



Highlights of [GAO-04-277](#), a report to congressional requesters

## Why GAO Did This Study

To assist in deliberations on individual fishing quota (IFQ) programs, GAO determined (1) the methods available for protecting the economic viability of fishing communities and facilitating new entry into IFQ fisheries, (2) the key issues faced by fishery managers in protecting communities and facilitating new entry, and (3) the comparative advantages and disadvantages of the IFQ system and the fishery cooperative approach.

## What GAO Recommends

GAO recommends that the Director of the National Marine Fisheries Service (NMFS) ensure that regional fishery management councils that are designing community protection and new entry methods for new or existing IFQ programs

- Develop clearly defined and measurable community protection and new entry objectives.
- Build performance measures into the design of the IFQ program.
- Monitor progress in meeting the community protection and new entry objectives.

[www.gao.gov/cgi-bin/getrpt?GAO-04-277](http://www.gao.gov/cgi-bin/getrpt?GAO-04-277).

To view the full product, including the scope and methodology, click on the link above. For more information, contact Anu Mittal at (202) 512-3841 or [mittala@gao.gov](mailto:mittala@gao.gov).

# INDIVIDUAL FISHING QUOTAS

## Methods for Community Protection and New Entry Require Periodic Evaluation

### What GAO Found

Several methods are available for protecting the economic viability of fishing communities and facilitating new entry into IFQ fisheries. The easiest and most direct way to help protect communities under an IFQ program is to allow the communities themselves to hold quota. Fishery managers can also help communities by adopting rules aimed at protecting certain groups of fishery participants. Methods for facilitating new entry principally fall into three categories: (1) adopting transfer rules on selling or leasing quota that help make quota more available and affordable to new entrants; (2) setting aside quota for new entrants; and (3) providing economic assistance, such as loans and subsidies, to new entrants.

In considering methods to protect communities and facilitate new entry into IFQ fisheries, fishery managers face issues of efficiency and fairness, as well as design and implementation. Community protection and new entry methods are designed to achieve social objectives, but realizing these objectives may undermine economic efficiency and raise questions of equity. For example, allowing communities to hold quota may result in a loss of economic efficiency because communities may not have the knowledge and skills to manage the quota effectively. Similarly, rules to protect communities or facilitate new entry may appear to favor one group of fishermen over another. Furthermore, community protection and new entry methods raise a number of design and implementation challenges. For example, according to fishery experts, defining a community can be challenging because communities can be defined in geographic and nongeographic ways. Similarly, loans or grants may help provide new entrants with the capital needed to purchase quota, but they may also contribute to further quota price increases. Given the various issues that fishery managers face in developing community protection and new entry methods, it is unlikely that any single method can protect every type of fishing community or facilitate new entry into every IFQ fishery. Deciding which method(s) to use is made more challenging because fishery managers have not conducted comprehensive evaluations of how IFQ programs protect communities or facilitate new entry.

In comparing the key features of IFQ programs and U.S. fishery cooperatives, we found that each approach has advantages and disadvantages in terms of regulatory and management framework, number of participants, quota allocation and transfer, and monitoring and enforcement. Specifically, in terms of regulatory and management framework, IFQ programs have greater stability than cooperatives because they are established by federal regulations, while cooperatives are voluntary contractual arrangements. In terms of quota allocation and transfer, IFQ programs are open in that they allow the transfer of quota to new entrants, whereas cooperatives are exclusive by contractual arrangement among members. In terms of monitoring and enforcement, IFQ programs are viewed as being more difficult to administer, because NMFS must monitor individual participants, while cooperatives are viewed to be simpler for NMFS to administer, because NMFS monitors only one entity—the cooperative. For some fisheries, a combined approach may be beneficial. For example, a cooperative of IFQ quota holders can combine an IFQ program's stability with a cooperative's collaboration to help manage the fishery.