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Managing Europe's inshore fisheries:

HARNESSING THE EUROPEAN FISHERIES FUND

Managing Europe's inshore fisheries: harnessing the new European Fisheries Fund

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This report was commissioned by the RSPB from Clare Coffey of the Institute for European Environmental Policy (IEEP), London, and written for BirdLife International.

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Executive summary

In 2000, the RSPB/BirdLife International report 'Managing inshore fisheries: time for change' presented a compelling case for a new European inshore fisheries management regime, based on the value of both inshore waters and the inshore fisheries sector. A major step in this direction was taken by the 2002 reform of the Common Fisheries Policy (CFP) that enabled Member States to manage their 12 nautical mile inshore areas, as well as prioritising sustainable development and the transition towards an ecosystem-based approach as key objectives of the CFP. The challenge is how to turn the new CFP into practical reality for the inshore sector.

The European Fisheries Fund (EFF) – currently under discussion – is one mechanism to potentially support such change. The Commission came forward in July 2004 with a package of funding proposals covering the EU's next budgetary period 2007–2013, including the proposed new EFF. The package is due to be agreed during 2005, with EFF to succeed the existing Financial Instrument for Fisheries Guidance (FIFG). The EU is thus at an important juncture with decisions being made about whether and to what extent future fisheries aid is to support the delivery of the new CFP, including in inshore waters.

The overall goal of this report is to enable decision-makers, fisheries managers and other practitioners, to harness the potential of the EFF for inshore waters. The report begins by placing the unique qualities and role of inshore waters and their fisheries in the context of the EU, then addresses the challenges facing the emerging EFF for promoting the sustainable development of the inshore sector. Opportunities arising from the proposed EFF are defined in relation to past aid with FIFG, which, it is argued, is failing to counteract the special pressures on inshore waters or cater positively for their special attributes. Specific funding needs of the inshore sector are identified and measured against the capacity of the EFF to deliver for them. Overall, the analysis is intended to help shape the EFF proposal. It should also assist Member States and regional managers to maximise the opportunities for inshore waters afforded by the EFF once it is adopted, given that they will have considerable latitude in how they deploy the available funds.

Coastal and inshore waters act as a potentially rich source of fish and shellfish for the inshore and offshore fisheries sector, as well as supporting various other economic activities, such as tourism and recreational activities. Europe's inshore environment provides a number of other vital functions that are of great importance to society. The importance of inshore waters for its habitats is reflected in the fact that Wales has identified 70% of the length of its coastline as candidate Special Areas of Conservation under the EU's Habitats Directive. The EU inshore fisheries sector is important in its own right,

engaging 72,000 small-scale boats or 75% of the total EU fleet, and generating many additional benefits. Aquaculture is also assuming increasing significance in inshore fisheries management discussions, as is recreational fishing.

Despite its importance, the inshore sector faces a number of ongoing and increasing pressures. These include a continued downward trend in the status of EU fish stocks; reduced fishing opportunities offshore and subsequent increased investment and fishing capacity inshore; heightened public and political scrutiny of the environmental impacts of fishing and aquaculture; declining employment and erosion of the skills base; and continued globalisation of the market in fish and fish products. These pressures are likely to be felt most acutely by the smaller-scale operators, those that are dependent upon discrete areas for fishing and farming, and those engaged in traditional patterns of production.

Given these evolving socio-economic and political contexts, as well as the commitment to sustainable development and ecosystem-based management under the new CFP, the inshore fisheries sector faces a number of management challenges. These include restricting the level of fishing mortality and reducing the 'side effects' of fishing by developing more rigorous, detailed and even new management measures and approaches. These will have important cost implications, with the stewardship of marine Natura 2000 sites alone expected to generate significant additional costs. Efforts to reinforce inshore fisheries management should be rooted in broader coastal and/or rural development objectives, building on the assets of the local area. It may even be suitable to reward rural communities for their role in delivering environmental objectives, so that the challenges facing inshore fisheries can be turned into benefits for local actors and communities.

EU fisheries aid provided under the existing FIFG has been designed to help the fisheries sector adjust to changing environments in Europe and globally. Yet funding arrangements have not lived up to the challenges facing the inshore fisheries sector in the 21st century. A preoccupation with capital investment, and particularly boat-building and modernisation projects, has served to rationalise and modernise the sector, with small-scale, less 'efficient' and traditional vessels often the main casualties. The situation has improved gradually, and recent years have seen a growing willingness at EU level to slow down investments in capacity building, whilst freeing up aid to mitigate the negative impacts of fisheries on the environment. Shortcomings, however, still exist.

Despite the limited role that EU aid has historically played in inshore fisheries management, there is a growing interest in using aid to promote the sustainable development of the inshore sector. Financial incentives offer a positive mechanism for steering and rewarding certain activities and may be justified as a means of correcting general market failures associated respectively with marine environmental

resource use, the particular sensitivity and value of inshore waters, and the inability of small scale operators to cope with new environmental standards. This analysis, however, recommends that funding should be conditional on the provision of certain goods or services that operators actively provide, rather than providing aid purely for continuing 'traditional' practices or for respecting good practice or mandatory conditions.

Apart from offering funding to the small-scale sector, this study makes the case for moving away from investment in 'hard' or manufactured capital intended to generate revenue and jobs in the future, to 'softer' investment in human and social capital, such as building up skills through training and education, developing governance systems, supporting the range of functions associated with the marine and coastal environment, and even paying operators to continue certain traditions rather than upgrading or leaving the sector entirely. The process of developing and implementing funds can in itself contribute to building or maintaining social networks and supporting more participative and partnership-based approaches to management. All of these approaches are interpreted here as germane to the sustainable development of inshore waters.

Against this background, the main findings from this study for the proposed EFF and its implementation are as follows.

From an environmental perspective, the proposed EFF is seen as clearly representing an improvement on past and existing aid, continuing in the direction of earlier reforms. The general language and thrust of the proposal suggest a deeper commitment to positive environmental management, with a particular recognition of the importance of investing in the sustainable development of the inshore sector and related communities. Key improvements, linked to the EFF's five 'Priority axes', are as follows:

- fleet related aid is overwhelmingly targeted at supporting implementation of management plans and measures, and other activities that go beyond legal requirements
- proposed aqua-environmental measures would reward fish farmers for additional public goods or services provided, potentially paving the way for more widespread consideration of paying for services provided by the sector
- there is a stronger emphasis on using and building on local social and environmental capital, with marketing and processing, training, networking and exchange of good practice more prominent

- funding is to be made available not only to individuals and collectives, but also to communities, taking account of the sector's role within and dependence upon remote, peripheral and rural coastal areas
- the approach to funding is to shift, at least in relation to the 'coastal areas' axis, increasing the likelihood of funded projects responding more to local needs, rather than the interests of the better organised parts of the sector.

The proposal's main weaknesses include the lack of funding for ongoing data collection and other management activities. There is also a lack of compulsory elements in the regulation, with the consequent risk that the range of opportunities in the new EFF will be only partially reflected in eventual funding decisions.

In this regard, the amount of aid channelled in the direction of small-scale investments will – judging by past experience – be limited, particularly compared to the potential costs of inshore fisheries management, including in Natura 2000 sites. The EFF proposal needs to give stronger and more explicit support to resourcing the fisheries elements of managing the marine Natura 2000 network.

The environmental sensitivity of all investments is also not sufficiently secured. There is a requirement to involve environmental partners, as appropriate, in implementing the new fund, and a requirement for an environmental assessment of the national strategic plan that Member States would have to produce. But the proposal makes only very limited use of 'cross-compliance', with no explicit linkage between access to EFF funding and compliance with the Habitats and Birds Directives, or the Water Framework Directive. The value of cross-compliance in environmentally sensitive delivery of the EFF is therefore recommended.

While the EFF proposal is to be welcomed from an environmental perspective, some elements of the European fisheries sector want to see less prominence given to environment, sustainable development and small-scale coastal fisheries. It is vital that those in favour of the existing proposal, with its broad support for these issues, engage actively with the EU institutions over the coming months, until the proposal is formally adopted in 2005, to ensure that its best elements are retained.

Sustainable inshore fisheries issues also need to be reflected in discussions on the overall EU budget, so that the amount of funding from EFF and the new environmental fund (LIFE +) are sufficient for the task ahead.

Once the EFF regulation is agreed, attention will need to be given to its implementation, including work on Community strategic guidelines, national strategic plans for the fisheries sector, Operational

Programmes, establishment of Monitoring Committees and, finally, the delivery of funding. The report highlights the significance of each of these elements for the benefit of Member States. The inshore sector and inshore environmental interests should be working on all fronts, including identification of the most important coastal areas for establishing local coastal action groups that will be involved in delivering part of the funding.

There is evidently a long road ahead, before inshore fisheries and communities can start to feel the benefit from a new generation of EU aid under the European Fisheries Fund. A great deal of energy is needed to ensure that the opportunities of the proposal and subsequent discussions are indeed maximised, so that EU funding serves as a tool for promoting sustainable inshore fisheries and not as a barrier to it.

1 Introduction

In 2000, IEEP wrote a report for BirdLife International – *Managing EC inshore fisheries: time for change*¹, which presented a compelling case for a new European inshore fisheries management regime, including reform of the Common Fisheries Policy (CFP), the introduction of inshore management strategies and plans, and the use of financial incentives to deliver change on the ground. The basic premise was that inshore waters host many of Europe's most valuable but also vulnerable habitats and species, and that existing EU and national management arrangements for inshore fisheries were not up to the challenge of protecting them.

A major step in support of a new inshore regime was taken with the 2002 reform of the CFP: Member States secured the right to manage all fishing activities within their 12 nm territorial waters, including also 'foreign' fishing vessels (Regulation 2371/2002). With the same regulation, the EU made a legal commitment to progressively apply the ecosystem-based approach to fisheries management, taking account of social, economic and environmental objectives. Member States can now, and indeed should, manage their inshore waters in ways that are compatible with sustainable development. The question is how to make the words of the new CFP framework a practical reality.

EU and national aid to the fisheries sector has traditionally been an important mechanism for steering and supporting change in the sector. Unfortunately, aid has rarely been used to meet the needs of sustainable inshore fisheries: instead of investing in the resource base and maximising associated benefits, aid has instead tended to support increased overall production. It has thus contributed to stock declines and other problems, rather than helping to address them. Some important improvements were made to funding rules during the

¹ Coffey C. & Dwyer J, 2000, *Managing EC inshore fisheries: time for change*. RSPB, Sandy, UK.

1990s and in 2002, but further significant change is needed if funding is really to support resource management over the long term. Ongoing discussions to introduce an EU European Fisheries Fund (EFF) for the period 2007–2013 provide an ideal opportunity to secure such changes.

This report presents arguments for using aid to support inshore fisheries, and identifies priorities for a new generation of EU aid, notably including a shift from 'hard' capital investment aid to 'softer' forms of investment (section 4). Before doing so, the report outlines the emerging needs of the inshore fisheries sector, including both resource management and broader coastal development issues (section 2), and the history of EU aid as a tool for fisheries management (section 3). The report concludes by identifying specific opportunities presented by the new EFF (section 5), and possible ways of taking these forward (section 6).

The report reinforces the vital importance of inshore waters for supporting a rich diversity of marine wildlife, including seabirds and shorebirds, as well as fish resources and dependent human communities, many of which are in remote areas with no source of livelihood other than inshore fishing. This study shows decision-makers, practitioners and managers how the new EFF can be harnessed to support sustainable development inshore, at a time when this sector is attracting increasing investment and potential fishing effort from hard-pressed operators offshore. The challenge is to ensure that Member States can and do use the emerging new funding framework in ways that genuinely support sustainable development of the inshore sector and related communities.

2 Sustainable development of the inshore fisheries sector

2.1 Introduction

The inshore fisheries sector – including both commercial fishing and farming activities, and recreational fishing – has for centuries been a feature of Europe's coastlines, with boats and fish farms scattered along the shores of the Mediterranean and Baltic seas, as well as the coastal fringes of the North-east Atlantic. Artisans and small-scale fishing activities are responsible for a significant proportion of total EU fisheries employment and production, as well as contributing to local culture and heritage.

