

– Call for contributions –

Domestic resource mobilization for fisheries resources

Background

As part of the new interministerial strategy between the Ministry of the Economy and the Ministry for Europe and Foreign Affairs (MEAE) published in June 2020, French official development assistance must play a greater role in Domestic Public Resource Mobilization (DPRM). Setting out States' ability to collect revenue, particularly through taxation, and to use it to finance their growth, domestic resources are the main source of financing for development in Africa (over 50%), far ahead of official development assistance (about 15%).

This strategy will be operationalized via a multi-year Strategic Investment Plan for Development (PISD 2020-2023). This plan, comprising a bilateral and multilateral component, includes €60.3 million to finance initiatives encouraging domestic resource mobilization, in sub-Saharan Africa as a priority.

Therefore, to ensure the effective implementation of the new French strategy and the PISD, the Ministry of the Economy and Finance and the Ministry for Europe and Foreign Affairs have created a platform for discussion and coordination, bringing together French public and private stakeholders involved in supporting domestic resource mobilization in developing countries. This platform will thus help establish a network of stakeholders with clearly defined duties and responsibilities, opening up the possibility of acting together and attaining greater transparency regarding French interventions.

Its mission will be to:

1. Coordinate the work of the various participants
2. Develop links between the administrations and research in order to consolidate French expertise on the international arena
3. Follow the indicators of the Strategic Investment Plan for Development 2020-2023 and comment on the French intervention
4. Train French operators via interministerial seminars
5. Include civil society in discussions on support for DPRM
6. Promote French expertise during seminars/conferences to promote the priorities of the strategy

As part of objective 2 of the platform, the MEAE decided to issue a grant to produce a research paper, with the aim of generating knowledge which can then be promoted internationally and in French and international cooperation arrangements. It will support the best experts on the

chosen theme to produce a high-quality study, the results of which can be reported on by the members of the platform.

The theme selected by the platform for the first call for contributions is domestic resource mobilization for fisheries resources, with an approach focusing on biodiversity and the preservation of natural resources.

Justification

Domestic resource mobilization for fisheries resources is a theme which straddles ecology and taxation and customs policies. This is why the platform wants to avail of expertise from the world of research, in order to highlight the existing scope for action in terms of public policy.

“Fisheries resources cause conflict situations at various levels of the activity, both in terms of their exploitation and their management. While these tensions are not new, the fact is that in an increasingly globalized spatial context with diminishing fisheries resources, these rivalries tend to be exacerbated” (*“Globalization and conflicts over fish stocks”, Sylvain Le Roux and Julien Noël, in Écologie & politique 2007/1 (N°34), pages 69 to 82*). In addition to the problems linked to externalities and free access to resources, there can be additional difficulties in terms of governance and jurisdiction. Indeed, shoals of fish can sometimes be found on the borders of various States and certain species migrate during the year to different geographical regions. More globalized management therefore seems necessary (*Pintassilgo, P., Kronbak, L. G., & Lindroos, M. (2015). International fisheries agreements: A game theoretical approach. Environmental and Resource Economics, 62(4), 689-709.*). Gradually, the number of bilateral agreements (e.g. partnership agreements on sustainable fishing) and multilateral agreements (e.g. Agreement on the Central Arctic Ocean) on fisheries resources is increasing, as is the number of international fisheries organizations (e.g. Indian Ocean Tuna Commission, International Commission for the Conservation of Atlantic Tunas, Northwest Atlantic Fisheries Organization). While they are numerous, the effectiveness of these agreements and bodies continues to be debated (*Kaczynski, V. M., & Fluharty, D. L. (2002). European policies in West Africa: who benefits from fisheries agreements? Marine Policy, 26(2), 75-93.*).

Fishing is a major source of income for local populations. According to the Food and Agriculture Organization of the United Nations (FAO) (*FAO 2012, Strategy for Fisheries, Aquaculture and Climate Change*), in 2012 more than 500 million in developing countries people depended directly or indirectly on fisheries and aquaculture for their livelihoods. However, overfishing places increased pressure on these resources and requires greater and even more restricted monitoring of stocks. In addition to these difficulties, there are negative externalities related to fisheries such as the deterioration of the maritime habitats and the capture of non-targeted by-catch species (*Abbott, J. and D.S. Holland, 2013. “Protecting Marine Ecosystems in Fishery Regulation”. J.F. Shogren (Ed.), Encyclopaedia of Energy, Natural Resource, and Environmental Economics, Elsevier, London, 206-214.*). Within this framework, so-called “behavioural” taxation can play a role by guiding fishing behaviour towards reasoned management of the resource while generating further income for the State and guaranteeing income for populations. In various countries, legislation on fisheries is old and does not always

take account of social tensions which it can cause in the event of unequal treatment, e.g. between local and foreign operators (*Doctoral thesis in public law, "Le Congo et le droit de la mer : l'exploitation des ressources pétrolières et halieutiques" [Congo and the law of the sea: the exploitation of oil and fishery resources] by Justin-Macaire Dandila, Report by Angaman Konan "Co-management in Aby Lagoon – Côte d'Ivoire"*). The OECD Report "*Evading the net: tax crime in the fisheries sector*" (OECD, 2013) highlights the many tax offences affecting the fishing sector, such as incorrect declarations as to the origin, volume and categorization of catches, and the fraudulent use of offshore companies and flags of convenience. These crimes are linked to strong vulnerabilities in the sector, mainly the lack of transparency, and lead to a huge loss of income for countries.

