



International Sugar Organization

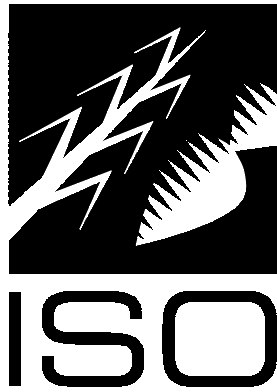
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9th October, 2001

ISO's New Strategic Direction

Following the Members' Decisions in Admin-Decisions-27 of 5th October 2001, item 5; the Executive Director circulates the attached paper detailing the ISO's New Strategic Direction for consideration at the next meeting of the International Sugar Council on 30th November, 2001.



The ISO's New Strategic Direction

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A: Our New Strategic Direction

VISION, MISSION, GOALS

OUR VISION

The ISO is an intergovernmental organization whose vision is to be a centre of excellence as the 'first-best' provider of comprehensive information to the global sugar community.

OUR MISSION

The ISO's mission flows directly from this vision. The mission is to provide, in a balanced and objective way, first-class economic research, market analysis and statistics centred on sugar and sweeteners.

OUR GOALS [ISO's core business]

We will achieve our mission by fulfilling these goals:

- to provide Members with high quality market analysis, economic research and statistics that satisfy their needs; and
- to provide fora for furthering debate and deliberation of all matters impacting the global sugar community.

The direct benefit of these goals arises in helping member governments and the private sector to understand the key drivers of the world sugar and sweeteners markets (economic and policy related), but just as importantly to help them prepare their national sugar industries for the climate of continuing change that shapes the world sugar and sweeteners economy.

The ISO has already made a significant contribution to an improved understanding of emerging issues in the sugar and sweeteners market - through its MECAS work program, ISO Seminars and workshops - and will continue to do so.

OUTCOMES

Following from the ISO mission and goals, the ISO has four key outcomes:

- Members benefit from improved transparency in world sugar trade;
- Members are fully informed about key drivers and emerging issues impacting the world sugar and sweeteners economy;

- Members are provided with effective fora for debate and dialogue regarding global sugar and sweetener issues; and
- Developing countries and economies in transition have access to CFC financing for projects to help facilitate their strategies to improve competitiveness of their sugar industries.

OPERATING ENVIRONMENT

The ISO's vision, mission and goals remain relevant to members only if the ISO responds to and evolves with a changing environment.

At the May 2001 session of the International Sugar Council, several members requested the ISO Secretariat to develop a new strategic direction, one more attuned to the needs of members at a time when the world economy was facing an unprecedented period of significant change and upheaval.

(a) Evolving global sugar economy

The ISO recognises that to remain a meaningful and attractive forum for members it has to reflect the climate of change which has marked the world sugar economy during the last years, and which is set to continue over coming years. Key examples of important changes include:

- Accelerated privatisation - leading to more globalisation and less government involvement;
- Developments in the WTO and regional trade agreements exerting strong pressures for sugar policy reform;
- Structural change in the export market, including increased concentration;
- The future direction of sweetener policies in countries pivotal to the world market (importers and exporters);
- Increasing pressures on developing sugar exporting countries, including our ACP members.

This list is not exhaustive, but illustrates the nature of the challenges that ISO members, and therefore the ISO secretariat, face. All these challenges have their roots in the fact that sugar is still a highly political commodity.

(b) Special Interests of Developing Country Members

The ISO Secretariat acknowledges that its developing country members need special attention and differential treatment, taking into account their specificities and vulnerable economies. For this reason the ISO will ensure the program of ISO studies reflects the special needs of these countries. Also for this reason, the ISO proposes to continue promoting the economic development of the sugar industry in developing countries, through effective use of the financing facilities of the Common Fund for Commodities and other funding sources, if possible (e.g. ITC UNCTAD/GATT, UNIDO).

(c) Increasing expectations of optimal performance

Both existing and prospective members expect the ISO to meet their needs whilst providing the greatest value for each budgetary vote. The Secretariat is dedicated to providing good value for money to members and in providing optimal services to attract new members.

(d) Technological Change

Rapid developments, particularly in information technology, mean that we have to regularly assess how we collect and process information, how we present our results of research, and how we communicate with our member and non-member audiences. The launch of the re-vamped ISO web-site is an example of the successful application of technology better designed to serve our members. Even so, as set out below, there remains ample opportunity to further apply this technology to better achieve our mission and goals.

KEY STAKEHOLDERS

The ISO's is an inter-governmental organization, but increasingly governments are mandating the private sector to represent their country in coordination with their government. This development reflects the continuing trend of privatisation and globalisation that is leading increasingly to a gradual or total withdrawal of governments in administering their country's national sugar industry and market.

Consequently, the influence and the impact of the private sector on the work of the ISO is growing and will be stronger. This is a positive development from which both members and the organization benefit. It adds value and substance to our work.

ACHIEVING OUR GOALS

Our achievements during the life of the ISA'92 are given in Appendix 2. These accomplishments give a sound foundation from which our new strategic direction can be implemented.