Inshore fishing and fish farming has been shaped by a range of geographical, social and political factors. This has continued into the 21st century though technological advances and growing competition have accelerated the pace of change, with resulting implications for longstanding traditions and patterns of production, and also the fragile and increasingly pressured environment on which the sector depends for its very survival.

Against this background, recent years have seen a growing interest in stepping up the management of inshore activities, both to secure a viable future for the sector and to protect the inshore environment. Several reports and studies have been produced, particularly in the UK, examining in some detail the characteristics of and trends in the sector, as well as fisheries-dependent communities. Drawing on these, this section highlights just some of the main features of the inshore fisheries sector and inshore waters, with a view to identifying the most pressing management issues facing the inshore sector.

2.2 Revisiting the value of inshore waters

The diverse characteristics of Member States' inshore waters are heavily determined by the adjacent areas. The EU coastline borders three different European seas (Mediterranean, Baltic, North Sea) as well as the North-east Atlantic. In area terms, the relative importance of inshore waters is amplified in some regions by the deeply indented nature of the coastline, eg Scotland's inshore waters are vast in relation to the size of the country, with some 90,000 square kilometers lying within the 12 nm territorial limit (Symes and Ridgway, 2003).

Europe's inshore waters support an enormous range of habitats, flora and fauna. Up to half of the UK's biodiversity – over 44,000 species – may be found in its surrounding waters (Defra 2002). The importance of inshore waters for its habitats is reflected in the fact that Wales has identified 70% of the length of its coastline as candidate Special Areas of Conservation under the EU's Habitats Directive. The benthos, seabed and water column are essential for the survival of marine birds, mammals, turtles and invertebrates. For example, every year over 8 million seabirds of 25 different species visit the UK's coasts and

cliffs to breed, often comprising numerous populations and colonies of international importance. On the other side of the North Sea, the Waddensee is a critical resting area for up to 12 million birds which migrate annually along the East Atlantic flyway. With 10 species endemic to the area, the region is one of the most important feeding areas for sea ducks and shorebirds in Europe.

It is evident that coastal and inshore waters act as a rich source of fish and shellfish for the inshore fisheries sector, as well as for commercial and other demersal and pelagic species that begin their lives inshore and are subsequently fished further offshore. Overall, a significant proportion of the catch of all commercial species is believed to originate from the coastal strip, although there is little readily-available information on the contribution of European inshore waters to total EU fish production.

A US study, undertaken in the 1990s, provides some insights into the relative value of coastal areas – in this case wetlands – for the fisheries sector. According to this study, the dockside value of fish landed in the US was \$3.3 billion, which served as the basis of a \$26.8 billion fishery processing and sales industry, which in turn employs hundreds of thousands of people. An estimated 71% of this value was derived from fish species that during their life cycles depended directly or indirectly on coastal wetlands (US Congress, 1993).

Europe's inshore environment also provides a number of other vital functions – mainly services – that are of great importance to society but are generally more difficult to put a price on. These include flood defence, nutrient cycling, gas and climate regulation, bioremediation of waste, biological control and habitat functions.

The importance of inshore waters as habitats is reflected in the growing number of inshore areas that are being identified for protection as Special Areas of Conservation (SACs), under the Habitats Directive (see Box 1). In Wales, around 70% of the length of the coastline lies in proposed SACs.² In addition, more than 30% of Special Protection Areas designated by the (formerly) 15 EU Member States under the Birds Directive are coastal.³

² www.ccw.gov.uk/generalinfo/index.cfm?Subject=Marine&lang=en Accessed October 2004.

³ <http://europa.eu.int/comm/environment/iczm/situation.htm> Accessed September 2004.

Box 1 The Habitats and Birds Directives – protecting inshore waters

The 1979 Birds Directive (79/409) and the 1992 Habitats Directive (92/43) together aim to contribute to the maintenance of biodiversity within the Member States by conserving natural habitats and species. This goal is to be achieved in particular by creating a network of protected areas, known as Natura 2000, as well as a more general system of protection applicable to the wider environment. Natura 2000 consists of Special Areas of Conservation (SACs) designated under the Habitats Directive, and Special Protection Areas (SPAs) classified under the 1979 Birds Directive.

Natura 2000 aims to ensure that Europe has a network of coherent sites, which are subject to increased standards of protection. Member States are, for example, to take appropriate steps to avoid the deterioration of the habitats and any significant disturbance of those species for which areas have been designated. Importantly, plans or projects likely to have an effect on a site – including at least some fishing licences – are to be subject to appropriate prior assessment.

Member States are also required to establish a system of strict protection for several animal species, prohibiting any deliberate killing, disturbance or destruction of eggs or breeding sites. States are also to establish a system to monitor the incidental capture and killing of these species. In the light of information gathered, Member States are to take further research or conservation measures as required to ensure that incidental capture and killing do not have a significant negative impact on the species concerned. This part of the Directive is important for fisheries such as the bottom-set gill net and pair trawl fisheries which are associated with relatively high levels of cetacean mortality.

Some progress is being made in applying the Directives in inshore waters, by proposing or classifying areas, and by managing and protecting those areas from fisheries impacts. But considerable additional work is needed to complete the Directives' implementation (European Commission, 2004c), including in inshore waters.

A healthy and clean marine environment in turn supports various economic activities, not only fishing but also tourism and recreation. It also acts as a store for knowledge and information. In future, it is anticipated that the range of uses of the marine environment will expand further, notably in terms of sourcing pharmaceutical and medicinal products and genetic resources (Beaumont and Tinch, 2004).

Putting a price tag on the value of ecosystem services provided by inshore waters is virtually impossible, although some attempts have been made in this direction. A European Commission funded study

(Firm Crichton Roberts Ltd et al, 2000) examined 93,000 km² of coastal zone areas (including landward areas and shorelines) in 21 integrated coastal zone management initiatives. Of the €18 billion of positive environmental benefits generated each year in these areas, the majority of the environmental services income was generated through the positive benefits of estuaries (41.4%); the areas of continental shelf (21.6%), and tidal marshes (11.9%). These figures, at the very least, suggest that inshore waters provide relatively important functions for coastal communities and, on this basis alone, they deserve a high level of protection and management to ensure these functions are not lost due to pollution, overfishing, excess tourism, urban encroachment and other activities.

2.3 The value of the inshore fisheries sector

Any attempt at assessing the value of the inshore fisheries sector is similarly beset with difficulties, particularly if one includes commercial, recreational and aquaculture activities. It is hard enough to identify the 'inshore' part of the commercial harvesting sector. Frequently defined on the basis of vessel length rather than area of operation, the smaller end of the capture sector can increasingly operate well offshore. Conversely, larger vessels can, depending on national or local regulation, fish close to shore.

Even using the length definition, the dispersed nature of the small-scale capture sector makes it relatively difficult to recognise in statistical or policy terms. Nevertheless, across the EU, there are believed to be 72,000 small-scale boats, making up 75% of the total EU fleet, and accounting for 44% of jobs in the primary or harvesting sector. The contribution to total catch is believed to be in the order of 20%. Employment in the UK's under 10 metres sector is above the EU average, responsible for more than half of the UK's 12,000 jobs in fish harvesting, excluding the potentially significant number of informal and family jobs (Strategy Unit, 2004).

As with inshore waters overall, the economic significance of the small-scale sector can go well beyond contributions to revenue or employment. Inshore fisheries often bring wider benefits to the cultural fabric and image of communities. Smaller boats come from smaller harbours, make shorter trips, and are therefore more 'visible', as well as supplying locally marketed fresh fish. They can consequently bring additional tourism and local economic value, although in some parts of Europe at least, the picture postcard image of inshore fishing vessels is, according to Symes (2002), a 'gross misrepresentation of inshore fishing' with the new generation of boats being far from traditional.

Aquaculture is also assuming increasing significance in inshore fisheries management discussions, with production in the EU rising sharply from 642,000 tonnes in 1980 to 1,315,000 tonnes in 2000. Aquaculture now constitutes 17% of the volume and 27% of the value of the total primary fish production in the EU, the principal farmed species being trout, salmon, sea bass, sea bream, mussels, oysters and

clams. In 1998 aquaculture employment in the EU amounted to approximately 57,000 full-time equivalent jobs. This includes employment in traditional aquaculture, for example in Galicia, Spain and Charente Maritime in France. New jobs have been created in Scotland, Ireland and Greece. In Scotland, where most UK aquaculture is based, the sector provides nearly 2,000 direct jobs and between 4,000 and 5,000 jobs in the supporting sectors. It accounts for about half by value of all Scottish food exports (Scottish Executive, undated).

Apart from commercial fishing and fish farming, recreational sea fishing is a significant and growing sector in some inshore areas of the EU. The total recreational fishing industry (freshwater and marine) in Europe is estimated to be worth €25 billion. There are approximately 25 million anglers that fish at least once a year, of which 6–10 million are sea anglers. Inshore waters in England and Wales are used by more than a million sea anglers each year (Drew Associates, 2004).

2.4 An evolving context for management

Despite the recognised importance of inshore waters and the inshore fisheries sector, the sector faces a number of pressures, many of which are set to continue and even worsen in the coming years, at least in the absence of effective EU and national intervention. The following are key amongst these:

- a continued downward trend in the status of EU fish stocks – of the assessed stocks, most fish stocks of commercial importance in European waters are outside safe biological limits.⁴ This is despite the 2002 CFP reforms that have, to date, resulted in relatively few concrete management changes. In the UK, only 29% of fish stocks are currently fished within safe limits.⁵ That said, stocks such as mackerels, nephrops, and some of the non-quota species such as scallops, crabs and lobsters are healthy (Strategy Unit, 2004)
- reduced fishing opportunities offshore and subsequent vessel decommissioning are displacing increasing investment and fishing capacity inshore, so threatening to impose greater pressure on inshore resources (which, by contrast with offshore, are often at relatively more sustainable levels). The pressure arises in various ways, eg the emergence of greater nomadism by some vessels seeking fishing opportunities over an ever wider geographical inshore area, the building of new, powerful and technically efficient inshore vessels (replacing decommissioned offshore vessels) and also increased investment in static gear

⁴ http://themes.eea.eu.int/Sectors_and_activities/fishery/indicators/FISH01a%2c2004.05/index_html 2004 Indicator factsheet. Accessed September 2004.

⁵ www.defra.gov.uk/wildlife-countryside/ewd/biostrat/html/h6.htm Last modified 12 July 2004. Accessed September 2004.

- declining employment and erosion of the skills base – the EU fisheries sector has lost as many as 8,000 jobs each year for the last 10 years, and this trend is expected to continue. The UK catching sector has witnessed declines over the last decade, of between 33% (full-time) and 39% (part-time) (Strategy Unit, 2004). The trend is linked to a number of factors, including an active EU policy of decommissioning vessels and at the same time, supporting the introduction of new, more 'efficient' vessels. The combination has speeded up a more widespread tendency for labour to be substituted with technology (Symes, 2004). Future reductions in public aid for vessel modernisation (European Commission, 2002a), and increased costs of fuel and environmental management, could precipitate further diversification out of the sector. At the same time, Member States are facing a labour shortage in the harvesting sector, with fishing becoming less attractive for young entrants (European Commission, 2002a)

Box 2 The state of fish stocks and the wider environment

In 2003/4, the UK Prime Minister's Strategy Unit put forward recommendations for the future of the UK fishing industry. According to this work, the fisheries sector is held responsible for the following environmental impacts:

- the size of most fish stocks or the fishing pressure exerted upon them is outside safe biological limits
- the genetics of some fish stocks have changed
- some non-target species have been fished out of some areas
- the bycatch of marine mammals is serious and is an unacceptable risk to the viability of some populations
- damage to the seabed and to seabed communities is widespread which will adversely affect fish and other species, dependent on these
- food webs have been disrupted.

Fishing is not the only human activity causing change in the UK's marine environment, but it is the most significant activity and may reduce the resilience of the marine environment to other pressures.

