CORRUPTION BELOW WATER
Improving Governance through Corruption Prevention in the Fisheries Sector of the Pacific Island Countries
“The ocean is the next frontier in the pursuit of sustainable development. While we have failed to protect our land and atmospheric environments from our human demands we must make sure that the ocean does not meet with the same fate...”

Former President Anote Tong of Kiribati, sixty-eighth session of the United Nations General Assembly

The fisheries sector in the Pacific

The fisheries sector\(^2\) is one of the most critical industries for food security, poverty alleviation, and human prosperity worldwide. It is of particular importance for the Pacific Island countries (PICs), where fishing continues to play a critical role in the livelihoods and economic well-being of the population. PICs exported US $928 million of tuna to the four major export destinations (Thailand, EU, US and Japan) in 2019, and onshore processing employs a number of Pacific Islanders.\(^3\) Primarily though, many PICs make most of their fishery related revenue from the license fees paid by these foreign-based vessels.\(^4\) Government revenues from license and access fee revenue reached a new record of $550 million in 2019, which was an increase of 7.5 percent.\(^5\) See Annex I for more details. While the majority of the vessels involved in offshore fishing in the Pacific are foreign-owned, PICs do make up a small share of offshore vessels.\(^6\)

Coastal fisheries are claimed to account for more than 50 percent of the fishing contribution to gross domestic product (GDP) in Papua New Guinea (>60 percent), Solomon Islands and Fiji (>70 percent) and over 90 percent of the fishing contribution to GDP in Kiribati, Nauru, Samoa, Tonga, Tuvalu and Vanuatu, when considering only the fishing contribution to GDP and not taking into account revenue from access fees.\(^7\) The most valuable coastal fishery in most countries is sea cucumbers, which, when processed into bêche-de-mer, is second in value only to the offshore fishery for tuna.\(^8\)

Governance of the PICs

International, regional and national frameworks have been set aiming to sustainably manage fisheries resources. PICs’ territorial waters are governed by several of these frameworks. See Annex II for further details. However, these regulatory frameworks and controls, and the assumptions that they will be effective, are all threatened by corruption. Corruption facilitates illegal activities, distorts decision-making processes, reduces transparency, and undermines accountability. Figure 1 below depicts the role of corruption as it relates to governance frameworks. By addressing the corruption that

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\(^2\) Although there are many available definitions for the “fisheries sector”, for the purpose of this paper the definition provided by the North Atlantic Fisheries Intelligence Group (NAFIG) will be used: “commercial marine and freshwater fishing and/or harvesting and aquaculture (the farming or culturing of fish, mollusks, crustaceans and seaweed), and connected businesses.”

\(^3\) Ruaia et al. . (n14).


\(^6\) According to the current list of vessels in good standing registered by the Pacific Islands Forum Fisheries Agency (FFA), 221 PIC flagged vessels are currently in operation compared to 708 foreign flagged vessels. Registration on this list authorises the vessels to fish in the waters of FFA members. See: FFA, ‘Vessels in Goodstanding’. Available: https://rimf.ffa.int/public/goodstanding/list.

\(^7\) Govan (n6) p. 3.

\(^8\) Ibid.
enables actors to contravene these regulatory frameworks, countries can safeguard the integrity and efficacy of these frameworks. Without tackling corruption, these frameworks are left unguarded and vulnerable to manipulation, and will prove ineffective in governing the fisheries sector.

Behaviours behind corruption

Understanding the forms corruption can take in the fisheries sector allows to plan an effective anti-corruption response. Some of the behaviours that lead to corruption in the PICs' fisheries sector include:
Seek the veneer of legitimacy

Some businesses may use illegal means, where the opportunity arises, to increase their profits or to remain in business. Corruption can allow businesses, for example, to obtain forged licenses or quotas, underreport quantities of caught fish at landing, permit the sale of mislabelled fish, among others. For instance, while the Pacific supplies well over half the world’s tuna, it is estimated that one in every five wild-caught fish is illegally caught. Meaning that corruption can become a tool for businesses to legalize illegal catch. See the case in Box 1 for an example of how corruption can serve as a tool to obtain fishing licenses illegally.

Hide from authority

Corruption threatens effective regulation and crime prevention as criminals use corruption as means to develop structures to facilitate and ensure continuity of their illegal operations. They can, for example, bribe law enforcement officials to turn a blind eye to their illegal operations. In the PICs, commercially valuable coastal fishery resources such as sea cucumbers, trochus, green snails, and pearl oysters have been heavily overfished. Overfishing, in many cases, can also be enabled by corruption as even where fisheries management measures have been implemented to foster conservation, corrupt practices can negate efforts to end overfishing or rebuild fish stocks and bribes allow to hide illegal practices.

