



NOAA Fisheries  
Office of Sustainable Fisheries

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## Catch Shares

### NOAA Proposes Draft Catch Share Policy

On December 10, 2009, NOAA released a draft policy on the use of catch share programs in fishery management plans. The draft NOAA policy encourages well-designed catch share programs to help rebuild fisheries and sustain fishermen, communities and vibrant working waterfronts. The draft policy provides a foundation for facilitating the wide-spread voluntary consideration of catch shares, while empowering local fishermen to be part of the process. Click here for the [press release](#).

[Read the Draft Catch Share Policy](#)

NOAA is seeking broad input on the draft policy from interested commercial and recreational fishermen, communities, state and local governments, tribes, businesses, associations, non-governmental organizations and the general public. The public comment period will end on April 10, 2010. Use the link below to submit your comment.

[Submit a Comment](#)

#### Regional Opportunities to Hear about the Draft Policy

January 26, 2010 - New England Fishery Management Council (Portsmouth, NH)  
 February 10, 2010 - Mid-Atlantic Fishery Management Council (Cambridge, MD)  
 February 23-25, 2010 - Marine Fisheries Advisory Committee (Honolulu, HI)  
 March 1, 2010 - S. Atlantic Fishery Management Council (Jekyll Island, GA)  
 March 5, 2010 - Maine Fishermen's Forum (Rockport, ME)  
 March 29-April 1 (TBD) - Caribbean Fishery Management Council (USVI)

[Click here to view audio recordings and transcripts](#) of Draft Catch Shares Policy meetings during the comment period.

If you have questions or to contact us, email us at [catchshares@noaa.gov](mailto:catchshares@noaa.gov).

#### What is a Catch Share?

"Catch Share" is a generic term used to describe fishery management programs that allocate a specific percentage of the total allowable fishery catch or a specific fishing area to individuals, cooperatives, communities, or other entities. It includes more specific programs defined in statute such as Limited Access Privileges (LAP) and Individual Fishing Quotas (IFQ). It also includes Territorial Use Rights Fisheries (TURFs) that grant an exclusive privilege to fish in a geographically designated fishing ground. The recipient of a catch share is directly accountable to stop fishing when its specific share allocation is reached.



#### Catch Shares Task Force

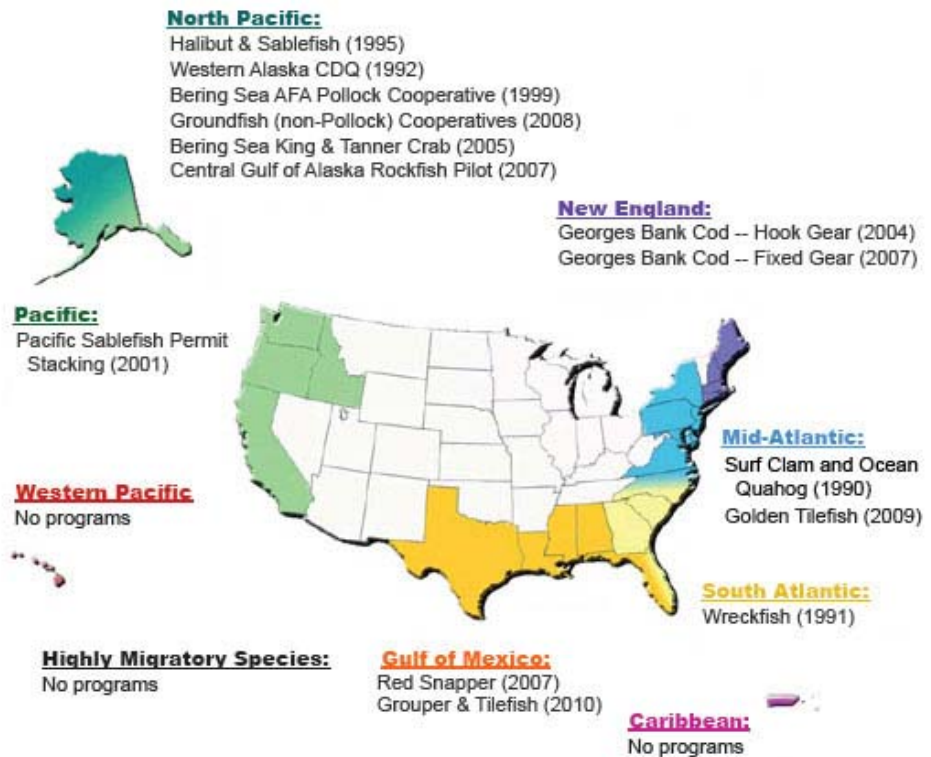
In a [June 22, 2009 press release](#), NOAA Administrator Dr. Jane Lubchenco announced creation of a Catch Share Task Force to assist NOAA and the regional fishery management councils as they consider and implement catch

share management programs. The press release provides a list of Task Force participants and outlines the five objectives of the Task Force.

Below you can find Task Force status reports, summaries of stakeholder sessions, and meeting summaries.

[Archive of Catch Shares Task Force](#)

## Catch Share Programs by Region



### Current Catch Share Program Spotlights:

- [Halibut & Sablefish](#) (1995)
- [Western Alaska CDQ](#) (1992)
- [Bering Sea AFA Pollock Cooperative](#) (1999)
- [Bering Sea King & Tanner Crab](#) (2005)
- [Pacific Sablefish Permit Stacking](#) (2001)
- [Red Snapper](#) (2007)
- [Wreckfish](#) (1991)
- [Surf Clam & Ocean Quahog](#) (1990)
- [Georges Bank Cod - Hook Gear](#) (2004)
- [Georges Bank Cod - Fixed Gear](#) (2007)
- [Central Gulf of Alaska Rockfish Pilot](#) (2007)
- [Groundfish \(non-Pollock\) Cooperatives](#) (2008)
- [Mid-Atlantic Golden Tilefish](#) (2009)
- [Gulf of Mexico Grouper & Tilefish](#) (2010)

### Programs Under Development:

- Scallop General Category IFQ
- West Coast Trawl Groundfish TIQ
- New England Multispecies Sectors

### Catch Share Resources

- [Glossary of Catch Share Terms](#) (PDF)
- [Catch Shares Fact Sheet](#) (PDF)
- [Selected Catch Shares Bibliography](#) (PDF)
- [Design and Use of Limited Access Privilege Programs](#) (PDF)



## **DRAFT NOAA CATCH SHARE POLICY**

### **EXECUTIVE SUMMARY**

#### **PURPOSE**

In June 2009 President Obama stated this administration is committed to creating an integrated and comprehensive national ocean policy, incorporating ecosystem-based science and management, and emphasizing transparency and participation in our public stewardship responsibilities. Sustainable fisheries are an essential component of that commitment, and catch share programs have proven to be powerful tools to manage fisheries to sustainable levels and improve their economic performance. The draft NOAA policy encourages well-designed catch share programs to help rebuild fisheries and sustain fishermen, communities and vibrant working waterfronts, including the cultural and resource access traditions that have been part of this country since its founding.

#### **DEFINITION**

*“Catch share” is a general term for several fishery management strategies that allocate a specific portion of the total allowable fishery catch to individuals, cooperatives, communities, or other entities. Each recipient of a catch share is directly accountable to stop fishing when its specific quota is reached. The term includes specific programs defined in law such as “limited access privilege” (LAP) and “individual fishing quota” (IFQ) programs, and other exclusive allocative measures such as Territorial Use Rights Fisheries (TURFs) that grant an exclusive privilege to fish in a geographically designated fishing ground.*

#### **CONTEXT**

A number of U.S. fisheries are under-performing biologically and economically and require consideration of additional tools to improve management effectiveness. For example, rebuilding U.S. stocks would increase the annual commercial dockside value by an estimated \$2.2 billion (54 percent). Given the challenges facing U.S. fishery managers, the best available science and practical experience support the conclusion that it is in the public interest to encourage and support the evaluation of catch share programs authorized under the Magnuson-Stevens Fishery Conservation and Management Act (MSA)<sup>1</sup>. In addition, Congress, in its 2006 amendments to the MSA<sup>2</sup>, and national experts<sup>3,4</sup> have recognized catch shares are a tool that should be available for use in any fishery, subject to general guidelines for their design.