(Source: Laffoley and Tasker, 2004)

- heightened public and political scrutiny of the wider environmental impacts associated with fishing and aquaculture (see Box 2) – although there has been a progressive improvement in understanding the marine environment, neither knowledge nor policies have kept pace with developments in fishing and fish farming methods. There is pressure to extend environmental measures seawards, for example, applying prior impact assessment to identify and minimise damage from fishing and farming

activities, and using marine protected areas or other conservation measures to protect sensitive habitats and/or species. There are also ongoing discussions, at EU level, concerning the introduction of a new marine framework directive that could establish global objectives for Europe's seas. Actual progress is limited however, with the long-standing EU Birds and Habitats Directives (see Box 1) still the two main EU environmental policies with implications for inshore fisheries

- operating in a globalised market place – the sector is facing changing consumer preferences. As well as coming under pressure to compete more freely with both raw and processed products within an enlarged EU, and from outside the EU, pressure is coming from changes in patterns of domestic consumption (shellfish and whitefish for UK) and levels of demand, including demand for raw fish for processing. Ongoing World Trade Organisation discussions are also seeking to liberalise trade further, while at the same time pushing for the removal of subsidies that support increased production and/or distort trade.

These factors are likely to conspire to put additional pressure on the sector as a whole. One can, however, expect the effects to be felt most acutely by the smaller-scale operators, those that are dependent upon discrete areas for fishing and farming, and those engaged in traditional and more labour intensive patterns of production.

2.5 The new European framework – Regulation 2371/2002

In late December 2002, EU Fisheries ministers reached agreement on a new basic Regulation for the Common Fisheries Policy (CFP) (Regulation 2371/2002) and, in doing so, put in place a new strategic framework governing fisheries and aquaculture across the EU. The new framework emerged as a result of the pressures and trends outlined above, but much remains to be done before the new regime is translated into more concrete and detailed measures that lead to practical change.

The specific objective of the new regime is to ensure that fishing provides 'sustainable economic, environmental and social conditions', including application of the precautionary approach to protect and conserve living aquatic resources, to provide for their sustainable exploitation and to minimise the impact of fishing activities on marine ecosystems. The new CFP is also to involve the 'progressive implementation of an eco-system-based approach to fisheries management' (Article 2).

Although the conservation of Europe's fisheries resources falls to the CFP, the new regime gives Member States the power to manage their inshore fisheries (out to 12 nautical miles), including minimising the effect of fishing on the marine ecosystems. Access to inshore waters

can be restricted, until 31 December 2012, to local fishing vessels that traditionally fish in those waters, although some 'foreign' vessels are allowed to fish in the 6–12 nm zone. National measures must at all times, however, be compatible with the objectives set out in Article 2 and no less stringent than existing Community legislation including, among others, the EU's nature conservation Directives.

2.6 Implementing the new CFP: key challenges and opportunities

With a new EU legal framework in place, efforts are now needed to secure real improvements in inshore management. With this in mind, the aim must be to secure a healthy environment and resource base for the sector, taking an ecosystem-based approach to management. The following are some of the key **environmental and resource** challenges that face the inshore fisheries sector:

- restricting the overall volume of fishing-induced mortality and maximising the reproductive capacity of fish stocks by catching only mature fish
- addressing the 'side effects' of fishing and fish farming – including securing compliance with existing and new environmental management requirements, notably the EU Habitats and Birds Directives and the Water Framework Directive.

In practice, this means designing and delivering management measures, including the use of site or stock management plans, based on sound and accepted scientific advice, and backed up by monitoring and enforcement activities. In some cases, fishing practices may need to be changed, or fishing pressure reduced; in other cases, current patterns and intensity of production can continue but should not increase. The approach to developing plans and other measures should reflect co-management and partnership principles, which are now widely promoted as a means of generating stakeholder buy-in and a sense of ownership of the environment and its resources.

Meeting environmental and resource management objectives and introducing new forms of governance will have important cost implications (see OECD 2003). The marine aspects of the Natura 2000 network are generating additional costs in relation to management planning, species monitoring and surveillance, assessment and modification of fishing techniques, etc. In some cases, such as survey and sampling, the cost associated with marine sites can be significantly higher than the equivalent survey costs in the terrestrial environment. The Commission has estimated the cost of implementing Natura 2000 in the EU to be in the region of €6.1 billion per year (European Commission, 2004d), and marine, coastal and wetland sites currently represent more than 16% of the Natura 2000 area in the 15 'old' EU Member States. Although the cost estimates relating to marine or wetland Natura 2000 sites are patchy, Greece, for example, estimates that the costs of ongoing management and

monitoring of marine and wetland sites alone is €59 million per year (European Commission, 2004e). There are ongoing discussions of how these costs should be met. The EU's LIFE financial instrument for the environment currently provides some targeted funding for Natura 2000, including marine sites, but Commission proposals for a successor LIFE + instrument (2007–2013) offer more limited opportunities (European Commission, 2004f). Instead, the Commission is suggesting that marine Natura 2000 costs should be covered by the EU's larger funds, including the proposed European Fisheries Fund.

Inshore fisheries management efforts should be seen in the context of **coastal and/or rural development**, helping the sector adapt to overcome both the environmental and economic challenges facing it. This means that, wherever possible, fisheries and environmental management efforts should work with local skills, assets and practices, rather than undermining them. The aim should be to support employment, as well as social (kith and kin) networks and communities. Conversely, environmental objectives need to inform socio-economic approaches, so that alternative employment creation schemes, for example, do not undermine the local natural resource base. Thus, coastal development is likely to mean stimulating local micro-enterprises, supporting both traditional and new local production methods, and generally building on the assets of the local area for the good of communities and economies.

In some cases, it can be suitable to reward rural communities for their role in delivering environmental objectives, including environmental protection and nature conservation, or to help develop markets in products that come from environmentally-sensitive production systems. There is equally scope to support activities that contribute to the preservation of traditional landscapes and cultural heritage. In this way, the challenges facing inshore fisheries such as Natura 2000 or wider environmental management, can be turned into win-win situations whereby investment in management generates opportunities for local actors, with knock on (multiplier) effects for communities more generally.

3 EU Investment aid: an instrument for delivering sustainable inshore fisheries?

3.1 Introduction

Europe's inshore fisheries sector is relatively heterogeneous and continues to operate under quite different social, environmental and economic circumstances, but most operators and communities will need to cope with and adjust to a number of similar pressures if they are to survive in the future.

EU aid provided under the Financial Instrument for Fisheries Guidance (FIFG) is an instrument designed specifically to help the European fisheries sector adjust to changing economic conditions. The future form and content of EU fisheries aid is currently under discussion, and it is therefore timely to examine the extent to which aid has been and could be used to help inshore operators meet the challenges and exploit the opportunities outlined in the previous section.

First, however, it is useful to look back at the history of EU fisheries aid as a management instrument, assessing its general relevance and contribution to sustainable development in general and inshore fisheries in particular. This is followed by an examination of what kind of funding should be provided in the future, and the potential of the proposed new European Fisheries Fund (2007 – 2013) to meet these needs.

3.2 EU investment aid 1970 to 2000 – protecting and reinforcing the EU sector

EU aid to the fisheries sector has long been a key instrument for supporting and guiding the sector's development. Befitting the early objectives of the Common Fisheries Policy, as set out in the 1957 Treaty of Rome, aid was used from the early 1970s to increase the production and supply of fish. It was thus used, often rather bluntly, both to improve competitiveness between Member States' operators and, simultaneously, to improve the EU's balance of trade in fish and fish products.

The main type of subsidy consisted of part-financing for operators wishing to invest in new capital stock. EU 'capital investment aid' provided for projects involving the building of vessels, fish farms and processing plants, or the purchase of related equipment. Funding was allocated on a project by project basis, with the Commission directly involved in individual funding decisions. The aim of funding and the way in which it was administered meant that money was almost invariably targeted at larger projects, and particularly those aimed at building up the Community's offshore fishing activities.

For more than a decade after its introduction, EU aid policy remained one of the main EU instruments for 'managing' the sector, until 1983 when the Community introduced its first comprehensive regime for fisheries conservation. By this time, there was a growing – if still limited – recognition of the conflict between European policies that sought, on the one hand, to build up fishing fleet capacity and, on the other hand, to keep harvesting levels within biologically acceptable limits. Still, in 1983 EU fisheries ministers resolved to limit the amount of funding for fishing capacity reduction and tie-up schemes, instead directing the majority towards increased production, in particular through the exploitation of new fishing grounds and aquaculture.

Up until the early 1990s, the emphasis of aid remained firmly on extending the EU's fishing capacity and reach, although a moderate amount of funding (ECU 13 million for 1991–1992) was targeted at the small-scale fishing sector, following the accession of Spain and Portugal to the EU. Both countries brought to the EU considerable fleets, including numerically large small-scale sectors. A more convincing shift in aid priorities followed soon after, and in 1992 it was agreed that the introduction of new fishing capacity should receive a smaller (though nevertheless significant) share of fisheries aid under the new Financial Instrument for Fisheries Guidance (FIFG).

Although the share of funding for increasing production capacity was gradually shrinking, the main types of funding remained largely unaltered. That is to say, funding was still being targeted at capital investments as a way of supporting jobs and incomes in coastal regions. FIFG offered some funding for non-capital projects, such as socio-economic support for early retirement or funding for research into new fishing technologies, but this represented a relatively small proportion of total expenditure.

By 1994, aid was being channelled to countries and regions using multi-annual funding programmes. The EU established the main conditions for funding, but left it to the Member States to decide, within these confines, exactly where and how to allocate funding. This approach meant that Member States had much more room to determine their own priorities, although they were required to ensure compliance with other EU rules, such as those introduced in the mid 1990s to limit fleet capacity and effort. Even so, most funding was being used to build and modernise fleets, and to build aquaculture and processing capacity. Even decommissioning funds were – according to some – being diverted back into the sector, resulting in further if indirect investments in fishing capacity.

Apart from the main fisheries expenditure under FIFG, the PESCA Community Initiative was introduced in 1994 to give specific support to more innovative and small-scale projects, and to allow funding to be approached in a more integrated manner. This new but financially very limited Community Initiative was to provide additional help for areas affected by a declining fishing sector. PESCA was particularly unusual since it sought to focus funding on the local development of

fisheries-dependent regions, and not necessarily involving conventional capital investment aid to support growth within the sector itself. However, it was not renewed at the end of 1999.

3.3 Current arrangements for fisheries funding 2000–2006

EU fisheries aid rules were subject to a further round of reforms, called Agenda 2000, covering the period 2000–2006, with additional modifications introduced in December 2002 and 2004. The budget for this programming period amounts to €3.7 billion, with co-funding to be provided by national and private sources. An outline of current funding opportunities is presented in Box 3.

The new rules have had the effect of progressively and substantially restricting opportunities for using EU aid to buy new fishing capital. In particular, the 2002 reforms phase out aid for building new fishing vessels and exporting old ones, and limit aid for vessel modernisation. Simultaneously, greater emphasis has been placed on measures that allow operators to access new forms of aid, to benefit groups of operators and support various management-related projects even if these do not always involve the purchase of equipment. Many of these 'softer' projects had previously been eligible for support under PESCA.

Changes introduced in 2004 shift the focus of aquaculture funding to allow support for forms of finfish farming that are associated with, for example, wetland management or restoration. A further important improvement was to make a greater range of environmental projects, such as the purchase of marine mammal selectivity devices, eligible for support.

Box 3 EU aid for the Fisheries Sector – FIFG 2000–2006

FIFG is to contribute to achieving a sustainable balance between fishery resources and their exploitation. Funding is potentially available for a very wide range of projects, many of which relate directly to sustainable fisheries activities. FIFG can currently be applied in support of the following types of measures:

- adjustment of fishing effort and fishing technology – reducing pressure on commercial stocks or mitigating ‘incidental’ impacts on non-target stocks and other bycatch
- small-scale coastal fishing – to improve conditions under which small-scale fishing is undertaken, with ‘integrated collective projects’ to develop or modernise activities
- socio-economic measures – early-retirement schemes, compensatory payments to fishermen affected by withdrawal of a vessel, re-training and diversification out of marine fisheries under a social plan/projects, and premiums for new entrants
- protection and development of aquatic resources – projects can encourage capital investment to protect and develop aquatic resources, except restocking
- aquaculture, port facilities, marketing and processing, and inland fishing – capital investment in production and management (techniques to reduce environmental impacts, improvement of traditional activities, modernisation of facilities, farmed species diversification, etc), to, amongst others, improve product quality and reduce pollution of the environment
- finding and promoting new market outlets – to promote consumption or change consumption patterns, including quality certification, labelling, organisation of and participation in trade fairs, campaigns improving market conditions, etc
- operation by members of the trade – of a collective interest, including managing access to fisheries and fishing effort, use of more selective fishing gear and methods, aquaculture projects (effluent treatment, eradication of pathological risks of fish farming or parasites), data collection, training, design and application of systems to improve environmental impact, and creation of added-value
- cessation of fishing – temporary compensation to fishermen and ship owners forced to suspend fishing
- innovative measures and technical assistance – studies, pilot projects, demonstration projects, training measures, technical assistance, exchange of experience, etc.

