Developing an Integrated Strategic Plan for the MSC

Strategy and Business Plan

February 2007

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1. EXECUTIVE SUMMARY

1.1 MSC's Challenge

This strategic review comes at a critical juncture for the MSC. Following a turbulent period marked by external challenges and internal restructuring; the MSC has revitalised the management team and now faces an increasingly receptive market arena. Recent high profile support from major buyers attests to the potential to utilise market forces to drive changes in fishing practices, and ultimately to contribute to reversing the decline in global fish stocks. We have a unique window of opportunity to ride a gathering wave of support, and to firmly establish the MSC's standard amongst fisheries, buyers, and consumers around the world.

Yet growing interest and market momentum present a double-edged sword. The MSC could find itself drawn into an expanding number of initiatives in ever more countries, and in support of fisheries and commercial partners of all sizes. There is a risk of fragmenting limited resources across an overwhelming number of initiatives that might result in a proliferation of activity, but a shortfall in terms of market impact.

Establishing a clear and shared set of priorities – anchored in a sequence of stretching, but achievable milestones – will greatly mitigate this risk, and provide a roadmap for achieving our long term aspirations. This level of planning and commitment will help galvanise support from fisheries, commercial partners, consumers and the funding community.

1*.2 The Roadmap Forward*

The MSC's Integrated Strategic Plan (ISP) commits the MSC to key visionary milestones while capturing a number of short-term action strategies essential for propelling us forward:

- Achieving "critical mass" – defined as 30-40% market penetration of certified product – in the UK and Germany, securing a strong position with at least 5 of the top 10 US retailers by the end of this decade, or early into the next, and actively developing our Asia-Pacific programme with a focus on the Japanese market.
- Building on these initial success stories, secure critical mass in most major developed markets by the end of the next decade – thereby further cementing the MSC's appeal to export oriented fisheries around the world.
- Ultimately securing a meaningful presence in all major producing and consuming countries, beyond 2020.

Institutional, internal and policy commitments include:

- Further investigation into how the timeliness, quality and consistency of the MSC assessment process can be improved (delivered mainly through MSC's Quality and Consistency Project). Desired outcomes include the development of standard assessment trees and scoring guideposts, reduced certification timelines and the accreditation of a greater number of certifiers able to offer both chain of custody and fishery certifications.

- The completion and then roll out of MSC's assessment methodology for small scale and data deficient fisheries – principally but not exclusively aimed at encouraging more developing world fisheries into the programme
- A review of the effectiveness of MSC's Stakeholder Council structure and implementation of required reforms where necessary to improve its overall effectiveness
- A review of how external communications with key stakeholders such as fisheries clients, the conservation community and the media can be improved and made more effective. An internal communications review will also be completed.

We have developed an integrated plan to deliver these goals, which weaves together several high priority initiatives across the commercial outreach, fisheries outreach, communications and policy teams. However, sequential milestones do not imply sequential activities. Our plan envisages that near, medium, and long term opportunities will be pursued in parallel, though the balance of resourcing and effort will be weighted towards achieving our near term goals.

This plan will require a ramp-up in staff levels over the coming years, with an initial increase from 18.2 FTE in 2005/06 to perhaps, depending upon funding, 35.7 FTE in 2006/07, and further expansion to 45.5 FTE by the end of the decade. This increase in staffing comes with a commitment to achieving specific milestones, which are set out in the Monitoring and Evaluation plan, at the end of this document.

The MSC will remain dependent on grant funding into the next decade, though logo licensing revenues will grow with expanding market. However, as critical mass is achieved in Europe, North America and Japan, the MSC will increasingly benefit from the multiplicative effects of growing volumes of certified product, increased use of the logo, and the market presence to justify increasing the royalty rate. Over the long term, preliminary analysis suggests that the MSC could potentially migrate to a self-sustaining commercial model based largely on logo licensing revenue, as the MSC standard and brand become firmly entrenched in the marketplace.

1.3 An Adaptive Philosophy

Every rapidly growing and successful organisation must be able to adapt to changing circumstances and opportunities. The MSC prides itself in its demonstrated ability to do so. While it has no intent to constantly tinker with this foundation document, the MSC does very much intend to develop annual plans that will guide implementation of the ISP within the available resources available and tailored to new challenges and opportunities that are emerging - while remaining connected to the central visions presented in this long term plan. Certainly the underlying plan itself will need updating at some future point, which should be clear as our adaptive implementation approach unfolds.

1.4 Join Our Mission

The MSC relies heavily on an array of partners and stakeholders in our mission to reverse the decline of global fish stocks and secure a sustainable food supply for the future. Help us in any way you can, whether that be participating in our certification programs directly, purchasing MSC labelled products or simply providing us your ideas with how to improve the effectiveness of MSC's programme.

2. MARKET CONTEXT

2.1 MSC poised for take-off

Following 18 months of restructuring and of rebuilding the team, the MSC is now a revitalised organisation in an increasingly receptive marketplace.

We are approaching critical mass of supply at a global level in key categories such as whitefish, where close to a third of the global catch is now either certified or in assessment. Our commercial and fisheries outreach initiatives are gathering momentum and encountering increasingly receptive audiences.

We are also operating in an increasingly favourable market environment, where consumers, the media and the trade are showing increasing interest in, and commitment to, sustainable seafood. Recent Seafood Choices Alliance (SCA) research in Europe and the US show promising signs of consumer and commercial support, as do recent announcements from major buyers such as Wal-Mart, Compass, Sainsbury's, Marks & Spencers, Asda, Metro, and Wholefoods.

2.2 Challenges ahead

However, our recent achievements and gathering momentum must be set against the magnitude of the task ahead.

The MSC's mission is bold. We aim to contribute to reversing the decline in global fish stocks, to deliver quantifiable improvements in marine conservation, and thereby, contribute to securing the livelihoods that depend on this industry. We will achieve this by harnessing market forces to drive changes in fishing practices. This will operate through an independent, market-based certification and eco-labelling programme that promotes the best environmental choice to consumers and to the trade. This mission sets a high threshold for what we need to achieve over the long term, which can be characterised by four themes:

- *Gold standard:* The most stringent criteria for sustainability, with an undisputed track record of positive environmental impact in certified fisheries, and an unquestioned reputation for independence.
- *Global reach:* A significant presence in all major producing and consuming countries around the world.
- *Broad relevance:* To address a wide range of practices that threaten the world's oceans and that are perceived by the trade and by consumers to be relevant to the market for seafood. Over time, this will require participation from a diverse range of fisheries located throughout the world (including developing country and data deficient fisheries), in the aquaculture industry (which will require parallel initiatives to certify reduction or feed grade fisheries[1]) and in the

[1] Feed fisheries are those primarily supplying product for reduction into fish meal and oil and subsequent use as an animal feed.

development of strategies resulting in the certification of shrimp and tuna fisheries.

- *Mass market appeal:* The MSC cannot have meaningful impact on the world's oceans as a niche player. We ultimately need to account for a substantial (if not total) share of global wild catch output (or of global seafood consumption if aquaculture is included).

The journey towards achieving these goals will span many years, and we will likely continue to face significant risks along the way, which unchecked could threaten the MSC's long-term viability:

- Long lead times and high cost of MSC certification. This could undermine the continued participation of fisheries already in the programme and discourage new fisheries from moving forward into the assessment process.
- Fishery clients, seafood industry, NGO and other stakeholder concerns about the quality, consistency, and environmental benefits or impact of MSC's certification programme, leading to the possibility that some may stage a direct and public challenge to our credibility.
- A perception that the MSC programme is only accessible to large scale or intensively managed fisheries in developed countries. MSC will not be viewed as internationally relevant unless it can demonstrate meaningful application and benefits to developing world fisheries, especially in the equatorial and sub-tropical regions globally, in addition to well-managed but data deficient fisheries wherever they occur.
- A brand that has yet to be firmly established in the marketplace, as evidenced by the high incidence of leakage[2] – certified seafood being sold without the label - which may, in the long-term, undermine the incentive for fisheries to join the programme.
- A window of opportunity for other seafood eco-labels/ lists/ standards to establish their presence in the marketplace. While there is scope for other players to act as stepping stones towards MSC certification, there is also a risk of consumer/buyer confusion, and of diluting support through weaker standards.
- Some major buyers committing to sustainable seafood sourcing but not to the MSC as the desirable endpoint. While this may help build awareness, partnerships or other sustainable seafood procurement initiatives that do not require engagement with fisheries and very transparent and scientific assessment processes may simply reinforce existing practise and not catalyse real or lasting chance. This could undermine the MSC and the organisation's ability to deliver its mission.

[2] Recognising also that the use of the ecolabel is not the only reason for a fishery to seek certification.

2.3 Staged journey and early wins

We are a small organisation with large ambitions in a complex and global industry. Demands on our resources will likely exceed available capacity for a long time to come. We will only achieve our global aspirations if we break the challenge down into manageable stages, and align our efforts and resources accordingly.

The journey will be a long one, but we need a clear picture of how it will unfold – and whether we remain on track. A shared roadmap will align resources, both internally and externally. It will allow MSC staff to prioritise strategic opportunities, inspiring confidence in our long-term game plan amongst external partners and stakeholders.

Sequential milestones do not imply sequential activities. We will pursue near, medium and long-term opportunities in parallel, but with a shared view of the optimal balance of effort.

Committing to ambitious, but realistic, targets – with both our commercial and fisheries partners – will be a core element of our plan. Our pitch to these partners hinges on the premise that we can establish a market-leading Standard that confers clear benefits to all parties linked to clear and deliverable improvements in the aquatic environment. Tangible evidence of mass-market impact and a proven ecological case will enlist greater support from fisheries, commercial partners, the conservation NGO community, consumers and the funding community, as well as galvanise the MSC team and invigorate our broader outreach programme around the world.

This will require a high degree of focus. Reaching critical mass in any market requires that we bring to bear resources in an integrated manner, to address a complex set of multi-faceted issues: outreach at all stages of the value chain, consumer reputation building and partnerships with NGOs.

3. STRATEGIC PRIORITIES

The previous section set out our long-term vision, and the rationale for a staged journey against which we can assess – and demonstrate – ongoing progress. This section defines this roadmap, and the high level milestones that characterise the major stages in our long-term journey.

At a fundamental level, the MSC will achieve its mission if it can harness demand-side market forces to drive positive and sustainable changes on the supply-side. But to do so, we must reinforce the credibility, independence, and sustainability of the MSC as an institution. This means demonstrating impact on three dimensions[3]. These dimensions while discussed separately interact closely.

- ***Demand-side milestones[4]:*** These track our progress at establishing the MSC standard in major seafood markets, in the eyes of consumers and of the trade. This is a core driver of our appeal to target fisheries.
- ***Supply-side milestones[5]:*** These reflect the extent to which we are drawing the global fishing industry into the programme, and the impact that this is having on oceans.
- ***Institutional milestones[6]:*** These represent our effectiveness at building an independent, credible and sustainable institution.

