

MANAGEMENT RESPONSE TO THE SPECIAL EVALUATION STUDY ON ADB's FISHERIES POLICY

On 2 August 2006, the Director General, Operations Evaluation Department, received the following response from the Managing Director General on behalf of Management:

1. Management finds the Special Evaluation Study (SES) on ADB's Fisheries Policy comprehensive, insightful, and well-written. The report presents a timely assessment of ADB's Fisheries Policy in the changing context of ADB's developing member countries (DMCs) and global fisheries. It contains a candid and critical discussion of the problems faced in ADB's involvement in this sector over the years. The report will serve as a milestone in defining the future direction of gradual disengagement from fisheries sector, particularly in the light of the priorities of ADB's Medium-Term Strategy II (MTS II).

A. General Comments

2. The report recognizes the crucial role of fish as a critical source of animal protein. It highlights the significance of fisheries as an important source of livelihoods, food security, and income for hundreds of millions of people in ADB's DMCs. Intensive harvest of wild caught fish and development of aquaculture over the previous decades have led to steady growth of the production and economic performance of the fisheries sector. However, these growth figures mask severe declines in capture fisheries, decimation of fish stocks, and negative effects on inland and coastal aquatic ecosystems.

3. Imbalances in the development of other sectoral activities in the absence of harmonized and integrated cross-sectoral policies continue to threaten the integrity of the aquatic environment, and have contributed to the declining carrying capacity and productivity of the fisheries. Likewise, technological advancement and expansion of markets for fishery products have led to investments that defied principles of sustainable development. All of these have transformed the fisheries sector from one dealing with the issues of isolated coastal and inland communities into one that is integral to global food and environmental discussions centering around the Millennium Development Goals and World Summit on Sustainable Development Goals.

4. Despite many farsighted views on the strategies for sustainable management of fisheries, and elucidation of the role of fisheries in poverty reduction, the fisheries policy has been regarded as weak, inadequate, and outdated in dealing with the dynamic changes in the fisheries sector. The evaluation report suggests that the ADB fisheries policy is less forthright about the measures, such as good governance that would have been crucial to the realization of the objectives of ADB's past involvement in the fisheries sector. On the other hand, it is also true that sectoral policies are becoming less relevant in an increasingly complex global policy environment.

5. A sectoral policy like fisheries can never work in isolation given the integrated nature of the ecosystem and environment in which fisheries activities are undertaken, and the multiple, alternative, competing, and conflicting nature of the human usage of the ecosystem. Hence, global, regional, and national policies concerning fisheries and related sectors would provide better policy guidance to ADB's operation in fisheries. ADB's investment in fisheries in the past proved to be less effective when targeted to commercial fisheries development.

6. The institutional mechanism to deal with the governance and participation that were sorely missing in the fisheries policy has developed extensively in the last decade. These mechanisms clearly recognize the integration of sectoral governance with the overall economic and political governance at all levels of government, and involve interactions across sectors, and stronger stakeholder participation.

7. In conclusion, Management is of the view that a specific fisheries policy is less useful now than it was 10–15 years ago. Redirecting investment away from supporting conventional fisheries resource management and fishing industry capacity development will probably protect fisheries and biodiversity better from overexploitation, and further destruction. In the same vein, integration of fisheries into basin, region, or coastal zone development initiatives may provide an exit strategy from overexploitation of fishery resources, and prove more useful in simultaneously addressing poverty reduction and environmental sustainability questions than interventions through stand-alone fisheries sector activities. For example, the role of rural infrastructure to enhance the productivity of micro-enterprises and non-fishing activities will be crucial in reducing poverty in coastal and inland communities. Increasingly, management of coastal and marine biodiversities will add greater value to economic development, and focus of fisheries management will shift toward their *in situ* conservation through maximizing of non-extractive uses of the resources.