While the range of eligible projects has been significantly broadened, particularly when compared to FIFG's predecessors, funding still predominantly takes the form of capital investment aid, and all funding is aimed at one-off investments and not longer-term management activities.

However, while the funding rules and subsequent funding programmes recognise possible impacts on the environment and resources, in practice there is little evidence of funded projects serving purely environmental or coastal development objectives. It is also recognised by the Commission that 'aid measures in favour of small-scale fisheries have not had the desired effect of protecting this sector. On the contrary, the share of the small-scale sector in the fleet has constantly diminished over the years' (European Commission, 2002a).

More broadly, the focus of FIFG, as with other EU funds, has remained on economic and employment objectives as the main rationale for funding. The operations by members of the trade measure offer greatest possibilities in terms of more innovative projects of benefit to groups of operators, but have generally suffered from very low take-up, as has the small-scale measure. One issue is that funding cannot be used to support activities outside the sector, even if the eventual beneficiary is the sector itself.

These issues are in part the result of existing and past eligibility rules, but national and regional arrangements for implementing FIFG have also had an effect. Despite lessons learned from PESCA and other Community Initiatives, FIFG has been administered in a relatively centralist top-down and incoherent way, which has tended to benefit the better organised elements of the fisheries sector, and those with access to most co-funding to invest in projects. This has been a key issue in terms of small-scale micro-businesses.

3.4 Conclusions

Since its inception in the early 1970s, the CFP has developed into a policy that reaches from fishing and fish farming, to the processing, marketing and trade in products. But despite its growing sophistication, the policy has been characterised by a chronic lack of 'joined-up' thinking, with the EU's focus on investing in production capacity being particularly detrimental to conservation.

The preoccupation with capital investment, and particularly in boat-building and modernisation projects, has served to rationalise and modernise the sector, with small-scale, less efficient and traditional vessels often the main casualties. The situation has improved gradually, and recent years have seen a growing willingness at EU level to slow down investments in capacity building, whilst freeing up aid to mitigate the negative impacts of fisheries on the environment. Funding rules still, however, limit aid to one-off investments. Furthermore, national programming and spending decisions have generally not made the most of existing opportunities, not helped by the dominance of top-down administration and deployment of funds.

Overall, current funding arrangements do not live up to the needs of the inshore fisheries sector in the 21st century. The Commission's proposal for a new European Fisheries Fund covering the period

2007–2013 should, ideally, rectify these shortcomings, and ensure that Member States can and do use funds in ways that support sustainable development of inshore fisheries and related communities. In the first instance, however, it is important to clarify what kind of funding is most relevant, in the transition to sustainability in inshore waters.

The evolution of EU fisheries aid

- 1970 First EU fisheries structural Regulation 2141/70
- 1971 Start of EU aquaculture investment
- 1983 CFP conservation policy; multi-annual financial commitments
Fleet reduction programmes (MAGPs)
- 1993 Dedicated Financial Instrument for Fisheries Guidance 1993
- 2002 CFP 2002 reforms – Regulation 2371/2002 introducing ecosystem approach, and Regulation 2369/2002 phasing out aid for boat building and the export of vessels
- 2004 Regulation 2421/2004 amending FIFG rules; proposal for European Fisheries Fund (COM(2004)497)
- 2007 Start of new EU budgetary period, and new fisheries funding round – 2007–2013

4 Identifying funding needs of the inshore sector

4.1 Introduction

Despite the limited use of FIFG for inshore fisheries, recent years have seen a growing interest in channelling aid to promote the sustainable development of the sector, including broader coastal development objectives. This is evident in a series of reports produced in the UK, including the major 2004 Prime Minister's Strategy Unit report on the future of the UK fishing industry. The European Commission, in its Action Plan to integrate environmental concerns (European Commission, 2002b), also made an explicit reference to using EU aid to stimulate integration.

Financial aid or incentives offer a positive mechanism for steering and rewarding certain activities. Compared to conventional management 'sticks' imposing constraints and penalties, financial incentives reward good practice and thus can help the sector in its necessary transition to environmental sustainability. The value of appropriate positive incentives is all the more important, given the financial hardship and uncertainty faced by many fisheries operators, and the growing international pressure to phase out conventional forms of aid that increase fishing pressure.

While there is widespread interest in the principle of new support, there have been few attempts to consider, in more detail, what form funding should take and how this might be delivered. Practical efforts to use EU aid have, as noted above, tended to build on conventional approaches to fisheries investment that primarily revolved around the purchase of capital equipment. Yet sustainable fisheries are clearly not just about investing in new and better equipment, but also about seeing fisheries in their broader social and economic context. This includes individual actors and sectoral groups who are starting to operate in ways that support marine ecosystem functions and local coastal or rural development. If EU or national aid is going to play a significant role in fisheries management in the longer term, then a different focus is required. This requires that greater attention is paid to supporting the management and delivery of increasingly demanding environmental and socio-cultural objectives, and less attention to fishing gear and capacity adjustments.

4.2 Is public aid to the inshore sector justified?

Before examining different inshore fisheries activities potentially requiring funding, it is worth reflecting on the particular justifications for offering public aid in the first place. The fisheries sector has benefited from EU aid for decades, but given the decline in the sector's overall social and economic importance, and its environmental impacts, should it and related communities continue to receive such special treatment? If funding is justifiable today, is it

justifiable in the long-term or should it only be regarded as a temporary instrument to ease the transition to sustainability?

The following are among some of the main arguments that may be used to justify continued aid to the sector.

- General market failures associated with marine environmental resource use – as noted above, the marine environment provides benefits to society – public goods or services – not all of which are tradable on the market. Even if some goods, such as fish, are traded, markets do not capture all aspects of the value of fish or the costs associated with their production. These costs include the price of the resource itself and any other impacts associated with its extraction. For example, the price of white fish does not normally reflect whether it has been caught using more energy intensive technologies, whether any juveniles or non-target species have been caught as bycatch or whether habitat damage has occurred in the process of catching the fish. The result of this market failure is that there are few incentives for those using low-impact fishing technologies to continue fishing this way; those fishing in more damaging ways lack incentives to change.
- Particular sensitivity and value of inshore waters – while most if not all products of the fisheries sector are associated with some kind of market failure, it can be argued that the inshore fisheries sector carries an extra burden, due to the value and vulnerability of the waters in which it operates. In areas attracting Natura 2000 status, the sector is also having to meet above average environmental standards required under the Birds and Habitats Directives. Sensitive management of all inshore waters is desirable, not least given the benefits for both the offshore and inshore fisheries sectors, as well as non-fisheries sectors such as tourism and recreation. The management of fishing and fish farming in inshore waters could therefore be expected to result in more restrictive management that affects the small-scale sector most, while simultaneously generating greater benefits for the sector and society at large, even if these are not reflected in the market price of fish caught.
- Inability of small scale operators to cope with new environmental standards – public support to compensate small or micro-businesses for the cost of complying with environmental or social standards is often defended on the grounds that such businesses are least able to meet costs. Yet they may be operating in ways that are relatively desirable because of their use of traditional and/or new low impact practices. In the UK, for example, the fishing industry provides important social goods in many remote and deprived areas that would otherwise draw down larger

amounts of government welfare spending (Strategy Unit, 2004). The introduction of new environmental requirements such as restricting fishing areas or gear could jeopardise the economic viability of small businesses, and aid can consequently be justified to protect the sector. This may be transitional or long-term funding.

Arguments for supporting certain activities or parts of the sector are therefore based on correcting market failures, particularly with regards to the wider contribution of the sector and the desire for it to operate to high environmental standards. In all cases, however, funding should be conditional on the provision of certain goods or services that operators actively provide, rather than providing aid purely for continuing traditional practices or for respecting good practice or mandatory conditions. The rate of funding could reflect costs incurred and/or income lost.

Some argue that, whatever the reason for funding, it should not be seen as a long-term option. It may well be necessary, however, to offer payments as long as market failures persist and specific services are provided, and that seems likely to be the case for the foreseeable future at least.

4.3 Refocusing aid – shifting the emphasis from 'hard' to 'soft' investment

As has been demonstrated, there has been a tendency for EU aid to involve one-off payments. Investment in plant, equipment and infrastructure, eg to build new processing plants, modernise aquaculture installations, build new vessels or upgrade fishing gears, has been a particular form of aid.

These are essentially 'hard' projects where aid is channelled into manufactured capital, with the aim of generating future revenues and steering the sector's modernisation at the same time. Yet, as has been noted, environmental management is demanding more and more sensitive practices with activities tailored much more closely to the local environment, and even supporting proactive measures to support other aspects of marine protection. There is also interest in maximising the benefits derived from the limited resource base, and encouraging innovation whilst contributing to local communities. A continued focus on hard investment is unlikely to be sufficient to meet these new challenges, and is thought in many cases to undermine management since most 'hard' investments will serve to increase capacity and production intensity, at least in relation to capture fisheries. There are important exceptions, but the effect of investing in equipment is frequently to increase environmental pressure.

For this reason, and given the particular sensitivities of the inshore sector, there is an interest in continuing to offer appropriate aid but without targeting it at hard or manufactured capital. Instead, opportunities for using aid to invest in human and social capital are being explored, such as building up skills through training and

education, developing governance systems, and supporting the range of functions associated with the marine and coastal environment (see Box 4). There is even the potential to pay operators to continue certain traditions rather than upgrading or leaving the sector entirely. This is essentially paying for opportunity costs, as is already the practice in agriculture.

Box 4 Moving from 'hard' to 'soft' investment

Capital investment aid essentially involves investing in capital projects in order to generate longer-term revenues. 'Capital' signifies manufactured or man-made 'hard' or tangible assets that are in turn used to produce other goods and services. Examples include fishing boats, gears and infrastructure.

However, there are other forms of 'capital' that have been put forward, notably human, social or environmental capital. Investments here are to be considered to be 'soft', since they do not revolve around the purchase of concrete assets, as follows:

- human capital – generally refers to health, well-being and productivity of people. Types of capital include education, motivation and skills, all of which are associated with healthy society as well as economic prosperity based on a productive workforce
- social capital – this relates to human well-being, but on a societal scale. It consists of social networks and organisations that support an efficient and cohesive society, and facilitate social and intellectual interactions. Social capital refers to the stocks of trust, norms and networks used to solve common problems and create social cohesion. Good governance is a key element
- environmental capital – this essentially consists of natural resources, including assets that are less easily monetised, such as biodiversity, ecosystem services, environmental quality, etc. Environmental capital is basically the components of nature.

(Source: adapted from GHK et al, 2002)

4.4 Different types of funding for sustainable inshore fisheries

The following main types of funding can be provided to meet the environmental challenges facing inshore fisheries, while maximising their contribution in terms of wider community development objectives. They include both 'hard' and 'soft' funding, as follows:

- supporting better information provision – including research and monitoring of the impact of fishing and farming activities on the marine environment, in order to support improved fisheries management. This could take the form of one-off projects, or ongoing running costs associated with the establishment of monitoring and research facilities and the provision of monitoring services, for example. Information does not have to be limited to scientific research, however, but should extend to the exchange of experience and good practice, information on potential production and market outlets, consumer preferences, etc
- one-off payments to overcome specific investment and/or technical barriers, most commonly, and the short-term costs associated with long-term sustainability. This could include investment in tangibles, eg the purchase of acoustic devices or selective gear, but also in non-tangibles, such as establishing management structures or systems. Payments can also relate to the setting up of costs associated with marketing or labelling initiatives, accreditation, etc

One-off payments such as these are a longstanding feature of EU fisheries aid, although the ability to use funds purely to mitigate the wider environmental impacts of fisheries activities is a more recent development. Current funding opportunities include funding to encourage operators to meet higher environmental standards or introduce new products voluntarily, as well as compensation for adjusting to new legal requirements

- ongoing payments to increase the profitability of more sustainable practices, such as the use of traditional, static fishing gear, by providing additional and ongoing income. Payments could also be used to support the establishment of new product markets that reward environmentally sensitive production methods. This funding may well need to include revenue payments, which currently are not offered by FIFG. It is possible to secure funding for projects that run for several years, but there is no mechanism for ongoing payments, particularly those involving direct income for operators.

