

**DRAFT FOR DISCUSSION****GOVERNANCE REVIEW 2.0:****FIRST SET OF ACTIONS TO IMPLEMENT THE RECOMMENDATIONS****As agreed at BM81 in Hanoi, Vietnam****Background**

Phase 2 of the Governance Review (GR2.0) was initiated in early 2018 as an initiative to implement Motion 2017 69. It was a follow up to the first Governance Review undertaken by the Governance Review Working Group in the lead-up to the General Assembly in 2017.

GR2.0 was undertaken by Andreas Reinhardt of the University of Magdeburg in Germany together with a team of researchers from Magdeburg and from the Feevale University in Brazil. The researchers surveyed and interviewed more than 2 000 of FSC's stakeholders between March and December 2018 and delivered their final report to the FSC board in early June 2019.

In preparation for discussions at board meeting 81 (BM81) in August, the Board Governance Committee (BGC) discussed the GR2.0 report and proposed a set of immediate follow-up actions to the full board for discussion and approval.

Based on the input from BGC, the board approved a set of follow-up actions to GR2.0 for the secretariat to include in the preparation process for the 2020 GA.

The board requested the BGC to ensure that the action proposals are made available to the membership for discussion at the upcoming Regional Members' Meetings (RMM), together with the report of the GR2.0 itself and any additional material deemed necessary by BGC.

The current paper describes the approved follow-up actions to GR2.0, and Annex 1 provides references to the specific recommendations of GR2.0 that the actions are meant to implement.

Finally, the board requested BGC to continue its work on the governance review and to report back at BM82 in November 2019 on its own deliberations and on the discussions at the RMM, as basis for further board discussions and decisions on the preparations for the General Assembly (GA) 2020 on governance issues, including possible governance motions to be proposed by the board.



## **1. Improved membership communications**

The surveys and interviews of the Governance Review showed a very strong wish from all sides to be better informed about FSC's structures and governance, and about the work and achievements of the FSC board and the secretariat. There was also a strong wish for the development of new tools to enable member engagement, discussion and influence related to FSC's work.

The board agreed to request the FSC secretariat to develop new, simple materials to explain key issues around FSC's structure and governance, responding to the specific ideas put forward in the GR2.0 report. The board also requested the secretariat to ensure that the new FSC Members' Portal and the GA website become interactive with good opportunities for members to engage and discuss. The upcoming discussions about the update of the Global Strategic Plan and the motions for the GA in 2020 should be used to test new tools and ideas for membership engagement and interaction.

**Timeline:** Ongoing with delivery before the 2020 GA.

**Responsibility:** FSC Secretariat.

**GR2.0 Reference:** A4, A7 -Slide 19 | A11 -Slide 23 | C6 -Slide 39 | D3 -Slide 45 | D7 -Slide 48 | D8 -Slide 49 | IM1 -Slide 53 | IM6 – Slide 57 | IM16 -Slide 63 | IM18 -Slide 64 | IM20 -Slide 65

**Need for motions:** No

## **2. Motions process**

GR2.0 proposes a more stringent motions process to ensure that motions that make it to the GA are clear and understandable and add value to the mission and strategic objectives of FSC. In addition, GR2.0 raises the question of developing ways to correct approved motions if an analysis after the GA gave a clear justification for doing so.

The board noted that the GA preparation process as designed for the 2020 GA, including the ToR of the Motions Committee, already reflect some of the proposals to ensure a more stringent motions process. The board expects that this will reduce many of the concerns raised by members in the governance review.

The board did not agree with the idea to open new opportunities for correction of motions after approval. Instead, the board underlined the importance of ensuring good impact analysis of proposed motions before the GA and requested the Motions Committee and the secretariat to propose new ways to undertake this work as a basis for the membership to take informed decisions.

**Timeline:** Ongoing in the Motions process towards the 2020 GA. Board to work on motions analysis and prioritization.

**Responsibility:** Motions Committee and board, supported by the secretariat.

**GR2.0 Reference:** A5, A6 -Slide 19 | A8, A9 -Slide 20 | A10, A12, A13 -Slide 23

**Need for motions:** No.



### **3. Working Groups (WG)**

In the surveys and interviews undertaken by GR2.0, many members and stakeholders indicated that they lack information about WG processes in FSC, and that they think these processes are often not well-managed and lack the involvement of necessary expertise.