The table overleaf provides an overview of what the MSC aims to achieve in each of these categories of milestones, within a near-term horizon (from 2006 to 2012), a medium-term horizon (up to 2015-2020) and a long-term horizon (beyond 2020).

The remainder of this section provides a detailed description of the rationale behind these and other milestones, and of the associated time frames. It is important to note that these timeframes represent what the MSC aims to *achieve*, and by when. It does not capture what *activities* are required to achieve these goals, and when they need to take place. This is discussed in section 4.

[3] This presents a simple framework for internal and external planning & communications. It is consistent with the MSC's current 6 strategic objectives, and the linkages are described below

[4] Link to (ii) Getting certified and labelled product to market, and (iii) Increasing awareness and understanding of the MSC

[5] Link to (ii) Getting certified and labelled product to market

[6] Link (i) Securing financial sustainability and stability, (iv) ensuring the credibility of the MSC Programme, (v) Maintaining quality internal systems and processes, and (vi) Maintaining, building and strengthening stakeholder relationships

	MSC Milestones		
Category	**Near-term horizon (up to 2010-2012)**	**Medium-term horizon (up to 2013-2020)**	**Long-term horizon (Beyond 2020)**
Demand-side milestones	• Achieve critical mass in the UK and in Germany: – 30 to 40% certified penetration – 15-20% labelled penetration • Strengthen our foothold in the US through commitments with 5 of the top 10 US supermarkets • Develop program in Japan and regional commercial commitments to the MSC in support of this initiative	• Achieve critical mass (to be defined) in the major developed markets of: – Western Europe – USA – Japan	• Establish a global presence in most major seafood consuming markets around the world
Supply-side milestones	• Certify major fisheries/ species supplying the UK and German markets: – Top 5 species certified – 8 of the top 10 certified • Certify principal fisheries supplying US retail partners in partnership with other stakeholders • Build on Asia-Pacific outreach activities to develop certified supply into Japanese market • Articulate strategies to enhance certification uptake from shrimp, tuna, feed-fisheries, developing world fisheries and data deficient fisheries.	• Certify major fisheries/ species supplying the European, US and Japanese markets • Draw fisheries with prior ecological issues into programme	• Most key global species and fisheries certified
Institutional milestones	• Reduce certification process to below 12 months without relaxing standards and improve certifiers capacity/effectiveness. • Improve quality and consistency of applications of the standard, including revised assessment methodologies for data deficient fisheries.	• Systematic environmental tracking in place for all certified fisheries • MSCI revenue > 50% of total costs • Increase numbers of developing world fishery certification and capacity building projects.	• Compelling evidence of reversing decline to the world's fish stocks • MSC commercially self sustainable

	• Increase access to developing world fisheries: expand targeted outreach and implement keystone projects for certification and capacity building, cooperatively with, governments, communities, NGOs and aid organisations. • Implement and test monitoring and evaluation approaches and begin regularly reporting examples of environmental impact in selected certified fisheries • Define scope of MSC role in aquaculture and ensure standards/ processes are in place		

3.1 Demand-side milestones

3.1.1 Near-term horizon

Our objective is to establish the MSC as the pre-eminent marine eco-label in the UK and in Germany, to strengthen our foothold in the US market; by the end of this decade (or early into the next) and to increase the availability of certified and labelled products in Japan.

Europe

Previous consultancy work for the MSC underscored the opportunity to "prove the concept" in Europe, and to leverage this into other markets. This review concurs with the importance of Europe as a starting point, and argues that the UK and Germany offer the most compelling opportunity for the MSC to achieve critical mass in the near term, for several reasons:

- Germany and the UK rank amongst the top 5 markets in Europe, and combined, account for over a fifth of West European consumption
- Concentrated retail distribution presents a focused number of high impact commercial outreach targets
- There is a similar degree of market concentration in a small number of major brands
- Evidence is emerging of consumer concern over seafood sustainability, and there are some indications that this could influence buying behaviour, though other sources of research present a mixed picture.

- A few key species account for a large proportion of overall wild caught consumption.
- The UK and Germany depend heavily on imports for the most popular species, and most of the volume is sourced from a few fisheries whom we believe to be reasonable candidates for near-term certification – however, it should be noted that the potential for certification in itself is no guarantee that targeted fisheries will move forward into the assessment process. For a variety of historical and cultural reasons, for example, the MSC has not been successful, in the past at least, in encouraging various North Atlantic fisheries to come forward into the assessment process.
- However, the UK and Germany represent key markets for these fisheries, and should wield sufficient influence to draw major fisheries into the programme.
- On first inspection, there are no signs of looming bottlenecks in the supply chain for major branded buyers.

We have a clear picture of what "critical mass" means, and how to track progress against this goal, and propose two country-specific key performance indicators:

- *Certified penetration:* This measures the proportion of total wild caught consumption in each country that is sourced from MSC certified fisheries – effectively a measure of the MSC's "market share". We currently estimate this to stand at 9% for the UK and 17% for Germany, the latter being primarily due to the importance of Pollock in the German market.

  We propose a target in the 30-40% range, as a reasonable proxy for critical mass. This would represent the point at which the MSC has built up an undisputed presence in the major distribution outlets, in the most popular species/products, and accounts for a sufficient share of consumption to influence fisheries and drive change in the oceans.

- *Labelled penetration:* This represents the proportion of total wild caught consumption in each country that bears the MSC label at the point of sale/consumption – and reflects both "market share" and "leakage". Preliminary estimates suggest leakage of ~85% in the UK and ~60% in Germany – and therefore labelled penetration of just over 1% in the UK and just below 7% in Germany.

  We propose a target in the 15-20% range (retail), which assumes the "market share" range above, and target of reducing leakage to 50% or less – a reasonable target in light of buyer interviews in the UK and Germany. This is a meaningful KPI, as a recognised consumer brand will provide stability against changing buyer CSR agendas or the emergence of substitute labels/lists representing less stringent environmental criteria.

United States

The US is a key seafood market on the global stage, and we will aim to strengthen our current foothold by garnering the support of at least 5 of the top 10 US supermarket chains.

Retail seafood sales in the US are increasingly concentrated in the supermarket/hypermarket segment. While seafood sales data are not available for each of the top supermarkets, we believe that a ranking based on total grocery sales is a reasonable proxy for identifying the top US seafood retailers.

Wal-Mart's recent commitment to the MSC presents an unparalleled opportunity to strengthen our foothold in the US, even though the company is only estimated to account for approximately 7% of US retail seafood sales – which is lower than the company's share of the overall grocery category. Wal-Mart's aspirations are stretching, but achievable. We hope to generate similar commitments from other US retailers/food service companies over this near term.

Asia Pacific (AP)

The A-P region presents many challenges because of its size and diversity. However, it is home to the largest tuna and aquaculture production areas of the world, the largest single country market and importer of seafood (Japan), and the two largest seafood consuming nations (China and Japan). As such the region will be pivotal to the long-term success of the MSC. While demonstrable success can be seen from the activities of the existing office (with 10% of the MSC's labelled products found in Australia and New Zealand) these have been largely driven on a strategy that sought to supply European markets with certified product. This approach runs contrary to seafood trade flows, with the region being a net importer of seafood, much of this destined for Japan.

Future AP strategy, still under development, will undoubtedly have a significant focus on building awareness and support for the MSC in Japan. Ten nations account for 70% of all imports into Japan, many of which are already sources of existing supplies of certified product (e.g. the US, which has the largest volume of certified fisheries and accounts for the largest volume of imports into Japan (11.6%)) or are countries that are also the subject of outreach activities to satisfy demand for certified product into European (e.g. Norway (5.2% of Japanese imports) and US markets (e.g. China (9.6% of imports), Russia (9.1%) and Chile (5.3%)). This focus will therefore be complementary with strategies being developed for the European and US markets.

While further research is needed to determine specific objectives for the MSC in this key market, initial signs point to a potentially receptive environment:

- Recent analysis by KPMG show one of the highest rates of 3rd party audited CSR reporting in the world.
- Japan boasts an established eco label, "eco-mark" now in its 10th year. Close to 6000 products across a wide range of categories bear the

label, which enjoys an 80% consumer recognition rate, and 60% of companies reporting sales growth for labelled products.

- While over fishing is not the environmental issue that most concerns Japanese consumers, it appears to be a significant issue for about a third, and there are signs that a majority would change their purchasing behaviour if made aware of the environmental impact of specific products.

Government commitments to sustainable sourcing have recently been enshrined in law.

The Japanese market accounts for significant flows of seafood products from within the entire A-P region and future fisheries outreach will actively promote the certification of these fisheries. The A-P strategy will also seek to promote the demand for certified product in other markets in the region, particularly where rapid consolidation in the retail sector is occurring (e.g. Thailand where 20% of retail sales are sold through large chains) and where the affluence of the middle class is rising. It is anticipated that this dual approach will build on outreach activities conducted to date and will allow fisheries certification to not only serve the Japanese market but to also provide supplies to other developing markets in the region. Further research will be undertaken to guide these approaches. Continued commercial and fisheries outreach will occur within Australia and New Zealand and will seek to consolidate on current successes by obtaining firm public MSC-sourcing commitments from the commercial sector and an increasing number of local fisheries seeking certification to satisfy in-country demand.

3.1.2 Medium-term horizon

By the end of the next decade, our objective is to build on the critical mass achieved in the UK and Germany, as well as on our strengthened position in the US, to firmly establish the MSC in major developed markets around the world.

Europe

We will build on an established base in the UK and Germany to achieve critical mass in other Western European markets – based on similar KPI targets of 30-40% certified penetration, and 15-20% labelled penetration. Our priorities will likely include:

- *The big 3*: France, Spain and Italy, who collectively account for 50% of West European consumption. Key challenges to address:
  - Fragmented retail distribution in Spain and Italy
  - Unclear support in France for non-domestic certification/labelling schemes
- *Smaller, but more receptive markets*: Switzerland, the Netherlands, Sweden, Belgium, and Austria.

- *Major producing markets*: Iceland, Norway, and Denmark – building on fisheries outreach activities, seek opportunities to develop broader market outreach initiatives.

United States

We will achieve critical mass in the US market through the knock-on effects of multiple commitments from the US retail sector, a successful Wal-Mart project and through intensified commercial outreach. Subject to confirmation of the MSC's current penetration, we will set targets in the range of 20-30% certified penetration, and 10-20% labelled penetration.

This will be a longer-term journey than in Europe, given retail fragmentation, possible resistance from some retailers, and a less established MSC heritage. However, there are positive signs from consumers, both in terms of concern over sustainable fishing, and apparent support for labelling schemes.

The food service sector is also a key channel in the US and an important segment for the MSC. We estimate a 50/50 volume split between retail and food service. We will introduce certified and labelled product to at least half of the top players in the following categories: fast food; seafood chains such as Red Lobster or Darden's; and in the major food service providers. Further analysis is required to determine relative volumes of seafood in each of these categories.