These activities may be integrated in practice, eg combining fisheries management, recreational and marketing activities in one single integrated project.

The process of developing and implementing funds can contribute to building or maintaining social networks and supporting more participative and partnership-based approaches to management. Importantly, the actual take-up and impact of funding will depend on the process or approach taken throughout the programming cycle.

4.5 Identifying specific funding needs

The following table sets out some of the main types of activities involved in managing the inshore fisheries sector. It reflects the options outlined above, and relates to the key challenges facing the sector, in terms of fish stock and wider environmental management, while supporting local employment. Existing opportunities under FIG are also identified, with a view to informing discussions on specific gaps that the new European Fisheries Fund should aim to fill. The table is followed by a more detailed information on each of the activities and related funding needs, as well as examples of existing or past funded projects.

Inshore fisheries funding needs and existing opportunities under FIG

Activities to support sustainable inshore fisheries	Specific activities suitable for funding – fisheries management	Specific activities suitable for funding – contribution to nature conservation, environmental management, conservation of cultural heritage	Opportunities under FIG
<p>Research to underpin fisheries management</p>	<p>Research into more efficient/less damaging fishing methods/gear/aquaculture</p> <p>Mapping/inventories of fishing areas and fishing activities</p> <p>Monitoring and data collection, covering target species, incidental catch, discarding, and other impacts</p>	<p>Research into impacts of alternative/new fisheries practices – Natura 2000, protected species</p> <p>Scientific support for appropriate assessments of fisheries plans and projects under the Habitats Directive; impact assessments of aquaculture projects under the EIA Directive</p> <p>Strategic assessment of management activities under the SEA Directive</p> <p>Mapping (computerised GIS)/inventories of Natura 2000 sites, as well as nursery and spawning areas relevant for spatial planning purposes</p> <p>Monitoring and data collection focusing specifically on Habitats and Birds Directive species, impacts on sites, water quality, etc</p>	<p>Some research, including gear trials and demonstration projects, is supported under FIG, although often on a quite limited scale. Recent changes to the rules (2004) allow small-scale research projects to be supported, in relation to sustainable aquaculture</p> <p>Mapping and development of Natura 2000 site inventories appear not to be eligible for FIG support. Observer schemes also appear to be ineligible</p> <p>FIG can fund EIAs of aquaculture projects, where funding applications were successful. Other impact assessments could, with some lenient interpretation, be eligible under FIG</p>

<p>Management structures (ongoing costs)</p>	<p>Local management bodies, staff, buildings and equipment</p> <p>Control and enforcement capacity, including outsourced capacity</p>	<p>Management bodies for Natura 2000 sites, including staff, buildings, equipment, etc</p> <p>Introduction of management systems, such as the EU's Environmental Management and Audit Scheme (EMAS)</p>	<p>Ongoing costs such as these are not generally supported under current FIG rules. However, staff time required for initiating management plans and for going through certification processes (see below) could be eligible</p> <p>Initial costs associated with the EU's Environmental Management and Audit System (EMAS) registration for aquaculture installations are eligible</p>
<p>Management planning (on-off projects)</p>	<p>Preparation and review of fisheries management and recovery plans, and other plans and measures, including demarcation/zoning of areas</p> <p>Guidance and publicity materials</p> <p>Consultation and participation by stakeholders</p>	<p>Preparation and review of Natura 2000 site management plans, as well as Water Framework Directive river basin management plans, and potential marine directive plans</p> <p>Specific guidance and publicity materials</p> <p>Consultation and participation by stakeholders</p>	<p>FIG offers opportunities to support the development of management plans for the conservation of fish stocks, but not, evidently, wider plans such as Natura 2000 site plans. Staff costs could be covered, insofar as this relates to the initiation of the project</p>

<p>Management implementation (on-off and ongoing costs)</p>	<p>Capacity reduction – scrapping vessels</p> <p>Restricting fishing effort – compensation for days at sea restrictions</p> <p>Compulsory or voluntary restriction on quota rights/use</p> <p>Purchase of equipment to reduce catch of juvenile fish and non-target species</p> <p>Payments for methods of fishing and gear/ engine changes</p>	<p>Purchase of equipment to reduce the catch of protected species and prevent damage by gear, introduction of more environmentally friendly techniques to address waste, emissions, energy use, escapees, pathogens, etc</p> <p>Closure of parts of Natura 2000 areas to fishing or to certain gear – compensation for phasing out gear or leaving area</p> <p>Compensation for use of traditional fishing method/ gear/extensification of activities in Natura 2000 areas</p> <p>Payments for actively restoring or maintaining coastal habitats (eg wetlands, nursery areas for protected fish species), etc</p> <p>Contribution to implementation of other EU environmental policies, eg litter collection, oil spill clean-up, etc</p> <p>Payments for actively restoring or maintaining working ports/harbours, and other landscape and heritage features</p>	<p>FIFG includes measures to voluntarily reduce capacity, introduce more efficient/selective equipment and provide compensation for tying-up aid or mandatory gear changes</p> <p>FIFG includes a measure to support marine protected areas, but only by involving capital investment</p> <p>Recent amendments to the FIFG rules do allow projects to support ‘the improvement’ of traditional aquaculture activities important to the social and environmental ‘tissue’ of areas</p> <p>There is funding available to improve environmental protection in relation to ports, processing and marketing. Funding is not available for more general restoration activities undertaken by fishermen, but benefiting the wider communities</p>
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<p>Processing and marketing for local goods and services (one-off and ongoing costs)</p>	<p>Establishment of markets and other channels to sell products, eg local fishermen's markets, delivery services, etc</p> <p>Specialist labelling initiatives and other project or business development</p>	<p>Establishment of markets and other channels to sell products, eg local fishermen's markets, delivery services, etc</p> <p>Specialist labelling initiatives and other project or business development</p>	<p>There is scope to use FIG to set up new marketing schemes, involving projects that focus on the development of consortia, labelling and certification (data collection and assessor costs), and the development of new marketing outlets</p> <p>Promotional activities would need to comply with EU rules which prohibit reference to particular countries or geographical areas</p>
<p>Education and awareness raising (one-off and ongoing costs)</p>	<p>Outreach/advice to support initiatives and product development</p> <p>Training and retraining for sectoral actors</p> <p>Exchange of experience and good practice in fisheries management</p> <p>Public information, education and awareness raising in relation to fisheries management, minimum sizes, species outside safe biological limits, etc</p>	<p>Outreach/advice to support initiatives and product development</p> <p>Schemes to train sectoral actors on needs in Natura 2000 areas, and other environmental standards</p> <p>Projects or schemes to support exchange of experience and good practice in managing fisheries in Natura 2000 areas</p> <p>Public information, education and awareness raising, relating to Natura 2000, species, water quality, etc</p>	<p>Outreach or facilitation staff are not supported by FIG, unless part of another time-limited project</p> <p>FIG supports training in the use of selective gears</p> <p>Pilot projects can include projects to demonstrate how new approaches could benefit industry</p>

4.5.1 Research to underpin fisheries and marine environmental management

Despite extensive scientific work underpinning EU and national fisheries management there are major gaps in data and information on fisheries impacts. According to the European Environment Agency, many commercial fish stocks in European waters are not assessed. In the North-east Atlantic, the percentage of non-assessed stocks of economic importance range from a minimum of 13% (North Sea) to a maximum of 59% (West Ireland). The Baltic Sea also has a high percentage of non-assessed stocks at 56%. In the Mediterranean region, the percentage is much higher with an average of 80%, and ranges from 65% (Aegean Sea) to 90% (South Alboran Sea). Data on the direct effects of different types of fishing gear on non-target species and on habitats is also lacking, with information generally collected as part of ad hoc projects.

The EU's basic data collection framework for the CFP (Regulation 1543/2000) sets priorities for national data collection, and provides financial support where data collection is obligatory. The framework, however, only covers a limited number of commercial fish stocks, and it does not reflect an ecosystem-based approach. Ongoing work by the Commission to monitor the environmental effects of the CFP will only serve to highlight the gaps in the existing framework.

In addition to data needs relating to fisheries and the impacts of fisheries, the progressive strengthening of marine environmental management will create additional demands in relation to non-fisheries related impacts and trends. This may include the development of a new EU marine directive. Given existing and future needs, there consequently appears to be much scope for EU aid to support research, involving scientists, technologists, non-governmental actors and private operators. Key areas to benefit from support potentially include the following:

- research, trials, assessments and other pilot projects to support the development and use of more efficient or less damaging fishing gear and methods, and more environmentally-friendly aquaculture facilities
- work to support the mapping and development of inventories of fishing areas and impacts, including those relating to Natura 2000 sites, as well as monitoring and data collection relating to the range of fisheries impacts
- wider environmental research or monitoring not linked to fishing or fish farming, such as bird or whale watching, monitoring of protected areas or recording oceanographic values, and monitoring against certain indicators.

While aid can be used to support all of these types of activities, there is particular potential to use aid to 'buy in' research, monitoring and/or data collection services from the fisheries sector. The value of such projects would not only be in their contribution to data collection

but also in their potential to engender greater confidence in the fisheries and marine scientific advice, thus reinforcing fisheries governance systems more widely. However, safeguards would be needed to avoid any conflicts of interest in the provision of such services. The need for and benefits of such initiatives are illustrated in Box 5.

Box 5 Fishermen's maps – using fishermen's knowledge for environmental management

Coastal fishermen have immense knowledge of the estuarine and marine environment. Not only is knowledge precisely referenced over space and time, and regularly updated, but this information is also multi-dimensional, linking fish presence and abundance to habitats and other environmental features. However, this information generally lacks standardised coding or archiving, often with information kept on written logs.

In 2002, the Harwich Haven authority sponsored a project to develop a fisheries ecosystem description and monitoring strategy with local fishermen. The project involved the production of three thematic maps for the September 2002–August 2003 fishing season, with different degrees of interpretation and synthesis. The maps identify fishing grounds, seasonal changes in lobster distribution and seasonal distribution of juvenile, adult and spawning Dover soles. The authority has also sponsored the collection of weekly fishing logs of species and habitat data.

Fishermen's maps present valuable knowledge to inform marine spatial planning of human activities in the coastal zone. A time series of such maps is particularly important for other sectors, given that spawning grounds and nursery beds are not necessarily spatially stable from year to year. This type of activity also allows more efficient use to be made of fishing boats and fishing trips, while reinforcing relationships between managers and fishermen.

Seabed mapping for fisheries and nature conservation

Within the context of the Irish National Development Plan, an EU funded project aims to produce customised products for the fishing industry based on multibeam, geophysical, geological and assorted datasets collected as part of the National Seabed Survey. The products ultimately to be created will be in the form of computer based fishing charts with the capability for fishermen to overlay tow tracks with high resolution multibeam bathymetric data.

This system is to reduce gear damage and loss in 'high risk' areas around undersea features along the continental shelf edge by identifying areas of hard ground or obstructions. It will also allow avoidance of highly sensitive marine ecosystems such as cold water coral reefs, thereby minimising environmental impact on the seabed. Ultimately the aim is to allow the creation of a relationship between marine geology and biological habitat characterisation to generate information for both the management and sustainable development of fisheries. The project is being taken forward by the Irish Sea Fisheries Board (BIM) and the Geological Survey of Ireland.

(Source: des Clers, 2004;
http://www.bim.ie/templates/text_content.asp?node_id=211)

4.5.2 Fisheries and environmental management structures

Demands on management infrastructure are expected to increase in the move towards more sustainable inshore fisheries management. On the one hand, existing management bodies will need to cope with the design and implementation of more detailed, locally tailored and sophisticated management *measures* required, for example, in Natura 2000 areas. On the other hand, the introduction of new management *approaches* will require additional skills to, for example, develop voluntary agreements with operators, introduce co-management approaches, strengthen partnerships with local businesses and entrepreneurs, and introduce new control and enforcement methods.

