Linking fisheries reform to political economy

A recently completed report on The Political Economy of Natural Resource Use: Lessons for Fisheries Reform consolidates existing knowledge on the political economy of natural resource use. Because of its traditional focus on regulatory approaches the fisheries sector has been slow to apply the lessons from the well established literature on the political economy of property rights. The report draws attention to the tremendous opportunities available for improving the chances for successful fisheries reform across a broad spectrum of countries. Political economy challenges and fishery-specific pathways for establishing rights-based reforms must be closely linked to achieve success in building sustainable wealth in fisheries.

SYSTEMATIC FAILURE IN FISHERIES

In the late 1970s, coastal nations extended claims over many of the world’s marine fishery resources—from 3 miles to 200 miles from shore. The management approach, which prevails today, was for government to rely strictly on command-and-control regulation (e.g., restrictions on vessels, gear, seasons, and catch characteristics), with little attention given to economic objectives. Unfortunately, the evidence is overwhelming that this approach has not delivered reasonable economic, social, or biological sustainable outcomes over the past 40 years. The silver lining is that the potential pay-off from fisheries reform tailored to meet the political economy conditions in a region is not only huge economically for the sector, it is crucial for enhancing economic growth and alleviating poverty in developing countries with significant fisheries assets.

NEW DIRECTIONS IN FISHERIES MANAGEMENT

While less than 2 percent of the world’s fisheries have adopted rights-based reforms the good news is that such reform pathways are increasingly showing signs of success. This lends strong support to the arguments put forth by Anthony Scott and other economists over the past 50 years on the need for rights-based reform in fisheries to overcome the tragedy of the commons.

THE POLITICAL ECONOMY OF DEVELOPMENT AID

A change to the way fisheries development aid is applied is also needed to support effective reform. While it appears that aid has focused more on addressing core fishery policy issues in recent years, there is little evidence that aid to fishery projects has been based on the robust economic theory of why fisheries are prone to overuse and overcapitalization.

CHARACTERISTICS FOR SUCCESSFUL REFORM

The keys for successful reform include determining whether fishery rents are being generated, whether conditions are favorable for rent enhancement, and whether rents can be distributed in a socially and fiscally responsible manner.

Rent generation starts with eliminating open access and ensuring a reliable legal setting for enforcement. Rent enhancement depends on the ability of fishers to reap the rewards from any rent enhancement activities they carry out and must be supported by a robust fiscal regime for fisheries management. In addition to removing subsidies that encourage overfishing and overcapitalization, fiscal mechanisms such as cost transparency and service contestability, should be in place to hold government accountable for its performance.
The figure below shows perceived levels of corruption from 0 (highest) to 10 (lowest) mapped against World Bank Governance Indicators for rule of law (-2.5 (weakest rule of law) to 2.5 (strongest)) for a range of countries. Reform processes in Namibia, South Africa, Botswana and New Zealand will differ from those that score lower on these indices.

ACCOUNTING FOR POLITICAL ECONOMY

A fundamental requirement for expanding fisheries reform is incorporating knowledge of a country’s political economy into the reform strategy. Specifically, rights-based reform pathways need developed in a manner that is compatible with the political economy circumstances, nationally and at the local fishery level.

For fisheries in the developed world reforms based on individual transferable quota systems are well known for their ability to generate substantial rents. But such a pathway may be impractical for countries where there is little domestic capacity to manage resources sustainably, or where there is little will to protect property rights held by non-elites. In such cases other pathways such as devolving management responsibilities and harvesting rights to lower levels of government and / or to fishing communities, holds promise.

CASE STUDY WORK FOR THE FUTURE

All told, the papers in this report lead to the conclusion that there is a tremendous opportunity to improve the chances for successful fisheries reforms across a broad spectrum of countries. More work is however needed to link such elements as fisheries characteristics (e.g., offshore industrial fishery versus a low-tech, small-scale fishery) to the political economy circumstances in the developing world.

Further case study analysis will be undertaken to document reform factors in developing countries and develop guidelines for future fisheries reform. Each case study will consider the triggers, objectives, and degree of legal recognition for reform as well as economic, social, and environmental performance.

This study is the result of a collaborative effort between the World Bank’s Program on Sustainable Fisheries (PROFISH), the Partnership for African Fisheries (PAF) program (a United Kingdom Department for International Development funded initiative administered by the New Partnership for African Development) and the Property and Environment Research Center (PERC). The editor of the report, Donald Leal, is a senior fellow and director of research at PERC.