Finally, the major Branded processors will also be an important outreach target, albeit in smaller segments.

Asia-Pacific

Australia and New Zealand

Fisheries outreach success in Australia and New Zealand will have resulted in the numbers of certified fisheries increasing in support of domestic and export demand; a demand fully supported through commitments to supply labelled product domestically and from commitments to source Australian and New Zealand product in export markets in Japan, US, Europe and emerging markets globally.

Japan

We will continue to build on outreach activities in Japan that seek to develop commercial interest in the programme (initially manifested through the sale of labelled products from already certified fisheries) and in an increase in the number of certified fisheries (domestic and international) supplying the Japanese markets. This will result in:

- strengthened retail sourcing commitments that seek to work with and encourage the progress of supplying fisheries to gain certification; and,

- an increasing number of fisheries from within the region gaining certification and access to the Japanese market.

Other Asia-Pacific markets

Outreach activities that primarily sought the certification of fisheries to supply the Japanese market will increasingly seek to develop domestic demand for certified product. This will be partly driven by continued uptake of certification by domestic fisheries but by also building on the organic development of receptive markets during the initial implementation of the Asia-Pacific strategy.

3.1.3 Long-term horizon

Over the long term, our objective is to reach beyond the developed world to establish an integrated fisheries and commercial presence (albeit, not necessarily a mass market one) in all major consuming and producing countries around the world. We will most likely implement this plan through a tiered approach, based on market size and which builds on the successful certification of export driven fisheries to promote uptake of certified product domestically. Clearly further analysis will guide this approach into the future.

Tier 1 – China

China represents a third of global consumption and a fifth of global production – a huge market even if FAO reported data are discounted. China is also home to an increasingly important processing industry exporting to the US and Europe. It is likely that the MSC will require multiple representative offices and a dedicated team in China over the long term.

Tier 2 – India, Indonesia

Each of these markets is approximately ¾ the size of the US in volume terms, and the MSC's long-term target presence in the market will depend on the proportion of production/consumption represented by major fisheries relative to subsistence fishing. We will likely require a small representative office in each country, with a remit focusing on commercial outreach in urban centres and large scale fishing operations.

Tier 3 – Russia, Philippines, Korea, Thailand

Total consumption lies in the 2-3 million MT range per country, i.e. 2-3 times the size of either the UK or German markets. As well as being major consuming markets, many are home to significant fisheries. They are likely to be served through a regional hub rather than domestic offices – unless the MSC can leverage the presence of other NGOs.

3.2 Supply-side milestones

3.2.1 Near-term horizon

The MSC's near term supply-side goals reflect our target of accelerating progress in the UK and German markets, of supporting the US retail sector's migration to MSC certified product and of increasing the numbers of certified fisheries that supply the Japanese markets.

We will define critical mass on the supply side as having sufficient volume of certified supply for each of the top 5, and 8 of the top 10 wild caught species in each market (tailored to the appropriate product specifications and fisheries for the market).

While many of the target fisheries that meet these criteria are in the developed world, we will also need to engage with a wide range of developing world fisheries that currently supply (or are seeking to supply) our target markets. This diversity of trade flows originating within, or directed to, the Asia-Pacific region is particularly high and our outreach will need to be underpinned with improved market intelligence and analysis. Indeed, it is anticipated that our aspirations of achieving critical mass in our key target markets will create a powerful market-based incentive for developing world fisheries for which the cost of certification would otherwise be an unaffordable luxury.

UK

We will aim to achieve critical mass of supply for the key species consumed in the UK market – almost 70% of which are imported. Based on current consumption preferences this will require the certification of cod, haddock and prawn fisheries. Outreach activities will be focused on engaging with and encouraging the following fisheries to consider moving into the assessment process:

- **Cod:** Fisheries in Iceland, Norway and the Faeroes. Chain of custody certification for Danish and Chinese processors
- **Haddock:** Icelandic, Norwegian and Scottish fisheries
- **Prawns:** Danish, Icelandic, Newfoundland and Norwegian fisheries

Germany

Achieving critical mass of supply in Germany will be facilitated by the importance of Pollock, which accounts for 25% of seafood consumption. Addressing the increasing importance of Chinese Pollock processors is a priority, as is resolving the remaining product gaps for Herring, Tuna and Redfish.

- **Pollock:** Chain of custody certification and verification for Chinese processors
- **Herring:** Canadian, Danish, Norwegian and Scottish fisheries

- **Saithe:** Faroes, Germany and Norway
- **Tuna:** Ecuador, Madagascar, Papua New Guinea and Philippines
- **Redfish:** Denmark, Iceland and Norway

United States

We will marshal the influence of the US retail sector to draw well-managed (mostly US) fisheries into the programme. These will include the fisheries listed below. Our fisheries outreach will also increasingly be focused on matching demand for certified supplies – from Wholefoods Market and Wal-Mart in the first instance – but also from other US retailers as additional commitments to sustainable sourcing are made by other retailers/food service sector operators.

- Alaskan King Crab
- North Pacific Flatfish (WA, OR & CA Flounder, Yellowfin sole)
- US Pacific Whiting
- Canadian Pacific Whiting
- Washington Dungeness Crab

In addition, we will continue to ensure that fisheries previously identified as priority opportunities (many of which are currently in pre-assessment) are brought into assessment as soon as possible. These include:

- Eastern Canada Shrimp fishery
- New England Haddock fishery
- West Coast Albacore fishery
- Mexican Sardine fishery

We will also seek to increase the range of smaller coastal fisheries engaged with the programme to provide an increasing diversity of products for the retail and food service sectors. This work will be supported with analysis of the supply fisheries currently sourced by our committed commercial partners.

Asia-Pacific

In addition to promoting the use of product from currently certified fisheries on the Japanese market we will seek in the near term to increase the supply of certified product from domestic and regional fisheries. This work and the resulting market penetration we achieve in Japan will lag our successes in Europe and the US where a much more concerted and coordinated outreach programme has been running for 7 years. Nevertheless we anticipate, although this will be substantiated on the basis of the market analysis to be conducted, that we will have generated sufficient support for at least two domestic and two regional fisheries to have entered into pre-assessment.

We will also continue our current programme of outreach activities to increase the numbers of Australian and New Zealand fisheries engaged in certification. We anticipate that at least two Australian and two New Zealand fisheries will enter into pre-assessment.

Developing World Areas

Existing and further market analysis will be used to identify certifiable fisheries in developing world countries throughout the Americas, Africa and Asia Pacific. Existing outreach efforts in these areas in the near-term will be focused and coordinated across all regions so that an integrated, more visible and better defined developing world program emphasis for 'immediate' certification gains can be established within the MSC.

3.2.2 Medium-term horizon

Fisheries supplying target markets

Subject to additional analysis and preliminary evaluations, we will ensure an adequate volume of supply of at least the top 5 wild-caught species consumed in each of the following markets: France, Spain, Italy, Portugal, Switzerland, Scandinavia, Benelux.

We will aim to achieve critical mass of supply of the principal wild-caught species consumed in the US market. This will eventually require tuna and significant volumes of shrimp fisheries to be bought into the assessment process. Other key species in addition to Pollock include crab, cod and hake.

Subject to further detailed research and preliminary evaluations, we will aim to bring the principal Japanese fisheries, as well as the leading sources of imports for the Japanese market, into the assessment process.

- The US is the principal source of imports into the Japanese market, and will provide an initial point of entry.
- However, China, Russia and South East Asian fisheries also play a key role in Japan. We will identify well (or better) managed fisheries in these markets and leverage our growing presence amongst key Japanese buyers.

Fisheries with prior ecological issues

MSC will deliver the greatest environmental conservation gains when environmental sustainability becomes an essential requirement for access to the market. At this point less well managed fisheries will be encouraged to improve their performance to get to the starting gate for certification. As part of MSC's medium term horizon targets, outreach work with suitable partner organisations will be directed at suitable 'intermediary' fisheries of this kind.

3.2.3 Long-term horizon

Further analysis is required to determine the key fisheries serving our longer-term priority geographic markets, such as China, India, Indonesia, Russia, Korea, the Philippines and Thailand.

3.3 Institutional milestones

3.3.1 Near-term horizon

Certification lead times and improved assessment function

We will seek to reduce average certification times to below 12 months – while ensuring that the integrity and independence of the process is preserved. Current lead times average around 18 months, excluding pre-assessments, and this will present a bottleneck to achieving our Goals in Germany, the UK and the US. We will also review MSC's current Objections procedures to see if they can also be streamlined to improve the overall timeliness of the full assessment process.

Although there are some indications that lead times may be shortening slightly with experience, the MSC will need to undertake a thorough review of the current process, drawing lessons from certification experience to date to identify potential avenues for streamlining the methodology.

To complement these efforts we also will develop action strategies to expand the number of applicant and accredited CBs and improve their effectiveness in the assessment process using evaluation, training and other tools targeted at areas such as process management and effective relationships with management authorities and other stakeholders.

Quality and Consistency and Data Deficiency: Linked Credibility Issues

- Quality and Consistency Project: Certification experience to date has demonstrated the potential for variability of both the quality and consistency of fishery assessments across different Certifiers and fishery types. If unaddressed, this would lead to an erosion of stakeholder confidence in the MSC standard, as well as a possible distortion to the competitive landscape for fisheries.

  We will clearly define the intent of the Principles & Criteria of the MSC Standard for Environmentally Responsible and Sustainable fisheries as well as providing detailed operational interpretations of fishery performance indicators and scoring attributes, with the goal of creating default assessment guidance to CBs for different species groups or types of fisheries.

- Data Deficient Fisheries Project: A belief that the MSC programme can only be applied to fisheries with sophisticated management structures and intensive 'western style' data collection systems, largely related to the types of assessments that have been completed to date. While several new assessments are helping to dispel this notion, it is true that most fishery assessment processes encounter challenges when encountering fisheries that may have considerable information but also data deficiencies in some performance dimensions, even though many elements of a sustainable fishery may be evident. However, a variety of assessment techniques exist to evaluate fishery performance and risk assessment approaches can be utilised to evaluate the potential consequence of uncertainty related to specific data deficiencies in a particular fishery. Without providing clear guidance on the appropriate use of these approaches in MSC assessments, the programme could be less accessible and relevant to a wide variety of fisheries in this category.

  We will ensure equitable access to the MSC program for all fisheries, by completing revised methodologies and interpretative guidance on Ps & Cs to ensure relevance of the methodology to data deficient fisheries that are well-managed. The objective will not be to create a lower standard or required performance for these fisheries but to clarify different types of information and analytical approaches that may be appropriate to assess their performance against the existing Ps & Cs. The main thrust will be completion of the Guidance in Assessing Small Scale, Data Deficient Fisheries (GASS/DD) project, including testing new methodology on several pilot fisheries that will be chosen as much as possible from a range of fishery circumstances. Results will also be integrated into Quality and Consistency project approaches and outcomes.