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<sup>1</sup> The MSA authorizes limited access privilege and individual fishing quota programs at 16 U.S.C. 1853(a).

<sup>2</sup> Magnuson-Stevens Fishery Conservation and Management Reauthorization Act of 2006, Pub. L. 109-479.

<sup>3</sup> U.S. Commission on Ocean Policy, 2004. An ocean blueprint for the 21<sup>st</sup> Century. Final Report Recommendation 19-15 says in part “Every federal, interstate and state fishery management entity should consider the potential benefits of adopting such [dedicated access privilege] programs.”

<sup>4</sup> National Academy of Sciences, 1999. Sharing the fish: Toward a national policy on individual fishing quotas. Committee to review individual fishing quotas, Ocean Studies Board, National Research Council, Washington, DC states that “IFQs can be used to address any number of social, economic and biologic issues in fisheries management. Alternative management approaches can achieve some, but not all, of the objectives that can be

## Draft NOAA Catch Share Policy

Catch share programs have been used in the U.S. since 1990 and now include 13 different fisheries from Alaska to Florida managed by six different Councils. Four additional U.S. fisheries are in the process of adopting a catch share program over the next year. Both here and in other countries catch shares have shown they can effectively achieve annual catch limits, reduce the negative biological and economic impacts of the race for fish, and when properly designed can eliminate overfishing and result in safer and more profitable fisheries while also addressing other social objectives. This draft policy provides a foundation for facilitating the wide-spread consideration of catch share fishery management plans while empowering local fishermen to be part of the process.

### GOALS

NOAA's goals are to: help reduce any administrative or organizational impediments to the consideration of catch shares; inform and educate stakeholders of the different options and capabilities of catch share programs; and help organize collaborative efforts with interested Councils, states, communities, fishermen and other stakeholders on the design and implementation of catch share programs.

Catch shares may not be the best management option for every fishery or sector. NOAA will not require the use of catch shares in any particular fishery or sector, but it will promote and encourage the careful consideration of catch shares as a means to achieve the conservation, social and economic goals of sustainable fishery management. To do so, NOAA will seek the program support outlined herein to assist in the design, transition period and operation of catch share management. Catch share programs can help transform fisheries and ensure they are a prosperous and sustainable element of a national strategy for healthy and resilient ecosystems for present and future generations.

### NOAA'S CATCH SHARE POLICY

**To achieve long-term ecological and economic sustainability of the Nation's fishery resources and fishing communities, NOAA encourages the consideration and adoption of catch shares wherever appropriate in fishery management and ecosystem plans and amendments and will support the design, implementation, and monitoring of catch share programs.**

### CATCH SHARE PROGRAM FEATURES

The MSA sets forth a number of criteria for consideration in the design of catch share programs. NOAA recommends Councils follow this guidance and pay particular attention to the following features in designing their catch share programs:

**Specific management goals:** All fishery management programs, including catch shares, should identify specific goals for management.

**Transferability:** Councils should thoroughly assess the net benefits of catch share transferability.

**Review Process:** Councils should periodically review all catch share and non-catch share programs. The intent is to ensure that management goals are specified, measurable, tracked and used to gauge whether a program is meeting its goals and objectives.

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achieved with IFQs....Although the IFQ is no panacea, it deserves a place in the array of techniques that may be needed in any particular fishery management plan."

## Draft NOAA Catch Share Policy

**Distinctions Among Sectors:** No fishery or sector (e.g., commercial or recreational) is obligated to adopt catch shares under this policy. Councils should consider the appropriateness of catch share programs and decide which, if any, sectors may benefit from their use.

**Fishing Community Sustainability:** NOAA encourages Councils to take advantage of the special community provisions in the MSA to help ensure the sustainability of fishing communities, including the preservation of working fishery waterfronts, fishery infrastructure, diverse fishing fleets, and resource access.

**Royalties:** NOAA will assist Councils if and when they determine that it is in the public interest to collect royalties in connection with the initial or subsequent allocations in a limited access privilege program.

### CATCH SHARE PROGRAM SUPPORT

Because of the effectiveness, flexibility and the potential applicability of catch shares to many fisheries, NOAA will provide leadership, technical advice, and other support for the consideration and use of catch share programs. To achieve this end, NOAA will collaborate with its many federal, state and constituency partners to support catch share programs in the following four categories:

**1. Reduce technical and administrative impediments to designing catch share programs.**

NOAA will assist Councils and stakeholders that want to move forward with catch share programs with technical and administrative support to help them design and implement a catch share program, while empowering local fishermen to be part of the process. This includes assisting in research and evaluation of catch share applicability for their particular fishery, resolving outstanding questions on application of the MSA requirements to their proposed design, and organizing a common infrastructure and enforcement protocols to minimize program costs and promote “best practices.”

**2. Provide expertise and related support to assist development of new catch share programs.** NOAA will provide expertise and work with Councils and other partners to adopt and implement catch share programs that are cost effective and meet the Councils’ objectives. This includes providing analytical capacity through staff details and access to external experts, providing tools for assisting fishermen to explore options and evaluate impacts of management alternatives, and facilitating access to other government and private sector programs to support the design and implementation of a catch share option.

**3. Inform and educate stakeholders so that they can best participate in the design and implementation of catch share programs.** NOAA will work with Councils, states and other partners to provide information and training to raise awareness and increase understanding about the advantages and disadvantages of catch share programs; to improve general catch share literacy in communities, including fishermen, regulators and the public; and to increase stakeholder engagement in the policy development and review process.

**4. Coordinate data collection, research and performance monitoring of catch share programs.** NOAA will partner with Councils, states, Interstate Commissions and other collaborators to ensure appropriate monitoring data are collected, relevant research is conducted, and catch share performance metrics are derived to support the consideration, adoption, operation and evaluation of catch share programs.



## **DRAFT NOAA CATCH SHARE POLICY**

### **BACKGROUND AND LEGAL AUTHORITY**

In June 2009 President Obama stated this administration is committed to creating an integrated and comprehensive national ocean policy, incorporating ecosystem-based science and management, and emphasizing transparency and participation in our public stewardship responsibilities. Sustainable fisheries are an essential component of that commitment, and catch share programs have proven to be powerful tools to manage fisheries to sustainable levels and improve their economic performance. The draft NOAA policy encourages well-designed catch share programs to help rebuild fisheries and sustain fishermen, communities and vibrant working waterfronts, including the cultural and resource access traditions that have been part of this country since its founding.

Catch shares designed for federal fisheries are authorized by the Magnuson-Stevens Fishery Conservation and Management Act (MSA).<sup>1</sup> The original MSA was signed into law in 1976. The results of more than three decades of management under MSA represent a significant accomplishment. Yet, some U.S. fisheries are still under-performing biologically and many are under-performing economically and require consideration of additional tools to improve management effectiveness. Rebuilding U.S. stocks would increase the annual commercial dockside value by an estimated \$2.2 billion (54 percent). The policy articulated in this document provides a foundation for facilitating the wide-spread consideration of catch share fishery management plans to help accomplish this improvement while empowering local fishermen to be part of the process.

NOAA's goals are: to help reduce any administrative or organizational impediments to the consideration of catch shares; to inform and educate stakeholders of the different options and capabilities of catch share programs; and to help organize collaborative efforts with interested Councils, states, communities, fishermen and other fishery stakeholders on the design and implementation of catch share programs.

The Magnuson-Stevens Fishery Conservation and Management Reauthorization Act of 2006<sup>2</sup> included two significant and complementary new provisions that contributed to NOAA's current focus on catch shares:

The first provision required the establishment of a mechanism for specifying annual catch limits (ACL) in most fisheries by 2011. The ACLs place a firm cap on fisheries removals at a level such that overfishing will not occur. Accountability measures were required to accompany the ACL mechanisms.

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<sup>1</sup> Magnuson-Stevens Fishery Conservation and Management Act, codified at 16 U.S.C. 1801 et seq.

<sup>2</sup> Magnuson-Stevens Fishery Conservation and Management Reauthorization Act of 2006, Pub. L. 109-479.

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The second provision was the elaboration of criteria and guidance supporting a program of limited access privileges (LAP) to help rebuild overfished stocks, reduce overcapacity if it exists, and promote safety, fishery conservation and management, and social and economic benefits. A LAP is a means to distribute and enforce exclusive percentages of an ACL among participants.