The ISO intends to continue with all the activities that have proved useful, meaningful and beneficial to members in the past. These include: consolidating our role as a statistical centre, firm in our awareness that the value of data is directly related to its timeliness; continuing to execute a program of economic research and market analysis for the Market Evaluation, Consumption and Statistics Committee (MECAS); monitoring new developments in the sugar, sugar by-products and sweeteners markets; as well as to continue organising international conferences, seminars and workshops on highly topical issues.

MECAS WORK PROGRAM

An ability to anticipate emerging market issues and the direction of the international sugar policy debate is critical to maintaining a relevant work program. The ISO Secretariat therefore adopts a proactive approach to consultations with member governments and the private sector in order to initiate, anticipate and prepare responsive studies on economic and policy issues and factors impacting the world sugar economy. The MECAS work program identifies the specific projects that will be taken each calendar year.

Indeed the ISO work program aims to provide economic information which allow member governments and the private sector to understand the key economic and policy related drivers of the world sugar and sweetener market, but just as importantly to help them make sound decisions in preparing their national sugar industries for the emerging issues that are likely to shape the world sugar and sweeteners economy.

The ISO's work program also allows us to give guidance and advice to members in areas like environment, health, sugar fortification, niche markets, new and alternative uses of sugar, sugar by-products, and promotion.

CONFERENCE/WORKSHOP PROGRAM

The value of the ISO's research and analysis effort is strongly complemented by actively providing fora for dissemination of research results, information exchange and debate. Not only does the ISO itself convene a workshop (May) and a seminar (November) each year, but it also collaborates with member countries, other organizations and private

firms to sponsor or jointly convene and organize sugar and sweeteners related conferences - see appendix 1. The ISO's 4-pronged approach (annual seminar, annual workshop, joint conferences and workshops, and ISO sponsorship/support of other conferences) to ensuring a fluid international dialogue on sugar market issues will continue. By adopting a suite of activities rather than just one annual conference ensures that the ISO can maintain a high profile and accrue benefits to members well in excess of the budget line allocated for these activities each year.

ISO DATABASE

The ISO's long-established specialised statistical database on global sugar production, consumption and trade will continue to be maintained.

RESEARCH QUALITY STATEMENT

The ISO's research is forward looking. It expects to provide benefits to members in the form of "first- best" responses to changing circumstances by ensuring the emerging issues facing the world sugar and sweeteners economy are anticipated and evaluated.

The following standards are applied to ISO research:

- Research responding to member's needs;
- Research focussed on emerging economic and policy issues;
- Research is professionally conducted and managed;
- High quality independent analysis; and
- Timely and effective dissemination.

ISO's COMPETITIVE EDGE

The ISO's competitive edge in providing high quality and independent economics research and market analysis will be eroded if members do not fulfil their responsibilities under the ISA'92 with respect the provision of accurate statistical information on a timely basis. Importantly, members can directly contribute to the ISO's mission by ensuring full intellectual participation in all ISO activities, particularly at meetings and forums, and in facilitating communication between the ISO and key grower, industry, trade and government officials.

MEMBERSHIP

The International Sugar Organization presently consists of 58 member countries (including the EU with its 15 member states). This is currently the largest membership in the history of International Sugar Agreements and it is likely increase with the pending membership of several other interested countries.

To enlarge membership will remain a priority because it strengthens the Organization and it helps to reduce the financial burdens for members.

RESOURCES

Members need to recognize that implementation of this strategic approach depends on adequate resources being made available.

Performance Indicators

The ISO declares the following performance indicators against which we will measure progress towards our new strategic direction:

| <u>Objective/Outcome</u> | <u>Measure</u> | <u>Performance Indicator</u> |
|---|--|--|
| A supportive Membership of the ISO | Needs of existing members are met. Promotion of the benefits of ISO membership to prospective member countries. | Good participating membership. Effectiveness measured through retention of existing members and the extent to which membership increases. |
| Members benefit from improved transparency in world sugar trade. | High quality and timely market analysis. | ISO analysis is accurate, concise, focussed on member needs, as measured through feedback from ISO Members and a biennial member satisfaction survey ; extent of dissemination of ISO analyses and reports in industry journals; number of invitations for ISO economists to participate and contribute to International Conferences. |
| Members fully informed about key drivers and emerging issues impacting the world sugar economy. | Efficient, practical and effective MECAS work program delivery. | Programs are designed and delivered in accordance with member needs within agreed timeframes, as measured through feedback from ISO Members and a biennial member satisfaction survey . |
| Effective international dialogue and debate regarding global sugar issues. | High quality fora provided to members. | ISO commits to convene each calendar year, a seminar, an annual Workshop and if appropriate one joint Conference. Effectiveness measured through level of attendance and feedback from delegates attending the events, and ongoing ability to generate own-profit from the annual seminar. |
| Developing countries have access to CFC financing for sugar development projects. | CFC approval of ISO sponsored sugar development projects. | At least one new project submitted for CFC approval each year. |
| Member countries face predictable budgetary contributions. | Robust financial management and operational systems in place. | For each calendar year, the ability to maintain expenditure within the annual budget constraint. Ongoing ability to keep nominal budget increases within the annual rate of UK inflation, apart from additional costs arising from implementation of this strategy as a whole or in part. |

B: How we will implement our new strategic direction

Members will only continue to support the ISO if we meet or exceed their expectations. Consequently the ISO will implement a number of action plans to address perceived issues and to ensure that the appropriate systems/processes/capabilities are in place to support the new strategic direction as described above, but within the constraints of the annual budget.