Developing world fishery engagement

The FAO estimates[7] that at least 40% of world fish production is accounted for by small-scale fisheries. While small-scale fisheries are not unique to the developing world, in almost all of the least developed countries of Africa and Asia, small-scale fisheries provide over three quarters of the domestic fish supply – and some of these countries are significant consumers on the global stage. It is therefore likely that an important share of the world's wild-catch volume is caught by fisheries with annual revenues below the average cost of an MSC certification. In addition to the fundamental issues of equitable access and free trade, this also implies that a significant share of global production has been largely "out of reach" for the MSC under our programme's recent capacity and evolution.

Furthermore, MSC's experience to date clearly demonstrates that successfully engaging developing world fisheries in its certification program is not typically a simple fisheries outreach task. Rather it involves a complex

[7] FAO World Fisheries and Aquaculture Atlas, Second Edition, 2003

partnership of governments, communities, NGOs, and aid funding organisations to build infrastructure, promote management capacity, and implement sustainable fishing practices. This involves a level of outreach, planning and technical support that transcends MSC's capacity and usual role in promoting fishery certification. Nevertheless, MSC's credibility and relevance for developing world fisheries can only be secured by an active leadership role in such efforts.

In addition to completing the important GASS/DD project noted above and continuing and focusing more traditional developing world fisheries outreach efforts, we will ensure implementation of 'keystone fishery projects' in several strategic developing world locations. These medium and longer term projects will demonstrate models of effective linkages between MSC certification as an ultimate goal with appropriate engagement in community capacity building, market development and management systems refinements in cooperation with governments, communities, NGOs, and aid/funding partners. This will be accomplished by seeking support from the donor community to increase MSC's capacity to provide broad strategic guidance and mentoring for these projects without becoming directly involved in providing specific fisheries management advice that would later be subject to assessment against the MSC standard.

Environmental impact

External reviews of the MSC in 2003 and 2004 emphasised the need for rigorous and quantitative analysis of the extent to which the MSC's dual vision is being realised – in other words, whether the MSC programme broadly, and fishery certification in particular, lead to positive benefits from an environmental perspective; and how can this be measured.

We will evaluate and publish definitive evidence of environmental and social impact in selected certified fisheries as well as in fisheries preparing for assessment under the MSC certification programme. This will determine whether there are meaningful and measurable changes happening on, or in, the water; whether the fisheries that have been certified are really changing practices and whether these will lead to positive outcomes for the environment. Ultimately, we will need to address whether certification causes more environmental gain than would otherwise occur, and hence, whether there is an ecological case for fishery certification.

Aquaculture

Aquaculture is the fastest growing food production system globally, and now stands at close to parity with wild-capture fisheries. The industry uses 50% of fishmeal and 80% of fish oil globally, or 20-25% of the global catch. This exceeds the volume of edible wild caught consumption in Western Europe and North America combined.

Aquaculture is also an increasingly important source of seafood for our commercial partners. It represents half of the global supply of fish products, up to two thirds of some retailers' fresh and frozen volumes and was one of

Compass Group's stated reasons for not backing the MSC in its recent public commitment to sustainable seafood. Recent research also suggests that most consumers are unaware of the difference between wild catch and aquaculture.

The extent of the environmental threat posed by aquaculture remains open to debate, and we will need to take a position on the degree of this threat and what role the MSC should play in addressing it. Over the near term, this will require a participation strategy for the MSC, in order to deliver our mission of reversing the decline of ocean fish stocks, and to sustain our relevance to the commercial and consumer sector.

Business systems and processes

The MSC has recently emerged from a period of organisational disruption, and a large proportion of the team are new to the organisation. Our ambitious growth plans will place an increasing strain on the MSC's staff and infrastructure and will require significant revisions to our business systems and processes, and the London office move presents an opportunity to redesign these.

3.3.2 Medium and long-term horizon

While all of the current issues that affect either the P&Cs or the certification process will be resolved and implemented over the near term, we expect that further review and improvement will proceed on an on-going basis over the medium and long term.

In addition, the Environmental Benefits programme will transition from a case study analysis of a selection of certified fisheries to a systematic and ongoing monitoring programme for all certified fisheries as well as fisheries moving toward certification. Ultimately, we will also develop a programme for monitoring environmental impact in the oceans and for gathering evidence of positive environmental benefits – not only at the level of individual fisheries – but in the oceans in aggregate, recognising that externalities and the difficulty of establishing causal relationships increase at these broader evaluation scales.

Finally, the MSC will seek to become increasingly resourced through commercial licensing – though we will ensure that this is not at the expense of our perceptions of our independence. This is described in more detail in section 5.1.2.

4. NEAR TERM ACTION PLANS

4.1 Demand and Supply side actions

4.1.1 Europe

Commercial outreach

We will undertake a programme of targeted commercial outreach to the top retailers and the major food service operators (that account for a collective 80% share in their respective market) in the UK and in Germany. We will accelerate our progress in these two markets through: (i) a more focused deployment of resources, (ii) a greater degree of specificity on what we seek from commercial partners, and (iii) a strategy of tailoring our approach to different groups of decision-makers within target organisations.

We cannot expect all of our commercial outreach initiatives to result in retailers making commitments to source 100% MSC certified product. However, we do need to strive for specific commitments that go beyond general statements of support. We will therefore define a set of measurable criteria that constitute "MSC support", and which we could present as a checklist in commercial outreach discussions. We might explore in due course whether these could be formalised into a type of B2B affiliation programme. These criteria should include commitments to:

- Chain of custody certification for a majority of outlets
- All MSC certified product bearing the logo
- A published fish sourcing policy, with clear reference to the MSC that ideally is time-bound and includes a commitment to working with their supply fisheries
- Specific references to the MSC in CSR reporting
- Specific references to the MSC in any marketing/promotional campaigns that focus on sustainability
- Support in introducing and promoting new species from sustainable stocks
- Including environmental performance or MSC targets in buyer's evaluation

We will reach out to multiple decision-makers in each target organisation by firstly identifying the key gatekeepers and secondly developing appropriately packaged messages to promote the objectives of the MSC. In the context of a general pitch that stresses the environmental problems with the world's fisheries and what the MSC seeks to achieve, we will tailor our message and our materials to specific needs of each group. The table below sets out a proposed framework for this approach.

Category	Needs/concerns	MSC pitch	MSC point of contact
Seafood buyers	• Volume/margin targets • Price stability & security of supply • Maintaining purchasing flexibility and not disrupting existing supply relationships • New product pipeline	• Evidence of sales growth for labelled products • Evidence of consumer concerns about sustainability • Evidence of increasing number of fisheries entering the programme	• Commercial team
Head of CSR	• Avoiding criticism from NGOs/ environmental groups • Opportunities for positive PR • Compliance with various environmental regulations or codes of practice • Genuine interest in environmental impact and CSR	• Evidence of NGO support for the MSC • Evidence of positive environmental impact in certified fisheries • Evidence of consumer concerns about sustainability • Comparison to CSR policies of competitors • An "easy" way to address a complex environmental issue by transferring responsibility to a third party	• Commercial team
Chief Executive (or member of Sr. Management Team)	• Overall competitive position • Press coverage of the company • Long term demand/supply trends in key product categories	• Summary press coverage of the company and its competitors • Summary of key trends in seafood supply (prices, volumes, species, etc.) • Long term demand/supply trends in key product categories • Evidence of consumer concerns about sustainability • Illustrative case studies of competitors (or similar companies in other markets) who have committed to the MSC	• MSC Chairman, CEO or Director of Operations • Relevant MSC Commercial Manager • Representatives of other NGOs

In parallel to our initiatives focused on the UK and Germany, we will also lay the foundations for future growth in France, Spain and Italy through a model of initial outreach staffed through part time (20% FTE) consultants, and followed up with dedicated country commercial managers as specific opportunities gather momentum and resources allow.

Fisheries outreach

We will focus and accelerate fisheries outreach by targeting key suppliers into the German and UK markets, which are primarily based in the North Atlantic countries. In addition to a greater degree of focus, we will enhance our chances of success through a multi-faceted outreach programme that will include:

- Leveraging relationships with UK and German commercial groups to encourage fisheries to engage with the programme.
- Dispelling misconceptions about the MSC. Several rounds of discussions are currently planned with ministries, trawling associations, costal fishermen associations, and fisheries unions in all key North Atlantic supply countries.
- Follow-through at leading European trade show, as well as key German (Fish International, Intercool...) and UK trade shows.
- Exploring options for a formal Nordic involvement in the MSC, for example, through a stakeholder council position.
- Aggressively communicating progress on fisheries outreach to the buyer community.
- Identifying and targeting local fisheries in Germany and the UK to increase the range of products available.
- Working with NGOs on a local level, as well as other stakeholders (Regional authorities and any supporting local organisations) to secure their help with local fisheries outreach.

Communications

We will implement an intensified communications programme focused on the UK and Germany, with messages and approaches that reflect different levels of media/consumer awareness, as well as different levels of MSC product penetration in each country.

We will participate in consumer communications initiatives driven by key commercial partners, but supported by our access to expertise and our off-the-shelf materials, such as briefings, photos, recipe cards and fishery profiles. These partners will include:

- *Retailers:* Development of store materials (leaflets, posters, bags); participation in loyalty schemes (e.g. double points for MSC purchases) and in broader customer communications (advertising campaigns, in store TV, website). We will also seek to participate in relevant promotional campaigns (e.g. Wholefoods promotion of AK salmon, Sainsbury's "try something new" promotions).

- *Foodservice & restaurant chains:* In restaurant promotions; non menu logos; joint communications (e.g. joint communications with Brakes for "fish & kids/Fish & Kitchen" project)
- *NGOs:* Website/membership publications; joint press releases; joint projects to harness the purchasing and campaigning power of NGO members and supporters.
- *Educational establishments/events:* Zoos; Aquaria, Museums, Green weeks etc.

In addition to our joint communication initiatives with commercial partners, we will also implement a number of initiatives on a standalone basis. These will include:

- Consumer market research: Who buys sustainable seafood, why, where, and what is the degree of awareness/support for the MSC? This work will be undertaken over the next few years in conjunction with NGO partners engaged in broad communications initiatives (e.g. the Seafood Choices Alliance) that regularly track consumer awareness and purchasing intent.
- Initiation and cultivation of media contacts in newspapers, TV and radio
- A promotional campaign around the "fish & kids" project. We will focus on getting sustainable fish into schools, on harnessing pester power and on educating the next generation of consumers.
- Cultivation of opinion formers such as celebrity chefs or environmental spokespeople. This may require targeted outreach to smaller scale fisheries or retailers whom they support.
- An enhanced consumer website with rich media information on what products to buy and where, recipe ideas, fisheries updates, fun facts, etc.
- An internet marketing programme: e-newsletters, links to & from related websites.
- Targeted and relevant consumer events: Organic Food Festival in UK, and Groene Lust in Germany.
- Tailored materials promoting the “Love Fish” consumer campaign in German and English

Finally, we will complement our consumer communications programme with a number of trade-focused initiatives:

- Initiating and cultivating contacts and increasing coverage in key trade media (e.g. Intrafish, the Grocer, Fishing News...)
- Participating at international trade events (Boston, Brussels, Tokyo) and UK/ German events (Bremen, Biofach, Natural Food Fair, LACA exhibition)

- E-bulletins, B2B website and materials

MSC Logo

We will revisit the design and use of the logo. There is an opportunity for a dramatic increase in consumer exposure to the logo, and we need to swiftly decide whether the design is adequate and how it can be exploited beyond packaged products.