Taken together, ACLs and LAPs combine the positive biological benefits of a firm cap on fishery removals with the additional benefits of achieving important economic and social objectives necessary to support sustainable fisheries.

In addition to Congress, other national experts<sup>3, 4</sup> have recognized that catch shares are a tool that should be available for use in any fishery, subject to general guidelines for their design. Catch share programs (which include LAP and individual fishing quotas (IFQ) programs) have been used in the U.S. since 1990 by six different Councils in 13 different fisheries from Alaska to Florida. Internationally, similar programs have been used in hundreds of fisheries. Both here and in other countries catch shares have shown they can effectively achieve annual catch limits, reduce the negative biological and economic impacts of the race for fish, and when properly designed can eliminate overfishing and result in safer and more profitable fisheries while also addressing other social objectives. (For example, where preserving cultural and historic use patterns in a port is a high priority, a catch share program could be designed by a Council to maintain traditional coastal fishing communities comprised of owner-operated fishing fleets.)

Scientific analyses<sup>5</sup> show that fisheries managed with catch shares have demonstrated improved biological and economic performance relative to prior management using traditional tools. Earlier this year, the Joint Ocean Commission Initiative (i.e., the members of the former U.S. Commission on Ocean Policy and the Pew Oceans Commission) issued a statement<sup>6</sup> to the new administration that endorsed the use of innovative, science-based management approaches, including carefully considering, and where appropriate, employing innovative management techniques such as LAPs, catch-share programs and Community and Regional Fishery Associations.

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<sup>3</sup> U.S. Commission on Ocean Policy, 2004. An ocean blueprint for the 21<sup>st</sup> Century. Final Report Recommendation 19-15 says in part “Every federal, interstate and state fishery management entity should consider the potential benefits of adopting such [dedicated access privilege] programs.”

<sup>4</sup> National Academy of Sciences, 1999. Sharing the fish: Toward a national policy on individual fishing quotas. Committee to review individual fishing quotas, Ocean Studies Board, National Research Council, Washington, DC states on p. 5 that “IFQs can be used to address any number of social, economic and biologic issues in fisheries management. Alternative management approaches can achieve some, but not all, of the objectives that can be achieved with IFQs ...Although the IFQ is no panacea, it deserves a place in the array of techniques that may be needed in any particular fishery management plan.”

<sup>5</sup> Sigler., M.F. and C.R. Lunsford, 2001. Effects of individual quotas on catching efficiency and spawning potential in the Alaska sablefish fishery. *Can. J. Fisheries and Aquatic Science* **58**: 1300-1312. Arnason, R. 2005. Property rights in fisheries: Iceland’s experience with ITQs. *Rev. Fish. Biol. Fisheries* 15:(3) 243-264; Newell, R.G., J.N. Sanchirico and S. Kerr. 2005. Fishing Quota Markets, *Journal of Environmental Economics and Management*, vol. **49**: 437-462.

<sup>6</sup> Meridian Institute, 2009. Changing ocean, changing world: ocean priorities for the Obama administration and Congress. Joint Oceans Commission Initiative Report, Washington, DC.

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Catch share programs can help transform fisheries and ensure they are a prosperous and sustainable element of a national strategy for healthy and resilient ecosystems for present and future generations. This draft policy provides a foundation for facilitating the wide-spread consideration of catch share fishery management policies to assist in achieving biological sustainability and economic prosperity, while empowering local fishermen to be part of the process.

### **POLICY**

**To achieve long-term ecological and economic sustainability of the Nation’s fishery resources and fishing communities, NOAA encourages the consideration and adoption of catch shares wherever appropriate in fishery management and ecosystem plans and amendments and will support the design, implementation, and monitoring of catch share programs.**

**Definition:** For purposes of this policy, a catch share program is a generic term used to describe fishery management programs that allocate a specific percentage of the total allowable fishery catch or a specific fishing area to individuals, cooperatives, communities, or other entities. It includes more specific programs defined in statute such as Limited Access Privileges (LAP) and Individual Fishing Quotas (IFQ). It also includes Territorial Use Rights Fisheries (TURFs) that grant an exclusive privilege to fish in a geographically designated fishing ground. The recipient of a catch share is directly accountable to stop fishing when its specific share allocation is reached. Definitions of related terms are included in the attached glossary.

The policy is intended to promote a future in which U.S. fisheries resources are managed for the greatest overall benefit to the Nation’s current and future generations and in a manner consistent with the 10 National Standards for fisheries conservation and management. Consistent with existing law, NOAA will not require the use of catch shares in a particular fishery nor are catch shares the best management option for every fishery or sector. However, it is NOAA’s intent to encourage the careful consideration of catch shares as a *possible* choice to best meet the conservation, social and economic goals of fishery management.

In order to “consider” a catch share program, a Council should specify sufficient catch share design characteristics during the scoping and development phase of management plan development or amendment such that stakeholders could understand potential major catch share features such as allocation and transferability, and the impacts that this option will have on their operation. There is no requirement that every fishery management plan (FMP) or amendment must include a final catch share alternative.

### **CATCH SHARE PROGRAM FEATURES**

The consideration of a broad range of management alternatives, including catch shares, is desirable to determine which management approach is best suited for each fishery. Each fishery is different, and catch share programs have a great deal of design flexibility to accomplish a variety of goals. The MSA sets forth a number of criteria for consideration in the design of catch share programs. NOAA recommends Councils follow this guidance and pay particular attention to the following features in designing their catch share programs: (In the following paragraphs,

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reference to the Councils also includes the Secretary of Commerce with respect to fishery management plans or amendments for Atlantic Highly Migratory Species).

**Specific management goals:** *All fishery management programs, including catch shares, should identify specific measurable goals for management.* Councils should develop explicit management goals (e.g., eliminate overfishing and race-to-fish or derby fishing behavior; promote more precise catch accounting to meet ACLs; identify bycatch reduction objectives and improved ecosystem functioning; improve socio-economic conditions for fishery participants and/or fishery-dependent communities, etc.) early in the management plan development process. Based on these goals, a uniquely tailored catch share program or alternative can be designed. The specific elements of the program can then be specified to achieve the identified goals as scoping moves forward to preparation of management alternatives.

**Transferability:** *Councils should thoroughly assess the net benefits of allowing transferability of catch shares.* The choice of whether, when and to whom to allow transfers (by sale or lease) of catch shares by initial recipients is one of the many design options to be evaluated and decided by Councils. After the initial allocation decision, it is one of their most significant choices. The majority of catch share programs in place allow at least some degree of transferability. Transferability of shares can: directly affect the ability of the resulting program to respond to any initial allocation anomalies; control future entry and exit to the fishery; help achieve goals for reducing overcapacity and improving economic efficiency; and control the achievement of many other biological, economic and social objectives the Councils may have established. NOAA is committed to providing technical advice and support to the Councils and affected stakeholders in evaluating the transferability option.

**Review Process:** *Councils should periodically review all catch share and non-catch share programs. The intent is to ensure that management goals are specified, measurable, tracked and used to gauge whether a program is meeting its goals and objectives.* The review process is the final stage of the management cycle after setting specific objectives and implementing and monitoring a management plan. The MSA requires Councils to regularly monitor and review the operations of its LAP programs. Once management goals and FMPs are in place, section 303A(c)(1)(G) requires the conduct of a formal and detailed review after 5 years for each LAP program. In addition, the Secretary is required to review on a continuing basis and revise as appropriate the conservation and management measures included in Atlantic Highly Migratory Species plans. However, Councils are not currently required to conduct similar periodic reviews of their non-LAP fisheries. Performance metrics for some of the typical fishery goals may include how fishery stocks responded, what were the impacts on fishing communities, participation and entry into the fishery, what happened to prices, revenues and profits, and how fishery access and participation rates changed after program initiation.

**Distinctions Among Sectors:** *No fishery or sector (e.g., commercial or recreational) is obligated to adopt catch shares under the policy.* Councils should consider the appropriateness of catch share programs and decide which, if any, sectors may benefit from their use. Under the MSA, Councils have the opportunity to consider the possible adoption of catch shares for all fishery sectors; for some sectors; to phase-in their adoption over time; or to not adopt catch shares. Historically, the application of catch shares has focused on the commercial sector of a fishery. If a Council adopts a catch share program for the commercial sector, the MSA does not require catch shares to be adopted in the recreational or any other particular sector of a fishery.

