

# Has the Leopard Changed its Spots? Some thoughts on the challenges awaiting small scale fisheries

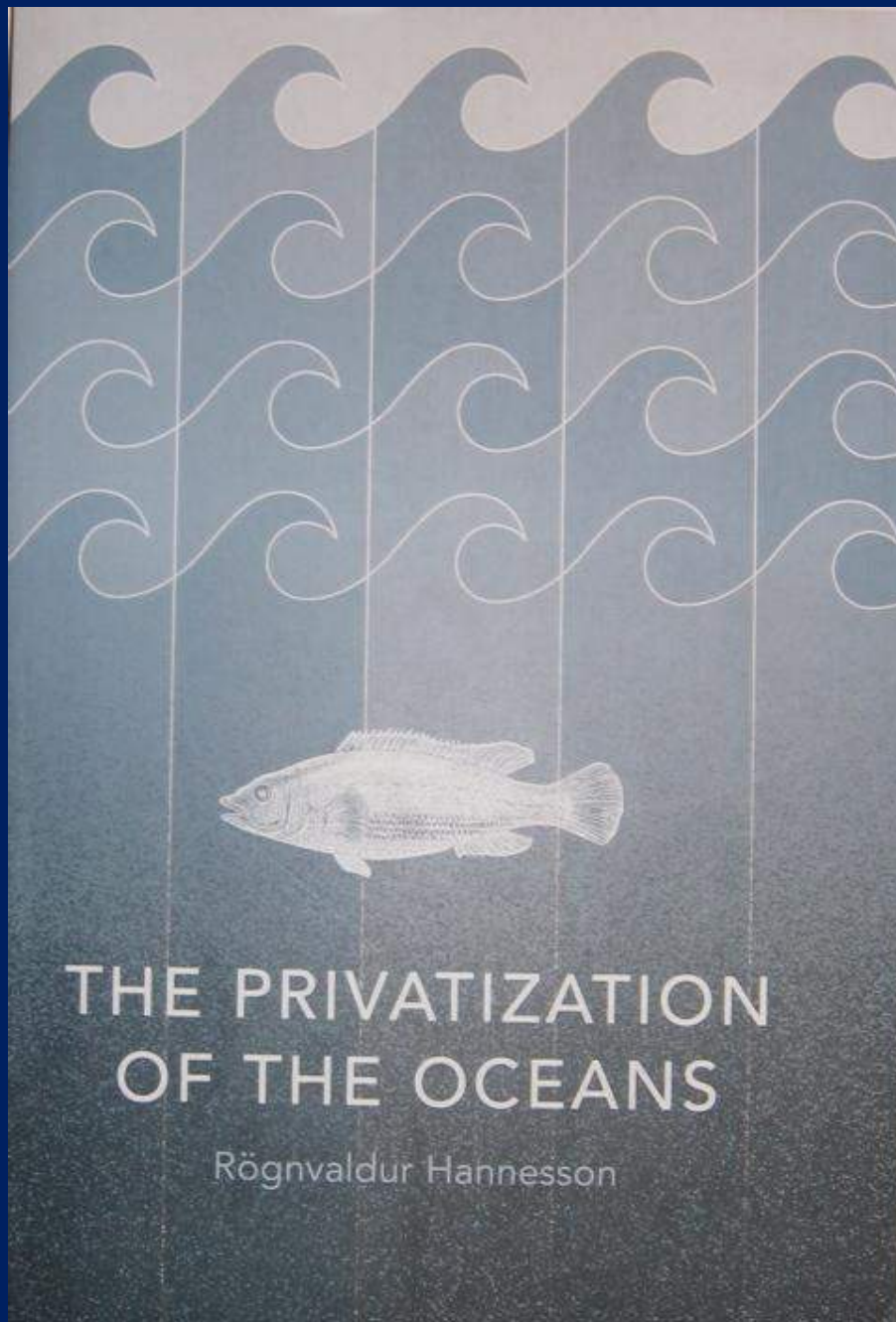
World Forum of Fisher Peoples  
6<sup>th</sup> General Assembly

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Challenge:

The push for privatization



# THE PRIVATIZATION OF THE OCEANS

Rögnvaldur Hannesson

# U.S. Acts to Alter New England Fisheries

By CORNELIA DEAN

Published: April 8, 2009

The National Oceanic and Atmospheric Administration, the federal agency that regulates ocean fishing, is taking preliminary steps toward privatizing fisheries in New England, the agency's administrator said Wednesday.