Our hypothesis is that the logo is suitable, but that the text "Marine Stewardship Council" should be removed, and replaced with a marketing strap line below the logo. We will test the issue with major buyers and invest in consumer tests, and subject to costs, seek input from marketing/design agencies.

We will seek the strategic guidance from an internationally renowned advertising agency (ideally as a gift in kind) to assist with MSC brand building.

4.1.2 Americas

Commercial outreach

We will expand the US team by 3 full-time positions and will engage the services of a part-time consultant to develop our outreach program in South America. They will implement an aggressive commercial outreach to the key players in the retail and food service sectors, using a similar framework to the UK/German outreach programme described in section 4.1.1.

Building on the impetus from recent commitments to sustainable seafood procurement we will work with key suppliers to identify their other major retail customers, and seek early wins for labelling currently certified product. This will be done in conjunction with a targeted outreach program to other major retail chains that seeks to gain time-bound commitments of support to the MSC program. We will coordinate with SCA, Monterrey Bay, New England Aquarium and organisations in both our communications and commercial outreach initiatives.

Fisheries Outreach

The Wal-Mart initiative provides an opportunity to pilot a collaborative model between the MSC, other NGOs, and major commercial partners to bring new fisheries into the assessment process. We will explore the potential to develop other ‘whole supply chain’ and integrated and partnership based projects with other leading US retailers and food service sector operators.

Other fisheries outreach activities will seek to encourage other domestic fisheries into the program to expand the range of seafood products available to the retail sector.

4.1.3 Asia Pacific

Australia and New Zealand

The development of an Australia office was a key first step in establishing the MSC's presence in Asia-Pacific; a vitally important region that accounts for two thirds of global seafood consumption and close to half of global wild-caught production. A continued presence in the Australian market will support our regional aspirations, for a number of reasons:

- Australia's and New Zealand's fisheries are generally well managed and have a strong export focus – and a particular orientation towards key regional markets such as Japan.
- The market provides a foothold for MSC labelled product in the region
- The breadth of species covered by Australian fisheries (albeit at modest volumes on the global stage) present an opportunity to expand the range of species covered by the MSC programme.
- Australia exerts influence in the Asia Pacific Region, for example in Tuna given the country's support for South Pacific management initiatives.

However, the MSC's activities and investments in Asia Pacific will need to be aligned with the major consuming markets of the region – of which Japan and China are the most significant. As the regional program develops it is also likely to require administration through a number of sub-regional offices. However, in the near term, it is anticipated that Australia will remain the regional hub for MSC's AP outreach activities.

We will continue to build on the success of the program to date and will modestly expand the current team to include a dedicated commercial outreach position and support, as appropriate for the diverse needs of the region, for communications. The focus of our broader outreach activities in the region will be realigned to identify and encourage fisheries currently (or potentially capable of) supplying the Japanese market to engage with the program. This work will not ignore the momentum established in certain countries nor opportunities outside of this primary focus, but these additional activities will be undertaken such that we maintain our strategic focus.

Japan

A dedicated Japanese commercial manager is planned in the 2006/07 budget, to establish a foothold and expand operations in this key market.

The commercial manager will initially work in Japan on a contract basis. In conjunction with the wider activities of and support from the A-P office they will spearhead an intense outreach programme to set the stage for achieving critical mass in the medium term. Key priorities will include:

- Undertaking analyses to gain a thorough understanding of the market, particularly regarding the current penetration of certified product, supply fishery profiles, consumer attitudes and the major retail buyers
- Engaging with large fishing companies, major retailers and food service companies
- Introducing the logo on existing MSC products in the marketplace
- Exploring options for collaboration with Eco-Mark label
- Securing MSC participation in major industry events (e.g. Tokyo Seafood Show)
- Identifying and drawing local CBs into accreditation
- Determining key sources of imports to the Japanese market, and liaising with MSC's global fisheries outreach activities to encourage these fisheries towards certification.

This role will also scope out the feasibility of establishing an in-country MSC office.

China

While the MSC is unlikely to establish a significant market presence in China over the near or medium term, it is essential that we define our objectives and strategy for this market. We will initiate a project to compile and assess market intelligence on a number of issues that have been documented for the US and European markets in this review:

- Key species consumed and major centres of wild-caught consumption (e.g. major metropolitan areas vs. rural).
- Balance of domestic production and imports in local consumption. Key sources of imports.
- Principal Chinese seafood exporters and the markets they serve.
- Overview of distribution infrastructure.
- Evidence of CSR or environmental concerns.

This research could highlight near term opportunities for securing a foothold in China. For example, the MSC could focus on providing Chain of Custody certification of Chinese processing companies that serve the US and European markets. Alternatively, we could leverage the rapid growth of US/European Hypermarket chains expanding in China, such as Carrefour or Wal-Mart.

4.1.4 Regional Communications Support

The communications needs of the regional offices are currently provided through consultants, on a part-time basis. The intent is to provide increased support for this function through either increased provision of consultancy support (which may well be an appropriate model in the near-term for the expansion into the Japanese market) or through the appointment of dedicated communications staff.

4.2 Institutional actions

Most of the actions required over a near term horizon are project-based, and many of these are currently underway. The remainder of this section describes the approach, activities, milestones and overall timeframes for each project.

4.2.1 Streamlining certification methodology and improving assessment process function

We will undertake a review of the fisheries certification methodology (FCM) and related assessment process to identify options for streamlining the process to less than 12 months up to the objections stage, while ensuring that the integrity of the methodology and the quality of consultation remain intact. Work will be structured around three phases:

Phase I: Case study analysis (Mid- June 2006)

We will develop a detailed fact base of our FCM experience to date, to identify bottlenecks and highlight areas of improvement opportunity. Key tasks will include:

- Compiling information from past assessments on timelines for each major process step.
- Comparing average times and the range of variance for each major process step. Provides an initial snapshot – based on very preliminary data – and highlights a significant variance in lead times for given process steps, across different certifications. This could reflect opportunities for best practice transfers.
- Estimating the ratio of days worked to days elapsed for each process step, to identify and diagnose instances of “stoppages”.
- Conducting detailed case interviews with fisheries and CBs to develop a root cause analysis of historical delays, supplementing interviews with an audit trail of communications, where relevant and appropriate.

- Grouping instances of delays into categories of generic causes, such as: awaiting data, awaiting signoff, meeting cancelled, rework required, objections raised, experts unavailable, etc.
- Ranking causes of delays by order of severity and compiling initial list of hypotheses for possible solutions.

Phase II: Identify and assess options (Mid- November 2006)

Conduct brain storming sessions with CBs, fishery clients and other involved stakeholders (time and resources permitting) for a set of case study fisheries, chosen to reflect a range of different fishery circumstances, to identify possible options to accelerate the process, while not diminishing its integrity. The objective is to generate as broad a list of ideas as possible, and this is frequently accomplished by working to a hypothetical "stretch target" of, for example, 50% lead time reduction. As an illustration, the types of ideas that such a process would typically develop might include:

- Running activities in parallel, rather than in sequence.
- Simplifying data requirements, or drawing data from alternative sources.
- "Front-loading" steps with long lead times, such as data requests or controversial steps.
- Assigning a dedicated project manager at the client organisation with responsibility for coordinating with all parties involved.
- Shortening consultation/review windows.
- Sharing data more effectively, for example through improved IT infrastructure & applications, or through use of common tools and formats.
- Specifying clear deadlines for each process stage, and building these into performance requirements in certification contracts.
- Creating capacity buffers at critical steps of the process.

Each idea will then be assessed and prioritised against a simple framework that captures:

- What are the risks (both actual and perceived), and particularly those risks that could affect the integrity of the certification process?
- The scale of the opportunity: How much time could be trimmed from an average certification if this idea were implemented?
- What needs to be done to implement the idea, and who should be responsible?
- What investments would be required – such as in CB training, IT, process documentation, etc.

Phase III: Recommendations and implementation (Mid- June 2007)

Compile a shortlist of recommendations and undertake appropriate consultation steps with governance bodies and stakeholders more broadly. Present ideas to the TAB to further prioritise options and make go/no-go decisions on each idea.

Implement changes to the FCM and to guidance to CBs and stakeholders, and monitor their effectiveness on an on-going basis.

While this three-phased project will be an immediate focus of process improvements, a complementary action plan will be developed by June 2007 to increase the number of applied and accredited CBs. In addition we will develop and begin implementing strategies to improve CB effectiveness in the assessment process using evaluation, training and other tools targeted at areas such as process management and effective relationships with management authorities and other stakeholders.

4.2.2 Quality and Consistency and Data Deficiency: Linked Projects

Quality and Consistency

This Quality and Consistency project is currently led by MSC policy staff and several TAB members, and supported by expert consultants and consultation with MSC governing bodies. The project will ensure that the application of the P&Cs is at a consistently high level of quality.

Phase I – Clarifying Intent (Mid-November 2006)

The Criteria defined in the MSC standard do not currently include descriptive statements of intent (i.e. statements about the broader purpose that each criteria fulfils), which could lead to different interpretations by CBs as to their underlying purpose. This phase of the project will document these statements in greater depth, by:

- Drafting the narrative intent and submitting for consultation through a series of regional stakeholder meetings.
- Convening an expert panel to help finalise intent statements.
- Submitting a final draft to the TAB for review, and issuing formal guidance to CBs.

Phase II – Specifying interpretation (Mid-January 2008)

This phase recognises that CBs are currently required to use significant interpretive judgement in applying the P&Cs. We will therefore develop specific guidance on their operational interpretation, by:

- Using expert consultants to draft measurable indicators and benchmarks for key performance areas within each of the MSC Criteria.
- Conducting computer simulation modelling and sensitivity analysis to evaluate impacts on sustainability of different thresholds for each indicator.
- Reviewing policy issues with the Board and consulting with CBs, NGOs, fishery clients and other interested stakeholders.
- Issuing guidance and design and implementing necessary training and consultation sessions with CBs to reinforce this guidance.

Phase III – Implementation and Evaluation (on going)

We will continue with an expanded level of MSC ‘fingers-on’ oversight of the FCM, to evaluate and help ensure the quality and consistency of the CBs’ work. Key evaluation points include fishery assessment ‘trees’, draft fishery assessment reports and post-certification surveillance reports/audits.

