The OECD Handbook for Fisheries Managers
Principles and Practice for Policy Design

Chapter 7

Policy coherence for development

With so many government objectives depending at least in part on the performance of the fisheries sector, the degree to which different objectives and policies are compatible will determine success in achieving sustainable development goals worldwide, including the Millennium Development Goals (MDGs) and the vision of the OECD Development Strategy. For OECD countries, the challenge is to align development assistance objectives with fisheries policies such as trade, access agreements, capacity building provisions, joint management of fish resources (e.g. straddling or high seas stocks and RFMOs) and development assistance directed at aquaculture and fisheries.

Policy insights

- Policy coherence for development cuts across several policy domains and requires effective communication and co-ordination – not only among government bodies within a country, but also among countries. Achieving real coherence is challenging and co-ordination failures outweigh successes. Support to domestic interests can contradict and hinder development goals.
- Policy coherence involves both ensuring that objectives do not conflict and that policies do not hinder unrelated objectives. Perfect policy coherence is not possible in practice, but a "whole of government" approach can help countries to do better.
- While increasing awareness of policy conflicts is an important first step, policy coherence will come about in the context of larger policy reforms rather than in addition to existing policies. Ensuring that domestic support is more targeted and transparent can reduce conflicts generated by indirect supports (such as tariffs and other barriers) and access agreements.
- Policy coherence for development requires a commitment to multilateralism and a recognition of shared interest and responsibilities. Progress cannot be made without concrete mechanisms such as international frameworks, treaties and agreements.
- Clear objectives and carefully targeted measures reduce policy spillovers, as well as the likelihood and impact of poor policy coherence. Good policy design can simplify policy coherence.

Fisheries policies in most OECD countries have many objectives relating to the state of the resource and surrounding environment, the number, distribution and characteristics of fishers, etc. Chapter 1 described policy objectives, different ways to develop and pursue them effectively, and the need for governments to consider them when developing policies. In particular, it stated the need for policies to clearly match objectives.

Decision-makers face difficult policy choices to balance immediate economic gains with the long-term sustainable and responsible management of natural fisheries resources. These competing policy interests combined with poor governance, administrative capacity constraints and changing global fish production and consumption patterns have led to mismanagement, degradation, and overexploitation of fisheries. This illustrates the inextricable policy linkages that tie OECD and non-OECD countries together. Fish stocks are global public goods and can only be protected by co-operation in governance and strong partnerships, distinctive responsibilities and reciprocal obligations. Concurrently, the co-operation should embrace a wide range of stakeholders at global, regional, national or local levels – such as developed and developing countries' governments, multilateral institutions, the private sector, regional fisheries organisations, and regional banks (OECD, 2012).

At the same time, co-operation by itself does not lead to policy coherence. Different social groups will have different objectives, and many of these will be incompatible or in opposition with those of others. Putting these groups in the same room will not automatically solve these differences (FAO, 2004). For the policy maker then, the challenge is not to reconcile all objectives, but to avoid situations where conflicting policies lead to waste and frustrate progress. Doing better on reconciling objectives and policies is possible, but will never be perfect nor the process complete. Moreover, achieving policy coherence does not automatically solve all problems; bad policies that are in perfect concert remain bad.