The official, Jane Lubchenco, said the agency would finance surveys and other research needed to establish a system in which fishermen, grouped by "sectors" defined by the type of gear they use or other factors, could work together to decide who will fish, and where. As is

ECOLOGY

## Privatization Prevents Collapse of Fish Stocks, Global Analysis Shows

Two years ago, a team of researchers took a broad look at the world's commercial fisheries and predicted that excessive harvesting would cause them all to collapse by 2048. Now, three other scientists have taken an equally broad look at how fisheries are managed and come up with a more hopeful view.

On page 1678, the trio—Christopher Costello and Steven Gaines of the University of California, Santa Barbara, and John Lynham, now at the University of



September 19, 2008

# Privately Owned Fisheries May Help Shore Up S

By [CORNELIA DEAN](#)

Giving people ownership rights in marine fisheries can halt or even reverse catastrophes, researchers in California and Hawaii are reporting.

Fishing and conservation

# A rising tide

Sep 18th 2008

From *The Economist* print edition

**Scientists find proof that privatising fishing stocks can avert a disaster**

AFP





# ONE LAST CHANCE

The Economic Case for a New Approach to Fisheries  
Management in New England

Robert J. Johnston Ph.D.  
Natural Resource Economist  
Clark University

Jon G. Sutinen Ph.D.  
Resource Economist, Emeritus  
University of Rhode Island



THE  
**PEW**  
ENVIRONMENT GROUP



Privatize,

or perish

How did we get here?

From the start, it was recognized that fishery problems were related to the absence of individual property rights in the fish stocks. . .

[Copes 1986, p. 278]

The orthodox logic (diagnosis and prescription)

*Premise:* Private property creates the incentive for wise resource management.

*Empirical Claim:* There are no private property rights in fisheries and fisheries management is a mess.

*Conclusion:* This situation requires private property.

e.g.,

## Diagnosis

“Fisheries, as so many other natural resource extraction activities, are among the economic activities where property rights are poorly defined or even nonexistent. This generally results in huge inefficiencies, frequently referred to as *the fisheries problem.*”

(Arnason, 2000:14)

# Prescription

“It follows immediately that the fisheries problem would disappear if only the appropriate property rights could be defined, imposed and enforced”  
(Arnason, 2000:19)

## Challenge/Quest

Q: How do you introduce property rights in fisheries?

A: Licenses, no wait, ITQs

But what are ITQs?

Rights based fishing

Individual transferable quotas (ITQs)

Transferable Fishing Concessions (TFCs)



# A Failure to Distinguish the Tool from the Ideology

Tool: pre-assigned catch

Ideology: insistence that the tool must be private property and only “works” if it is

Mistaking the ideology for the tool  
produces:

The privatization model

# The privatization model— Characteristic

Features:

assigned catch that is

given freely to select vessel owners

based on catch history

indefinite

transferrable

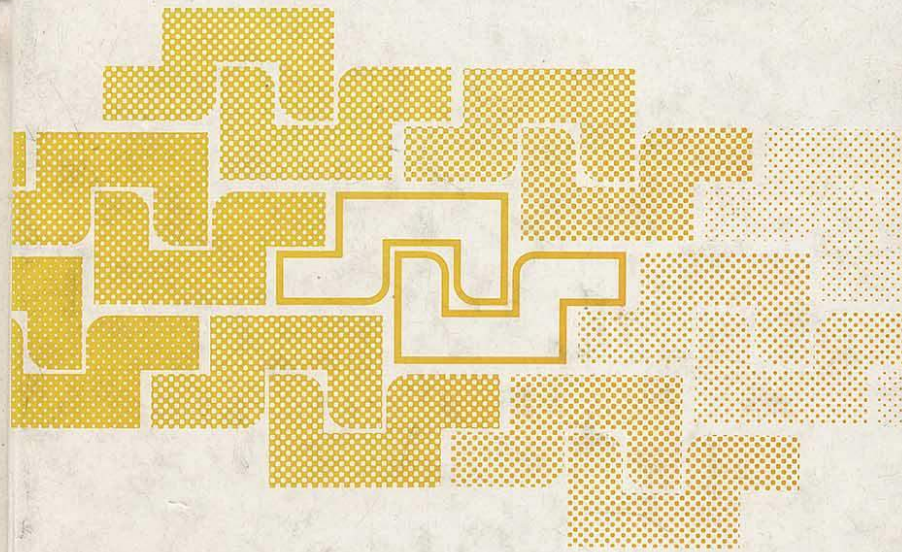
wrapped in a rhetoric of deregulation and

