

**DRAFT**

**ADDRESSING CORRUPTION IN PACIFIC ISLANDS FISHERIES**

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Corruption and Fisheries Project*

By

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## INTRODUCTION

The Pacific Islands region includes some of the smallest States in the world, surrounded by the world's largest ocean. Many of these States are in a precarious condition<sup>1</sup> with low economic growth, political instability and significant weaknesses in their governments and institutions. Economic activity in much of the region is dominated by governments, and foreign fishing access agreements and foreign aid comprise significant and tangled components of national budgets. While there are many shared concerns within the region (particularly over issues such as climate change and fisheries development), there is also a great cultural, economic and institutional diversity with large variances between Island States in their levels of development, institutional capacity and effectiveness of governance.

The economic, governance and institutional weaknesses of the Pacific Islands States combine to leave them particularly vulnerable to corruption in the fisheries sector. In recent times, there has been a significant concern throughout the Pacific Islands region regarding the impact of corruption<sup>2</sup> and associated weaknesses in governance on the ability of the region to effectively manage and develop its economy.<sup>3</sup> In the fisheries specific context, some senior fisheries managers and advisers in the region have also started highlighting the likely impacts of corruption in the fisheries sector, particular in regard to licensing and access agreements, on the sustainability of the fisheries resources of the region. The key factor in all of these is the lack of transparency in many fisheries decisions, particularly in licensing and access negotiations. Les Clark notes that: "Looking ahead, concerns about transparency are not likely to abate. With resources becoming scarcer and access to them becoming more valuable, incentives for corrupt practices are bound to increase."<sup>4</sup>

This paper examines fisheries corruption in the Pacific Islands in three specific areas, namely licensing, access negotiations and monitoring and enforcement. The paper concludes with recommendations for reforms to address corruption concerns in Pacific island domestic fisheries management.

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<sup>1</sup> ForSEC. 2005. Enabling Environment – Good Governance and Security. Pacific Plan Regional Analysis Papers. Pacific Islands Forum Secretariat. Accessed 18 December 2007. <http://www.pacificplan.org/tiki->



The four key tuna species of interest (albacore, skipjack, yellowfin and bigeye) migrate across the EEZs and high seas pockets throughout the region. Unlike other tuna fisheries in the Atlantic, Indian and Eastern Pacific Oceans, the majority of fishing effort in the WCPO occurs within the EEZs of the Pacific Island States, Indonesia and the Philippines. Approximately 57% of all WCPO catches for the four key tuna species are taken from within Pacific Island EEZs<sup>9</sup>. Pacific Island States depend upon these fisheries as a traditional and important source of food; employment (21,000 – 31,000 regional jobs); and as a critical form of revenue (AUD\$80-90 million in access fees) and income (expenditure by locally based vessels is worth approximately AUD\$190 million).<sup>10</sup>

These fisheries are the only significant resource for many Pacific Island States and have long been viewed as the primary development opportunity for many of the region's developing Island States. Access fees from foreign fishing vessels deliver much-needed financial contributions to governments, while domestically-based foreign fishing fleets and support industries make substantial contribution to the national economies of many Pacific Islands States. In some cases revenue from tuna can contribute up to 42% of gross domestic product<sup>11</sup> (e.g. Kiribati and Tuvalu). Access fees are significant components of national economies for 7 of the 14 Pacific Island States.<sup>12</sup> Fisheries resources have also, to a degree, motivated some distant water fishing States to build and maintain political relationships throughout the region that include significant aid budgets. However, these complicated relationships can bring a Pandora's box of development, governance and foreign policy ramifications.

The two main components of the Pacific Islands tuna fisheries comprise distant water fishing vessels and domestic fishing vessels. Distant water fishing vessels may either be based within a Pacific Island State (due to licensing requirements) or operate from a distant home port. The vast majority of these vessels are from distant water fishing nations (DWFN), notably China, Japan, Korea, the United States, Taiwan and increasingly, the European Union, who fish within Pacific Island EEZs or on the high seas. These vessels operate through access ag

interests. Charter and/or joint venture arrangements generally specify local participation requirements in the venture and require that the vessel be located within the country. Most domestic vessels are longliners, but recently there has been an increase in Pacific Island flagged or domestic-based purse sein



While there are a diversity of causes and contexts for corruption throughout the Pacific Islands region<sup>19</sup>, these States share a number of general characteristics that leave them vulnerable to corruption.