The board requested the secretariat to ensure better, generic information to the membership about WG processes, including what is currently best practice. Further, the board requested the secretariat to incorporate the ideas raised in the governance review (including phase 1) in the planned review and revision of FSC-PRO-01-001 on the Development and Revision of FSC normative documents.

The board also underlined the importance of ensuring translation in WG processes whenever needed but did not agree with the GR2.0 proposal for Spanish-first Working Groups.

**Timeline:** Generic information on WG processes shared in 2019, revision of FSC-PRO-01-001 well underway before the GA.

**Responsibility:** FSC Secretariat.

**GR2.0 Reference:** B1, B2, B3, B4 -Slide 26 | B5, B6, B7 -Slide 27 | B13 -Slide 32

**Need for motions:** No

### **4. Improved transparency**

GR2.0 showed a clear sense among members and stakeholders that FSC is lacking in transparency in many areas. This also linked to the approved motion 67, 2017 on the establishment of a system for internal audit in FSC.

The board requested the secretariat to implement its plans for improved transparency in three areas as part of the preparation process for the 2020 GA:

- Membership information sharing and engagement, including through the new Regional Member Coordinators
- Improved information on progress on the Global Strategic Plan (GSP) and Motion Implementation, including through the Members Portal and the GA Website, and
- Improved information on operational key developments, including finances and status of policy and standard development processes

**Timeline:** Ongoing after BM81. Visible results to be achieved before the GA.

**Responsibility:** Board Finance Committee (BFC) together with the FSC secretariat and BGC.

**GR2.0 Reference:** D1 -Slide 44 | D2 -Slide 45 | D4 -Slide 46 | IM17 -Slide 64

**Need for motions:** No, but an update is needed on the efforts to implement Motion 67, 2017.



## **5. National / international member communications**

GR2.0 notes that the current set-up, where many FSC Network Partners have national members in addition to the international membership, creates confusion and contributes to a lack of clarity in terms of who makes what decisions and receives what information in FSC.

The board requested the FSC secretariat to work with BGC to develop easy to understand information material about the difference between national and international membership. At the same time, the board agreed to continue to engage with members of national boards, considering them parts of FSC's governance, irrespective of whether they are national or international members. The board agreed to work to improve communication and dialogue and analyse the results of these efforts, before re-opening big discussions about whether to change the current system.

**Timeline:** Ongoing after BM81. Visible progress in terms of clear information and dialogue expected before the GA.

**Responsibility:** FSC Secretariat with BGC

**GR2.0 Reference:** C1, C2 -Slide 36 | C3 -Slide 37 | C4, C5 -Slide 39

**Need for motions:** No.

## **6. Regional engagement and strategy**

GR2.0 proposes that FSC clarify the strategy for each of its three layers: national, regional and global. Part of the background for this recommendation is the fact that FSC has three operational layers – national, regional and global – but only two governance layers – national and global. This creates confusion in terms of where and how strategies are developed and implemented, particularly for the regional level.

To diminish the current confusion about strategy development for the regional level, the board clarified that the overall strategic direction and priority-setting at the regional level is part of the mandate of the international board. Overall strategic direction for the regions will be included in the updated Global Strategic Plan, which will be consulted with the members globally and in the regions, and finally approved by the board. Based on this strategic direction, it will be the task of the secretariat, through the Regional Offices, to develop regional, operational priorities.

**Timeline:** To be included in the Update of the Global Strategic Plan in the process towards and at the GA.

**Responsibility:** Board, supported by the Board Strategic Planning Committee (BSPC) and the secretariat.

**GR2.0 Reference:** B9 – Slide 29 | C7 -Slide 40

**Need for Motions:** No



## **7. Engaging Certificate holders (CH)**

GR2.0 notes that CH are the ones implementing the decisions of the membership but have little engagement in – or understanding of – the decision-making process in FSC.

The board underlined that some CH are also members and thereby already involved in the decision-making processes inside FSC. Nevertheless, the board agreed with the importance of increased communication with certificate holders about developments in FSC and requested the secretariat to develop proposals for how this could be improved.

Among the CH, the board wanted to focus mostly on forest owners and managers, who are the group most strongly effected by membership decisions related to FSC policies and standards. The board noted that there are already attempts to engage forest owners and managers in discussions in FSC through the forest type meetings that have been established for boreal forests, tropical forests and plantations. However, these meetings are also open to representatives of other chambers and do not function as forums for separate dialogue.