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There may be circumstances where catch shares cannot provide positive net biological, social or economic benefits to all sectors of the fishery, and Councils are free to decide where to adopt catch shares.

It is conceivable that the initial plan for catch shares for one segment of a fishery (e.g., for one species in a multispecies fisheries, or catch shares in the commercial sector but not the recreational sector) could have effects on other segments of the fishery. In instances where such impacts are reasonably foreseeable, Councils and NOAA should evaluate the effects of catch shares on all sectors associated with a fishery, regardless of whether they are in the catch share program. This should be done at the early stage of consideration of catch shares as a management option to allow adaptation in both the catch share and non-catch share program elements to ensure conformance with the MSA.

The allocation of quota among competing segments in a fishery has been one of the most difficult policy decisions for the Councils in the past. National Standard 4 of the MSA requires that any allocation of fishing privileges be fair and equitable. Allocations of quota to recreational, commercial, tribal, aboriginal and subsistence sectors; among gear types within a sector; and reserving quota for reasons of research, conservation, forage and/or scientific and management uncertainty are all decisions currently made by Councils.

Catch shares distribute quota within a sector (e.g., recreational or commercial), as a percentage of the sector allocation. The allocation to a sector can increase or decrease over time, while leaving the percentage quota within that sector stable. Councils should periodically revisit sector allocations based on consideration of conservation issues, economic and social values.

Councils can opt to manage the commercial sector with catch shares and manage the recreational sector by other means; catch share programs can implement whatever distribution of the allowable catch the Councils decide upon subject to MSA requirements. Criteria and schedules to reallocate quota can be directly included in the fishery management plan design, and an unscheduled reallocation can be considered at any time by plan amendment if circumstances warrant.

The granting of catch share privileges to an entity is not made in perpetuity. The MSA defines a LAP as a permit, issued for a period of not more than 10 years, which will be renewed if not revoked, limited or modified. The program can be amended at any time specified by the Council. Regular monitoring and review of catch shares by the Council is expected and a formal and detailed review 5 years after implementation of the program (and at least every 7 years thereafter) is required by statute. The design flexibility, including transferability provisions, associated with catch shares helps ensure that all allocations of allowable catch are fair and equitable, regardless of whether every sector chooses to adopt a catch share for their sector.

The key to success is a thoughtful program design process. A comparative framework is an efficient means to assess different design and implementation choices for management of a particular fishery or sector. A useful starting point for evaluating the pros and cons of different catch share design options can be found in NOAA's technical memorandum on LAPs<sup>7</sup> where it

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<sup>7</sup> Anderson, L.G. and M.C. Holliday (Eds.), 2007. Design and use of limited access privilege programs, NOAA Technical Memorandum F/SPO-86. Silver Spring, MD.

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identifies seven criteria for the evaluation of LAP programs relative to other types of management strategies for a particular fishery. NOAA is committed to working with recreational, commercial and other stakeholder groups to help them assess their options and the advantages and disadvantages of adopting a catch share program for their sector.

**Fishing Community Sustainability:** *NOAA encourages Councils to take advantage of the special community provisions in the MSA to help assure sustainable fishing communities, including the continuation of working fishery waterfronts, fishery infrastructure, diverse fishing fleets, and resource access.* Fisheries have provided the underlying economic, social and cultural fabric of many coastal communities for centuries. However, changing circumstances in fisheries as well as many outside influences are resulting in risks to the sustainability of the fishing community way of life. National Standard Eight of the MSA and section 303A require management authorities to take into account the importance of fishery resources to fishing communities. Section 303A provides unique design options for LAPs that can promote the sustained participation of communities and minimize adverse economic and social impacts of fishery management. NOAA will work in partnership with other federal agencies and coastal states, consistent with the goals of the MSA and each Council's fishery management plan's objectives, to use catch shares to promote sustainable fishing communities, resource access and co-management principles.

To this end, NOAA will help support community-based design and investment in innovative fishery management options. This partnership would include providing technical assistance in the development and submission of community sustainability plans under MSA Section 303A, and providing technical assistance in the creation of fishing community trusts or permit banks to help retain access to fisheries resources by fishermen in local communities.

NOAA will assist communities in planning and adapting to changing economic, environmental and management conditions. Additional capacity and statutory authority may be available from other NOAA line offices, other Commerce bureaus (e.g., Economic Development Administration assistance to communities to develop and implement economic development and revitalization strategies) or other agencies (such as the Small Business Administration to deal with access to capital and business planning expertise). NOAA will also encourage public-private partnerships, and facilitate collaboration with state and local governments, regional economic development districts, public and private nonprofit organizations, and tribal entities to help communities address problems associated with long-term fishery and community sustainability.

**Royalties:** *NOAA will assist Councils if and when they determine that it is in the public interest to collect royalties in connection with the initial or subsequent allocations in a limited access privilege program.* The Nation's fisheries resources are managed in the public trust by NOAA. Many of the Nation's other public resources consumed or used by private individuals are subject to a payment (i.e., resource rental) for their usage (e.g., oil and gas leases, grazing or silviculture on federal lands, usage of federal radio frequency spectrum). To date, the recipients of initial allocations of catch shares have received their allocations based on their historical fishing records; no Council has employed a program to collect resource rent.

Section 303A(d) of the MSA requires the Councils to consider the collection of royalty payments for the initial or any subsequent distribution of LAPs. Any fishery management plan or amendment containing a LAP program should include a description of how this MSA provision

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was addressed. It is important to note that if a Council decides to include a royalty program, the revenues would be deposited in a special fund and can only be expended in the fisheries from which they came. Currently no LAP program collects royalty payments. Many important social, economic and community objectives of a fishery management plan could be funded by royalty payments such as supporting specific goals for research, monitoring, new entrants/small entities, or sustainable fishing communities. Collection and use of royalty payments is one of several options. Initial share allocations/set-asides, adaptive management programs, and loans/subsidies for share purchases are alternatives that can support similar outcomes.

The MSA provides the Councils with a great deal of flexibility to determine the timing, amount and means to collect royalty payments. For example, royalties could be deferred in the initial years of implementation to account for weak economic conditions at a program's outset. Any royalty program must be carefully designed and sized so it does not undermine or offset the biological conservation and economic incentives associated with catch shares. NOAA will assist Councils and stakeholders to provide more specific guidance on royalty program design options where desired, and consult with Councils, states and affected stakeholders on use of any subsequent royalty funds collected.

### **CATCH SHARE PROGRAM SUPPORT**

Because of the effectiveness, flexibility and the potential applicability of catch shares to many fisheries, NOAA will provide leadership, technical advice, and other support for the consideration and use of catch share programs. To achieve this end, NOAA will collaborate with its many federal, state and constituency partners to support catch share programs in the following four categories:

- 1. Reduce technical and administrative impediments to designing catch share programs.** NOAA will assist Councils and stakeholders that want to move forward with catch share programs with technical and administrative support to help them design and implement a catch share program, while empowering local fishermen to be part of the process. This includes assisting in research and evaluation of catch share applicability for their particular fishery, resolving outstanding questions on application of the MSA requirements to their proposed design, and organizing a common infrastructure and enforcement protocols to minimize program costs and promote "best practices."
- 2. Provide expertise and related support to assist development of new catch share programs.** NOAA will provide expertise and work with Councils and other partners to adopt and implement catch share programs that are cost effective and meet the Councils' objectives. This includes providing analytical capacity through staff details and access to external experts, providing tools for assisting fishermen to explore options and evaluate impacts of management alternatives, and facilitating access to other government and private sector programs to support the design and implementation of a catch share option.
- 3. Inform and educate stakeholders so that they can best participate in the design and implementation of catch share programs.** NOAA will work with Councils, states, Sea Grant and its Marine Advisory Service, and other partners to provide information and training to raise awareness and increase understanding about the advantages and disadvantages of catch share programs; to improve general catch share literacy in

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communities, including fishermen, regulators and the public; and to increase stakeholder engagement in the policy development and review process.