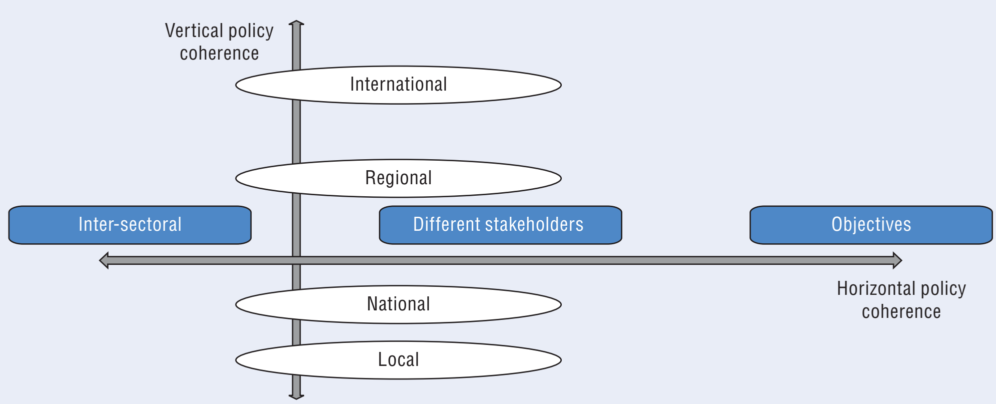
Many countries see the fishery sector as a means through which they can meet their objectives for (among other things) rural development, environment, social equity and fairness, trade and food security. This is because fisheries make up a relatively larger share of the economy, and fishers are predominantly poor and rural. Fisheries and aquaculture policies are looked to as a means of providing economic growth, alleviating rural poverty, and providing a reliable source of nutrition. The broad scope of objectives that must be served provides additional complications for the fisheries manager, especially when they must share the policy development space with different government ministries, foreign development agencies and NGOs (Box 7.1).

Box 7.1. **Policy coherence for development**

The policy coherence for development framework includes four elements:

- Internal: Consistency among the ends, means, and resources a country allocates to implementing development objectives.
- Whole of government: Congruence, complementarity and co-ordination of various policies within a country.
- Harmonisation: Consistency of policies across donor countries.
- Alignment: Consistency between the policies and practices of one or more donor countries and its developing country partner(s).

These elements define elements of horizontal policy coherence, where objectives and policies within a country are aligned, and vertical policy coherence, which is consistency between different countries, regions, or governments.



Policy coherence for development: Understanding policy spill-overs

Improved policy coherence requires being aware of the following:

- How developing countries are affected by domestic fisheries policy.
- What can be done to assist developing countries which might be harmed by fisheries policies or their reform.
- How domestic policy objectives can be achieved in ways which were more consistent with the needs of developing countries.
- How developing countries can be helped to take better advantage of opportunities created by fisheries policy reform.

Policy coherence for development is not solely a problem for fisheries and fisheries policies, but there are many reasons why this issue is of particular importance for fisheries. For OECD countries, the crux of the issue is the nexus between trade policy and domestic support on the one hand, and development policy on the other, but there are many ways that governments can improve their internal operation to improve policy coherence (Box 7.2). At present, non-OECD countries are the main suppliers to the world fish market and OECD countries the main markets: OECD countries import about 60% of their fish from developing countries. The increased fisheries globalisation and international connectivity of fish production and trade is a key characteristic of the global fisheries value chain; given resource constraints in the fisheries of OECD countries, markets have become more dependent on fish imports from non-OECD countries (Figure 7.1).

Box 7.2. **Lessons learned from OECD country studies**

Phase one: Setting and prioritising objectives – requires political commitment and policy statements

