

INVITED EDITORIAL

AQUACULTURE GOVERNANCE: WHY DOES IT MATTER?

The FAO Code of Conduct for Responsible Fisheries (CCRF) consists of five introductory articles, followed by an article on general principles and six thematic articles, one of which is Aquaculture Development. The CCRF provides guidelines that satisfy many of the criteria for good governance in aquaculture. But, why does governance matter? Governance matters because of its importance. Empirical research has demonstrated that most of the differences in per capita income between countries can be attributed to governance factors - the collection of laws, institutions, and government policies that make up the economic environment. Those jurisdictions that have “good governance” provide an enabling environment for the accumulation of capital, both human and physical, which in turn enhances their rate of economic growth compared with those jurisdictions with weak governance. Hence, living standards increasingly diverge. These findings confirm Adam Smith’s hypothesis, centuries ago, that “a nation’s economic growth is largely determined by the policies that governments follow”.

Aquaculture is a form of agriculture with similar private property rights. So, its productivity and long-term growth is probably equally dependent on governance. Unless property rights are secure and enforceable, commercial aquaculture will not develop; without them there would be no incentive to invest time and resources, and poaching would be a rational strategy. Similarly, without respect for the rule of law and enforcement of contracts, farmers would have difficulty marketing products and obtaining inputs from suppliers. Even the dissemination of new research and technology, and hence long-run factor productivity, depends on administrative and institutional frameworks. Aquaculture governance should therefore aim to replicate a “virtuous cycle” in which an effective administrative and regulatory framework not only encourages investment, but also increases the efficiency of public services. This should induce investment in backward and forward linked activities. At the farm level, secure property rights and long leases encourage adoption of best practices, and self-regulating management codes.

Indeed, since the creation of the Code, there has been growing realization of the need to address socio-economic and institutional issues. Administrative and legal frameworks can provide the incentives, and the disincentives, for farming to develop responsibly. Regulations and economic measures can eliminate practices that are ecologically and socially harmful without destroying entrepreneurial motivation. This balance between protecting societal well-being, while encouraging wealth creation through the private sector, is the essence of effective governance. In other words, aquaculture governance enhances sustainability. Sustainability is the principal goal of aquaculture governance because it enables aquaculture to prosper over a long time period. Sustainability incorporates the usual four aspects; technical feasibility, economic viability, environmental integrity and social licence.

There is now a consensus that modern aquaculture depends on the private sector and the profit motive. Such aquaculture need not be large scale but does entail a business orientation as with any small and medium enterprise. One of the reasons, and perhaps the largest reason, why entrepreneurs flourish in some jurisdictions but not others is governance. In the absence of effective governance there will be misallocation, influence peddling or stagnation. Governance affects all business, whether aquaculture or any other.

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Cover photos:
Cage culture of tilapia in lake Taal, Philippines,
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