property rights

and

Is predicated upon an embrace of trickle  
down theories of economic growth

The Privatization Model is The solution  
on offer all around the world



# Rights Based Fishing

Edited by

Philip A. Neher, Ragnar Arnason  
and Nina Mollett

NATO ASI Series

Series E: Applied Sciences - Vol. 169

ITQs are part of one of the great institutional changes of our times: the enclosure and privatization of the common resources of the ocean. These are now mostly the exclusive property of the coastal states of the world.

[Neher *et al.* 1989:3]

[Note they acknowledge that we have an owner, thus we have a management problem, not a property problem]

ECOLOGY

# Privatization Prevents Collapse of Fish Stocks, Global Analysis Shows

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"This study gives us a solution to work with in fighting the global fishery crisis," says Boris Worm, who was not involved in the research. "There are fisheries which are doing well because of rights-based management. It's the silver lining that we have been looking for. Now we need to implement these solutions more widely."

Understanding the key explanatory logic

# Can Catch Shares Prevent Fisheries Collapse?

Christopher Costello,<sup>1\*</sup> Steven D. Gaines,<sup>2</sup> John Lynham<sup>3†</sup>

Recent reports suggest that most of the world's commercial fisheries could collapse within decades. Although poor fisheries governance is often implicated, evaluation of solutions remains rare. Bioeconomic theory and case studies suggest that rights-based catch shares can provide individual incentives for sustainable harvest that is less prone to collapse. To test whether catch-share fishery reforms achieve these hypothetical benefits, we have compiled a global database of fisheries institutions and catch statistics in 11,135 fisheries from 1950 to 2003. Implementation of catch shares halts, and even reverses, the global trend toward widespread collapse. Institutional change has the potential for greatly altering the future of global fisheries.

**A**lthough the potentially harmful consequences of mismanaged fisheries were forecast over 50 years ago (1, 2), evi-

dence of global declines has only been seen quite recently. Reports show increasing human impacts (3) and global collapses in large predatory fishes

(4) and other trophic cascades in marine ecosystems (5). We believe that these declines are the result of the mismanagement of fisheries.

One explanation for the decline lies in economic incentives that are not optimal to capturing sustainable yields. A large windfall return is often realized from large windfall rather than capturing a steady return on a regular basis. Although the possibility for

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"The difference is comparable to renting an apartment versus the house you own," says Costello. "If you own something, you take care of it—you protect your investment or else it loses value. But there's no incentive for stewardship when you don't own the rights to it."

# Sustainable fisheries

Geoffrey Heal and Wolfram Schlenker

**Fishermen's aims of increasing their catch seem at odds with preserving fish stocks by limiting catch. A study of more than 11,000 fisheries shows that 'individual tradable quotas' can reconcile these goals.**

'The destruction of the world's major fisheries has been widely documented, with a general consensus that the biomass of top marine predators is now some 10% of what it was half a century ago'. Many of these species — such as the bluefin tuna, Atlantic cod, and swordfish in the Atlantic and Indian oceans — are expected to be extinct within decades. There is therefore great interest in finding ways of managing fisheries that ensure their sustainable use,

the use of 'individual tradable quotas' (ITQs), has had dramatically beneficial impacts on many of the fisheries in which they have been implemented.