Hospitality vs. corruption

The line between hospitality and corruption can become indistinct and blurry in communities where the fishermen and those who are tasked with regulating their conduct may live in close proximity. This can be the case in some small PICs. For example, it is a common practice that when a vessel lands its catch at port and reports the value and type of the catch, the captain or crew presents fish to the inspection officers. This is often seen as a traditional gesture of hospitality rather than a bribe. However, even if the intention of such a gift would not be to bribe the officers to falsify records, or otherwise perform or refrain from performing their official duties, presenting fish may in fact influence the decision-making of the inspector, or at least give rise to a perception of improper influence.

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9 UNODC, Rotten Fish: A guide on addressing corruption in the fisheries sector, Vienna, 2019. Online courses provided by UNODC are available, including: “41.6 What is Integrity? This course is intended to provide practical learning to maritime law enforcement officers on integrity; a topic that is, by its nature, difficult to define, but vital to operational policing at both the strategic and tactical level”; “41.7 Rotten Fish - Addressing corruption in the fisheries sector. This course addresses corruption in the fisheries sector. It will help you to better understand the impact of corruption in this industry, while suggesting measures to prevent and reduce it”, and more. Available at: www.unodc.org/elearning/en/courses/course-catalogue.html.


Box 1: A Minister receives a “loan” as a reward for granting licences

The Minister of Marine Resources of the Cook Islands was sentenced to four years and four months imprisonment after having been found guilty of obtaining a bribe as a reward for issuing fishing licences to a Thai fishing company, under section 133 of the Cook Islands Crime Act of 1969.

Between October 2011 and April 2013, the Minister signed and issued a total of 18 foreign fishing vessel licences to vessels owned or operated by companies associated with the Luen Thai Fishing Venture Ltd, one of the largest fishing and seafood companies in the Asia-Pacific region. Only the Minister had the statutory authority to issue these licences, and through this role he developed a close personal relationship with the Chief Operating Officer of the company.

In June 2012, the Minister became interested in buying a resort in the area where he lived. The Minister brought in a business partner, but as neither had the security required for a bank loan, the Minister directly approached the Chief Operating Officer of Luen Thai for a loan through Luen Thai’s Cook Islands company. After a series of negotiations, the company agreed to lend $256,745. The loan agreement was concluded under the name of the Minister’s business partner.

During the process, one bank declined to be involved in lending money to the Minister and/or his business partner if the remainder of the funding was to be provided by a fishing company. The bank saw this as a conflict of interest because of the Minister’s position. Also, the Chief Operating Officer of Luen Thai informed the Minister at one stage that the board was worried that political opposition in Cook Islands could use the loan arrangement to attack the Minister and the Cook Island arm of the company, but that he would do his best to convince them otherwise.

This personal connection and the friendship developed by the Minister, through his official role and capacity, facilitated the acquisition of a loan he would otherwise not have been able to secure.

Source: Cook Islands, Case number C.R No. 594/15.

Corruption risk management as a corruption prevention tool

All the 14 PICs are parties to the United Nations Convention against Corruption (UNCAC). PICs are working towards meeting their obligations under UNCAC. Article 5 of the UNCAC calls for State parties to establish and promote effective practices to prevent corruption. Preventing corruption in the fisheries sector of the PICs would allow them to protect and strengthen the governance frameworks over their national waters and support the fight against crimes in the fisheries sector. Taking action to prevent
Corruption also contributes to the achievement of SDGs 14 “Conserve and sustainably use the oceans, seas and marine resources for sustainable development”, 2 “Zero hunger” and SDG 16 “Peace, justice and strong institutions.”

Corruption risk management processes focus on corruption risks. Corruption risks are weaknesses within a system that may present opportunities for corruption. It is a forward-looking tool that aims that public organizations identify a realistic list of corruption risks, analyse and evaluate them, and devise a set of structured, systematic, and feasible mitigation strategies tailored to the specific context and resources of the organization.

The process is not a one-off exercise but rather a cyclical process that is expected to become embedded in the organization’s working culture. It is meant to complement existing governance frameworks and approaches to combat crimes in the fisheries sector. UNODC has adapted the ISO 31000-2018 to be used by public organizations.

The corruption risk management process requires the commitment of the organization’s management and the involvement of those who can implement change within the organization, as well as the buy-in of the front lines. For this collaborative exercise, the highest authorities of the organization should appoint a group of public officials to be responsible for the corruption risk management process.
officers from different departments and levels within the assessed organization. The appointed officials will then be part of the working group that will follow the steps enlisted in Figure 2.

