Rising fisheries license revenues in the Pacific

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Natural resource exploitation in the Pacific

* Pacific natural resources yield “windfall” revenues
  * Phosphate, oil and gas

* The special case of fisheries: a renewable resource
The Parties to the Nauru Agreement

- **1982**: Nauru Agreement
- **1992**: Palau Arrangement
- **2008**: Vessel Day Scheme (VDS) begins
- **2012**: VDS fully implemented
Fishing License Revenues, Select PNA Members ($ million)

Source: ADB estimates based on data from national sources.
## Fishing License Revenues, Select PNA Members (% of GDP)

<table>
<thead>
<tr>
<th>Country</th>
<th>2008-2011 (average)</th>
<th>2012-2015 (average)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kiribati</td>
<td>19.6</td>
<td>61.4</td>
</tr>
<tr>
<td>RMI</td>
<td>1.2</td>
<td>4.0</td>
</tr>
<tr>
<td>FSM</td>
<td>6.3</td>
<td>13.6</td>
</tr>
<tr>
<td>Palau</td>
<td>0.2</td>
<td>1.0</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>20.9</td>
<td>35.9</td>
</tr>
</tbody>
</table>

Source: ADB estimates based on data from national sources.
Improved fiscal positions

Fiscal balance: Federated States of Micronesia (% of GDP)

- Reversed deficits into rising surpluses
- Expenditure constraint a factor
- Stabilized fiscal performance
- Boosted prevailing surpluses

Source: ADB estimates based on data from national sources.
Increased recurrent spending

Fishing license revenues vs. recurrent spending, 2012-2015 (% of GDP)

- Broadly tracked fishing license revenue growth in most countries reviewed
  * Wages and subsidies
  * Human capital investment

Source: ADB estimates based on data from national sources.
Enabled trust fund deposits

* From net withdrawals to net deposits
  * Kiribati Revenue Equalization Reserve Fund
  * Tuvalu Trust Fund

* Steps toward long-term fiscal sustainability
  * Compact Trust Funds
  * FSM Trust Fund

* Established new trust funds
  * Nauru Trust Fund
The way forward

* Manage harvest rates to promote sustainability
  * Regional cooperation
  * Fisheries conservation

* Invest and save efficiently
  * Human capital, strategic infrastructure
  * Operations and maintenance of public infrastructure
  * Properly managed trust funds
Thank you!

http://www.adb.org/publications/series/pacific-economic-monitor