The GSP, success criteria 1.3.7, requests that ‘A permanent mechanism for gathering and incorporating feedback from certificate holders is established, including a specific mechanism for forest management certificate holders’. The board is open to ideas for how this could be done and will discuss this in a future meeting before the 2020 GA.

**Timeline:** Ideas to be developed and discussed before the 2020 GA.

**Responsibility:** FSC Secretariat with the board.

**GR2.0 Reference:** A1 -Slide 18 | B10 -Slide 40 | B15 -Slide 33

**Need for motions:** No

## **8. Membership allocation criteria**

Motion 62 from 2017 demands that “A membership protocol shall be in place to guide the Board’s decisions on whether a Member should be assigned to the Economic, Social or Environmental Chamber.” The motion is currently being implemented and will lead to a set of proposals to the board this year.

The board requested the secretariat to ensure that information on the criteria for membership allocation is easily available to the membership, The board also requested the secretariat to ensure careful analysis of the chamber allocation at the time of approving a membership, and to carry out additional checks of the chamber allocation in situations where individual members run for positions inside FSC International, for instance a Working Group, a board committee or the board itself.

Finally, the board requested the secretariat to present a proposal for new membership allocation criteria to the board for decision. If needed, based on the board’s conclusions, it will propose a motion to revise the membership allocation criteria defined in the Statutes.

**Timeline:** Proposals to be developed and discussed before the 2020 GA.



**Responsibility:** Secretariat to provide input to the board for decision.

**GR2.0 Reference:** IM6, IM7 -Slide 57 | IM8 -Slide 58 | IM9 -Slide 59

**Need for motions:** Yes, in case the board proposes a change to the membership allocation criteria set out in the Statutes.

## **9. North-South distinction**

The Statutes oblige the FSC board to “decide on a set of intergovernmental criteria, such as the United Nations or World Bank’s classification, to differentiate organizations and individuals between North and South” (FSC Statutes, Clause 19). Based on a board decision from 2017, this rule is currently not implemented, because it hasn’t been possible to find a set of criteria that provided results that were acceptable to important groups of members and stakeholders. GR2.0 proposes to accept some flexibility to deviate from the fixed rule, or to engage external experts in the attempt to find a classification that works for FSC.

The board did not agree to allow deviations from an agreed set of rules but requested the secretariat to engage with external expertise to find a solution to the problem. The board indicated that it would be open to new ideas to resolve this issue and will discuss further in future meetings before the 2020 GA.

**Timeline:** Proposals to be developed and discussed before the 2020 GA.

**Responsibility:** The secretariat to provide input to the board for decision, the board to consider a statutory motion if needed.

**GR2.0 Reference:** IM2, IM3 -Slide 53

**Need for motions:** Yes, in case the board proposes to deviate from the system of using an internationally recognized classification system.

## **10. Issues to cover through GSP Update**

Some recommendations of the Governance Review will be taken into the process to update the GSP. This includes issues like clarifying what is (not) FSC’s core mission, clarifying strategy in regions, reviewing the approach with CHs (and governments), and giving a voice to CHs.

**Timeline:** The updated GSP will be developed in 2019 and 2020 and discussed at various FSC meetings, including the GA, and sent into wide consultation, for subsequent board approval.

**Responsibility:** The BSPC to work with the secretariat to provide drafts for board approval.

**GR2.0 Reference:** B8, B9 -Slide | 29 B10 -Slide 30 | B15 -Slide 33

**Need for motions:** No

**ANNEX 1: FIRST SET OF ACTIONS TO IMPLEMENT THE RECOMMENDATIONS:** Reference of proposals to the recommendations of GR2.0