Implementation of the new strategic direction will have implications for:

- the focus of the MECAS work program;
- the content and presentation of some of our regular publications;
- to our level of human resources; as well as
- to our information technology system.

Each of these areas are discussed in turn.

A: MECAS Work program

The effective execution of our key goal requires a re-orientated and revamped ISO/MECAS Work program to ensure objective and timely studies focused on identifying, and evaluating the key economic and policy factors driving the world sugar and sweeteners market and in anticipating and evaluating new issues impacting these markets.

The number of studies undertaken in each annual MECAS work program will depend on the members' priority listing of key drivers and emerging issues and on the complexity of studies.

ISO studies in the future will maintain a clear objective and will have a sharper focus. Furthermore, ISO studies will be conducted to a higher and more consistent standard. Studies will also identify where further economic research is needed.

Although the MECAS work program is agreed annually amongst members, there remains some flexibility in the sense that changing priorities during the course of the year may see new studies incorporated and others put in reserve.

B: ISO Output

(1) Revamp ISO Publications portfolio:

A survey (mail questionnaire) of ISO members provided ample evidence that the majority of members find our regular publications useful and

acceptable in terms of content and format. Even so, to fully achieve our new strategic section, the following changes are to be implemented:

Existing Publications:

- **ISO Statistical Publications**

- Sugar Yearbook: Further enhance content and data presentation.
- Monthly Statistical Bulletin: This publication is the ISO's best-seller, despite several members finding it of no direct relevance. The format of the publication is dated, but can only be changed with the purchase of new computer software and hardware, as well as additional human resources. Decisions about database software need to be taken in conjunction with our revamped goals for the ISO website.

- **Quarterly Market Review**

- Rename as *Quarterly Market Outlook*, in order to better emphasise the forward-looking nature of this document.
- Improve the discussion of key factors impacting the sugar and sweeteners market since the previous assessment together with their possible impact on world trade and prices over coming months.
- Revamp the section on key policy developments to provide a more robust review and commentary.
- Introduce a regular section providing an update of the WTO negotiations on agriculture.

- **ISO Monthly Report**

- Significantly strengthen the document by introducing sections on other sweeteners, alcohol and molasses.
- Improve the discussion of key factors impacting the sugar market during the month under review together with anticipating their possible impact on world trade and prices over coming months.
- Introduce a series of key indicators for those countries pivotal to the world market outlook.

New Publications:

When human resources allow, we will introduce two new documents to our suite of publications:

- Introduce an **ISO Conference Paper** series. To disseminate papers prepared by ISO Executive Director and the economists for international conferences: work presently not widely disseminated and fully exploited by members [English Only].
- Introduce an **ISO Newsletter** to replace the 'ISO Update' and to provide more regular and a wider coverage of ISO activities including executive summaries of ISO studies, and when appropriate, insights gained from Executive Director Missions [issue twice yearly in all four languages].
- We will also work to ensure a consistent "ISO style" across all publications.

(2) Enhance Web site

The ISO website is presently designed to provide easy access to information about the ISO via the internet, as well as to ensure fast and efficient dissemination of ISO documents and publications to members.

Providing improved services to Members via the website will remain a priority. However, to enhance the web site beyond its current design limitations would require substantial additional human and IT resources. We will consult with members to seek their input in the development of a medium-term action plan for the ISO Web-site, particularly member's expectations and needs relating to the level of 'on-line' access they require to the ISO statistical data base (such as real time, query-based, access).

(3) Seminars/Conferences/Workshops.

The ISO's present 4-pronged approach (annual seminar, annual workshop, joint conferences and workshops, and ISO sponsorship/support of other conferences) will be further developed and enhanced.

An indication of how successful we are in moving towards our goals is our regular invitations to present and participate at both public and private sector sugar related conferences around the world, and also by the calibre of the speakers and delegations that are attracted to our annual ISO seminar.

Over the past three years the seminar has generated net profit of £135,000, thereby contributing considerably to the ISO budget.

(4) Private Sector Consultations.

Further develop our close links with the private sector through our twice-yearly informal consultations with market analysts, and annual consultations with the World Association of Beet and Cane Growers.

C: Human Resources

The Executive Director will deploy such human resources as are required to optimally achieve the goals of the strategic direction – including the research quality goals - whilst recognising the sensitivities of members, and will advise members of the associated financial implications.

D: Information Technology.

The Executive Director will marshal optimal information technology resources and skills to reach our strategic goals, and will advise members of the associated financial implications.

E: ISO Financial Management and Legal Probity

The Executive Director will ensure good corporate governance within the annual budget constraint.