The destruction of the world's fisheries is a classic illustration of the 'tragedy of the commons'. With open access, all boats are competing for the same fish: the more fish one catches, the fewer there are for others. Everyone rushes to catch as many as possible. There is no point

be traded, and their value of course depends on the productivity of the fishery: shares in a collapsed fishery are worth as little as shares in a collapsed bank. But shares in a thriving fishery command high prices and represent real wealth for their owners. Suddenly, fishermen have an incentive to preserve a fishery for the future, as preservation will be reflected in a higher value of which they 'own' a share. Each fisherman has an incentive to lobby for the optimal TAC.

if you own something, you take care of it

**‘Ownership Promotes Stewardship’**

**(a theory of self-interest)**

Enough of the background primer, where are  
we now?...



(Oak Foundation Grant Report)  
**Environmental Defense Inc**

Amount:

USD 600,000

Purpose:

To implement key reforms in Belize's fishery sector in an effort to reduce and eventually end the over-fishing of key marine species. The EDF will work to create a permanent, irreversible policy and regulatory environment for a rights-based fishery management tool (managed access) by 2015

The Government, with EDF, will roll out managed access to the entire marine ecosystem of Belize by 2016, in partnership with a coalition of non-governmental organisations and fishermen.

In the ABNJ Program, contact:

Aquaculture Department  
Organization of the United Nations  
fao.org

In the Global Environment Facility:  
me

In UNEP and GEF:

# GLOBAL SUSTAINABLE FISHERIES MANAGEMENT AND BIODIVERSITY CONSERVATION IN THE AREAS BEYOND NATIONAL JURISDICTION (ABNJ)

## PRESERVING THE WORLD'S LAST GLOBAL COMMONS



**THE WORLD BANK**



**THE WORLD BANK**

Ultimately, the Program will lead to improved global sustainable fisheries management and biodiversity conservation in the ABNJ:

- moving towards the ecosystem approach and rights-based systems and away from the race to fish
- increasing our ability to protect fragile ecosystems
- fostering international and cross-sectoral coordination and sharing of information

# TOWARDS INVESTMENT IN SUSTAINABLE FISHERIES

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A FRAMEWORK  
FOR FINANCING THE  
TRANSITION

Discussion document



Public Disclosure Authorized



85824

FRAMEWORK DOCUMENT FOR A

# GLOBAL PARTNERSHIP FOR OCEANS

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# TOWARDS INVESTMENT IN SUSTAINABLE FISHERIES

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A FRAMEWORK  
FOR FINANCING THE  
TRANSITION

Discussion document





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**INTRODUCING FISHERIES  
AS INVESTABLE  
PROPOSITIONS**



et al., 2012). According to The World Bank (2010), global fisheries could be worth an additional US\$50 billion annually. In other words, the upside benefit of sustainable fisheries is huge and should be considered a 'no-regrets option.'

## **The investment case**

Fisheries transition, in many ways, displays similar traits to those of a classic investment turnaround: the upfront costs of transition are offset by the profits that are generated through more efficient and productive fisheries with higher harvests and lower costs. In other words, there is a real return on investment to be had.

The state of global food markets offers a strong case for both the need for, and potential returns from, the transition to sustainable fisheries. Demand for seafood continues to grow, while supply has been constrained, which has led to a substantial increase in prices since the early 2000s – as can be seen in figure 1.

While a growing aquaculture industry can meet some of this

The GPO, v. 1.0

Throughout history, the fluid nature of the oceans has meant that their resources have often been unowned and unmanaged, with access open to all users – essentially oceans are the planet's largest commons. However, as demand for ocean resources has risen over the last century in this context of open access, so too has their scarcity - signaling the well-documented 'tragedy of the commons' in oceans around the world. During this period, the institutions capable of effectively managing the human actions directly or indirectly affecting the oceans failed to develop or evolve as rapidly as ocean use, and all too often introduced approaches that did not address the conditions of open access. [Framework Draft 1 2012:6]

The well-known cases of rights-based fisheries management reforms in Iceland, Namibia, New Zealand, Norway and the U.S. have shown sizable economic, social and environmental benefits over the last decade, [Framework Draft 1 2012:10]

Taking Stock:

Or,

They have the World Bank and the GPO and the GEF (and  
Walton, and Moore, and, well, ...)