We will also develop recommendations to the TAB for further improvements or refinements in the P&Cs.

Data Deficiency

The Guidance for Assessing Small Scale and Data Deficient fisheries project (GASS/DD) is a joint MSC Executive-TAB project that has made significant use of external consultant expertise. The planned outcome is to develop, test and finalise new assessment methodology to supplement existing approaches so as to enable well-managed, data deficient fisheries an avenue to demonstrate their compliance with the MSC standard. The planned steps are as follows. Four phases are anticipated.

Phase I – Develop Interim Guidance (Mid-June 2006)

A consultant will draft an interim guidance document that outlines proposed methodologies for applying the P&Cs when treating data deficient fisheries (i.e., circumstances where one or more performance indicators might otherwise fail an assessment due to the uncertainties and potential risk associated with a lack of ‘typical’ fishery information). This document will outline how discussed methodologies would be used in practice.

Phase II – Desk top evaluation and develop recommendations (Mid-November 2006)

We will test these methodologies through desktop audits of a sample of fisheries to provide a comprehensive evaluation and risk assessment.

Based on these results, we will refine guidance and draft recommendations to the TAB for an implementation strategy that could be applied to candidate pilot fisheries for testing.

Phase III – Pilot evaluation (January –June 2007)

Depending upon the overall availability of funding, six or more pilot fisheries will be assessed with the supplemental assistance of the interim guidance document as modified by the TAB's review. These fisheries ideally will be selected to reflect a range of fishery locations that could encompass both developing and developed world areas, again dependent on available funds and desirable fishery attributes.

We will design and implement the necessary training and consultation with CBs to reinforce the new guidance so they are able to participate in the pilots and eventually implement operationally.

Phase IV - Implementation and Evaluation (ongoing)

Based on pilot assessments, we will make any appropriate refinements to the guidance for its continuing implementation. In addition, we will closely monitor the assessment process of data deficient fisheries, and develop recommendations to the TAB for additional improvements in the new methodology.

4.2.3 *Developing world fishery engagement*

This project is designed to enhance MSC's current Developing World Program area, which operationally manages/coordinates developing world fishery outreach, completion of GASS/DD project defined above and strategic expansion of developing world engagement, to increase the access and relevance of the MSC programme to these important areas

Developing world fishery keystone projects

In the near term three strategic keystone project areas will be identified based on current outreach knowledge, alignment with other MSC priorities, fishery/community receptivity and preparedness, partner capacities, funding potential, potential for significant outcomes and geographic distribution where possible. Partner linkages with be developed and MSC will provide leadership for proposal development. Once funded MSC will continue to provide key direction and mentorship for project implementation to ensure that fishery certification remains an ultimate goal of efforts, but also recognising the complementary efforts needed to make it successful, e.g., durable infrastructure, capacity and local benefits.

Further, by June 2007, MSC will review and refine its overall Developing World Fisheries Programme, to better integrate the strands of existing work and to update a comprehensive set of strategic actions and needed funding to significantly expand the outcomes and visibility of the programme as a key element of ensuring the relevance and accessibility of developing country fisheries to the MSC programme.

4.2.4 Environmental benefits

A joint project was initiated in 2005 with MRAG UK to begin developing a long-term strategic framework for monitoring and evaluating environmental benefits arising from certification. The first phase of the work was completed in May 2006. This focused on (i) developing tools and methodologies to measure the environmental impacts of certification to the MSC standard and (ii) cataloguing and assessing current evidence that the MSC eco-labelling programme results in positive outcomes (or benefits) for the environment.

The project methodology involved a detailed case study of 10 certified fisheries. A total of 62 separate conditions of certification were examined to determine whether changes or improvements observed would (i) ultimately lead to environmental improvement and (ii) lend themselves to quantitative analysis. The team examined quantitative data and qualitative information from each fishery to determine the extent of any environmental gain according to different categories: “Institutional”, “Research”, “Operational action”, and “Operational results”. The team also included a "No-gain" category to capture those instances that might have been expected to lead to a gain, but did not. Finally, the team examined whether the gain was stimulated primarily by certification, whether it was ongoing and therefore not a consequence of certification, or whether it was a combination of the two.

Initial findings show promising evidence of quantitative and qualitative environmental benefits, which now require critical analysis and peer scrutiny to determine whether the method and the results are robust and credible with the scientific community as well as with the range of MSC stakeholders. While tangible measures showing environmental improvements resulted from the analysis, the project team has expressed caution about causality (i.e., what were the stimuli for change) and other questions arising from the work. The full report, published in May 2006) provides not only the full context of the analysis but also points to areas for discussion in the public domain.

The next phase of the project will expand the enquiry to build a strategic framework for the future analysis of environmental impacts of certification and to investigate evidence that the MSC programme has wider impacts on ecological sustainability.

To mark this transition, the MSC will host a significant workshop in September 2006 to discuss both the results of the first phase and how to move forward. The MSC has invited a wide range of contributors to participate and reaction to, and testing of, the methods and outcomes of the first phase of the environmental benefits work, will lead to scoping of the second phase of the work and development of appropriate terms of reference.

The main objective of the workshop will be to contribute to the development of a formal Monitoring and Evaluation Plan for the impacts of the MSC programme from an environmental standpoint. Conclusions that emerge from the workshop will then be used to determine the highest priority needs, the most appropriate methodologies and form the basis for future research and funding proposals. The discussions also will help inform additional work anticipated to evaluate the MSC programme impacts from economic and social perspectives as future project phases.

Topics covered in the workshop will include:

- Establishing a framework for evaluating more generic environmental gains from fishery certification, including exploring the possibility of developing generic environmental indices.
- Exploring whether generic 'environmental gain' indices or metrics can be incorporated into the Fisheries Certification Methodology and audited by certification bodies routinely at annual surveillance audits.
- Developing approaches to capturing information from fisheries making improvements to become engaged in the MSC programme or pre-assessed fisheries that do not or have not yet entered the assessment process.
- Developing methods to analyse whether the MSC certification programme has wider impacts on overall environmental sustainability, i.e., are there environmental improvements in uncertified fisheries or bio-regions or ecosystems and can any link be made to the existence of the MSC eco-labelling programme?
- Developing an evaluation framework for testing the hypothesis that MSC certification will lead to long-term sustainability from an industry perspective.
- Developing a plan for evaluating the longer term environmental improvements hypothesised by this work for each certified fishery.

The conclusions and recommendations from the workshop will be summarised in a consultation report to solicit further critical comment and will also form the basis for an agreed Monitoring and Evaluation Plan for the environmental impacts of the MSC Programme, to be published later in 2006. This work will also provide important foundation for examining the social and economic impact dimensions of certification.

4.2.5 Aquaculture

Working in conjunction with the Board’s subcommittee on aquaculture, we will initiate a strategic review of aquaculture certification, to determine what role if any the MSC should play in this industry.

Phase I: Market context (Mid-June 2006)

We will complete a detailed analysis of the market context to determine where the greatest needs, opportunities and risks exist, and to understand what aquaculture eco-labelling programmes are currently underway. This will set the foundation for an informed assessment of the MSC’s strategic options in aquaculture certification. Key areas of analysis will include:

- Inventory of current certification and eco-labelling efforts for aquaculture to determine the scope of these initiatives (e.g. geography, species, performance dimensions, etc.), whether they are independent or industry sponsored, and their current status. Summary of current efforts by species groups, or feed fisheries vs. human consumption fisheries.
- Status and scope of standards development/consultation (to include all significant, current activities) and how it could be used or would need to be modified to meet ISO, FAO and ISEAL standard setting guidelines.
- Commercial market presence in strategic geographic areas by species group vs. current efforts to establish certification schemes
- Species with greatest environmental risks (largest benefits but most difficult to implement), vs. those with least environmental risk (smallest improvement benefits, easiest to implement)
- Species and market contexts that most complement current MSC mission (e.g., feed fisheries objectives, areas where species groups do not play as heavily in wild capture (e.g. bivalves etc.) – areas of least and greatest potential competition.
- Political and credibility risks related to current contentious issues – e.g., NGOs environmental concerns and campaigns, conflicts between wild capture and aquaculture markets (e.g. salmon, esp. North America).
- Areas where groups are most likely to collaborate with the MSC, and those where we might face most resistance – analyse opportunities to ally with and build upon ongoing groups' efforts to build credible standards.
- Likely timeframes for standards development/program implementation for various species groups given a variety of factors, but assuming adequate sources of funds
- Scope and implications of aquaculture issues and standard compared to current MSC wild capture standard – potential differences in treatment of social, safety, economic factors, etc in evaluating production and processing systems vs. harvest/capture systems.

This analysis will be completed through a combination of desk research and interviews, building on existing files, on Dr Jason Clay's work for the WWF, and on previous consultant products commissioned by the MSC.

Phase II: Options and approach (Mid-October 2006)

Building on the market context analysis, we will develop a list of principles, objectives and/or evaluation criteria for informing choices about aquaculture engagement. For example, these principles might seek to ensure that the MSC's engagement with aquaculture complements, rather than compromises our key mission to reverse the global decline of world fisheries and ecosystems. A further principle might state that the MSC will respect its relationships and partnerships with current and future fishery clients and stakeholders when making decisions about aquaculture engagement. It is also logical that chain of custody certification should be integrated between wild capture and aquaculture products to strengthen overall traceability and so that processors and retailers do not have duplicate requirements and added avoidable costs of handling both wild capture and aquaculture labelled products.

We will develop a limited number of species and program scope options (perhaps three or four), ranging from indirect engagement via linked topics (feed fisheries) to full MSC involvement in aquaculture certification with strategic timelines/goals. Each option will evaluate the potential for partnerships depending on the scope and current involvement of others, and we will assess the pros and cons of each option based on the evaluation criteria specified above.

Finally, we will develop and evaluate a range of organisational options/ approaches for the most promising options. These might include:

- A quasi independent organisation with sufficient links to maintain logical continuity of program missions – but with completely separate staff and structures
- A hybrid organisational option where some elements of the program function might be integrated to reduce costs, to take advantage of expertise and to improve continuity and manage conflicts in some functions (e.g., marketing, standard setting, accreditation)
- A completely integrated organisational approach, across all functions and structures.

Phase III: Implementation planning (Mid-January 2007)

Following a board decision on the preferred strategic option and organisational model for the MSC's participation in aquaculture, we will determine:

- A stretching, but credible, set of performance milestones and sequence of priority actions
- A practical implementation strategy for standards development or adoption that recognises lessons learned from the current MSC programme, e.g., appropriate 'road testing' of applying standards and associated certification methodology.
- An estimate of required staffing and investment
- A fundraising strategy

Finally, we will assign staff to work with the Stakeholder Council to design and implement appropriate stakeholder outreach initiatives.