**ANNEX 1: GR 2.0 FIRST SET OF ACTIONS TO IMPLEMENT THE RECOMMENDATIONS**

GOVERNANCE ACTION PACKAGE	GR2.0 REFERENCE	GR2.0 ACTION PROPOSAL	DEADLINE
<b>Improved membership communications</b>	A4, A7 -Slide 19	Develop tool for members to discuss and influence policy	August, ongoing
	A11 -Slide 23	Improve Motion Status communication	August, ongoing
	C6 -Slide 39	Explain FSC’s layers and their roles simply and publicly	October, ongoing
	D3 -Slide 45	Simplify information sharing	August, ongoing
	D7 -Slide 48	Improve utilization and awareness of Board Manual	August
	D8 -Slide 49	Improve comms. on split of roles and responsibilities (BoD)	August
	IM1 -Slide 53	Clarify sub-chamber system and inform stakeholders	August
	IM6 -Slide 57	Inform about and clarify chamber allocation criteria	October
	IM16 -Slide 63	Improve education and information sharing on FSC’s governance	October
	IM18 -Slide 64	Try new tools to facilitate engagement and share targeted information	2020
IM20 -Slide 65	Develop BoD code of conduct for individual complaints by IMs	2020	
<b>Motions Process</b>	A5 -Slide 19	Improve motion guidance through reviewed motion criteria	Ongoing to GA 2020
	A6 -Slide 19	Redirect Member concerns away from motions	Ongoing to GA 2020
	A8 -Slide 20	Fill “prioritized motions slots” well in advance of GA	Ongoing to GA 2020
	A9 -Slide 20	Better define Motions Committee role	Done
	A10 -Slide 23	Allow (limited) post-voting corrections	To be discussed
	A12 -Slide 23	Guide Secretariat’s prioritization of motions	After GA 2020
	A13 -Slide 23	Perform impact assessment of approved motions	After GA 2020
<b>Working Groups</b>	B1 -Slide 26	Improve the composition of WGs	Before GA 2020
	B2 -Slide 26	Provide information and feedback on selection process	2019
	B3 -Slide 26	Promote Spanish as an official language	Done
	B4 -Slide 26	Increase transparency of WGs	2019
	B5 -Slide 27	Introduce project management (tools)	Before GA 2020
	B6 -Slide 27	Develop lessons learned in WGs	Before GA 2020
	B7 -Slide 27	Consider mandatory experts on WGs	Before GA 2020
	B13 -Slide 32	Risk-based decision-making on FSC Normative Framework (process and deliverables)	Before GA 2020



GOVERNANCE ACTION PACKAGE	GR2.0 REFERENCE	GR2.0 ACTION PROPOSAL	DEADLINE
<b>Improved transparency</b>	D1 -Slide 44	Implement Internal Audit in a way that helps the secretariat	Before end 2019
	D2 -Slide 45	Design a performance evaluation system for FSC as an organization	Before end 2019
	D4 -Slide 46	Make workload for staff and its performance visible	N / A
	IM17 -Slide 64	Establish a reliable process management culture	Ongoing
<b>National / international member communications</b>	C1 -Slide 36	Redirect NMs away from BoD	BM81 -August
	C2 -Slide 36	Explain to NMs how they can affect international decisions	BM81 -August
	C3 -Slide 37	Use & strengthen tools to link FSC Int'l with local level	Ongoing
	C4 -Slide 39	Create guide on applying for int'l vs. nt'l membership	August
	C5 -Slide 39	Rethink division between IM and NM	After 2020
<b>Regional engagement and strategy</b>	B9 -Slide 29	Clarify strategy in regions	End of 2020
	C7 -Slide 40	Outline FSC's strategy for its 3 organizational layers	BM81 -August
<b>Engaging Certificate Holders</b>	A1 -Slide 18	Consider input from non-IM stakeholders	Before GA 2020
	B10 -Slide 29	Review approach with CHs (and governments)	Before GA 2020
	B15 -Slide 33	Give voice to CHs	Before GA 2020
<b>Membership allocation criteria</b>	IM6 -Slide 57	Inform about and clarify allocation criteria	October
	IM7 -Slide 57	Increase the role of the membership in the allocation process	N / A
	IM8 -Slide 58	Let membership decide on strategic approaches to selected categories	GA 2020
	IM9 -Slide 59	Increase checks on member allocation where possible with reasonable effort	Immediate
<b>North – South distinction</b>	IM2 -Slide 53	Make case-by-case exceptions for country allocation	N/A
	IM3 -Slide 53	Use alternative indices for north/south distribution	Before end 2020
<b>Issues to cover through GSP Update</b>	B8 -Slide 29	Clarify what is (not) FSC's core mission	Before end 2020
	B9 -Slide 29	Clarify strategy in regions	Before end 2020
	B10 -Slide 30	Review approach with CHs (and governments)	Before end 2020
	B15 -Slide 33	Give voice to CHs	Before end 2020