B. Specific Responses to OED Recommendations

8. Management's response to OED's specific recommendations is given in the following table.

	OED Recommendation	Management Response
(i)	ADB should retire its fisheries policy within 12 months. The policy is redundant, superseded by external policy initiatives, and rendered outdated by contemporary issues and challenges in the sector. ADB departments responsible: Regional and Sustainable Development Department (RSDD), Central and West Asia Department (CWRD), and Strategy and Policy Department (SPD).	Management agrees with the arguments in the paper that ADB fisheries policy has less to contribute to the dynamic and emerging changes and developments in the fisheries sector in a complex global environment. This recommendation is also consistent with ADB-wide efforts to streamline operational policies and strategies. We agree with the view that rewriting the fisheries policy would not be an efficient use of ADB resources, especially given that fisheries is now classified as an "exit" sector (group III) in MTS II.

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	<p>The suggested department responsibilities do not accurately reflect the current arrangement in which RSDD no longer deals with policy matters for fisheries. Management is currently reviewing where the focal point for fisheries and other agriculture and natural resource subsectors should reside.</p>
<p>(ii) ADB should develop a plan for handling the existing ADB operations in the fishery sector in retiring the fisheries policy within 12 months, taking into account the direction of the MTS II to wind up ADB operations in fisheries.</p> <p>The following should be considered in handling the existing ADB operations in fisheries (ADB departments responsible: RSDD, SPD, and regional departments):</p> <p>(a) Emphasize development and management approaches that adhere to principles for responsible fisheries. Recognize the various international and regional policy instruments to which the DMCs subscribe, accede, or endorse; recognize good practice standards; and adhere in principle to the code of conduct for responsible fisheries (CCRF). In this context, ADB should recognize that the CCRF is not an all-encompassing policy instrument, as it undergoes revisions and regionalization as guidelines for responsible fisheries.</p>	<p>It is important to emphasize that proposals (ii)(a) to (ii)(e) are for a transitional period as ADB gradually winds up its operations in the fisheries sector. Following MTS II guidelines, Management has already taken steps to reevaluate the scope and priorities in a number of projects where significant fishery related supports are anticipated, particularly in the archipelagic and riverine DMCs. Accordingly, the focus of those projects is expected to be river basin-wide, eco region-wide, coastal zone-wide, and marine area-wide integrated rural development and environmental projects.</p> <p>It must be ensured that ongoing ADB projects in fishery are consistent with ecosystem-based management, conservation, and integrated coastal resource management. Responsible and effective fisheries management is very critical for the sustainability of fisheries worldwide. This is further reinforced by the need to (a) implement the plan of action for the management of fishing capacity; (b) eliminate illegal, unregulated and unreported fishing; (c) protect and conserve habitats and biodiversity; and (d) ensure standards of international trade. In view of the growing concern for saving the aquatic biodiversity, further reference to the convention on biodiversity and the convention of international trade on endangered species will be useful. Likewise, trade related policy areas which include tariff, subsidies, and other non-tariff issues will require reference to the World Trade Organization guidelines.</p>