- 4. Coordinate data collection, research and performance monitoring of catch share programs.** NOAA will partner with Councils, states, Interstate Commissions and other collaborators to ensure appropriate data are collected, relevant research is conducted, and catch share performance metrics are derived to support the Councils in their consideration, adoption, operation and evaluation of catch share programs

The following sections outline the specific actions that NOAA believes will ensure catch share programs have the highest likelihood of success. NOAA will work diligently with its partners to identify and secure the necessary support to most effectively carry out as many of these activities as possible.

### 1. Reduce technical and administrative impediments

1.1 – Evaluate Catch Share Applicability. Studies of U.S. and foreign fisheries suggest that catch share policies have significant potential for increasing economic returns from fishing and the sustainability of fisheries. The fisheries that have seen the biggest economic gain from catch shares are those where there is the potential for high-end markets (investing in quality) and/or where there are advances in product recovery from eliminating the race-for-fish (e.g., whiting on the west coast). At the same time, not every fishery will ultimately be a suitable candidate for catch shares.<sup>8</sup> The following is a brief list of fishery characteristics indicating where catch shares could be particularly beneficial. The list is not exhaustive, nor does it suggest that if a fishery doesn't have one or more of these indicators that it is not a good candidate for catch shares.

*a. Fishery is overcapitalized* – Overcapitalized fisheries are more likely to have lower economic returns to fishermen than could be achieved through catch shares. A fishery demonstrates excess capacity in the form of larger than necessary fishing fleet size, type or amount of fishing equipment, etc., to harvest the total allowable catch. Generally, historical open access policies lead to race-for-fish or derby conditions, and result in overfishing, overfished stocks and overcapitalized fisheries. If a fishery is overcapitalized, transferable catch shares can result in a more economically efficient fleet size.

*b. Stakeholders are receptive* – Well-informed fishermen who want to pursue consideration of catch shares will improve the likelihood of success of this fishery management option. Enabling stakeholders to evaluate their options by providing complete and unbiased information requires extensive education and outreach. Fisheries where this has taken place are good candidates for consideration. Single species or few sectors in a fishery make management less complex for any choice of strategy/approach. In the near term, catch share application in a phased approach (i.e., species or sector) may be more amenable to stakeholders.

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<sup>8</sup> Whether specific criteria are useful to determine if catch shares are applicable to a fishery was considered in the 1999 National Academy of Sciences study to evaluate individual fishing quotas (IFQs). That study favored the approach that all fisheries that can be managed using a total allowable catch are potential candidates for IFQs. See National Academy of Sciences, 1999. Op.cit.

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c. *Stocks are overfished* – Stocks that have a status of “overfished” or that are experiencing overfishing require a multitude of controls to regulate fishermen behavior. Such fisheries are among those now required to have annual catch limits (ACLs) and rebuilding plans under the MSA. While well-enforced ACLs will limit catches they do not address the destructive impacts of the race for fish. Combining ACLs with the allocation of exclusive privileges to stakeholders can help meet total allowable catch targets, reduce the negative impacts of the race for fish, and promote greater freedom and flexibility in fisherman business decision making than when ACLs are used alone.

d. *Regional/Institutional infrastructure exists* – NOAA Fisheries Service regions with existing catch share management can take advantage of economies of scale in management operations for multiple catch shares in a region, thereby reducing costs to fishermen and taxpayers. The marginal costs for data collection, administration and enforcement can be spread over multiple species or fisheries. Each circumstance must be evaluated on its own merits since the flexibility inherent in catch share program design allows them to be customized to succeed under varying conditions.

e. *Bycatch is significant* – Excessive bycatch is an indicator that catch shares may contribute to a solution. In its 2007 meta-analysis, the Redstone Group<sup>9</sup> analyzed 10 U.S. and British Columbia fisheries managed by LAPs and found seven instances where LAPs contributed to a positive environmental recovery by promoting more selective and efficient fishing practices. There is evidence that IFQs slow the pace of fishing and encourages cooperation and fishermen stewardship that results in positive ecological implications relative to overfishing, bycatch mortality and habitat disturbance.<sup>10</sup> Cooperatives formed under catch share programs (e.g., Gulf of Alaska rockfish pilot program and Bering Sea pollock and non-pollock cooperatives) have also experienced decreased discards as fishermen are able to become more selective and redirect their effort away from areas of undesirable bycatch to avoid prohibited and non-target species. Notwithstanding these benefits, care must be exercised in the design and monitoring phases to prevent or control for any highgrading of fish harvested that may occur under certain conditions.

1.2 – Issue specific policy guidance. The draft NOAA policy lays out high level principles regarding catch shares but does not address specific questions of technical interpretation and applicability raised by implementation of the 2006 MSA amendments. Such questions have been raised by NMFS, Councils, industry and environmental groups on the new LAP provisions of Section 303A. The NMFS Office of Sustainable Fisheries identified a number of these issues during an October 2007 public scoping process and through various Council venues.

There is a need to promote consistent and correct application of the Act. Many issues will be addressed by issuance of informal guidance and the conduct of regional or national workshops. However, there may remain other issues requiring formal notice, public comment and rulemaking, and NOAA will seek input from stakeholders, Councils and NMFS staff to complete this task using a public participatory process.

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<sup>9</sup> Redstone Strategy Group, 2007. Assessing the potential for LAPPs in U.S. fisheries. Report prepared for Environmental Defense, 41pp., Washington, DC.

<sup>10</sup> Griffith, D.R., 2007. The ecological implications of individual fishing quotas and harvest cooperatives. *Frontiers in Ecology and the Environment*. 6(4): 191-198.

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1.3 – Create a common catch share infrastructure. Catch share program designs can be very simple or complex, with costs changing accordingly. Costs for redundant infrastructure may become an impediment to new programs. Given the projected use of catch shares, NOAA and its partners will evaluate a common catch share infrastructure in areas such as issuing allocations and monitoring transfers, information systems to track landings, and enforcement and observer capabilities for monitoring, control and surveillance. NOAA and the Councils will look for economies of scale, efficiencies, and consistency to minimize costs of catch share programs to taxpayers and the industry. This includes looking for ways to exploit technology, policy solutions that include mechanisms to reduce the costs for implementation and operation, and the possible adoption of standards and/or a multi-region infrastructure to support multiple programs.

A means to accomplish this is to organize a temporary infrastructure working group of relevant NOAA, Council, state and industry experts to advise practitioners on the establishment of processes to implement and operate catch share programs. The team would be comprised of experts in information technology, administration and finance, monitoring and enforcement, statistics and survey/data collection design, and observer programs. Its purpose would be to derive infrastructure “best practices” for catch share operations, and then disband upon delivering their report.

One of the challenges facing NOAA is the integration of new catch share programs with multiple FMP requirements across fisheries, some of which will not be managed using catch shares. In some cases, Council, state and international boundaries will be crossed. Integration of plans across several jurisdictions will require special planning and communications efforts between NOAA, Councils, states, Commissions and other management bodies especially during the transition period to a new program.

While each catch share program design will be unique, similar functions such as annual specification of shares, data collection and monitoring, and enforcement need to be performed for any catch share program. A standardized methodology, regionally customizable, should be evaluated and made available where feasible with reusable information technology components and modular designs. Three possible areas to investigate are:

a. *Allocations* – The derivation of initial allocations of privileges and annual computation of an individual’s catch limit each require a quality-controlled record of the process. Each NMFS Region has a different structure and record process for handling allocations. Issuance of standards and best practices would ensure compliance with the many federal record requirements, including procedures governing confidentiality and personally identifiable information, Treasury debt check requirements, and Administrative Record Act archiving standards.

b. *Appeals* – The MSA requires inclusion of an appeals process for administrative review of the Secretary’s decisions regarding initial allocation of limited access privileges [Section 303A(c)(1)(I)]. Fairness in administrative appeals suggests that applicants in LAP programs anywhere in the country should be provided with a consistent set of procedures for the filing and consideration of appeals. Each NMFS Region has had a different structure and process for handling appeals. NOAA plans to evaluate whether a more harmonized approach to

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handling administrative law appeals in LAP programs is warranted, or whether the current, more diversified structure should be retained.