What do you have?

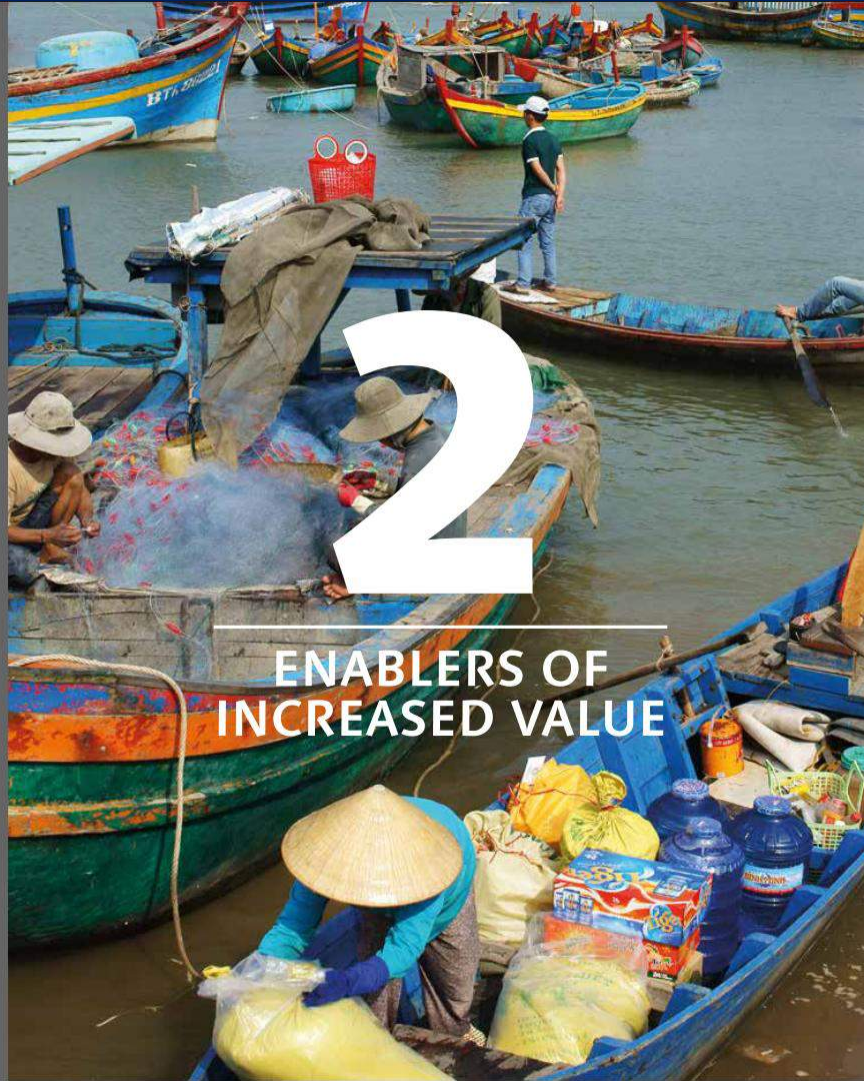
The Guidelines!

And they have noticed....

The GPO, v. 2.0

Out: rights-based fishing

In: Human Rights, SSF Guidelines, Tenure Guidelines, Gender...



ENABLERS OF  
INCREASED VALUE



significantly more economic value, alongside significant social and environmental benefits. First and foremost, fisheries must be managed in a way that ensures environmental sustainability while allowing the fishery to meet social and economic goals. Research and experience highlight three key elements that must be in place to enable a sustainable and financially-viable fishery:

- 1.** Secure tenure
- 2.** Sustainable harvests
- 3.** Robust monitoring and enforcement

These enabling conditions, which are described in more detail below, provide the foundation from which stock recovery can be successfully implemented and maintained and create a more stable business environment for fishers to further improve their operations and access to market. In addition, particularly in the case of secure tenure, they also serve to catalyse an immediate increase in value in the fishery overall.

Some fisheries will have none of these conditions in place, while others may have only one or two. Furthermore, they may be poorly designed and ineffectively implemented. In any case, projects seeking to improve fisheries and generate a return for stakeholders should be designed to introduce or strengthen these management elements and investors should evaluate proposals based on the ability for these conditions to be achieved.

