

Building one global FSC organisation (Motion 8)

Over the past decade FSC, the world's most successful certification scheme, has experienced a rapid and organic growth in almost all parts of the world. The number of certificates has gone from a few thousand to over 27.000 certified companies globally. Simultaneously the FSC as an organisation has undergone the same organic growth with national initiatives building and developing FSC offices and representation emerging where there was a need for or interest in it.

There is no doubt that FSC has achieved success to date, through the support and engagement of many members, stakeholders, staff and network partners. However, the consensus is that there is much more to be done. Deforestation and degradation continue at a pace that will create problems for all members and stakeholders alike. To make a quantum leap, FSC will require new ways of thinking and operating, as well as significant additional resources.

One Global FSC Organisation

FSC has grown organically, and this has, on the whole, worked well to date, with national offices, which are independent from the international FSC organisation.

However, given the rapid growth in certified companies across multiple markets, there is an urgent need to change this slightly random establishment of FSC organisations to transform into a stronger, strategic and more coherent organisation, with aligned capacities and service delivery wherever there is a need for it.

The Annual Administration Fee (AAF) was originally established to support FSC's core services to its members and clients, the Certificate Holders (CH). It is used for the development of policies and standards, for support to the multi-governance mechanisms, for trademark protection and market development of FSC labeled products and to support the FSC Network Partners around the world. With a growing system, the current AAF income is insufficient to deliver the required level of professional services.

At present, the AAF is FSC's main source of income. The revision of the AAF Policy will help to enable FSC and its national offices to service its Certificate Holders, Certification Bodies and stakeholders. In the coming years, the Global FSC organization will also diversify its income sources, e.g. through a stronger donations strategy and researching the benefits for FSC from an Investors Fund.

Change requested by the members

At the General Assembly in Kota Kinabalu, Malaysia in 2011, the FSC Members called for FSC to conduct a strategic review of current and future capital and operational needs across the FSC global network (International Centre, Network partners and Regional Offices), including elements related to decentralization, the role of Regional Offices and how to ensure overall good governance and accountability throughout the Network.

The analysis would include a review of FSC's existing and potential earned income sources (and pricing) as well as current and potential global and regional charitable revenue sources.

In the implementation of the motion, FSC engaged the management consultancy team of Price Waterhouse Coopers (London) and Sustainability, Ltd. In collaboration with FSC staff from all over the world, they investigated the actual status of the FSC organisation on a global, regional and national level in terms of finance, capacities and service delivery capacity. The key objective was to identify how FSC as an organisation can and should best support the growth of certification while maintaining a high level of professionalism, service delivery and integrity in doing so.

A strong globally relevant organisation is key

PwC/Sustainability confirmed that, in order to support continued growth and service delivery towards certified companies, FSC needs to channel more funds into regional and local market development, capacity building in the global FSC network of regional and local offices, and risk management.

In the existing FSC Group, the needs are growing. The FSC Network is critically under-resourced. Even to maintain the current level of network engagement in FSC, income streams must grow substantially, let alone if we want to *grow* in crucial countries where we are not yet represented.

The work ahead

FSC's goal is now to ensure that FSC as a global organisation is equipped to meet the growing need for support from certified companies, forest owners, NGOs and other stakeholders.

One of the conclusions drawn from the work already done was that FSC will make far greater progress towards its mission by transitioning from organic to strategic growth and development. Transition will require FSC to:

- Think and operate as *One Global* Organization, complementing the strength of being locally adapted
- Be more service-oriented in those aspects of the organisation's work which are all about providing a service
- Have different ways of engaging in local contexts that are appropriate to the FSC values as well as the situation on the ground
- Develop transparent systems and processes to underpin decision making in order to maintain the trust, confidence and commitment of diverse stakeholders

In order to lead this work, FSC's Director General, Kim Carstensen, formed an advisory group of representatives from national and regional offices globally, certification bodies and the FSC Senior Management Team. During the next period this group will work intensively in ensuring implementation of the agreed recommendations of PwC and Sustainability into the FSC organisation and thereby ensuring the development of a stronger, more capable delivering better value than ever before. As an example, different ways of local engagement will be developed into the FSC family, such as sub-regional coordination (e.g. in Africa) and direct relations between FSC International and national offices (e.g. in China and Indonesia).

Encourage growth and manage risks

The process will also include a change to the current distribution model for revenues between FSC International and the Network Partners, implementation of which will begin in January 2014 and gradually build over the coming years. Simultaneously, work will be undertaken to ensure that existing national offices and other forms of national representation will have similar capacity to deliver services across regions and countries.

In addition it will be the role of the advisory group to advise on ways in which FSC should invest strategically to deal with certification risks in important countries, and to build momentum in undeveloped or underdeveloped markets around the world, particularly in the tropics.