*c. Share registration/transfers/liens* – NMFS was required in Sec 305(h) of the 1996 MSA amendments to create a central registry system for limited access system permits. The purpose was to provide for registration of title to, and interests in, such permits as well as procedures for changes in the registration of title due to involuntary transfers, judicial or non-judicial foreclosures, enforcement of judgments, etc. A number of serious problems blocked completion of this task. While a central registry does not currently exist, transfer and ownership information is still tracked by individual IFQ programs. However, the amount of data collected varies, there is no integration of information across programs, and the mandatory registration or transfer fees are not collected.

Establishing a central registry is still an extremely useful service to provide to fishermen interested in buying, selling, leasing or collateralizing catch shares. However, the authority to require registration and collect registration fees for non-LAP catch shares may need to be examined. NOAA will lead a work group of relevant experts to identify and recommend options for the resolution of the technical, legal, budgetary and potential legislative impediments to establish and operate a central registry for all U.S. catch share programs.

1.4 – Enforcement protocols. The roles and responsibilities for enforcement of fishery management regulations under catch shares requires guidance as more fisheries devolve many aspects of compliance to the recipients of catch shares. Record keeping and reporting requirement choices must be made and appropriate coverage levels determined, including dockside monitors; double entry accounting systems; vessel clearance and prior notice of landings provisions; and usage of vessel monitoring systems and related technologies. Council, NOAA and state policy and enforcement experts will collaborate on a “best practices” guidance effort to advise on the degree to which industry pays for these services and the extent to which an association, community or sector is responsible for the reporting of its membership.

1.5 – Create a model catch share program design process. A model design process would incorporate collaborative sessions in which a group of stakeholders and managers work together to draft a solution to a design problem. Used in combination with public hearings and workshops, a catch share design handbook, and related reference materials and expertise, a formalized design process would outline in checklist-like form a means to explore the necessary steps in creating a catch share design. NOAA will work with Councils, states and stakeholders to create a model catch share program design process. This includes all stages from the setting of objectives to an assessment of the pros and cons and benefits and costs of different operational designs. While such a complex task cannot be reduced to a “cookbook,” history with the MSA operational guidelines and regulatory streamlining processes has shown such guidance improves the completeness and efficiency of the management process.

## **2. Providing expertise and related support**

NOAA wants to encourage Councils to fully consider catch shares when Councils take up fishery management plan amendments. To accomplish this, NOAA will help support the NOAA Fisheries Service regions, Councils, states and stakeholder groups interested in designing and

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implementing a catch share program consistent with the MSA. This includes providing support and expertise to help those fisheries that wish to consider and adopt them.

2.1 –Support for Catch Share Programs. *To support NOAA Fisheries Service regions, Councils, states and stakeholders in considering and developing efficient catch share programs under the MSA, NOAA will work to assist in the design, transition period and operation of catch share management.* Costs for catch share programs include the same operational categories associated with other management strategies, plus some additional design, operational and monitoring costs due to changes in scale. These additional costs arise because all the operational and monitoring activities formerly done only at the fleet-wide level are now conducted for each individual receiving a catch share. While cost recovery will reimburse the public for some of the costs of management, data collection and enforcement, actual costs can exceed the 3 percent cap particularly in the early years of a catch share program and in cases of currently overfished stocks. Design costs (i.e., prior to implementation of a LAP) are also not subject to cost recovery.

Cost recovery can be especially problematic in economically depressed fisheries or for low-valued species. The subject of who pays for these costs may become an impediment to catch share support in the short term. Therefore, government support may be needed for some fisheries to address start-up costs, but the benefits of rebuilt fisheries can outweigh these costs in a relatively short period of time for most fisheries.

Under any structure, NOAA Fisheries Service and Councils will need to design the most efficient programs possible to minimize costs to the participants and the public. This includes promoting common infrastructure capabilities that support multiple catch share programs and spread the costs across multiple fisheries.

2.2 - Incremental costs. *It is NOAA policy to compute and recover only the incremental operating costs associated with LAPs from participants.* Section 303A(e) of the MSA requires cost recovery of the management, data collection and enforcement costs of a LAP. The relevant costs to recover are the incremental costs, i.e., those costs that would not have been incurred but for the LAP program. Conceptually, measuring these costs involves a “with and without” comparison of the cost of running the management program for the specified fishery under the *status quo* regime, relative to the cost of running the management program under the LAP program. The difference is the incremental costs attributable to implementing the LAP program. This approach limits the participant’s costs of adding LAP programs, and minimizes any disincentive to consider catch shares for Councils and their constituents as they evaluate replacing non-LAP programs with LAPs.

2.3 – Identify experts to help Councils and regions. NOAA will establish a pool of NOAA employees and staff from universities, other state, federal and foreign fisheries agencies familiar with catch shares for assignment among Councils and NOAA regional offices engaged in active consideration and design of a catch share program. Using the authorities of the Intergovernmental Personnel Act, National Science Foundation post-doctoral fellows programs and other federal human resource programs, NOAA will actively search and recruit capacity to meet short term needs for catch share expertise in the field.

2.4 – Complete a NOAA nationwide blanket task-order contract. Easy access to outside consultants would be very helpful to help design and implement catch share programs, and

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should be made available to/used by any Council/region. Each Council and NMFS region is separately making use of outside expertise to assist in designing and executing catch share programs. NOAA will negotiate a task-order contract with a variety of vendors and consultants to provide easy access to additional short-term or long-term capacity, potentially at lower costs, without the delays and cost inefficiencies of separate procurement actions.

2.5 – Develop business analysis and decision tools for use by industry. To help evaluate the relative merits of different catch share designs, NOAA will develop easy to use bioeconomic models for fishermen that compute profit/loss or breakeven analyses of different management options. These tools would help answer the question of “What-if” scenarios. This will enable more direct comparison of an individual’s position under different design options as catch share alternatives are discussed. These models could be simple spreadsheet analyses posted on the internet that allow input of different cost and revenue structures and that compare changes in economic performance under various catch share allocations.

2.6 – Support fishermen’s/community groups to help explore and organize fishery management innovations and their accompanying infrastructure to improve the health of marine fisheries, fishing communities and local economies. To this end, NOAA will work with fishing communities on community-based and innovative fishery management options. This partnership could include providing technical assistance in the development and submission of community sustainability plans under MSA Section 303A, and providing assistance to help to develop fishing community trusts or permit banks that retain access to fisheries resources by fishermen in local communities.

2.7 – Promote the wider use of the NMFS Fisheries Finance Program for purchase of quota shares. NOAA will work with Councils and stakeholders during the design and implementation phase of their catch share programs to promote the use of the NMFS Fisheries Finance Program to support the purchase of quota shares. Currently, under MSA Section 303A(g), only two of the 12 catch share programs utilize this capability that was designed to help small vessel owners and first time limited access privilege purchasers.

### **3. Informing and educating stakeholders**

3.1 – Implement a long-term education and outreach strategy. NOAA will coordinate the design and implementation of a communications plan to help ensure the public is aware of NOAA’s draft and final Catch Share Policy, informed of its progress, and engaged in its implementation. Some constituents are unfamiliar with the term “catch shares” others have limited knowledge of the concept and worry about being excluded from their fisheries. There is a great deal of concern about impacts to fishing communities. The objective is to partner with the states, Councils, universities and other constituent service providers, such as the Sea Grant Marine Advisory Service, to provide consistent and regular interaction with stakeholders to communicate authoritative science-based catch share information, fill knowledge gaps, allay fears and misconceptions, and prevent misinformation from spreading.

3.2 – Creation of a virtual information center/information web portal. The objective of creating an authoritative and proactive NOAA source of catch share information is to provide access to best available scientific information. NOAA will create a web-based tool to centralize catch share bibliographies, references, FAQs, referrals to regional expertise, case studies, news and

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information. This information resource will archive theoretical and applied research papers and data, along with real world case study materials in a data warehouse form. Councils, industry members, academia and Congressional staff are some of the projected clients who would contribute to and be served by the site. Videos and related curriculum materials will be produced to assist teachers in schools and universities as well as for statutorily–required new Council member orientations. The virtual information center will host an interactive Q&A function to receive questions and post replies from stakeholders and interested parties on catch shares.