The first step of the corruption risk assessment is to establish the context in which the organization operates. It is important to identify any external and internal factors that may influence corruption risks, the power the organization has over these factors, and what constraints the organization may face in addressing them. For this step, the working group might develop and analyse a fisheries value chain (see Annex III for an example) to map the actors, processes, systems in place, and the role their organization plays along the value chain.

The second step of the process is to identify corruption risks. It is important to emphasize that this is a ‘what might be’ or ‘what if’ exercise, not an investigation into acts of corruption that might have happened in the past. Instead, the purpose is to look at weaknesses that might allow for corruption to occur in the future. A brainstorming session is one way to promote sharing of ideas about possible risks.

Once the risks are identified, the next step is to analyse them. The working group will establish the nature, characteristics, and type of impact the identified corruption risks could have on the organization. This may involve interviewing staff and examining internal documents (e.g. past audit reports, past investigation reports, past procurement and accounting records, analyses of procurement trends). This step is also designed to understand the type of impact each identified risk may have. Their impact could, for example, be financial, reputational, or on the organization’s mandate, among others. Categorizing the risk this way will be advantageous when evaluating its impact in the next step.

During the evaluation step, the working group should rate and prioritize the corruption risks. They can be rated, in simple terms, by both their likelihood and impact severity. For instance, the likelihood can be rated as unlikely, likely, and highly likely, while impact severity can be rated as low, medium, and high. Estimates of a corruption risk’s likelihood of occurrence and impact should be based on available information and expertise within the working group. After establishing the likelihood and impact of the corruption risk, the next task is to grade the risk. Grading risks as either minor, moderate, or major enables the working group to prioritize each risk. Gradings are arrived at by combining the likelihood with the impact rating. Figure 3 provides a basic risk matrix that explains this concept.

The next step in the corruption risk assessment is risk treatment. In this step, the working group considers how best to respond to the prioritized risks and develops a risk mitigation plan. They first identify each risk’s underlying cause or causes and connect them to existing controls. Controls are the laws, policies, procedures, processes, and management systems that aim to prevent, deter and/or detect improper actions, thereby reducing the risk to which the organization is exposed.

Then, the working group should thoroughly assess the effectiveness of these controls, note if there is a need for additional ones, and the cost and feasibility related to these findings. Similarly, it should be assessed whether specific
Risk prioritization matrix

<table>
<thead>
<tr>
<th>Likelihood</th>
<th>Impact</th>
</tr>
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<tbody>
<tr>
<td>High - 3</td>
<td>(3)</td>
</tr>
<tr>
<td></td>
<td>Staff turn a blind eye to the illegal issuing of fishing licenses (9)</td>
</tr>
<tr>
<td>Medium - 2</td>
<td>(2)</td>
</tr>
<tr>
<td></td>
<td>Nepotism in the recruitment of new officials (4)</td>
</tr>
<tr>
<td>Low - 1</td>
<td>Observers do not report illegal fishing (1)</td>
</tr>
</tbody>
</table>

- Improve transparency of processes, and strengthen institutional structures, for example, by setting in place processes that require officials to document inspections and the outcomes of those inspections and requiring more officials to review the same vessels to spot discrepancies;
  - Conduct regular training for public officials on their duties and responsibilities, including requiring officials to agree to Codes of Conduct;
  - Offer anti-corruption training for staff so they know what to do when offered a bribe, or when faced with other type of corruption, including awareness of the appropriate authorities to report to;
  - Implement efficient coordination mechanisms between relevant institutions;
  - Set in place public feedback mechanisms and anonymous hotlines so that the public can air complaints or queries;
  - Adopt effective right-to-information frameworks that allow the public to seek
government information regarding fisheries management;
• Implement and/or strengthen whistle-blower protection mechanisms so that staff are empowered to speak out about corruption without fear of repercussion;
• Commission assessments on weaknesses in governance, including on current capacity, staffing and budgets of agencies involved in the fisheries sector;
• Enhance staff incentives to encourage integrity and good performance.

After completing the five steps, the results of the mitigation strategies should be monitored, evaluated, and adjusted, and the findings should be fed back into the corruption risk management cycle. For a more detailed approach to risk management, see UNODC’s *Rotten Fish: A Guide on Addressing Corruption in the Fisheries Sector*.

**Other tools to strengthen governance in the fisheries sector**

Each PIC will prioritise different approaches to strengthen governance in the fisheries sector. Corruption risk management processes are suggested to be adopted at an organizational level, however, there are measures that could be taken at a national or regional level to reinforce governance frameworks effectively. See the examples below.