In some cases, suitable management bodies may already be in place and the challenge will be to strengthen or reorient these; in others, there may be scope for new local bodies. Either way, one can expect there to be growing demands for capacity to be boosted by increasing and diversifying human resources, as well as purchasing or renting new equipment, buildings, etc.

Ensuring that the sector and other interests are engaged in management also requires investment in terms of time and resources, from stakeholders and managers alike. The need for funding to support active and meaningful stakeholder participation was reflected in an EU funding award for the North Sea Fisheries Partnership (see Box 6). The new Regional Advisory Councils that are being established under the CFP are also to be financially supported – in part, at least – by the EU, with funds available for set up and running costs during the first years of their operation. Similar investment in local inshore groups – be they producer organisations, local fishermen's associations or collectives – should be eligible for support, so as to ensure more effective participation of local interests in management discussions and decisions.

Box 6 Supporting governance structures – the North Sea Commission Fisheries Partnership

The predecessor of the North Sea Regional Advisory Council – the North Sea Commission Fisheries Partnership – was set up to promote co-operation between scientists and fishers in monitoring and managing fisheries in the North sea.

The Fisheries Partnership consisted of three phases: Phase one, establishing structures to make scientific advice on fish stocks more transparent and inclusive, and to make full use of the data held by fishers. Phase two, providing a pilot structure for advising on management measures. Phase three, defining and implementing a new structure for managing marine resources in the North Sea. Working groups were established to consider particular issues, conduct surveys and make recommendations for the project. The principal outcomes of the Fisheries Partnership were improved cross-sectoral exchanges of views between fishermen, scientists and other stakeholders including fishery managers, fish merchants and processors. Trans-national dialogue between fishermen from different countries around the North Sea was also promoted, and introducing peer review further developed scientific advice on the state of fish stocks.

The Partnership was established as a pilot project in 2000 by Aberdeenshire Council (Scotland) and the North Sea Commission, with initial funding provided by the PESCA Community Initiative. In May 2002, part-funding for a further three years was obtained from the European Regional Development Fund under the Interreg IIIB Programme for the North Sea, a community initiative concerned with trans-national co-operation on spatial development.

(Source: <http://www.northsea.org/fisheriespartnership/>)

4.5.3 Management planning for fisheries and environmental purposes

Spatial planning, fisheries management plans or nature conservation plans are being widely promoted as important tools to ensure a balance is struck between protecting natural assets and exploiting them for commercial or recreational purposes. Plans and zoning can provide a way of restricting area access to certain types of vessels or operators, including vessels from local ports or using certain types of gear. Yet the preparation and review of strategies and plans can be both time – and resource intensive – particularly if done thoroughly and in a way that is inclusive of local interests.

Producing the plan or strategy is just one element of a process that would normally also involve the production of guidance and publicity materials to inform managers and stakeholders of the process and of how the plan is to be implemented and what the implications (and benefits) might be for local activities. Experience

with Natura 2000 site designation and management initiatives indicates that additional communication efforts are also needed, including face-to-face meetings with individual stakeholders. The costs of this approach can fall on a variety of actors, depending on the lead authority for the strategy or plan, and the role and level of involvement of other interests.

Box 7 Funding management and recovery plans

Between 1996 and 2001, a major EU funded project – the UK Marine SACs project – aimed to develop approaches and techniques for managing and monitoring marine SACs in the UK and further afield. Specifically the project aimed to:

- i establish operational management schemes on a selection of 12 marine SACs around the UK, working with relevant authorities and other local partners
- ii share best practice on developing appropriate management schemes
- iii gather existing knowledge and improve understanding of the dynamics and sensitivity of marine features, impacts of human activities on marine features and practical techniques for monitoring and accessing the condition of these features
- iv raise awareness in the UK and Europe of the value of marine SACs and the means by which they may be safeguarded.

The Project was run as a partnership between English Nature, Scottish Natural Heritage, Countryside Council for Wales, Environment and Heritage Services Northern Ireland, Joint Nature Conservation Committee and the Scottish Association for Marine Science. Funding provided by these organisations was matched by the EU LIFE Nature Programme.

Assessing options for recovery – invest in fish

A three year project, led by WWF-UK, the National Federation of Fishermen's Organisations and the retailer Marks & Spencer, aims to provide a long term strategy for managing fishing fleets and the wider marine environment on a regional basis (SW England), while taking important local characteristics into account. The initiative involves three years of consultation, evaluation, expert opinions and deliberations. The final strategy will be decided by ten members of the project steering group, each representing a major stakeholder group within the fish industry (fish catching industry, angling and sport fishing industry, processors, retailers, restaurateurs, environmental agencies and governmental and non-governmental statutory agencies).

FIFG funding was awarded by the Department for Environment, Food and Rural Affairs (UK) to support the work. It is feasible that similar projects could be developed for other regions, to support regional or local management planning processes.

(Source: www.ukmarinesac.org.uk/project-background.htmwww.wwf.org.uk/investinfish/about.asp)

EU funding has recognised both the importance and the cost of rigorous management planning exercises in relation to Natura 2000, for example. Funding has thus been provided for the development of site based management plans under the EU's LIFE financial instrument for the environment, which includes a specific nature conservation element. To a lesser extent, FIFG is currently able to fund similar activities relating to fisheries management (see Box 7). Funding under LIFE and FIFG is time-limited, however, and therefore not available to cover staff costs over the longer term, ie throughout the lifetime of plans. Importantly, existing LIFE funding is considered insufficient for the needs of marine Natura 2000 sites and is in any case due to come to an end in 2006. Proposals for a successor fund (LIFE+) do not offer targeted support for nature conservation (European Commission, 2004f). There is consequently an important role for EU funding and one that the new EFF should fill.

4.5.4 Management implementation

The implementation of management strategies, plans or other objectives will normally mean defining certain measures and putting these into place, on the ground or in the water. In some cases, depending on the importance and vulnerability of the sector, funding can usefully be made available to support the costs associated with management plan implementation, including the costs of:

- altering production patterns or practices, such as diversifying from certain gear types, reducing fishing pressure, ceasing fishing or fish farming altogether, or introducing other changes to address emissions, waste, energy use, escapees, etc
- continuing with traditional production patterns or avoiding new, more intensive practices.

These options relate to changes (or continuation) of fishing practices, in order to limit the impacts of fishing. In addition, fishermen and fish farmers can also contribute to other management objectives, such as those aimed at conserving the natural or cultural environment, for example:

- fishermen and fish farmers have an opportunity to support the restoration or maintenance of villages and docks, which would provide benefits particularly in terms of local tourism by making areas more attractive. The fact that boats are in harbours can act as a local attraction by providing opportunities for visitors to see 'living harbours'. Fishermen could also provide transport for those wishing to tour an area, or to get from one place to another. While some such services may be sufficiently rewarded by charging customers, this is less likely to be the case in more remote and less frequented areas

- aquaculture and some inshore fisheries take place in wetlands, nursery areas or other important but fragile habitats, in coastal waters and lagoons. Apart from up-front environmental restoration projects, fish farmers can contribute to the maintenance of bank vegetation and water circulation, as well as the long-term maintenance of habitat. There are also opportunities for fishermen to offer services relating to environmental clean up, including waste gear and waste collection, oil spill clean-up and other rescue or emergency services.

Both types of activity would naturally fit within a longer-term management agreement with fishermen or fish farmers. These would also involve a commitment to adjust or continue certain fishing patterns, ie extensive traditional production methods, and to provide additional environmental or cultural services. While some activities, such as gear adjustments or environmental restoration, can be supported through one-off investments, longer-term payments will be needed to support the provision of services. Payments could be linked to certain designations (eg Natura 2000 sites) or be made available throughout wider areas.

4.5.5 Processing and marketing local goods and services

There is particular scope, within the inshore fisheries sector, to develop marketing and product development initiatives, including the promotion of quality products, creating new markets, selling at the 'farm gate' and/or supplying consumers or retailers directly. Products can be linked to local areas, natural reserves or other local 'brands'.

Processing and marketing has been a key area for FIFG investment over the years, and some local initiatives are now being supported, as demonstrated by Box 8.

Box 8 Making more of the catch

Cardigan Bay shellfish – fishermen in Cardigan Bay (Wales) decided to market their own produce rather than exporting products. The move was part of a plan by Cardigan Bay Fishermen's Association to transform the inshore shell fishing industry in Cardigan Bay. Members owning 32 vessels at harbours along the coast from Cardigan to Aberdovey trawl for crabs, lobsters, prawns and whelks, which are mainly exported to France and Spain. The association came together to pack local catches and sell them to restaurants, hotels and at farmers' markets in the area. Funding should, ideally, be made available to support the development and running of similar schemes.

Handline caught bass and mackerel – the South West Handline Fishermen's Association (UK) has set up a labelling scheme for line caught bass. The label (which is attached to the gills) demonstrates that the fish is locally caught using low impact methods. The scheme is in fact funded from the proceeds of labels sold to the Association's members, although the existing FIG could potentially be used to set up the scheme as long as there is no explicit reference to a geographical area on the label. FIG funding has been secured to maintain the accreditation of the mackerel fishery by the Marine Stewardship Council.

Hastings Dover sole, mackerel and herring – two fisheries based in Hastings (SE England) are being assessed for certification by the Marine Stewardship Council as well-managed fisheries. The fisheries are the Hastings Fishing Fleet Dover Sole Fishery and Hastings Fishing Fleet Pelagic Fishery (mackerel and herring), both located within the 6 mile limit in the Eastern English Channel. Funding for the assessment has been secured under the 'product promotion' measure of FIG, which supports assessment towards environmental standards and eco-labelling schemes. Matched funding is being provided by the South East England Development Agency.

(Source: various including
http://news.bbc.co.uk/2/hi/uk_news/wales/mid_/3515482.stm)

There is much scope, however, to develop new initiatives that bring together local products, entrepreneurs and consumers, and in doing so, to contribute to the tourism value of local areas. Some lessons could be learned from wider rural development initiatives (see Box 9). Such opportunities were also alluded to by the Royal Society of Edinburgh (2004), which stated that local interests should be brought together to allow closer integration of harvesting, quality assurance, processing and marketing of shellfish, in order to achieve the highest possible value from the resource.

Box 9 Rural resource centre for production and processing of local products

The Eldrimner project supports a rural resource centre for the transfer of knowledge in the small-scale production, processing and marketing of rural products in Northern Sweden. The project is targeted to meet the needs of local small-scale entrepreneurs in the food processing business and aims to create the best conditions for small-scale production and distribution in the region. The farms targeted are small, remote and widely dispersed.

The project aims to facilitate the production and processing of organic, rural products in small-scale systems by providing a support system of knowledge and technology. Support can be provided to individual producers for a limited time. The main purpose is to demonstrate how sustainable rural development is possible through co-operation, networking, capacity building and the mobilisation of local people.

The main objectives of the project are to provide a meeting place for small-scale producers, facilitate the start of new businesses and to support existing businesses, communicate knowledge between small-scale producers in the region and other regions, educate beginners in the business and help small-scale production that is locally developed and adapted. Organic production is also supported. An annual fair provides an opportunity for marketing products and gives producers and other actors an opportunity to network.

(Source: Dwyer et al, 2004)

4.5.6 Education and awareness raising

There is enormous scope to strengthen information and awareness raising within the sector and externally, raising awareness of what the sector does. Education and training as well as more 'passive' information provision would be beneficial for sectoral actors, current and future, as well as those closely engaged in fishing businesses. Potential issues to be tackled by initiatives include the following:

- the use of new gear to minimise impacts and increase efficiency, in accordance with environmental requirements or objectives, be they local, national or European
- upcoming environmental policies and objectives, as well as opportunities and threats associated with these and other developments, such as rising fuel prices
- the potential for developing new products and markets, including ways to supply directly to retailers
- retraining those seeking to diversify out of the sector, at least on a part-time basis.