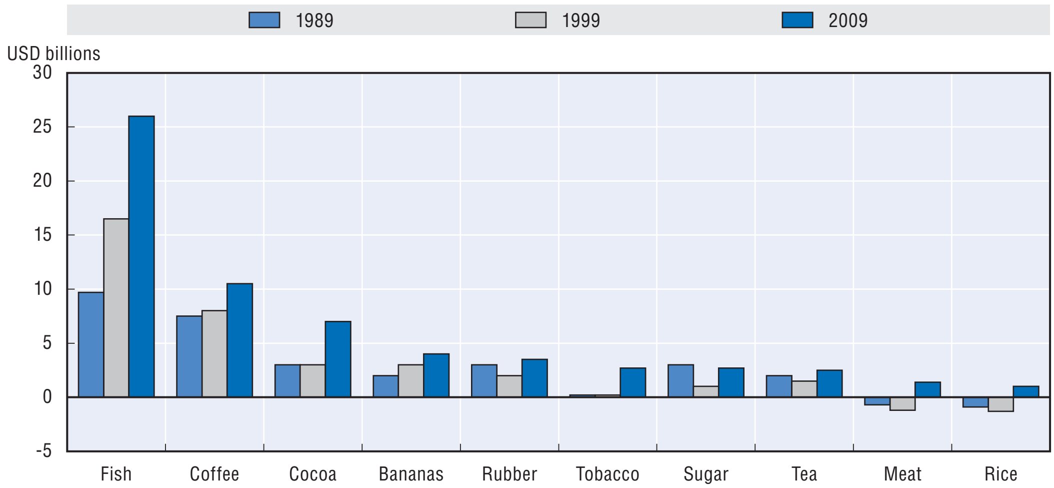
- Educate and engage the public, working with civil society, research organisations and partner countries, to raise awareness and build support for PCD, on a long-term basis.
- Make public commitments to PCD, endorsed at the highest political level, with clear links to poverty reduction and internationally-agreed development goals.
- Publish clearly prioritised and time-bound action agendas for making progress on PCD.

Phase two: Co-ordinating policy and its implementation – requires policy co-ordination mechanisms

- Ensure that informal working practices support effective communication between ministries.
- Establish formal mechanisms at sufficiently high levels of government for inter-ministerial co-ordination and policy arbitration, ensuring that mandates and responsibilities are clear and fully involving ministries beyond development and foreign affairs.

Source: OECD (2008), "Policy Coherence for Development – Lessons Learned", *OECD Policy Brief*, December, OECD Publishing, Paris, *www.un.org/en/ecosoc/newfunct/pdf/hls_finland-policy_coherence(oecd).pdf*.

Figure 7.1. **Net exports of selected commodities from developing countries**



Source: FAO (2010), *State of the World's Fisheries*, FAO Publishing, Rome.

Trade policies

Fisheries trade policies are an important consideration in policy coherence for development. Tariffs for fish and fish products are still in place in major import markets – even if they are low compared to other food products. While preferential access agreements provide some relief, **tariff escalation** can make it difficult for emerging economies to add value to their domestic production before export. Tariff structures conflict with the goals of the countries that impose them in terms of development assistance, protecting domestic processing at the expense of trade-driven development.

A number of **non-tariff measures** (including labelling, packaging and inspection requirements, sanitary standards and more recently eco-labelling initiatives) also make it difficult for emerging economies to benefit from their resource endowment. These costly requirements also bias trade toward bulk products (e.g. fillets and loins rather than ready meals), to the detriment of value-added products.

Eliminating trade barriers is relative straightforward, if politically difficult, and can help developing countries advance, but ensuring that non-tariff measures do not unduly restrict trade can be more challenging. The health and safety objectives of importing countries rely heavily on sanitary and packaging requirements and other technical standards. So long as they do not discriminate against imported products, these requirements are unlikely to change.

Foreign direct investment from importing countries can improve infrastructure and provide expertise to help producers in developing countries bring their exportable products up to international standards. As for developing countries, they should welcome FDI and promote the development of modern infrastructure rather than try to preserve artisanal fisheries.

Fisheries access agreements

Fisheries access agreements provide opportunity for **distant water fleets** (fishing vessels that fish outside their own countries' waters) and also important revenue to developing coastal states. They originated with the introduction of the expanded 200-mile EEZs, which became commonplace after 1977 and prevented many long-distance fleets from accessing fisheries where they traditionally operated. Thirty-five years later, fisheries access agreements are still in place, but now seem driven by excess fleet capacity on the part of the countries seeking access. Reducing fleet capacity to match available domestic resources can help reduce dependence on these arrangements. The main concern with fisheries access agreements is that, while they do produce revenue for the recipient, these access agreements can prevent domestic fisheries from reaching their potential by crowding out domestic fishers.