At the NOAA level, several initiatives are necessary to reinforce this effort. There will be an ongoing catch share web presence on the NOAA home page. Materials will be prepared on catch share progress for *NOAA World* and other NOAA publications, and for possible inclusion on the Smithsonian’s Natural History Museum Sant Ocean Hall and regional science museum news tickers and kiosks. NOAA will evaluate production of a “Science on a Sphere” application focusing on global application of catch shares and sustainable fisheries. These efforts will contribute to greater public literacy regarding catch shares and fishery sustainability. Collaboration or partnerships with Councils, states and other entities to prepare and deliver content will pool common resources and avoid duplication of effort.

3.3 – Plan and execute an 18-month schedule of regional workshops and webinars. NOAA will establish a series of programs whereby information about current and pending catch share programs here and abroad is presented and discussed with stakeholders. While a catch share web-portal is important, it is a passive communication approach. NOAA will also actively engage stakeholders and the public directly and at the regional level, working with them in person or electronically on an individual basis on how to consider and develop a catch share program that works for them. These presentations will be prepared and presented in collaboration with Councils, states, academic partners, and industry and sector organizations. NOAA will make efforts in conjunction with these stakeholders to identify and attend appropriate events and venues to ensure broad dissemination of information about catch share programs. The purpose would be tailored to individual audience needs but would utilize case study examples of the pros and cons of various experiences with catch share programs to share with interested parties.

Initial topics being considered for serial workshops around the country include: 1) means to ensure sustainable communities and employment; 2) how to evaluate options for transferability and regulate excessive share formation; and 3) design options for initial allocation of privileges. This last workshop issue would include elements to consider in the decision whether to capture royalties and the means and techniques to accomplish this option.

One of the most important workshop issues under consideration for fishing communities would feature instructions on how to create regional fishing associations and fishing community sustainability plans that satisfy the requirements of the MSA. Related community organizing topics include how to establish fishing community associations that create permit and harvest privilege banks for the benefit of local citizens.

3.4 – Implementation of a NOAA Catch Shares Center of Expertise. To provide the capacity to accomplish the previous tasks, NOAA is exploring the creation of an internal NOAA Center of Expertise (COE) to function as an agency-wide coordination and consulting group. Consisting of a 4-5 person core staff, capacity would be supplemented by staff rotating in and the contracting of external expertise on a demand basis. NOAA would seek support for temporary assignments

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from the various Commerce Department and NOAA leadership development programs and the NOAA Sea Grant Marine Policy Fellow program. With expertise in economics, law and fishery management, the core staff would be recruited anew and/or be filled by existing staff on long term details. In addition, external experts in the university community would be retained on an as-needed contract basis to help as advisors for the development of enabling solutions and to help troubleshoot issues in existing catch share programs.

NOAA's goal is to capitalize on both longstanding and newly-formed expertise in NMFS regions on catch share programs and to avoid "reinventing the wheel" every time a new region or Council considers a new catch share program. The COE would also respond to specific design and/or policy problems from Councils. While COE staff could occasionally be deployed in temporary duty status to assist regions in critical phases of catch share design and implementation, separate temporary or permanent staff resources to the NMFS regional offices and Councils will be necessary to carry out the longer term day-to-day implementation and operational issues. This small staff approach is designed to help keep costs low and levels of expertise high by utilizing a combination of in-house consultation and access on-demand to a newly-formed network of national and global experts on catch share programs.

3.5 – Create a speakers bureau. NOAA will work with Councils and states to identify fishermen who are willing to share their catch share experience with other fishermen and Councils. The volunteers would speak with Councils and fishing communities who wish to hear first hand of experiences with catch shares elsewhere in U.S. fisheries.

To archive this information and make it more widely available, this effort will be linked with the NOAA website "Voices from the Fisheries." The Voices from the Fisheries Database is a central repository for consolidating, archiving, and disseminating oral history interviews related to commercial, recreational, and subsistence fishing in the United States and its territories. Oral history interviews are a powerful way to document the human experience with our marine, coastal, and Great Lakes environments and our living marine resources. Catch share oral history experiences, both positive and negative, can be an important tool for Councils and communities considering their own catch share designs.

### **4. Data, research and performance monitoring**

The data collection, science and research support for MSA fishery management has been a successful highly collaborative partnership of NOAA, Councils, states, Commissions, universities and the fishing industry. Activities to support the consideration and adoption of catch shares will continue to rely heavily on these collaborations. The activities outlined below are based on advancing existing partnerships with Councils, states and the Interstate Commission data programs to establish standards for monitoring and data collection that universally apply regardless of whether a catch share program is the preferred management alternative. All fisheries require accurate and timely catch accounting regardless of management approach. While the scale and scope of monitoring and compliance needs will vary with fishery conditions, catch shares don't have inherent monitoring needs that are unique. In some cases the transition to catch shares has coincided with improvements that have been lacking for years in monitoring and observer programs to support science and management.

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4.1 – Establish a nationwide electronic reporting goal for all fisheries. It is NOAA’s goal that all U.S. fisheries managed under the MSA adopt electronic reporting to improve accuracy, timeliness and completeness of reporting. NOAA is mindful that some communities and geographic areas may lack sufficient technology access, have language barriers, or face other challenges to electronic reporting that require special consideration. However, as early as 1998, NOAA identified the elements of a fisheries information system made up of regional electronic reporting programs meeting a commonly agreed upon set of standards. This report to Congress was in response to the 1996 MSA requirements of Section 401(a)-(f). Such a system is not yet implemented. Available funds have supported the research and development phase of a national permit system. The conversion of fisheries statistics programs from paper-based or non-standard regional systems to satisfy an electronic reporting standard will face technical and organizational challenges for NOAA and its many state data collection partners, and will require close collaboration with Councils and respondents.

4.2 – Observer program design. Observers record data at-sea that are not available for recording at dockside, including those events that require independent validation of self-reported data by fishermen. Many of the current observer programs were initiated to monitor compliance with policies and requirements governing interactions and bycatch of marine mammals and protected species. Today, observers support multiple missions of science and research in addition to fisheries and protected resources compliance monitoring. The most challenging elements involve the inter-related issues of coverage/sample size, costs, and who pays those costs (industry versus government), regardless of whether the fishery uses catch shares.

Existing funding models for monitoring vary, but catch share programs are more likely to recover costs associated with monitoring than non-catch share programs. In some of the fisheries currently developing a catch share program, including for Pacific groundfish, fishing participants are expected to take over the costs of monitoring (including on-board observers) after a transition period lasting a few years, as fishery economics improve.

To date, there is little guidance on what level of coverage is “sufficient” for management, catch shares or otherwise. But this question is often raised during a transition to catch shares. NOAA will empanel a temporary work group of NOAA, Council, state and other experts to provide scientifically-based advice and guidance to Councils facing this decision. This advice will include a means to analyze the objectives of the fishery management plan and evaluate the applicability of observers and/or video or other technology solutions, and the ability to recover costs in lower valued fisheries. Moreover, NOAA will lead a collaborative Council, state, industry and stakeholder effort to consider the question of when the industry and when the government should pay for the cost of observers. Such an effort would provide clarity to the fisheries considering catch shares and promote fairness and equity between different fisheries and regions of the country.

4.3 – Catch Shares Market News. In catch share programs where transferability is allowed, the buying, selling and leasing of shares is a common occurrence. In combination with the services provided by a lien registry, access to non-confidential summaries of market prices of share transfers and leases can result in more stable and orderly market functions. Access to authoritative government sources of unbiased market information is commonplace in agriculture and fisheries and has a history going back to the 1937 Agricultural Marketing Act. In addition, internal NOAA use of the confidential price data on share transactions is essential to track and

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monitor the economic performance of the fishery, and evaluate the ongoing performance of the catch share program implementation. While non-governmental third parties may establish private trading platforms for limited access privileges, NOAA will work with Councils and the industry to establish data collection programs to collect data on the terms and prices of sales and leases consistent with the confidentiality provisions of the MSA, and provide non-confidential market news data to stakeholders.