Although there is literature on the management of fisheries resources from an ecological point of view, little is published on economic and particularly tax and customs policies, which can play a dual role of mobilizing public resources and encouraging more sustainable management thereof. However, many instruments seek to meet these objectives and not all have the same effect. These instruments can be divided into two categories. The first is instruments which control inputs, which mainly include taxes on the fishing effort (e.g. on the number, size or power of the boats) and regulations such as limitations on entering fishing areas (e.g. permits, restrictions on "days at sea", areas or closed seasons) or regulations on the fishing gear used. A second category of instruments focuses on fishing products with taxes on harvesting (taxes on catches or landing) and quotas. Many authors have recognized that taxation is a better tool for managing resources and rent capture than other methods (*Strand and Norton, 2002; Jensen, 2002; Androkovich and Stollery, 1991*). However, creating these taxes raises a number of problems, including on setting the rate of taxation depending on species, the profitability of very different companies and the lack of information and reliable measurements (Stefan et al, 2013). Therefore, quotas are commonly-used instruments in the fisheries sector. However, they have various effects depending on the type of allowance defined. While the quota with a total allowable catch leads to a scramble for resources which is far from ideal, Androkovich and Stollery (1991) as well as Arnason (1994) highlighted the qualities of individual transferable quotas as the second-ranked tool after taxation. It is thus important to assess the impacts of each instrument, including by examining the conditions which promote effectiveness in order to propose the most suitable design in the future within a given context.

Finally, consideration should be given to analyzing the practice of illegal, unreported and unregulated (IUU) fishing. This practice is still very common and reduces fish stocks, destroys marine habitats, distorts competition and weakens coastal communities, including in developing countries. The European Union estimates that IUU fishing accounts for 19% of all worldwide catches (in worth), estimated at €10 billion each year.¹

Expected deliverables

Four deliverables are expected from this study:

- **A critical review of the literature** on mobilizing domestic fiscal and parafiscal resources, including from fishing rights on fisheries resources and including relevant

¹ https://ec.europa.eu/fisheries/cfp/illegal_fishing_en

case studies, both in advanced and developing economies (maximum of 20 pages, excluding annexes). This review must be issued on 26 April 2021.

- A **concept note** for the study aiming to examine the intersection between the mobilization of domestic resources and the management of natural fisheries resources, emphasizing effective taxation, preventing fraud, potential income and sustainable resource management. As a minimum, this note must set out the proposed objective and detailed methodology, the timeline, the documentary and data sources and the limitations of the analysis. This concept note must be presented for validation on 3 May 2021.
- **An interim report** should be presented no later than 5 July 2021. This report must contain the following information:
 - A literature review on domestic resource mobilization for fisheries resources;
 - The result of the study arising from the validated framework note following the presentation of the framework note;
 - A review of existing DRM practices on fishery resources;
 - Mapping of the most high-stake regions, both in sub-Saharan Africa, the Indian Ocean, the Pacific and the Caribbean;
 - Guidance for a more relevant policy in the areas of interest, based on the results of the study;
 - A brief note setting out the conclusions of the study (no longer than 6 pages).
- **A final report**, taking account of the comments made, should be issued no later than 26 July 2021.
- **A meeting to deliver the outcomes**, mainly aimed at highlighting the operational implications of the study, will be organized in September 2021. The exact format of this event (webinar, feedback, or another format) will be determined at a later stage of the study.

Validating deliverables:

The different deliverables will be sent to the committee which will provide commentaries and reasoned opinions which the provider will have to take into account.

Expertise sought

The team must include at least one senior economist (at least 5 years' experience). Solid on-the-ground knowledge of developing countries would be appreciated.

It must meet the following qualifications and criteria:

- To have published research articles on taxation in peer-reviewed journals.
- To have published, or at least have solid knowledge of the specific problems relating to natural resources.
- Knowledge of developing countries would be appreciated.

Means of response, budget and calendar

The contributors are invited to send

- A technical proposal which includes:
 - An understanding of this call for contributions as well as any comments on it.
 - A presentation of the candidate with no more than 10 relevant references to this study (similar work carried out by the candidate over the previous 10 years). Relevance will be judged based on the nature of the references set out (study, review of literature, meta-analysis, mapping/typology of measures, analysis of public policies, etc.) as well as the topic covered (taxation, natural resource management, fisheries policies, etc.). The presentation of the references must at least cover the following areas: Title of the service, client/beneficiary of the service, amount (in €) of the service, description of the goal of the service, description of the services provided. A supporting document for each reference should be provided (certificate of performance or extract of the contract).
 - The planned methodological approach, a timeline and the CV(s) of the expert(s).
- A financial proposal setting out all costs in detail.

The maximum budget available for this study is €35,000 inclusive of tax.

These proposals must be e-mailed by 15 January 2021 to delphine.barret@ferdi.fr.

The selected contributor will be contacted in early February 2021 and must begin work at the end of February 2021.