The development benefits of fisheries access agreements are modest in relation to their costs (OECD, 2006). While emerging fishing countries may find it difficult to resist the substantial financial compensation involved, these arrangements are often not well controlled and may lead to IUU fishing. Moreover, they often comprise a large part of the host country's budget, making reform difficult, and can lead to corruption when the funds are diverted.

Fisheries access agreements can be useful in specific circumstances if they are designed properly. Market-based instruments can ensure that market forces play a role in valuing access – a significant improvement over negotiations that may not be entirely fair or transparent. For example, developing country authorities can auction fishing licences or rights to fleets, thereby establishing the value of the fishery and ensuring a fair return for the host. This may also alleviate the problem of implicit subsidies to domestic fishers that occur when the authorities cannot recover the cost of access agreements from their distant water fishers. These subsidies likely conflict not only with development goals, but also with domestic goals of developing competitive, market-oriented fisheries.

Regulation

Regulatory policies in the fisheries sector address legitimate public interests such as food safety and quality, consumer protection (Sanitary and Phytosanitary Standards as agreed at the WTO relate to food hygiene, packaging, traceability, and labelling requirements) and intellectual property protection. In addition to public tariff and non-tariff measures, developing country exporters have to face potential barriers to trade in the form of requirements for private certification. Eco-labelling and other types of sustainability, food quality or legality certification are increasingly required by major buyers in OECD markets. Due to high costs or lack of data availability, compliance with these schemes may be prohibitive for producers in developing countries. These policies are likely to have trade effects and indirectly affect local production, exports, employment, and food security in developing countries by limiting the market for fish products from developing countries, and/or increasing production costs. The WTO Agreement on Technical Barriers to Trade helps ensure that regulatory measures, including regulations, standards, testing and certification procedures, do not create unnecessary obstacles to trade. However policy coherence initiatives must go further by considering and mitigating the impact on developing countries of non-tariff measures in OECD countries (OECD, 2012).

Development assistance

Development assistance can help developing counties to build capacity for policy development and implementation in a way that will help them formulate and achieve their objectives. In fact, the Johannesburg Plan of Implementation (adopted by the WSSD meeting in September 2002) states that: *To achieve sustainable fisheries, the following actions are required at all levels: … strengthen donor co-ordination and partnerships between international financial institutions, bilateral agencies and other relevant stakeholders to enable developing* *countries, in particular the least developed countries and small island developing states and countries with economies in transition, to develop their national regional and sub-regional capacities for infrastructure and integrated management and the sustainable use of fisheries* (UN, 2002).

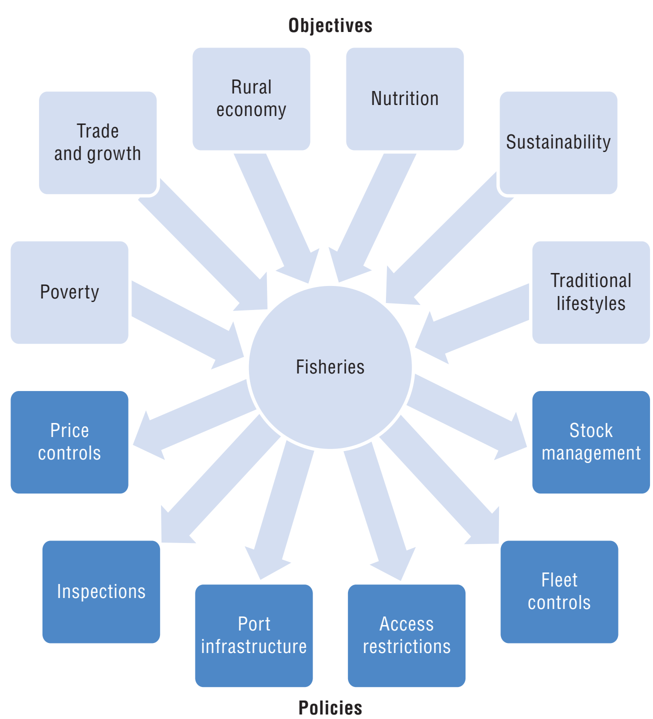
Development co-operation can provide financial aid but also foster increased **policy coherence** across policy domains by engaging developed and developing countries across all policy domains, not just aid. This implies innovative forms of co-operation by aid agencies and a **whole of government approach** that recognises the development consequences of policies that originate outside aid agencies (or indeed outside the public sector entirely, as is the case of private investment and labelling initiatives or the voluntary sector). This also means that assessment of development impacts should take account of the footprint of the full range of policies with respect to environmental sustainability and poverty reduction – aid and beyond (OECD, 2012).

