were made. One was to establish a discussion forum to develop further the themes raised at the workshop and to share experiences in implementation. Further international meetings on this topic would be useful.

REGIONAL

Where resources are shared on a regional basis, there is a need to ensure effective management and collaboration between partners, including the harmonisation of fiscal arrangements. The workshop recommended strengthening or establishing regional bodies to play this role.

At a regional level, it was recognised that countries are at different levels in terms of their fishery management and development programmes, and that they may not share common objectives. Regional workshops should be held to build awareness of the issues and to contribute to the process of identifying priorities and appropriate fiscal arrangements.

Centres of expertise cont.

- Netherlands Institute for Fisheries Research - RIVO
- Organisation for Economic Cooperation and Development, OECD-DAC
- Overseas Development Institute - ODI
- Support unit for International Fisheries and Aquatic Research - SIFAR
- University of British Columbia - UBC, Fisheries Centre
- University of Portsmouth, Centre for the Economics and Management of Aquatic Resources - CEMARE
- World Bank
- WorldFish Center - WFC

NATIONAL

Given the novelty of the approach, which represents a major break with the past, there is a need for extensive communication and discussion of the ideas with all stakeholders. There is a need on the one hand for the Fisheries Ministry to build awareness amongst other Ministries and Government agencies of the contribution that the fishery sector can reasonably be expected to make on a sustainable basis. There is also a need for dialogue with the private sector on the general interest in fiscal reform and the implications.

In order to achieve fiscal reform, there will be a need to ensure that appropriate institutional arrangements exist and perform well. An institutional audit may be a useful starting point, enabling institutional reform requirements to be identified. Capacity will also have to be built up amongst fisheries managers. Technical assistance in calculating resource rents and in institutional analysis would be of particular interest.

In order to ensure sustainability, there is a need to develop holistic management systems, which integrate all fishing effort. This principle should also be applied in the case of access agreements. Although fiscal issues are clearly of great importance, fiscal arrangements are only one part of the fishery management system. There is a need to ensure that the various elements of the system are developed in a harmonious way.

There is a need to clarify objectives to ensure policy coherence. Apparent contradictions, for instance, between attempts to control fishing capacity within a context of resource rent extraction and attempts to encourage fishery development through favourable investment codes need to be dealt with very carefully.

In many cases, fiscal systems are very complicated based on a wide range of taxes, fees and levies. In a fiscal reform process, it would be useful to simplify so far as possible the system.

Key Literature

SIFAR (2003) [Workshop and exchange of views on fiscal reforms for fisheries - to promote growth, poverty eradication and sustainable management, Rome, 13-15 October 2003. Report.](#) Available online at: <http://www.onefish.org/id/188144>.

Various papers presented at the Workshop:

Abdourahim, B. (2003) [Communication de la République de Guinée.](#)

Anon. (2003) [Le cas de la Mauritanie.](#)

Bahiigwa, G., K. Mugambe Boaz and B. Kezire (2003) [Fiscal reforms in fisheries in Uganda: country paper.](#)

El Filali, H. and H. El Ayoubi (2003) [Rapport sur le secteur des pêches maritimes au Maroc et la réforme fiscale pour la promotion de la croissance et l'aménagement durable.](#)

Gitonga, N. K. and R. Achoki (2003) [Fiscal reforms for Kenya fisheries.](#)

Manieva, J. (2003) [Fiscal reforms for PNG fisheries.](#)

Senegal Ministère de la Pêche (2003) [Senegal country paper.](#)

Singh, Y. (2003) [Fiscal reforms for fisheries in India - a case study.](#)

Tamate, J. (2003) [Access agreements: South Pacific Forum Fisheries Agency.](#)

Tembe, H. (2003) [Access agreements within the context of fiscal reforms: the Mozambican context.](#)

(1) This special series of Key Sheets on Fiscal Reform in Fisheries disseminate the outputs of a 'Workshop and Exchange of Views on Fiscal Reform in Fisheries - To Promote Growth, Poverty Eradication and Sustainable Management' organised by SIFAR/FAO, Rome in October 2003 and sponsored by DFID. The Key Sheets aim to respond to a growing demand from fishery managers and policy makers in developing countries for practical and accessible information, and for management-relevant advice on this subject.

N.B. Text in blue indicates online links.



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