

Innovative Financing to Promote Sustainable Fisheries:

A Funder Briefing Call

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Overview

- Fisheries are declining.
- Management strategies are changing.
- Changes offer opportunity to build triple bottom line returns on investment (environmental conservation, keeping communities alive, financial returns).
- We will present two examples of investments which should achieve this.

Many fisheries are in trouble.

- Worldwide, it is estimated that 90 % of species of large predatory fish are gone.
- Domestically, of 230 U.S. fisheries, almost ½ are already over fished or in danger of over fishing.
- US fishing communities are also in trouble:
 - Collapse of New England's cod fishery in the early 1990s:
Cost = approx. 20,000 jobs.
 - Dwindling salmon stocks in the Pacific NW:
Cost = approx. 72,000 jobs.
 - West Coast Groundfish Stocks:
6 out of the 12 most economically viable species are overfished.
This is the biggest fishery on West Coast in terms of economic importance.

Changing Management Strategies

We now have experience in fisheries management and know that a fishery needs for sustainability:

1. A catch limit: a scientifically-determined, fully enforced limit on the total number of fish caught and landed.
2. Use of appropriate gear and practices to limit waste.
3. Protection of essential marine habitats.
4. Political support for reform.

How does this create opportunities for philanthropic investment?

- To help restore fish populations, government regulators have instituted a cap and trade policy, issuing a limited number of tradable quota or permits that allow fishermen to catch a fixed volume of fish per year.
- Organizations can now go beyond grants – helping NGOs and community organizations to invest in fishing assets.
- These investments can yield TBL results.
- The prevalence of tradable permits and quota is likely to grow over time, especially under the Obama administration.

Some important definitions for today's discussions

- Catch Share:
A percentage share of the total allowable catch granted to fishermen either individually or in cooperatives.
 - Catch share permits can include exclusive access to particular fishing zones. Fishermen are usually allowed to buy and sell shares in order to maximize their profit and efficiency. These rights are granted for a specific period of time and are renewable.

- Transferable quota (ITQ):
A property right for a percentage share of total allowable catch conveyed by the government to a private party in perpetuity.

- The difference:
 - ITQs are akin to a privatization since they are granted in perpetuity. Catch shares are effectively renting access (giving the owner privilege and property rights for a period of time).
 - This difference has led to debates as to whether the government should issue catch shares which can be rescinded or ITQs (which effectively convert a public trust resource into a private holding)

Benefits of community ownership of catch shares or permits

- Anchors harvest rights to the community
- Ensures that they are not sold to an external processing, harvesting or other big company.
- Helps to ensure that consolidation does not happen.
- Options to sellers: Allows fishermen exiting the fishery an opportunity to sell their quota into their community at a fair market price.

Further benefits through NGO ownership of fisheries assets

- The two projects we are presenting today are examples of how non-traditional investment by foundations (PRI, equity and some enlightened grant-making) allowed NGOs to purchase fishery assets. Benefits:
 1. Stewardship: NGOs could negotiate for marine protected areas and other conservation concessions, since they were a constituent player in the game, instead of an outside entity.
 2. Improved communications: Being a vested player in the market changed the nature of NGO discussions with fishers, and with businesses which had been controlling the fisheries.
 3. Financial benefits: Ownership of assets allows the NGOs to lease (and perhaps eventually sell) the use of those assets back to the communities, under specific conservation rules.
 4. Leasing can improve business models: Where permits are leased from the NGO to the community, fishers can maximize efficiency without incurring additional debt to purchase the permits and assets needed themselves.

Keys to success

- Foundation support through grants and PRIs enables NGOs to acquire assets.
- Ownership is essential to maintaining community access and stewardship
- Ownership allows NGOs to set conservation rules for use of their assets, without having to depend on wider change in the regulatory process.

Chuck Cook

- In 2005 led TNC's efforts to form an alliance with NGOs, fishermen and government regulators in order to execute a privately funded buyout of bottom trawling permits and vessels from fishermen who wanted to voluntarily exit the industry.
- These private actions were linked to the public protection of 3.8 million acres of ecologically valuable seafloor habitat.
- Currently working with NGOs and fishermen to transition the struggling groundfish fishery into a more profitable enterprise, using more selective fishing gear.

Paul Parker

- Developed and is implementing a partnership between commercial fishers and coastal residents to promote healthier fishery stocks through the acquisition and leasing of fishery permits.
- Paul is innovating means for fishing organizations to buy and hold these rights to protect their local fishing fleets and promote sustainable fishing practices.
- Buying and leasing cod, scallop and lobster permits to make sure there is a next generation of fishermen on the Cape.
- Has been a Cape Cod fisher himself for many years.

Questions?

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