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<p>(b) Refer to fisheries policy instruments of regional organizations (such as the Association of Southeast Asian Nations, Bay of Bengal Programme Inter-Governmental Organisation, Mekong River Commission, and Southeast Asian Fisheries Development Center), whose policies emanate from the CCRF, as additional sources of policy guidance.</p> <p>(c) Assess ADB's in-house capacity to administer and service the current ADB assistance in the fishery sector. Include gaps in human resources, and determine the extent to which ADB can offer expertise and knowledge with respect to clients' development strategies and priorities. If ADB does not have the requisite in-house capacity and the ability to network and acquire complementary expertise, a significant risk is that its current portfolio of fisheries operations will not lead to the anticipated development results is significant.</p> <p>(d) Develop strategic partnerships with international institutions with expertise in the fishery sector (such as Food and Agriculture Organization [FAO], Southeast Asian Fisheries Development Center, WorldFish Center, World Wide Fund for Nature [WWF], etc.). This partnership arrangement can mitigate the lack of fishery sector expertise and human resources within ADB to provide better service to clients.</p>	<p>Policy instruments promoted by these organizations have so far been utilized to a lesser extent by the member governments, often due to weak operational capacity of the former and lack of political will of the latter. Moreover, harmonization of policy instruments across various agencies may be necessary for improving its clarity and legitimacy. Hence, there may be a need to further review the regional policy developments, including increased coordination with the regional organizations.</p> <p>Management considers the assessment of in-house skills as urgent. In noting this recommendation, we would like to emphasize that staff capacity in fishery and aquaculture biological fields may not after all be as crucial in administering most on-going and committed projects. Rather human resources with agricultural and natural resources economics and management background are the ones needed to support DMCs' development strategies and priorities. Hence, we would prioritize recruiting and mobilizing human resources with the above mentioned backgrounds and skills.</p> <p>We agree that developing strategic partnerships with international institutions is essential to mitigate the lack of fisheries expertise within ADB. A number of these agencies, namely WorldFish Center, FAO, WWF, are currently helping ADB in the formulation and implementation of fishery related projects. Their inputs can prove useful in improving the knowledgebase on the sector, and in the provision of training and skills transfer to DMCs. Constant interactions between ADB staff and international partner institutions will still be required in undertaking partnerships, integrating fisheries and environmental issues into basin, region, marine or coastal zone wide approaches to poverty reduction, and identifying component technologies and management models.</p>

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<p>(e) Integrate fisheries into broader rural development approaches to promote sustainable livelihood opportunities, create alternative employment, safeguard the environment, protect biodiversity, and to promote ecosystem-based management, conservation, and integrated coastal resources management.</p>	<p>Management feels that reference to the broad field of rural development should not become a platform for ADB to continue its engagement in fisheries sector beyond the transition phase. For this reason MTS II avoids reference to ‘rural development,’ and instead refers to specific components like ‘rural infrastructure (roads, power, irrigation, and water management)’ and ‘agriculture and natural resources (except fisheries, livestock, irrigation, and water management); thereby explicitly excluding fisheries. That being said, we believe that in general an integrated approach to link fishery, forestry, agriculture, and tourism alongside the development of infrastructure and building of human capacities is desirable. These links are crucial to expand trade and market activities in the rural areas, and may provide alternative livelihood, reduce pressure on environment, help conserve coastal and marine resources, and consequently a viable strategy for the poor people to exit out of poverty. However, it may be difficult to implement this without significant redesign and change in the scope of ongoing ADB projects.</p>
<p>(iii) ADB should reclassify its assistance to aquaculture and include it under agriculture sector development. Given that aquaculture is generally regarded as a form of farming, future ADB assistance (projects and TAs) for aquaculture should be considered as part of agriculture development rather than fisheries. ADB department responsible: SPD.</p>	<p>Rapid commercialization of aquaculture in the backdrop of declining wild caught fisheries and growing domestic and foreign demands for fish has turned aquaculture into one of the fastest growing food production system with considerable potential for contributing to rural economic growth and poverty reduction strategy. However, we believe that this recommendation needs to be carefully nuanced. Despite its similarity with agriculture in terms of production organization (e.g., private ownership of farmed fish), while treating aquaculture as part of agriculture it is important not to overlook the dynamic links between aquaculture and wild fish resources. These links are extensive and critical to maintain the environmental and ecological integrity of aquaculture development. There is a danger of falling into the trap of developing techno-centric production systems that will undermine the role of aquatic biodiversity and</p>

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	<p>genetic resources in the long-term sustainability of aquaculture.</p> <p>After adoption of the new sector-thematic classification, the responsibility for sector reclassification within ADB was transferred from SPD to RSDD. RSDD (Poverty Unit) plans to review the new classification system at the end of 2006 after nearly 2 years of its operation to accommodate further changes that are being requested from time to time.</p>