In many cases, the exchange of experiences between regions and even countries can be valuable and can also contribute to a better appreciation and understanding of different cultures and issues.

Information or training can be provided through the main industry information channels (eg newspapers, local radio), college training programmes and also by using local outreach staff or facilitators.

Public information, education and awareness raising can be equally important to steer demand and generate markets in the direction of products that meet environmental and sustainable development needs. The Welsh 'Farming Connect' initiative is just one of many ways of education and awareness raising (see Box 10). This should reinforce benefits gained from more environmentally-friendly products and local products. Information can also be provided, by the sector and other local actors, on marine or other environmental issues.

Box 10 Farming Connect – developing businesses

Farming Connect is a specialist component of a wider initiative in Wales, UK, known as Business Connect. Many of its components are in principle, also relevant to the fisheries sector and local fishing communities.

Farming Connect is a programme to maintain rural communities Language, cultural landscapes and the natural environment in Wales. It offers training and financial assistance to help farmers to develop integrated more competitive and sustainable business strategies. The programme is the result of detailed consultation with farming unions and other rural interests.

The key elements of the service promote business development by providing independent advice as well as ensuring access to a wide range of training, technology transfer and environmental advice opportunities. The programme uses private consultants to help draw up Farm Business Development Plans that can then be used to make applications for grants and training. The role of 'local facilitators' in working to develop networks of local farmers, demonstration farms, machinery co-operatives and training provides is seen as a crucial part of the overall process. The programme is funded by a combination of national and European funding.

(Source: Dwyer et al, 2004)

4.6 Programming and programme implementation

EU aid can make an important contribution in all of the above areas. Crucially, the process of developing and implementing funding programmes can have an important effect in terms of generating acceptance of the value of more integrated development approaches within local, regional and national administrations. It can also help to shape new administrative capacity, most notably at the local and regional levels, and to build networks that straddle sectors, groups and even regions.

While a successful funding process can bring significant benefits, in reality the approach to funding has been less than ideal. As the UK Prime Minister's Strategy report (2004) noted for the UK, fishermen currently face obstacles to accessing grants. This is the result of the complex administrative requirements for applications, the dispersed nature particularly of the inshore sector, and cultural factors that may prevent fishermen from seeking assistance.

Any desire to improve take-up of aid by fisheries or other micro-businesses demands greater investment in several key areas, including the following:

- outreach services and technical support for developing project ideas, completing applications, securing co-funding and, eventually, managing and executing projects
- localising delivery of funds, with a wider range of authorities such as nature conservation or fisheries agencies able to distribute funds
- ensuring programme monitoring committees and associated groups have the necessary knowledge, skills and vision to encourage and support new project ideas and approaches.

The overall benefits of funding programmes would be significantly enhanced with a new approach to delivering funds, one which engaged local stakeholders and communities in the funding process, allowing them to define their own needs and priorities, and at the same time, simplifying and supporting the funding application process. There is ample scope to learn from other schemes, including the LEADER Community Initiative (see Box 11).

Box 11 Learning from LEADER

The LEADER Community Initiative supports innovative rural development projects in relatively small, distinct rural areas across the EU. It is noted for its promotion of a bottom-up approach, allowing local actors and communities to define their own priorities and development plans for the local area. Aid can then be targeted to interesting, if small, projects. One strength of the LEADER programme has been its emphasis on knowledge transfer and the exchange of experiences between different LEADER groups.

Local participation involves information dissemination to local communities, consultation with community groups about their needs, collective decision-making on local actions and strategies, and selection and development of projects by local action groups. This approach offers particular benefits for areas that could profit from better and more innovative use of local resources. It achieves this by bringing together actors from different sectors, eg linking farmers with hotels, thereby stimulating incomes from local products and tourism.

5 Looking to the proposed European Fisheries Fund

'The European Fisheries Fund responds to the changing needs of fisheries in the 21st century. By helping [to] implement the Common Fisheries Policy reform, it will make a major contribution to securing environmental, economic and social sustainability in fisheries.' Franz Fischler, Commissioner for Agriculture, Rural Development and Fisheries, July 2004.

5.1 Introduction

In July 2004, the Commission came forward with a package of funding proposals covering the EU's next budgetary period 2007–2013, and including a proposal for a European Fisheries Fund (EFF) to succeed FIG (European Commission, 2004g). The EFF proposal is now before the Council of Ministers, which has to adopt the proposal for it to come into effect, following consultation of the European Parliament. The timetable for agreeing the EFF is dependent upon a number of factors, including wider discussions of the EU's overall budget ceiling for the 2007–2013 period, but agreement on the EFF regulation is expected by the middle of 2005. It will then need to be followed by discussions and adoption of EU and national strategic documents, before funding is programmed and eventually distributed through individual projects.

The EU is therefore at an important juncture, with decisions being made about whether and to what extent future fisheries aid is to support the delivery of the new CFP, including in inshore waters. The proposed new European Fisheries Fund could be little more than a rebranding exercise, introducing some minor modifications but allowing the same basic pattern of investment to continue largely unchanged. Alternatively, the new Fund could mark a major change in the philosophy and approach to funding, to support the CFP's new emphasis on sustainable development and to reflect the particular needs of inshore fishing areas and fisheries communities.

An ambitious approach would see aid overwhelmingly targeted at reducing the *impact* but increasing the *value* of what is produced by the sector and related communities, in other words, making more from less. It would see fishermen being potentially rewarded for additional public goods or services that they provide. Funding would moreover need to follow a bottom-up and integrated approach to meet the long-term needs of the most dependent local communities rather than the short-term interests of individual operators.

There follows a review of the proposed new fund, assessing its level of ambition, and identifying particular areas that will need to be strengthened, in support of sustainable inshore fisheries management.

5.2 Stakeholder discussions of and expectations for EFF

Some of the options for reform of EU fisheries aid were discussed at the Bundoran Conference, organised by the Commission in May 2004, where there appeared to be widespread support for quite a fundamental redirecting of funds in favour of human resources, environment and the most remote areas (see Box 12). Importantly, there were calls for a stronger territorial dimension to be given to EFF, with more integrated actions supporting local communities rather than the fisheries sector in isolation. Thus, not only would the type of funding be expanded, but the approach to funding would also be overhauled.

Box 12 Steering towards 2007–2013: contributing to the CFP and to coastal development

The Bundoran Conference organised by the Commission in May 2004 brought together key stakeholders from the EU, to reflect on past EU fisheries funding and to discuss future needs. The Conference concluded that there should be a better use of funds through a more efficient set of measures, notably covering:

- human resources – training in particular is under-represented in programmes
- the environmental dimension – further 'greening' of the future Fund
- outermost regions and other remote areas – take due account of these specificities.

There should be a more strategic approach for future action, as well as a simpler conceptual and regulatory framework for the Fund, promoting transparency, user-friendliness and flexibility of its implementation.

Territorial dimension – there should be a territorial dimension to the Common Fisheries Policy, while keeping intact its core business for fishing and aquaculture, with funding to extend to integrated local development programmes in coastal areas. The aim is to contribute to the socio-economic development of coastal areas and of fishing communities, focusing on fishing and all other related activities.

Intervention in support of the environment – the Fund should support investments that reduce negative environmental impacts of the sector, and encourage the adoption of catching and production techniques that are compatible with the sustainable use of the environment and the conservation of natural resources. The Fund should prevent pollution and correct its negative consequences, and contribute more directly to nature conservation and natural resources management via, for example, the creation of protected marine areas, wetlands or other zones favourable to the reproduction of species, etc.

5.3 The new EFF proposal: aims, principles and axes

The Bundoran discussions are in many respects reflected in the proposal for the new EFF that the Commission forwarded in July 2004. The proposal is for a Fund with an overall budget of just below €5 billion for the 2007–2013 period. The main aims and principles of the future EFF are as follows:

- ensuring exploitation of living aquatic resources in a way that creates the necessary conditions for sustainable development
- promoting a sustainable balance between resources and fleet capacity
- strengthening the competitiveness of the operating structures and the development of economically viable enterprises
- fostering the protection of the environment and natural resources
- encouraging the sustainable development and improvement of the quality of life in marine, lake and coastal areas affected by fishing and aquaculture.

Apart from its explicit support for environment and sustainable development, the proposed EFF offers other improvements, relating to the specific areas to be eligible for funding under the various 'axes', as well as the approach to delivering funding.

5.3.1 Priority axis 1 – adaptation of the Community fleet

Aid is to be made available for permanently (and in some cases temporarily) removing capacity in line with recovery plans and management plans, Commission or national emergency measures, national effort adjustment plans associated with the non-renewal of third country access agreements and national plans for the exit of capacity from the fleet. Funding is also to be available for equipment 'for reducing the impact of fishing on habitats and the sea bottom and on non-commercial species', as well as investment in more selective gears, but only if the vessel falls within the framework of a recovery plan, is changing fishing methods and is leaving the fishery to go to another fishery where the state of resources made fishing possible. Some gear selectivity projects are potentially eligible provided that the new gear 'is more selective and meets recognised environmental criteria and practices which go beyond existing regulatory obligations.'

Small-scale coastal fishing (fishing by vessels under 12 metres and not using towed gear) is singled out for attention, with operators potentially to benefit from more funding and more favourable grant rates for investments on board vessels and concerning selectivity. Additional 'premiums' would be payable to fishermen and vessel owners to improve management and control of access conditions, promote the organisation of production, processing and marketing, promote voluntary steps to reduce fishing effort, and the use of

technological innovations going beyond legal requirements but that do not increase fishing effort.

Socio-economic measures for fishermen affected by developments in fishing can also be supported, as long as these involve diversification with a view to promoting multiple jobs, training and retraining schemes, and/or early retirement.

Comment: *The EFF proposal observes the reforms secured in 2002, to phase out EU aid for boat-building and the export of fishing capacity to third countries, and are thus coherent with the Community's position within the World Trade Organisation negotiations on fisheries subsidies.*

The proposals go further by significantly strengthening of the link between access to funding and the delivery of agreed management plans or measures. More general selectivity projects would be fundable as long as they contributed to environmental improvements, going beyond legal requirements. Changes in the grant limits and rates for small-scale operators should stimulate greater access to grants for this sector.

5.3.2 Priority axis 2 – aquaculture, processing and marketing of products

Aquaculture aid could be used, within certain timeframes, to comply with new EU legal standards. Specific eligible measures include diversification towards new species, implementing new methods that reduce environmental impacts, support for traditional activities important for preserving the economic and social fabric, compensation for aquaculture production methods helping to protect the environment and conserve nature. All aid is reserved for small and micro businesses, and investments are only permitted if the Environmental Impact Assessment Directive 85/337 has been complied with.

Aqua-environmental measures are also proposed, ie compensation for the use of methods that help to protect and improve the environment and conserve nature. The purpose is to promote the protection and enhancement of the environment, natural resources, genetic diversity, and the management of landscape and traditional features of aquaculture zones. Participation in the EU's environmental management and audit scheme (EMAS) and organic aquaculture production is also to be promoted. Grants would need to be based on a five-year agreement, go beyond the mere application of normal good aquaculture practice and be calculated on the basis of lost revenue, additional costs occurring from the application of aqua-environmental methods, and the need for financial support for the project.

Processing and marketing aid is targeted at small and micro-businesses, and aimed at improving animal and human health, product quality, or environmental improvement. Investments can be

used to meet EU standards, but only for a limited period. Specific measures that can be supported are those relating to the construction, extension, fitting out and modernization of firms. Apart from job creation, investments should contribute to one or more of the objectives listed, including reducing negative impacts on the environment, helping to improve the use of little-used species, by-products and waste, and marketing products mainly originating from local fleets.

Comment: *The introduction of aqua-environmental measures marks a significant change in fisheries aid, for the first time linking aid to public service provision, as well as EMAS certification and organic farming. The focus on small or micro-businesses is potentially important as a means of diverting aid away from larger projects, and instead focusing on businesses likely to be most in need of grants. Both changes should work in favour of inshore fisheries and fisheries communities.*

5.3.3 Priority axis 3 – collective interest measures

Projects of collective interest are eligible if they contribute to better management of resources or transparency in the marketing of products, involve collective investments in the development of breeding sites, waste treatment or production, processing and marketing equipment, as well as the promotion of partnerships between scientists and operators, or contribute to small scale fishing. Specific eligible measures include those designed to protect and develop aquatic fauna, apart from direct restocking. Actions should contribute to environmental enhancement (ie not just fisheries enhancement) and should involve installations to protect, develop fauna or rehabilitate waterways, including spawning grounds and migration routes.