4.4 – Conduct catch shares research program. NOAA is committed to carrying out a comprehensive research program on the design, operations and outcomes of catch share programs. The nearly 20 years of NOAA experience with catch share-type management has shown the great diversity of goals, designs and operations such programs can include. For the 13 federal programs currently in place in the U.S., NOAA will widely distribute summaries of their key features and outcomes. There is also a wealth of underutilized scientific literature on catch shares, including the previously referenced National Academy of Sciences IFQ and Community Development Quota studies and the NOAA Technical Memorandum on the design and use of LAP programs. NOAA will use its scientific capacity along with its extensive list of partnerships, cooperative institutes and other researchers to apply biological, economic and socio-cultural research results to the management issues of sustaining U.S. fisheries.

4.5 – Establish relevant performance measures. Determining relevant performance measures for monitoring the outcomes of catch share programs is essential. NOAA is committed to working with Councils, stakeholders, the Department of Commerce, the Office of Management and Budget, and Congress in improving and monitoring useful and relevant performance metrics for all U.S. fishery management policies, not just catch share programs. The derivation of such performance measures will contribute to the Council FMP Review Process described earlier on page three.

Performance measures need to be linked back to the initial objectives in a FMP. Many current FMPs have general and sometimes vague objectives. Objectives for biological, economic and social outcomes should be readily measurable, such as eliminating overfishing and the race-to-fish or derby fishing behavior; promoting more precise catch accounting and reducing scientific uncertainty to meet ACLs; reducing bycatch and improving ecosystem function; improving socio-economic conditions for fishery participants and/or fishery-dependent communities.

Catch shares can result in fishery improvements in many areas but the metrics chosen to monitor performance should not be limited by the availability of data. It is important to ensure in the catch share design stage that share holders will supply relevant data to monitor program performance in return for their allocation. This includes obtaining more specific biological and economic performance data from the participants, in accordance with applicable law governing maintenance of business trade secrets and confidentiality of data. In addition, the social recovery metrics should encompass the broad range of possible social and community impacts. Relevant measures to be considered may include impacts on quality of life, degree of community stability and preservation of cultural values and traditions.

**Table 1. Summary of specific activities proposed to support the consideration of catch share programs under the draft NOAA policy, subject to availability of funds.**

<b>1. Reduce technical and administrative impediments</b>	
1.1	Provide Councils a list of possible characteristics to evaluate catch share applicability.
1.2	Issue policy guidance on the interpretation and consistent applicability of the new limited access privilege section of the Magnuson–Stevens Act.
1.3	Create a common catch share infrastructure to minimize costs of catch share programs to taxpayers and the industry in areas such as issuing allocations and monitoring transfers, information systems to track landings, and enforcement and observer capabilities for monitoring, control and surveillance.
1.4	Develop best practices for enforcement protocols associated with catch share programs.
1.5	Create a model catch share program design process including design of public listening sessions and workshops, a catch share design handbook, and identification of reference materials and expertise.
<b>2. Providing expertise and related support</b>	
2.1	Assist in the design, transition and operation of catch share management.
2.2	It is NOAA policy to compute and recover only the incremental operating costs associated with LAPs (not the full costs of management) to minimize any disincentive to consider catch shares.
2.3	Identify experts and assign them among Councils and NOAA regional offices in active consideration and design of a catch share program.
2.4	Complete a NOAA nationwide task-order contract for use by any Council and NMFS region to easily access outside expertise to assist in designing and executing catch share programs.
2.5	Develop business analysis and decision tools on the web for use by industry to help evaluate the relative merits of different catch share designs.
2.6	Work with fishing communities to develop community sustainability plans, and create fishing community trusts or permit banks.
2.7	Promote the wider use of the NMFS Fisheries Finance program for purchase of quota shares.
<b>3. Informing and educating stakeholders</b>	
3.1	Implement a long term education and outreach strategy to help ensure the public is aware of NOAA’s Catch Share Policy, informed of its progress, and engaged in its implementation.
3.2	Create a virtual information center/web portal to centralize catch share bibliographies, references, Frequently Asked Questions, referrals to regional expertise, case studies, news and information.
3.3	Conduct an 18-month schedule of regional workshops and webinars around the country including a focus on: 1) means to ensure sustainable communities and employment; 2) how to evaluate options for transferability and regulate excessive shares; and 3) design options for initial allocation of privileges.
3.4	Create an internal Catch Shares Center of Expertise as a coordination/consulting group.
3.5	Create a speakers bureau of fishermen willing to share their catch share experiences with other fishermen and Councils.
<b>4. Data, research and performance monitoring</b>	
4.1	Establish a nationwide electronic reporting goal for all fisheries regardless of their current status as a catch share program.
4.2	Provide scientifically-based advice and best practices guidance to establish observer programs for different catch share designs.
4.3	Create a catch shares market news service.
4.4	Conduct a catch share research program.
4.5	Establish relevant performance measures for monitoring progress.

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## GLOSSARY OF TERMS

### ***Catch Share Program***

Not defined in MSA. A catch share program is a generic term used to describe fishery management programs that allocate a specific percentage of the total allowable fishery catch or a specific fishing area to individuals, cooperatives, communities, or other entities. It includes more specific programs defined in statute such as Limited Access Privileges (LAP) and Individual Fishing Quotas (IFQ). It also includes Territorial Use Rights Fisheries (TURFs) that grant an exclusive privilege to fish in a geographically designated fishing ground. The recipient of a catch share is directly accountable to stop fishing when its specific share allocation is reached.

### ***Dedicated Access Privilege (DAP)***

Not defined in MSA. Defined in the U.S. Commission on Ocean Policy Report as "...a novel form of output control whereby an individual fisherman, community, or other entity is granted the privilege to catch a specified percentage of the total allowable catch." Includes individual fishing quotas (IFQ), individual transferable quotas (ITQ), fishing community quotas, fishing cooperatives, and other geographically based programs that give an individual or group dedicated access to the fish within a specific area of the ocean.

### ***Fishing Community***

[MSA 16 USC 1802(17)] A community which is substantially dependent on or substantially engaged in the harvest or processing of fishery resources to meet social and economic needs, and includes fishing vessel owners, operators, and crew and United States fish processors that are based in such community.

### ***Fishing Cooperatives***

Not defined in MSA; defined under the Fishermen's Collective Marketing Act (FCMA) of 1934 (15 USC 521). A group comprised of "persons engaged in the fishing industry as fishermen, catching, collecting, or cultivating aquatic products, or as planters of aquatic products on public or private beds, that may act together in association, corporate or otherwise."

### ***Individual Fishing Quota (IFQ)***

[MSA 16 USC 1802(23)] A Federal permit under a limited access system to harvest a quantity of fish, expressed by a unit or units representing a percentage of the total allowable catch of a fishery that may be received or held for exclusive use by a person. Such term does not include community development quotas as described in section 305(i).

### ***Individual Transferable Quota (ITQ)***

Not defined in MSA. An individual fishing quota (IFQ) program where privileges can be transferred subsequent to initial allocations.

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### ***Limited Access Privilege***

[MSA 16 USC 1801(26)] A Federal permit, issued as part of a limited access system under section 303A to harvest a quantity of fish expressed by a unit or units representing a portion of the total allowable catch of the fishery that may be received or held for exclusive use by a person. This includes individual fishing quotas, but does not include community development quotas as described in section 305(i).

### ***Limited Access System***

[MSA 16 USC 1802 (27)] A system that limits participation in a fishery to those satisfying certain eligibility criteria or requirements contained in a fishery management plan or associated regulation.

### ***Regional Fishery Association***

[MSA 16 1802(14)] An association formed for the mutual benefit of members to meet social and economic needs in a region or sub-region; comprised of persons engaging in the harvest or processing of fishery resources in that specific region or sub-region or who otherwise own or operate businesses substantially dependent upon a fishery.

### ***Sector Allocation***

Not defined in MSA. An exclusive assignment of some portion of the TAC to a group of two or more individuals holding permits in a fishery that have fulfilled Council eligibility and participation criteria, and have agreed to collaborate, voluntarily and for a specified period of time, in order to achieve a common set of objectives. The group may be organized around a particular gear type, species or geographic area with its purpose being the receipt of an exclusive privilege to fish.

### ***Territorial Use Right Fishery***

Not defined in the MSA. A single fisherman (or firm, organized group, community, etc.) having an exclusive privilege to fish in a geographically designated fishing ground.

[Note: Even though the term itself uses the word “right” the catch share programs in this policy are defined in terms of a granting of a privilege, not a property right.]