**National level**
• Conduct reviews or audits of domestic access arrangements (including joint ventures and reflagging vessels) to optimize the economic returns and value added to the national economy. This reporting should, where possible, include information on the likelihood of corruption occurring during the negotiation process.
• Review national legislation to ensure it effectively complies with regional agreements, for example by guaranteeing consistency with the administration and reporting of non-fishing days under the Vessel Day Scheme.
• Require that all negotiations and signing of access agreements be open and transparent, and implementing conflict of interest provisions to monitor acceptance of hospitality and gifts by officials from companies or foreign representatives.
• Carry out reviews of budgets, staffing, and capacity relating to monitoring and enforcement, as well as reviews on topics such as the value of fisheries lost through corruption or the status of anti-corruption measures as part of broader governance reviews.
• Ensure appropriately composed and convened committees for sensitive functions such as licencing or setting fees or prices.
• Involve other branches of government, when taking key decisions, including Ministry of Finance, Tax Authorities, Central Bank and Environment Departments who have different interests (including maximizing revenue to the country or protecting biodiversity).
• Review data to optimise the economic returns and determine net benefits of current and alternative management arrangements, involving all relevant line ministries (e.g. to appropriate level of licence fees, tax rates or incentives).
• Strengthen the collection and regular publication of fisheries information.
• Develop strong regulation on lobbying.
• Develop strong rules over accepting gifts, hospitality or favours and the venue chosen for negotiations.
• Improve or strengthen accounting and taxation procedures relating to fishery related goods and services.

**Regional level**
• Seek to include key anti-corruption elements in broader programme that support fisheries governance, monitoring, and compliance and policy development carried out by regional agencies e.g. piggyback on governance programme of Pacific Islands Forum Fisheries Agency (FFA) to ensure that legislation and institutions are fit for purpose.
• Seek support outside the sector when negotiating regional agreements and policies to ensure they are beneficial to PICs, such as by including experts that can provide quick cost/benefit analysis, as well as other relevant national authorities that may have views that should be considered (for example, environment authorities to ensure biodiversity and protection of endangered species).
• Increase transparency in negotiation and decision making in the regional fisheries management organisations.\(^\text{14}\) This may include making the proceedings public and allowing civil society organisations, members of the public, and other interested parties to attend such meetings where appropriate.
• Encourage implementation of the Food and Agriculture Organization of the United Nations (FAO) Agreement on Port State Measures by all the PICs not currently party to reduce Illegal, Unreported and Unregulated (IUU) fishing.
• Report to regional agencies and ministries other than fisheries, for instance Economic Ministers and Leaders or Secretariat of the Pacific Regional Environment Programme offer other channels for messaging relating to the cost of corruption to economies or environment;\(^\text{15}\)
• Disseminate information at public and government levels by regional agencies that operate comprehensive information and awareness programme. The University of the South Pacific (USP) has imparted some courses which include the topic of corruption but it is necessary to ensure that this is addressed in the fisheries management courses at the School of Marine Studies. Core materials are already available,\(^\text{16}\) but collaboration with Secretariat of the Pacific Community and FFA would add value to these; and
• Create new platforms to share relevant information beyond fisheries. For example, one such mechanism was envisaged under

the Framework for a Pacific Ocean scape (2010) which led to the establishment of the Office of the Pacific Ocean Commissioner.\(^7\)

- PIFS should consider fishery related initiations. PIFS’ historically led initiatives on ‘Good Leadership’ and ‘Principles of Accountability’, as well partnering on initiatives with UN agencies such as on freedom of information,\(^8\) therefore it is possible that new policy directions under the Blue Pacific and 2050 Strategy combined with new leadership under the rotating chair and incoming Secretary General could afford opportunities for such matters to be taken up again;

- FAO may have opportunities to support the implementation of regional policies but with specific focus on issues such as transparency and accountability that are highlighted in UN policies such as the FAO Code of Conduct 1995 of the Voluntary Guidelines for Securing Sustainable Small-Scale Fisheries 2015 and not fully addressed in regional policy; and

- CSOs in the environment sector are relatively strong in the region and have opportunities to raise awareness nationally and regionally on fisheries governance issues.