4.2.6 Stakeholder governance and engagement processes

The credibility and robustness of MSC's programme is heavily dependent on the breadth and effectiveness of its stakeholder governance and engagement strategies. While a number of improvements have been made to the Stakeholder Council structure and function (e.g., instituting a Steering Group, re-invigorating membership and re-instituting regular meetings), maintaining effective stakeholder outreach and consultation, from both a function and cost standpoint, remains a tremendous challenge for a small organisation with a global remit. The MSC, in conjunction with the Stakeholder Council (StC) and broad stakeholder review, will evaluate its approaches for stakeholder engagement to identify improvements that can be made to meet the following objectives:

- Increase the regional capacity for stakeholders to engage with the MSC in organised ways that effectively represent the diversity of affected and interested constituencies;

- Increase the geographic representation of stakeholders engaging with the MSC;

- Explore governance mechanisms that could allow increased numbers of stakeholders and constituencies to be engaged in the Stakeholder Council process, for example by better ensuring that stakeholder views are fully and actively represented within the StC and that StC engagement with the MSC is effectively communicated back to the full range of stakeholders via StC members;

- Improve the capacity, opportunity, amount and quality of meaningful stakeholder engagement on various key aspects of the MSC programme; and

- Improve the cost effectiveness of current StC and stakeholder engagement activities.

An initial action plan will be developed by September 2007.

4.2.7 Business systems and processes

We will take advantage of the London office move as an opportunity to redesign key processes and supporting infrastructure

Strategy

The ISP will transition from a project into an on-going process. We will appoint an MSC "champion" for the strategy process, and update analysis and documentation on an on-going basis. Some data gaps remain, and as further work is completed or as further data sources become available, these will be incorporated into the ISP body of work. In effect, this report will remain a live document.

Each team will synchronise work plans with the key ISP milestones, and we will implement more systematic performance tracking mechanisms (see section 6) to monitor progress against key areas of activity and against specific “output-driven” milestones.

We will schedule monthly staff meetings (either all staff or functional heads) to update on progress with the strategy and to identify linkages and bottlenecks.

Staff Performance Appraisal

During MSC’s reorganisation and restructure regular staff appraisals have not always been carried out. From 2006/07 we will aim to ensure all staff receive formal annual appraisals with their immediate line manager and provision is also made for an additional (6 monthly) appraisal as required/requested. We also intend to instigate a review of all existing job specifications to ensure consistent structure and appropriateness in terms of defined roles and responsibilities and expected outcomes.

Staff Time-Management

These refined performance expectations will provide guidance to all staff on managing tradeoffs between “proactive” and “reactive” workload. The latter could include inbound inquiries from very small fisheries, lower priority markets, small shops/fishmongers/restaurants, non-strategic NGOs, or members of the public.

Options for minimizing the resulting workload – while responding professionally to any request – could include:

- Dedicating one member of staff to field low priority contacts.
- Responding with “off the shelf” resources, rather than bespoke work.
- Limiting outreach visits for low priority opportunities, and developing mechanisms for managing contact by phone and email.

IT and communications infrastructure

We will appoint IT consultants to review and implement revisions to various aspects of our IT and communications infrastructure, to bring them to current best practice levels, and to provide a solid platform for future growth.

- Roll out contact management tool to support outreach.
- Migrate towards electronic filing. Scan hard copy documents for inter office distribution.
- Create seamless remote working environment, including Wifi/3G/Blackberry connectivity while on the road for key outreach staff.
- Implement IP telephony solution for internal long distance calls.
- Explore low-res video conferencing options for remote offices.

- Develop electronic archive of all assessments, and implement shared project management tools for CBs and the MSC.
- Implement company-wide electronic back up and security policies and systems.
- Upgrade accounting software.

5. FUNDING PLAN

5.1 Near term

5.1.1 Required staffing and costs

The near term action plan described in section 4 will require a significant ramp up in staffing across the commercial, fishery outreach, communications and policy functions. From a 2005 staffing base of 18.2 FTE, we have planned for 35.7 FTE in 2006, and project 45.5 FTE by the end of the decade (See Appendix A2 for draft staffing plan).

The financial implications are modelled in Appendix A1. In summary:

- Budget increase from £1.8m in 2005 to just under £3.5m in 2006
- As further European outreach positions are created over the next few years, total annual costs are projected to increase to £4.1m by 2010, in real terms
- MSC Trustees believe that it is generally good practice to have reserves equal to about 6 months of the following years budgeted expenditure as a cushion against any unexpected downturn in funding and other financial difficulties. With a 2006 expenditure budget of £3.5m this suggests MSC holding unrestricted and free reserves of approximately £1.7m.

5.1.2 Fundraising strategy

Baseline projections developed during the ISP and based on the following assumptions

- Sustained core support from major US and UK Foundation donors
- New and renewed support from European Foundations
- Some restricted funding for the Asia-Pacific region including the Japan office sourced from US and Asia-Pacific
- Moderate penetration into non-retail corporate sector

showed how income might rise from £3.4 million in 2006 to £3.7 million by 2010.

Initial analysis suggests that a more optimistic fundraising programme could raise up to £4.8m by 2010 – and hence provide coverage for required near term expansion. But this assumes

- More aggressive and successful coverage of existing sectors
- Greater penetration of European foundations, especially in Germany

- Deeper involvement from Bilateral and Multilateral agencies such as DFID, SIDA, World Bank, etc.)
- Successful bid to European Commission targeting especially the Environment Directorate General (LIFE+ fund)

The background analysis underpinning these projections is summarised in Appendix A.3

5.2 Medium and Long term

5.2.1 Indicative staffing and costs

Appendix B sets out very preliminary estimates of how MSC staffing would need to expand over the medium term (middle to end of next decade) and the long term (beyond 2020) to achieve the goals set out in section 3.

- The model is based on estimating the number of staff required for commercial, fisheries and communications outreach in each major producing and consuming country, and broadly aligning staffing with market size.
- The ratio of outreach staff to total staff is assumed constant at current levels.
- Preliminary analysis suggests total MSC staffing of 70-80 FTE over the medium term, and 150-160 FTE over the long term.
- Assuming current cost/capita ratios (a prudent assumption, given that much of the growth in staffing will take place in developing economies), this points to a total cost base of approximately £7m in the medium term, and of the order of £14m in the long term, in real terms.

Initial analysis by the development team suggests that on the most optimistic of assumptions the potential could be there to allow faster growth in income to a ceiling of perhaps £7m per year in real terms over the next decade.

- These estimates assume that major funding becomes available from bilateral and multilateral development agencies to support MSC work in developing countries. This in turn assumes a willingness on the part of these agencies to give support for the fisheries sector higher priority within their workplans.
- At the potential £7m level, our projected medium term needs would be covered, but further funding would be needed to cover a possible shortfall in the longer term.

5.2.2 Funding potential from MSCI

Logo licensing revenue is unlikely to make a significant contribution to funding over the near term, with projections unlikely to exceed £200k by 2010.

However, this will change over the medium and long term as the MSC supplies critical mass of certified product in the developing world, and as leakage abates. There is also further scope to increase royalty rates as the MSC Standard and brand is established. The current royalty rate of 0.1% lies well below comparable benchmarks. However, any increases in the royalty rate should not be implemented until the MSC achieves critical mass and becomes a “must have” for retailers and branded processors. Furthermore, the process of implementing any price rises will need to be with the understanding of, and testing within, the market.

Combining the multiplicative effects of volume growth, of lower leakage and of higher royalty rates could have a dramatic impact on licence fee revenue over the medium and long term

- Estimates for long-term licence revenue as a function of the penetration of labelled product in developed markets (modelled as Western Europe, North America and Japan, for simplicity), and of the MSC’s royalty rate were modelled.
- As an illustration, on a long term cost base of £14m, the MSC could hypothetically be self sustaining by achieving 6% use of MSC’s logo and raising royalty rates to 1%; or by achieving a 16% use of MSC’s logo, at a slightly increased royalty rate of 0.4%.

The most important and unknown variable in estimating potential logo licensing revenue is the proportion of certified product sold without the use of the logo. We will develop an analytical framework that tracks the in-country sales of certified product within the retail and food service sectors, from both better understanding of total imports and a quantitative and qualitative assessment of the products available on individual markets. When such analysis is assessed against our current payers of logo volume royalty, gaps in our revenue collection will be apparent. This will then form the basis of targeted outreach to address this.

In addition to further work required to refine logo revenue estimates, other models of licence fee revenue collection – such as whole chain charging or licensing to non-seafood products – could also be explored. In particular, near term progress in the US, UK and German markets will be key to understanding the commercial potential in markets where the MSC achieves critical mass.

6. MONITORING & EVALUATION

This section provides a framework for tracking the MSC's progress against the key milestones and areas of activity described in previous sections. It is intended both as a means of communicating progress to external stakeholders, and as a tool for internal work planning and performance evaluation.

For the major demand and supply-side milestones outlined in section 3, we have defined Key Performance Indicators (KPI) to capture progress from a staffing perspective, from a market impact perspective, and from a fisheries outreach perspective. These are grouped regionally, in sections 6.1-6.3. The following high level and measurable outcomes/results will be delivered:

- An increase in the MSC-certified share of total (wild-caught) consumption (i.e., an increasing number of certified fisheries globally);
- a clear demonstration of the MSC as the pre-eminent marine eco-label in the UK, Germany and other key markets (proof of concept);
- an increase in the range & volume of MSC-labelled seafood in the European market;
- an increase in the range & volume of MSC-labelled products in North America and other targeted country markets;
- an increase in the proportion of certified volume bearing the label (reduction in leakage, i.e., certified seafood being sold without the MSC label);
- a critical mass of supply for the key species consumed in key markets including the UK and Germany;
- an increase in the domestic supply of certified seafood from European fisheries;
- an increase in fisheries in other key regions world-wide engaged in the MSC program that supply domestic markets as well as export to Europe and elsewhere;
- a significant reduction in average certification times;
- compelling evidence collated of positive environmental and social impact in selected certified fisheries; and
- wide recognition of the improved credibility of the MSC program.
- A significant increase in the overall capacity of MSC's human capital across all functions and geographical locations

The institutional milestones are project-driven, and will be best monitored by tracking progress against project plans, as described in section 6.4.

