



Policy Briefs

The purpose of these Policy Briefs is to ensure effective dissemination of information collected and generated as a result of the World Bank-funded Study of Good Management Practice in Sustainable Fisheries, the ACP Fish II Feasibility Study (EC), and a Workshop on Fiscal Reform in Fisheries (DFID and GTZ).

World Bank Study

During 2003, the project 'Study of Good Management Practice in Sustainable Fisheries' was undertaken by SIFAR with funding from the World Bank. This resulted in an initial (brief) report followed by the substantive report which have contributed to a recent internal World Bank process aimed at justifying future investments in fisheries sector development.

EC ACP Fish II Feasibility Study

During 2002/2003 SIFAR/FAO undertook a feasibility study on behalf of the European Commission (European Aid Cooperation Office - AIDCO). This comprised an extensive consultation process with fisheries sector participants from over 60 ACP countries, together with the preparation of a range of major project proposals covering capacity building for more effective fisheries management in Africa, the Caribbean and the Pacific.

5. Building institutional capacity: The case of Mauritania (Draft)

Overview

Appropriate institutional capacity to implement management is critical to success. In addition to the institutions themselves, such capacity encompasses a wide range of elements: staff skill, budget levels, range of experience, vision, fiscal instruments and so on(1). The development of a fishery management approach and the institutions involved can be a long process. Generally developing countries are not very far into this process and need to develop appropriate institutional arrangements and support (e.g. research) so that fishery management units can be identified and plans developed. Alongside institutions we need to also consider an appropriate information system to guide managers and to enable the assessment of management performance(2) .

Case study(3)

At the beginning of the 1970s developing countries saw their terms of trade for primary products decline. Mauritania, which had just created its own currency and nationalised the mining sector, needed access to resources and fiscal receipts in order to consolidate its new currency and respond to budgetary problems. The fishery sector was required to play its part in this process.

Various institutional changes were implemented to improve fisheries management. In 1972, Mauritanian territorial waters were increased from 12 to 30 miles from the coast. In 1977, the Ministry of Fisheries and Maritime Economy was created and attempts were made at organising and regulating the sector. In 1979, the New Fisheries Policy was introduced which put an end to the issuing of free licences and set out to encourage the growth of the artisanal sector and a national industrial fishing fleet. In 1982, a 200-mile EEZ was declared.

By far the most innovative institutional development was the establishment of a state monopsony, the Mauritanian Fish Marketing Company (SMCP), through which fish had to be channelled prior to export. This monopsony went through various incarnations but the most successful appears to have been when it bought fish from domestic fishers and then sold it into export markets. The existence of this particular institutional arrangement allowed the Mauritanian government to extract substantial resource rents from its fishery. From this point of view, Mauritania was arguably the most successful nation in the world in exploiting its fish resources.

In 1986, some 16% of total Government revenue came from export taxes collected by the State monopsony. As other activities in the economy developed (frequently financed with rents extracted from fishing), the share of fishing inevitably fell. However in 1993, the last full year of the system, the figure still stood at 11%.

The tax system was never developed to its full potential because it would have been of great interest to have linked this fiscal system more directly with fisheries management. Nonetheless, prior to 1995, differential tax rates were used as a means both to extract resource rents and implement fisheries policy. Taxes were higher on products that were frozen at sea and exported, in order to encourage development of processing in Mauritania, and were higher on cephalopods than other fish to discourage excessive targeting of cephalopods.

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## DFID Fiscal Reform in Fisheries Workshop

In October 2003, SIFAR organised a Workshop and Exchange of Views on Fiscal Reform in Fisheries - to 'promote growth, poverty eradication and sustainable management'. This took place in the context of a wider OECD-DAC Initiative, promoted through the UK Department for International Development (DFID), examining issues related to environmental fiscal reform.

In addition to generating Government revenues from resource rents, the existence of the monopsony also played an important role in the development of the artisanal fishery mainly because it provided a ready market for their products. It worked with artisanal fishers to ensure that the quality of their product met the standards required by the export market. What is more, it also provided countervailing power to the large buyers on the export market and in particular prevented fruitless competition between Mauritanian sellers (since they were price takers).

Over the course of 20 years the SMCP has played an undeniably positive role in the process of managing Mauritanian fisheries. It has contributed significantly to the development of an export sector; has guaranteed a minimum price for product, has collected taxes which have made a significant contribution to the State's budget and has organised the repatriation of sales of Mauritanian product from Japanese and European markets. Finally, it also contributed significantly to the development of the artisanal sector.

The true contribution made by this system has only become fully apparent since its abandonment following recommendations under the Structural Adjustment Programme. The system was replaced in 1995 by a licensing system that was supposed to be fiscally neutral. But this has not been achieved and the licensing system has been far less successful than the system it replaced.

The tax-based system was successful because it was able to extract resource rent. Under licensing the direct contribution made by domestic fishers has collapsed and the Government has become increasingly reliant on fishing agreements as a way of extracting wealth from its fish resources. Moreover, where the differential tax system provided some degree of control over fisheries exploitation, the current licence system has focussed effort on cephalopods.

## Lessons learned

Mauritania, a nation with few natural resources, was able to extract significant resource rent from the fishery through the judicious use of institutional instruments (fiscal measures through a monopsony) that were appropriate to its circumstances and the nature of its fishery. The implementation of licensing approaches developed elsewhere in the world has not been successful on many accounts. The monopsony arrangements were doubtless not perfect, but an important lesson is the need to try to identify the strengths of existing local institutions and to build on those strengths whilst reducing their inevitable weaknesses, rather than to assume that institutions can easily be imported from elsewhere.

## Key literature

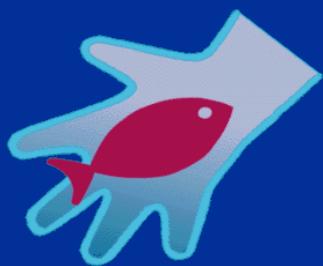
Cissé, M.K. *et al* (1998) [Capacity building: Lessons from sub-Saharan Africa](#). Dakar: Enda Tiers-Monde.

Clark C. and G. Munro (1980) Fisheries and the processing sector: Some implications for management policy. *Bell Journal of Economics*, 11(2):603-616. (This paper sets out (independently) the theoretical case in support of the monopsony policy implemented by Mauritania).

Cunningham S., M. Dunn and D. Whitmarsh (1985) *Fisheries economics: An introduction*. London: Mansell and St Martins.

Kaczynski, V.M. and S.W. Looney (2000) Coastal resources as an engine of growth and reduction of poverty in West Africa: Policy considerations. *Coastal Management Journal*, 28(3).

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Sidi El Moctar Ould Iyaye, S. Cunningham and Debbe Ould Sidi Zeine (2003) The experience of the Mauritanian Fish Marketing Company (SMCP) in the management of the Mauritanian fishery sector. Case-study for the World Bank/SIFAR/IDDRA Project 'Study of good management practice in sustainable fisheries'. Appendix 2.

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(1) The definition and nature of 'institutions' is examined in Policy Brief 3: [Institutional capacity-building for success in fisheries management](#), in this series.

(2) For further information on the assessment of fisheries management performance, see Policy Brief 11: [An approach to assessing fisheries management performance](#), in this series.

(3) This account is based on the work of Sidi El Moctar Ould Iyaye, S. Cunningham and Debbe Ould Sidi Zeine (2003).

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