The small size of many of the Pacific Island States creates inherent vulnerabilities. The median population of each Pacific Island State is a little over 50,000<sup>20</sup> with low electoral ratios of parliamentary representatives to citizens (i.e. small electorates where the Minister is likely to personally know many, if not most, of his constituents). The small size of the communities, and the strong cultural ties, encourage a tendency to promote one's colleagues or relatives over merit based appointments.<sup>21</sup> Additionally, politics is sometimes viewed as a 'means to personal wealth.'<sup>22</sup>

Many of the Pacific Islands States suffer from low economic growth and poverty. Economic activity in much of the region is dominated by governments, while foreign fishing access agreements and aid funding form significant and tangled components of national budgets. The Table below shows the contribution of fisheries to the economies of the independent States in the Pacific Islands region.

	<b>Aid</b> % of GDP	<b>Access Fees</b> % of GDP	<b>Government expenditure</b> % of GDP	<b>Government Employment</b> % of total paid employees
<b>Fiji</b>	2.3	0.01	19.4	18.7
<b>Papua New Guinea</b>	6.4	0.17	n/a	n/a
<b>Solomon Islands</b>	25.5	0.1	53.1	32.5
<b>Vanuatu</b>	11.7	0.1	39.4	33.3
<b>Cook Islands</b>	3.5	0.21	n/a	n/a
<b>Samoa</b>	10.4	0.08	28	10
<b>Tonga</b>	16.3	0.1	43.4	41
<b>Tuvalu</b>	38.6	42.6	n/a	n/a
<b>Kiribati</b>	31.5	42.81	100.6	28.7
<b>Marshall Islands</b>	53.9	5.12	98.1	46.4
<b>Fed. St. Micronesia</b>	49.5	6.7	89.8	69.2
<b>Nauru</b>	35.5	6.59	n/a	n/a
<b>Palau</b>	20.6	0.7	n/a	n/a

Source for data: World Bank, 2002. *Pacific Islands Regional Economic Report*, World Bank, Washington, DC. – Gillet, R. and Lightfoot, C. 2001. *The Contribution of fisheries to the economies of Pacific Island Countries*. Report prepared for Asian Development Bank, Forum Fisheries Agency and World Bank. – AusAID. 2006. *Pacific 2020. Challenges and Opportunities for Growth*. Australian Agency for International Development (AusAID). Canberra.

<sup>19</sup> For a discussion of the various causes of corruption identified in the region, Larmour, Peter. 2005. *Corruption and accountability in the Pacific Islands*. Asia Pacific School of Economics and Government Discussion Paper 05-10. Australian National University. Canberra

<sup>20</sup> Larmour, Peter. 2005. *Corruption and accountability in the Pacific Islands*. Asia Pacific School of Economics and Government Discussion Paper 05-10. Australian National University. Canberra.

<sup>21</sup> Larmour, Peter. 2005. *Corruption and accountability in the Pacific Islands*. Asia Pacific School of Economics and Government Discussion Paper 05-10. Australian National University. Canberra.

<sup>22</sup> Larmour, Peter. 2005. *Corruption and accountability in the Pacific Islands*. Asia Pacific School of Economics and Government Discussion Paper 05-10. Australian National University. Canberra.

This heavy reliance on aid, often tied up with foreign fishing access agreements, brings risks of corruption.<sup>23</sup> While some donors are increasingly demanding ‘good governance’ and accountability requirements for donor funds, other donors are less demanding. Interviewed officials recounted examples of a Pacific Island State that had introduced audit legislation in response to donor concerns. This legislation mandated auditing and oversight of all expenditure of donor funds



legislative framework for licensing can best be described as a “one-man” system in which fisheries legislation vest exclusive and power, with wide discretion, in either the minister responsible for fisheries or a licensing officer (usually a senior fisheries official) to issue licenses for both foreign and domestic fishing vessels. The licenses so issued provide the only means of verifiable authorization to fish. ‘One-man’ licensing processes are particularly vulnerable to corruption and do not include adequate opportunities for review



And even where the agreement texts are public, the negotiations themselves are usually closed. More seriously perhaps, in countries where access agreements are important, the approach to negotiating access agreements is also reflected in the legislation governing all fisheries decisions. For example, one element of the strategy developed in the 1980s for developing coastal States was to give very great legal authority to a single Minister or official not just to negotiate access



several instances of corruption by fisheries officials and resulted in the dismissal and prosecution of many senior officials.

## **RECOMMENDATIONS FOR REFORM**

Fishing activities, particularly licensing and the operations of foreign fishing vessels are “distant” and are generally out of the public view as most of the vessels operate far at sea and barely come to the ports of the host country, except to refuel. This unique characteristic of fisheries makes it easier for fisheries officials and ministers to engage in corrupt license deals. This situation has been compounded by the fact that fisheries legislation has historically vested exclusive and discretionary power in either a minister or a senior fisheries official to issue licenses, a factor identified as one of the major causes of corruption in fisheries decisions. Improving the transparency of fisheries decision-making, particularly licensing, access negotiations and monitoring and