6.1 Europe

Table 6.1.1: European staffing KPI

	End 2006	**Mid 2007**	**End 2007**	**Mid 2008**	**End 2008**	**Mid 2009**	**End 2009**	**Mid 2010**	**End 2010**
German Commercial Manager	Hired								
German Communications Officer	Hired								
French Commercial Manager	Job spec defined	Hired							
Spanish Commercial Manager	Job spec defined			Hired					
Commercial Assistant - Europe	Hired								
Communications Officer - F/IT/Sp	Job spec defined		Hired						
Communications Director	Hired								
Communications Admin	Hired								
UK Fisheries Manager	Hired								

Table 6.1.2: UK market impact KPI

	End 2006	Mid 2007	End 2007	Mid 2008	End 2008	Mid 2009	End 2009	Mid 2010	End 2010
Number of species certified from top 5	1	1	2	2	3	3	4	4	5
Number of species certified from top 10	1	2	3	4	5	6	7	8	8
MSC certified penetration (est. 9%)	10%	10%	15%	15%	20%	20%	25%	25%	30%
MSC labelled penetration (est. 1%)	1%	2%	3%	4%	6%	8%	10%	12%	15%
Number of top 10 UK retailers committing to MSC	1	1	2	3	3	4	5	6	7
Number of top 10 UK processors with CoC	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	7
Number of top 10 UK food service operators with CoC	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	7
Number of "MSC friendly" newspaper/ magazine articles	Quantify 2005 baseline, and target 20% annual growth								

Table 6.1.3: Germany market impact KPI

	End 2006	Mid 2007	End 2007	Mid 2008	End 2008	Mid 2009	End 2009	Mid 2010	End 2010
Number of species certified from top 5	2	2	3	3	4	4	5	5	5
Number of species certified from top 10	2	2	3	4	5	6	7	8	8
MSC certified penetration (17%)	20%	20%	25%	25%	30%	30%	35%	35%	40%
MSC labelled penetration (est. 7%)	7%	8%	9%	10%	12%	14%	16%	18%	20%
Number of top 10 German retailers committing to MSC	1	1	2	3	3	4	5	6	7
Number of top 10 German processors with CoC	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	7
Number of top 10 UK food service operators with CoC	TBD	TBD	TBD	TBD	TBD	TBD	TBD	TBD	7
Number of "MSC friendly" newspaper/ magazine articles	Quantify 2005 baseline, and target 20% annual growth								

Table 6.1.1 above sets out the key positions to be filled in Europe over the near term horizon. This will ensure that the necessary resources are in place to deliver the aggressive growth targets for Germany and the UK, as well as to set the stage for rollout across Europe over the medium term.

Tables 6.1.2 and 6.1.3 summarise the key milestones that will track market impact in the UK and Germany. These include the measures of MSC-certified penetration and MSC-labelled penetration described in section 3.1.1., as well as KPI reflecting the proportion of top 5 and of top 10 species that are in the programme. A KPI has also been defined to track our performance at garnering the support of leading retailers, using the criteria for "MSC support" proposed in section 4.1.1. A similar framework is proposed for tracking support of major branded processors and food service operators – though the MSC's current position and likely trajectory still need to be determined. Finally, we also propose a KPI for tracking the MSC's profile in the media, which could be expressed as a count of "friendly" references in the press, and should grow at a rate of at least 20% per year.

Work is underway to quantify the MSC's goals for France, Spain, and Italy, and these will be represented through a similar series of KPI.

6.2 United States

Table 6.2.1: US staffing KPI

	End 2006	**Mid 2007**	**End 2007**	**Mid 2008**	**End 2008**	**Mid 2009**	**End 2009**	**Mid 2010**	**End 2010**
Fisheries Outreach Manager	Hired								
Commercial Director	Hired								
Commercial Manager	Hired								
Communications Manager	Job spec defined	Hired							

Table 6.2.2: US market impact KPI

	End 2006	Mid 2007	End 2007	Mid 2008	End 2008	Mid 2009	End 2009	Mid 2010	End 2010
Number of species certified from top 5									
Number of species certified from top 10									
MSC certified penetration									
MSC labelled penetration									
Number of top 10 US processors with CoC									
Number of top 10 US retailers stocking MSC (excl WM/SC)		1	2	3	4	5			
Number of top 10 US food service operators with CoC									
Number of "MSC friendly" newspaper/ magazine articles	Quantify 2005 baseline, and target 20% annual growth								

As in the previous section, tables 6.2.1 captures staffing KPIs for the US. Table 6.2.2 will be further developed and refined – KPIs and milestone targets - following the recruitment in 2006 of both the US Commercial Director and US Commercial Manager. It is anticipated that these appointments will have been made by the autumn of 2006 at the latest.

Specific targets relating to MSC's contribution to delivering Wal-Mart's (and any other US retailer making similar quantified and time bound targets) will also be developed – these are likely to include numbers of suppliers gaining required chain of custody certification to supply certified and labelled product, key supply fisheries moving forward into assessment and so on.

6.3 Asia Pacific

Section 4.1.3 underscored the importance of deepening our understanding of the market opportunity in Japan and in China. The key actions to monitor in this respect are:

- Undertaking a strategy review of the Japanese market, by end 2006.
- Hiring a Japanese Commercial Manager by end 2006/first quarter 2007.
- Concluding the feasibility assessment of an MSC Japan office by mid 2007.

- Undertaking further strategic analyses of key markets in the region lying outside of Japan

These initiatives will determine our specific demand and supply side goals for these markets, what can be achieved by when, what resources will be required, and which KPIs will be required to monitor progress over the near term. Clearly there will be a need to balance resource requirements with the availability of resources dedication to the region. Strategies to address the current gap will remain with the HQ based staff for the immediate future.

While the ISP process has not quantified specific demand and supply-side targets for the Australia office, these can be readily developed from available data as per the European analysis, and should be captured with a similar set of KPI as those proposed for the UK and for Germany.

6.4 Institutional Milestones

The key institutional milestones are project-based, and progress is best tracked against work-plans. These will also play out over a much shorter time horizon than the demand and supply-side milestones described in section 6.3.

In summary, the priority projects and associated milestones are:

Project	**Milestones**	**Timeframe**
Streamlining of FCM to below 12 months	• Case study analysis completed • Options for streamlining identified and assessed • Recommendations finalised and implementation underway	• June 2006 • November 2006 • June 2007
Quality and Consistency project	• Clarification of intent completed • Interpretation specified and guidance issued	• November 2006 • January 2008
Small Scale and Data Deficient Fisheries project	• Interim guidance drafted and new methodologies proposed • New methodologies developed and tested	• June 2006 • November 2006
Environmental Benefits project	• Initial report published • Workshop conducted to confirm scope of Phase 2 of the project	• April 2006 • September 2006
Aquaculture Strategy project	• Market context analysis completed • Options and approach developed and assessed • Implementation planning completed	• June 2006 • October 2006 • January 2007

APPENDIX A – FINANCIAL AND STAFFING MODELS

A1: Cost projections, near term horizon

All data in £'000'

	2005	2006	2007	2008	2009	2010
CEO	258	383	407	407	407	407
Policy	409	819	933	933	933	933
Development	66	144	194	194	194	194
Commercial	279	600	660	779	779	767
Communications	173	453	532	532	532	532
Asia Pacific	197	281	336	336	336	336
Americas	201	365	395	395	395	395
London running	172	217	278	278	278	278
Premises	52	208	253	263	273	273
Total Costs	**1807**	**3470**	**3988**	**4117**	**4127**	**4115**
TOTAL STAFF FTE	18.2	35.7	43.7	45.7	45.7	45.5

A2: Fundraising projections - Base	**2006 - 7**	**2007 - 8**	**2008 - 9**	**2009 - 10**
US Foundations	2034	1995	1855	1900
UK Trusts	430	500	590	610
Euro Foundations	297	305	315	340
Asia Pacific Foundations	100	110	150	150
Corporates	154	200	240	280
GAAs	110	160	170	170
UK Statutory & EU	180	180	80	80
Other NGO	0	0	0	0
HVDs / Events	25	30	50	50
Commercial activities	90	100	110	120
Bank Interest	30	35	35	35
	3450	**3615**	**3595**	**3735**

A3: Fundraising projections - Growth	**2006 - 7**	**2007 - 8**	**2008 - 9**	**2009 - 10**
US Foundations	2034	1990	1860	1950
UK Trusts	430	660	710	755
Euro Foundations	297	325	400	470
Asia Pacific Foundations	100	110	150	150
Corporates	154	210	280	330
GAAs	110	260	330	530
UK Statutory & EU	180	390	410	410
Other NGO	0	50	50	50
HVDs / Events	25	30	70	70
Commercial activities	90	100	130	140
Bank Interest	30	35	35	35
	3450	**4160**	**4425**	**4890**

Note $1.75 rate used for 0607 & 0708. $2 rate used for 0809 & 0910

Appendix B: Indicative staffing and cost, mid/long term horizon

W. Europe (Comml, fisheries & comms)	Medium term (up to 2015-2020)	Long term (beyond 2020)	Production (million MT)	Consumption (million MT)
Spain	3	3	0.9	1.8
France	3	3	0.7	1.8
Italy	2	2	0.3	1.3
UK	3	3	0.6	1.2
Germany	2	2	0.3	1.0
Portugal	0.5	0.5	0.2	0.6
Poland	0.5	0.5	na	0.4
NL/Belgium/Lux	1	1	na	0.6
Scandinavia	1	1	na	0.7
Iceland	1	1	2.0	0.03
Central services	4	4		
Subtotal	**21**	**21**		

E. Europe (Comml, fisheries & comms)	Medium term (up to 2015-2020)	Long term (beyond 2020)	Production (million MT)	Consumption (million MT)
Russia	1	3	3.1	2.8
Ukraine		1	0.2	0.6
Other		1		
Subtotal	**1**	**5**		

Americas (Comml, fisheries & comms)	Medium term (up to 2015-2020)	Long term (beyond 2020)	Production (million MT)	Consumption (million MT)
USA/Canada	6	6	6.9	6.8
Argentina		1	0.9	0.4
Brazil		2	0.6	1.1
Chile	1	1	3.9	0.2
Mexico		2	1.4	1.0
Peru		1	6.1	0.5
Subtotal	**7**	**13**		

Asia Pacific (Comml, fisheries & comms)	Medium term (up to 2015-2020)	Long term (beyond 2020)	Production (million MT)	Consumption (million MT)
Japan	6	6	4.6	8.4
China	2	10	14.3	31.8
India	1	5	2.9	4.9
Indonesia	1	5	4.3	4.3
Korea	1	3	1.6	2.5
Malaysia		3	1.3	1.4
Myanmar		2	1.1	0.9
Philippines	1	2	2.0	2.3
Taiwan	1	2	1.1	0.7
Thailand		4	2.6	2.0
Vietnam		3	1.5	1.5
Australia/New Zealand	2	2	0.8	0.5
Subtotal	**15**	**47**		

Africa/Middle East (Comml, fisheries & comms)	Medium term (up to 2015-2020)	Long term (beyond 2020)	Production (million MT)	Consumption (million MT)
Egypt		1	0.4	1.0
Ghana		1	0.4	0.6
Nigeria		1	0.5	0.9
Regional		2		
Subtotal	**0**	**5**		

	Medium term	Long term
Total commercial, fisheries & comms	**44**	**91**
Ratio of commercial, fisheries & comms staff to total staff	**58%**	**58%**
Estimated total staff	**76**	**156**
Estimated total cost (£million, real)	**6.9**	**14.1**