Also eligible are projects relating port facilities, and the promotion and development of new markets. For the latter, investments should related to, amongst others, the labelling and promotion of products obtained using low-impact or environmentally-friendly fishing methods and pilot projects aimed at disseminating new technical knowledge.

Comment: *Axis 3 brings measures relating to ports, protected areas, market development and pilot projects into the 'collective interest' domain, which means that projects can attract more preferable funding rates. The potential to promote partnerships between scientists and operators could be important in strengthening fisheries governance, including for inshore fisheries management.*

5.3.4 Priority axis 4 - sustainable development of coastal fishing areas

Funding is targeted at communities in and around the fisheries sector, and not just fishermen, fish farmers and secondary industries. Funding should maintain economic and social prosperity of the area, and the value of fisheries and aquaculture products. Jobs are to be maintained and developed, and the quality of the coastal environment promoted. Co-operation between fishing areas is also eligible for support. More specifically, support could be given for: green tourism; increasing part-time jobs outside the sector; the local use of catches; protecting the environment to maintain its attractiveness; regenerating and developing coastal hamlets and villages; and protecting and capitalizing on natural and architectural heritage. Support can be given to networking and dissemination of best practice among actors in different regions or countries, as well as for the preparation and implementation of local development strategies and various other types of initiatives, to improve the skills base and access to jobs.

Member States would have to identify areas to benefit from this measure, with areas which are normally smaller than a NUTS III region, have a low population density, and a significant level of employment in the fisheries sector. To qualify, fishing in the area should be in decline, and there should be no municipality with more than 100,000 inhabitants in the area. Importantly, the delivery of funding is to involve Coastal Action Groups (CAGs) established for each area, consisting of local private and public partners set up to assist the sustainable development of given coastal areas. CAGs would be responsible for executing local development actions, based on a bottom-up approach. Individual actions should relate to specific areas, groups or types of projects.

Comment: *This axis arguably represents the most radical departure from FIFG, by introducing an integrated and territorial approach that places fisheries firmly within a local development context. In doing so, it effectively mainstreams the bottom-up approach and community focus of LEADER and PESCA within the main fund. The fact that beneficiary areas should not include areas with more than 100,000 inhabitants should ensure a clear focus on fisheries related rural areas and communities. The potential for funding to be used to network with and learn from other regions is also valuable.*

5.3.5 Priority axis 5 – technical assistance

Member States can also use up to 5% of their national allocations to support the preparation, management, monitoring, evaluation, publicity, etc of the programme. In addition to measures delivered at the national level, the Commission would have access to 0.8 per cent of the EFF, to support a range of technical projects.

5.4 Amount and rates of funding

The proposed budget for the EFF is just below €5 billion for the 2007–2013 period. Of this, €2 billion is to be targeted at the 'Convergence Objective' areas in the 15 'old' EU Member States, ie the poorest areas in these Member States. In the UK, this is expected to include only Cornwall although there will be some contingency for other areas that are currently classified as 'lagging behind'. A further €1.7 billion will be targeted at the new Member States covered by the Convergence Objective. This leaves €1.3 billion – less than 200 million per year – for the rest of the 'old' EU, including most of the UK.

The EFF proposal maintains the basic principle of co-financing, whereby EU aid has to be matched with national and private funds. There are several areas involving non-productive investments, such as decommissioning, aqua-environmental measures, etc, where projects could potentially attract 100% public (EU and national) funding. For other areas, such as investment in marketing that is not in the collective interest, the level of private sector contribution would in some cases be 70%, although small-scale fishing projects would benefit from significantly better rates (20% higher).

Comment: *Clearly the EFF does not have an enormous budget, particularly when compared to the funding needs outlined in section 2 of this report. This makes it all the more important that funding is used to underpin a new approach to fisheries and coastal development, with an emphasis on inshore fisheries and inshore environments. Wherever possible, the limited funding should also be used in ways that serve multiple objectives, including nature conservation and environmental management, so that real 'win win' opportunities can be exploited.*

The preferential grant rates on offer should support a shift in this direction, with public interest projects and the smaller end of the sector to benefit most. Even then, access to aid will likely depend on assistance being offered in terms of identifying potential projects and suitable co-financing sources.

6 Conclusions and next steps in harnessing the EFF

It would be difficult to argue, from an environmental perspective, that the Commission's proposed EFF is anything but an improvement on past and existing FIG. It continues in the direction of reforms secured in 1994, 1999 and 2002, and is consistent with the near global consensus on the need for harmful fisheries subsidies to be phased out. The general language and thrust of the proposal also suggests a deeper commitment to positive environmental management, with a particular recognition of the importance of investing in the sustainable development of the inshore sector and related communities. This is underpinned by concrete and significant improvements in a number of the areas, as follows:

- fleet related aid is overwhelmingly targeted at reducing the impact of fishing, by supporting implementation of management plans and measures, and other activities that go beyond legal requirements. Opportunities for modernization funding to be used in ways that conflict with fisheries management are simultaneously minimized
- the introduction of aqua-environmental measures means that fish farmers could now be rewarded for additional public goods or services that they provide. Although this new form of funding is limited to aquaculture, it potentially paves the way for more widespread consideration of paying for services provided by the sector
- more generally, the proposal places a stronger emphasis on using and building on local social and environmental capital, with marketing and processing, training, networking and exchange of good practice more prominent than is currently the case. This should create a strong basis for coastal communities to maximize the local benefits to be gained from long-term fisheries and environmental resources, including indirect benefits such as tourism generation
- the recipients of funding are to be extended, from individuals and collectives, to communities. Although the EFF would continue to be a fund primarily for the fisheries sector, in some cases this would be interpreted in its broader context, taking account of the sector's role within and dependence upon remote, peripheral and rural coastal areas
- perhaps most significantly of all, the approach to funding is to shift, at least in relation to the coastal areas axis. This should increase the likelihood of funded projects actually reflecting the range of opportunities provided by the EFF. Funding should also be more innovative, responding more effectively

to local needs, rather than the interests of the better organised parts of the sector.

The EEF proposal is not without its weaknesses, however. Environmental research and data collection is not served well by the proposal, with opportunities apparently limited to projects of a pilot nature. Other ongoing management related activities, including the implementation of management plans and participation in management bodies, also appear to be outside the scope of the proposal. Apart from these specific shortcomings, perhaps the most critical weakness is the lack of compulsory elements in the regulation. The result is that, even if agreed in its present form, the proposal may only be partially reflected in national programmes and eventual funding decisions. Because the content of national programmes is largely up to the Member States to decide, it is quite possible for Member States to completely ignore certain measures if they so chose.

Even if those measures of greatest interest to inshore waters and fisheries are reflected in national funding programmes and decisions, past experience suggests that the amount of aid channelled in this direction will be limited, particularly bearing in mind the potential costs of inshore fisheries management (see section 2). It will consequently be important for inshore interests to press for a commitment for a minimum amount and percentage of funding to be targeted at the small-scale sector and/or at coastal areas, and specifically at Natura 2000 sites.

At the same time, the environmental sensitivity of all investments – be they for the inshore or offshore sectors – is not sufficiently secured with the existing proposal. If adopted in its present form, the partnership principle would apply to the EFF, with environmental partners to be involved in the implementation of the fund, as appropriate. There would also be a national strategic plan produced by Member States, indicating how the CFP is to be implemented. The plan would also have to include an environmental assessment (see below). However, the proposal makes only limited use of the 'cross-compliance' mechanism. There is a general statement that operations financed by the EFF have to comply with EU law, and all aquaculture investments have also to be compatible with the Environmental Impact Assessment (EIA) Directive 85/337. That aside, there is no explicit linkage between access to EFF funding and compliance with, for example, the Habitats and Birds Directives, the Water Framework Directive and the EIA Directive.

6.1 Maximising the potential of the proposed EFF

While the EFF proposal is to be welcomed from an environmental perspective, some elements of the European fisheries sector wish to see less prominence given to environment, sustainable development and small-scale coastal fisheries. There is particular interest in opening up opportunities for investment in fishing fleets and for re-establishing aid for joint ventures with third (non-EU) countries, thus returning to the situation pre-2002. At the November 2004 meeting of

the Fisheries Council, some Member State delegations asked for the reintroduction of the aid for renewal and/or modernization. There is consequently a very real threat that discussions in the Council of Ministers and the European Parliament could result in the watering down of the Commission's EFF proposal. It is vital that those in favour of the existing proposal engage actively with the EU institutions over the coming months, until the proposal is formally adopted in 2005.

As noted earlier, the EFF negotiations will be affected by broader discussions on the overall size and distribution of the EU budget. It is quite possible that Member States will agree to lower the overall EU budget, in doing so sacrificing the more innovative aspects of the funding proposals. Simultaneously, the EU institutions are negotiating the new LIFE + environment instrument, which is set to offer little support to marine Natura 2000 management. It is consequently all the more important that EFF is secured and that the amount of funding from EFF for the fisheries elements of managing the marine Natura 2000 network is increased.

Having agreed the EU level framework and decided on the Fund's budget and distribution between countries, discussions will move to the implementation of EFF at the EU, national and local levels. Each of the following stages presents an opportunity for those wishing to influence EFF expenditure, whether or not in favour of sustainable inshore fisheries.

- Community strategic guidelines – these establish the detailed framework for implementing the Fund at national level. Despite their name, the guidelines are to be adopted by the Council on a proposal from the Commission, three months after the regulation itself is agreed. It will be vital that relevant issues are identified early on in the development of these guidelines, ie during 2004/5, including the need for investment supporting marine environmental management and specifically Natura 2000.
- National strategic plans for the fisheries sector – Member States would have three months to adopt plans which are to relate to all aspects of the CFP and set out priorities, objectives and deadlines for its implementation. They should, in particular, focus on reducing fishing effort and capacity, development of the aquaculture and fisheries sector, inspection, control and data collection systems, fisheries product supply including external fishing opportunities and coastal zone development. Each national plan is to contain a description of the sector and an environmental impact assessment, and an indicative allocation of public funding for implementing the CFP. The plans are to be developed following close consultation with the partners, and are then to be subject to 'a dialogue' with the Commission. The inshore sector and inshore environmental issues will need to feature

strongly in the strategic plan and any environmental assessments undertaken.

- Operational Programme (OP) – upon completion of the national strategic plan, each Member State would have three months to submit a national Operational Programme, setting out the strategy, priorities and objectives, and the principal measures to be funded in order to meet the priorities. Once again, these are to be produced in close consultation with the partners. An *ex ante* evaluation is to be undertaken for each OP, to ensure it is consistent with the EU strategic guidelines and national plan. Within five months of being submitted, the Commission is to approve the OPs; these will then set the framework for expenditure. Again, inshore interests will need to participate actively in the programme development phase.
- Monitoring Committee – once the programming has been completed, a Monitoring Committee will need to be set up, including the range of economic, social and environmental partners already involved in the strategy and programme development phases. If the programme implementation is to benefit the inshore waters and fisheries and related communities, then the partnership will need to reflect these interests.
- Delivering funding – the bulk of measures covered by EFF would be programmed and delivered in the same way that FIFG support is delivered now, ie administered centrally for each programme. However, the main innovation on this front relates to the coastal development axis for which Member States are to identify coastal areas to be eligible for support. The inshore sector and inshore environmental interests should start working with the UK department to identify the most important coastal areas, to secure commitment for funds to be targeted at the coastal axis and, in due course, to explore options for establishing CAGs.

There is evidently a long road ahead, before inshore fisheries and communities can start to feel the benefit from a new generation of EU aid under the European Fisheries Fund. The Commission proposals mark a very encouraging start in this process, but many further hurdles will need to be overcome between now and 2007 if the Commission's ambitions are to be reflected in projects. A great deal of energy is needed to ensure that the opportunities of the proposal and subsequent discussions are indeed maximized, so that EU funding serves in future as a tool for promoting sustainable inshore fisheries and not as a barrier to it.

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