ANNEX I

Fishing licenses and fees revenue

License and access fee revenue per country (2019).\(^9\)

<table>
<thead>
<tr>
<th>Country</th>
<th>License and access fee revenue (US$ millions)</th>
</tr>
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<tbody>
<tr>
<td>Kiribati</td>
<td>146</td>
</tr>
<tr>
<td>Papua New Guinea</td>
<td>133.1</td>
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<tr>
<td>Federated States of Micronesia</td>
<td>72.4</td>
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<tr>
<td>Solomon Islands</td>
<td>44.1</td>
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<tr>
<td>Marshall Islands</td>
<td>33</td>
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<tr>
<td>Tuvalu</td>
<td>27.7</td>
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<tr>
<td>Cook Islands</td>
<td>14.1</td>
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<tr>
<td>Tokelau</td>
<td>14</td>
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<tr>
<td>Palau</td>
<td>9.5</td>
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<tr>
<td>Fiji</td>
<td>2.2</td>
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<tr>
<td>Tonga</td>
<td>1.6</td>
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<tr>
<td>Niue</td>
<td>1.2</td>
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<tr>
<td>Samoa</td>
<td>1.1</td>
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</tbody>
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\(^8\) Extracted from tables in Ruaia et al. (n14).
License and access fee revenue.\textsuperscript{20}

<table>
<thead>
<tr>
<th>Year</th>
<th>Pole and line</th>
<th>Longline</th>
<th>Purse seine</th>
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<tbody>
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<td>2008</td>
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<tr>
<td>2020</td>
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\textsuperscript{20} FFA (n18).
## ANNEX II

**Governance of the fisheries sector in the PICs**

### International framework

<table>
<thead>
<tr>
<th>Organization</th>
<th>Description</th>
</tr>
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</table>
| United Nations Fish Stocks Agreement (UNFSA) | - All 14 PICs (excluding Tokelau) are part.  
  - Provides the global framework for States to cooperate and establish international organisations to manage transboundary fisheries (migratory species). |
| United Nations Convention on the Law of the Sea (UNCLOS) | - All 14 PICs are signatories.  
  - Establishes jurisdiction and governance parameters of key issues related to the world’s oceans. |
| Convention on International Trade in Endangered Species of Wild Fauna and Flora (CITES) | - 7 PICs are signatories.  
  - Regulates international trade of endangered species. |
| UN Food and Agriculture Organization (FAO) Agreement on Port State Measures to Prevent, Deter and Eliminate IUU Fishing (PSMA) | - 4 PICs are party to this agreement.  
  - Aims to prevent, deter and eliminate IUU fishing by preventing vessels engaged in illegal fishing from using ports and landing their catches. |
Regional framework

Western and Central Pacific Fisheries Commission (WCPFC)
- All 14 PICs are members.
- UN mandated Regional Fisheries Management Organization (RFMO), it addresses issues in the management of fisheries for highly migratory species.
- Requires to promote transparency in its decision-making processes, and it adopts binding conservation and management measures.

South Pacific Forum Fisheries Agency Convention (FFA Convention)
- All 14 PICs as well as Tokelau are party.
- Provides for the development of regional and national policies, national and regional tuna fisheries management services (including vessel registry and satellite-based vessel monitoring system), promotes co-operation on enforcement and regional surveillance, and facilitates negotiations and terms for foreign fishing vessel access to PICs waters.

Secretariat of the Pacific Community (SPC)
- Assists its member countries and territories in matters relating to both coastal and oceanic fisheries development and management, as well as scientific research and compilation of catch data on the tuna resources of the region, through its Fisheries, Aquaculture and Marine Ecosystems (FAME) Division.

Pacific Islands Forum Fisheries Agency (FFA)
- Assists in the management of the region’s tuna resources.
- Supports Parties to the Nauru Agreement (PNA) and the WCPFC management initiatives.
- Supports the operation of the Vessel Monitoring System (VDS), the Regional Fisheries Surveillance Centre, regional observer programmes, assists with port state enforcement, and maintains the FFA vessel register.

Parties to the Nauru Agreement Office in the Marshall Islands (PNAO)
- Sub-regional organization formed by the Federated States of Micronesia, Kiribati, Marshall Islands, Nauru, Palau, Papua New Guinea, Solomon Islands and Tuvalu.
- Responsible for the VDS which requires vessel owners to purchase and trade days fishing at sea in places subject to the PNA.
- Purpose: constrain and reduce catches of target tuna species and increase the rate of return from fishing activities through access fees.

Teieniwa Vision
- Regional anti-corruption vision adopted at a regional gathering in 2020 with leaders from PICs, Australia and New Zealand. It was endorsed in February 2021.
- It commits PICs to collaborating with each other to address corruption in all sectors.
ANNEX III
Fisheries value chain

Understanding the value chain can help public bodies, investigators, law enforcement, and the private sector understand where the risks of corruption might be, and how to mitigate them. No ‘one size fits all’ value chain exists; these value chains are hypothetical examples, as no single chain (or order of events in a value chain) can correctly describe the process across every country. The figure below is only a general representation.

Figure 4: Fisheries value chain model - Source: Rotten fish, UNODC