But has the leopard changed its spots?

(How do you know if they are still talking about privatization when they have changed their words to your words?)

A toolkit for detecting a privatization agenda:

Do they talk about:

“rights based fishing”

“the Tragedy of the Commons”

“too many boats chasing too few fish”

“fisheries as investable opportunities”

“using market-based instruments to create  
incentives”

“creating incentives to promote stewardship”

Implementing secure tenure provides fishers with a long-term vested interest in the health of the resource. It provides access and exclusivity to secure, long-term returns, which are essential for increasing the value of fisheries. Tenure systems allocate a secure area or share of the catch to those who operate within the fishery and whose business depends on the fishstocks (MRAG et al, 2009; WWF, 2011; Bonzon et al, 2013). Secure tenure can be allocated to groups of fishers, such as cooperatives, or individuals.

Establishing secure tenure is important because it changes fishers' incentives. Overexploitation of fish stocks and the significant lost value that results is primarily due to the dynamics of open-access resources. Characterised as the 'tragedy of the commons' (Hardin, 1968), in an open-access fishery it is rational and profitable in the short-term for fishers to remove more fish from the sea than it is possible to replenish. As a result, over the long term

canning). Furthermore, a review of 15 fisheries in North America showed an average 90% increase in revenue per vessel five years after establishment of secure tenure (Grimm et al. 2012).

Well-implemented secure tenure requires that the conditions are clearly defined and can only be revoked through a legitimate process. This gives fishers the security to plan for the long-term, and by extension gives investors the confidence to commit funds. The process and corresponding rules for defining secure tenure through access and use conditions can take many forms, as outlined in box 1. Having secure tenure is fundamental to reducing the risk of investment in fisheries. For an investment in the transition to sustainable fisheries to generate a return, it is essential that all actors are incentivised to operate according to the transition plan over the length of the project lifetime. Secure tenure establishes

There are several resources available for establishing secure tenure. These resources, which are applicable to a variety of different fisheries and address a diversity of stakeholder goals, are commented on in this section, and full references can be found at the end of this report.

Secure tenure encompasses many systems of management and is often referred to as rights-based management or catch shares. According to EDF's *Catch Share Design Manual* (2013) a catch share program *“allocates a secure area or privilege to harvest a share of a fishery's total catch to an individual or group. Programs establish appropriate controls on fishing mortality and hold participants accountable.”* Amongst the different systems of catch share are individual transferable quota (ITQ), individual vessel quota (IVQ),

## And the GPO v. 2.0?

“Reduce the open access nature of fisheries by creating responsible tenure arrangements, including secure access rights for fishers and incentives for them to hold a stake in the health of the fisheries; [Framework, 2014:23 Appendix 1]”



But:

“As such, the GPO will work exclusively to empower local ocean users—the owners of this public resource—to take a long-term stake in the health of those resources and will help them to reap the benefits from them.

[Framework, 2014:12]”

What to do?

## 1) Beware:

- i) Strategically Benign Rhetoric
- ii) Beer and Circus
- iii) Cooptation of *your* SSF Guidelines

the World Fish Center (Andrew & Evans, 2009) and the European Union (MRAG et al, 2009).

In addition, several organisations have created guidelines for the establishment of secure tenure, either through legal frameworks or voluntary guidelines. The latter has been covered in some detail by the FAO, which produced voluntary guidelines for the governance of tenure (including for fisheries) in 2012 and draft guidance on applying secure tenure as it applies specifically to fisheries in 2013 (FAO, 2012; FAO, 2013b).

2) Hold them accountable for their use of your words/principles...

Ask them how their proposals are actually consistent with the words they have borrowed from you. Demand it.

For Example:

Ask them how the rights-based programs in Iceland, New Zealand, and Denmark (that they flaunt) are consistent with your emphasis on equity, customary rights, human rights and sustaining small scale fishing communities.

### 3) Pay Attention

Take this challenge (privatization) very seriously— educate yourselves about these initiatives and the associated rhetoric.





# The Global Ocean Grab

A primer

Thank you.

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