Links between fisheries and development

For many countries in development, a prerequisite for success is establishing good governance and rule of law. Reducing corruption, developing institutional capacity and creating an environment supportive of investment are all ways that countries can lay the foundations for development of their fisheries sector.

The connection between fisheries and development in developing countries is particularly strong (Figure 7.2). There is a tendency to see the fisheries sector as holding the solution to many problems, which leads to inconsistency in policy objectives and delayed development. Moreover, policy makers face the combined challenge of the political economy of fisheries reform and pressures from various stakeholder groups, which has led to many instances of failed reform and poor fisheries management outcomes. However, developing countries are not alone in having a range of (possibly inconsistent) objectives

Figure 7.2. **Policy coherence challenges for developing countries**



for their fisheries. Developing the institutional capacity to formulate good objectives and set policy is a necessary first step. This step can be assisted by drawing upon the national experiences of OECD counties, both good and bad.

Even when developing countries design and put in place sound policy, they may lack the resources to monitor and enforce compliance. The lack of resources to enforce robust governance is a serious problem in many emerging economies. Importing nations can help by demanding assurances that fish products were produced legally, and through better controls of their own distant-water fleets. Sharing responsibility for enforcement among partner countries can also help stretch scarce resources.

In the case of developing countries with poor infrastructure and weak institutions, assistance can help them adapt more effectively to the globalised and rapidly changing world of fisheries. Improving port and handling facilities as well as inspection services can open new markets for developing countries and help them add value to their products.

Glossary

Distant water fleets: Fishing fleets that fish outside their national waters.

Fisheries access agreements: Agreements between two countries providing for access to the domestic fisheries of one (usually developing) country by the distant water fleet of another (usually developed) country.

Non-tariff barriers: Barriers to trade that do not take the form of tariffs. For example, sanitary regulations that limit the entry of certain products into domestic markets. These barriers may be intended to protect domestic markets or may be part of the general regulatory framework of a country.

Non-tariff measures: Government measures other than tariffs that restrict trade flows.

Policy coherence: Policy coherence means different policy communities working together in ways that result in more powerful tools and products for all concerned. It means looking for synergies and complementarities and filling gaps among different policy areas so as to meet common and shared objectives.

Tariff escalation: The application of higher tariffs on value added products. This prevents developing country exporters from bringing higher value-added products to market.

Whole of government approach: Using all instruments of government action together in a co-ordinated manner; involving multiple government agencies in solving policy problems instead of leaving responsibility to a single department.

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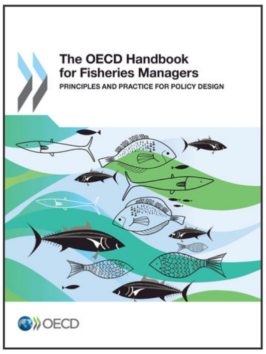

From:

The OECD Handbook for Fisheries Managers

Principles and Practice for Policy Design

Access the complete publication at:
https://doi.org/10.1787/9789264191150-en

Please cite this chapter as:

OECD (2013), “Policy coherence for development”, in *The OECD Handbook for Fisheries Managers: Principles and Practice for Policy Design*, OECD Publishing, Paris.

DOI: https://doi.org/10.1787/9789264191150-10-en