WORKSHOP "Dealing with demands for proof of impact"

19 November 2015, Bonn

Workshop report

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Background

The Wageningen University research program *Next Generation Governance Arrangements for Sustainable Global Value Chains* is aimed to contribute to a better understanding of legitimate and effective solutions for sustainability challenges as faced by Voluntary Sustainability Standards (VSS) in global production and consumption processes. It builds upon the premise that if sustainability challenges are properly addressed, these systems can move up to becoming part of "next generation" solutions for a better future. The program identifies and addresses three key interrelated challenges in the governance of global value chains (GVCs): i) the demand for proof of impact, so that VSS perform according to their sustainability ambitions; ii) the call to improve transparency and traceability of GVCs; and iii) the need to create synergy and innovative linkages between non-state actors/coalitions and governmental authorities.

The research program is a collaboration between three chair groups from Wageningen University: Public Administration and Policy group (PAP), Forestry and Nature Conservation group (FNP) and Environmental Policy group (ENP). The three challenges are investigated by a post-doc researcher, Hilde Toonen (based at ENP, studying the first issue of showing impact) and two PhD researchers, Margreet Brinxma (based at FNP, diving into the theme of transparency and traceability) and Jonna Gjaltema (based at PAP, focusing on public-private synergies). The program is led by Katrien Termeer, professor in Public Administration and Policy. A consortium of 12 international partner organizations is supporting the research, by in-cash/in-kind funding and by active involvement.

The research team and the consortium partners consider it of utmost importance to create opportunities for mutual learning between academics and practitioners, and to make sure experience and knowledge from professional experts is integrated in the research. Therefore, the research team will organize four workshops over the four-year life span of the program. The first three workshops will be specially tailored to the themes of the challenges mentioned above, and the fourth (and last) event will be a design workshop. For the workshops, both consortium partners as a broader range of stakeholders are invited to participate.

This report gives account of the first workshop, entitled "Dealing with demands for proof of impact", which was focused on the first challenge. The workshop was an one-day meeting held in Bonn on Thursday November 19, 2015. It was hosted by the Forest Stewardship Council (FSC), and co-chaired by Marion Karmann, FSC's Monitoring and Evaluation programme manager, and Bas Arts, chair of the FNP group of Wageningen University. This report gives a summary of the discussions, based on the notes taken by the Wageningen research team.

Workshop program

The following program served as guidance for the day:

9.00:	Welcome by the Forest Stewardship Council (Marion Karmann)
9.05:	Introduction (Bas Arts)
9.20:	Presentations about the FSC's current issues and challenges
10.50:	Break
11.00:	Part 1 of the workshop (morning session)
13.00:	Lunch
14.00:	Part 2 of the workshop (afternoon session)
16.00:	Break / End for non-consortium members
16.30:	Consortium meeting (Katrien Termeer)
17.30:	Wrap-up / end

Introduction

The day kicked off with a word of welcome by Marion Karmann, on behalf of the Forest Stewardship Council (FSC). She gave the floor to Bas Arts, who - after a short introduction round - elaborated on the background and the focus of the research program.

The program *Next Generation Governance Arrangements for Sustainable Global Value Chains* is funded by the Netherlands Scientific Organization (NWO) under their "Smart Governance" theme. Five Dutch research teams were granted funding for research in the domain of the transition towards more efficient and smart forms of organization and governance. Part of NWO's requirements was to include external, non-academic partners within a consortium, which should make an actual (in cash and in kind) contribution to the research. In the Wageningen research program, there are twelve consortium partners: *Planbureau voor de Leefomgeving* (PBL Netherlands Environmental Assessment Agency); *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ); Forest Stewardship Council (FSC); International Trade Centre (ITC); International Union for Conservation of Nature the Netherlands (IUCN NL); ISEAL Alliance; Marine Stewardship Council (MSC); Oxfam Novib; Pacifical; Rainforest Alliance; Round table for Sustainable Palm Oil (RSPO); and UTZ Certified. The overall program started in January 2015, and will run until mid-2019. The research team consists of and six senior researchers, Katrien Termeer, Otto Hospes, Peter Oosterveer, Simon Bush, Esther Turnhout and Bas Arts, one post-doc fellow, Hilde Toonen, and two PhD researchers, Margreet Brinxma and Jonna Gjaltema. Unfortunately, both Esther Turnhout and Margreet Brinxma were not able to join the workshop.

The focus of the research program is on private governance arrangements, certification schemes in particular. Arts shortly pointed to the conditions under which such schemes emerged about two decades ago. Due to inabilities and even failure of states to steer towards more sustainability in forestry, agriculture and fisheries, new non-state arrangements stepped in a governance gap, drawing on a market-based approach to facilitate sustainable supply chain management. Private actors, often coalitions between market parties and non-governmental organizations, started to develop Voluntary

Sustainability Standards (VSS), and especially those highlighting independent certification are now widely celebrated. However, VSS face challenges as well, also those based on third-party certification. The main premise in the research program is that actors working with VSS need to address these challenges in order to keep legitimacy as governance arrangements. Three main challenges are considered to be of key importance, and therefore at the core of our research program. These are questions concerning: 1) performances of VSS; 2) transparency/traceability; and 3) public-private synergies. The research program aims to investigate how to address these challenges, and to take lessons for the future. In the end, the objective is to come up with a design (or design principles) for "next generation" arrangements.

Regional focus for empirical work on the production side of value chains is South-East Asia. In general, the program focus is on the comparison of three value chains (palm oil, timber and seafood). Arts explained that the research is designed to go beyond a chain-based focus, which has been a dominant approach in many studies. The three challenges are taken as point for departure for the projects which are the heart of the research program,. The first project is a post-doc study, focusing on the assessment of capacities and performances of VSS. This project is carried out by Hilde Toonen (50%, Dec 2015-2018). Her support team within the program are Katrien Termeer, Bas Arts, Peter Oosterveer and Simon Bush. In project 2, Margreet Brinxma investigates the question how to understand improvements in transparency and traceability (full-time PhD project, Feb 2015-2019). Her promotors are Bas Arts, Esther Turnhout and Simon Bush. In the third project, Jonna Gjaltema will study the emergence of hybrid arrangements, so what are public-private interdependencies in governing sustainable global value chains (full-time PhD project, Nov 2015-2019). Her promotors are Katrien Termeer, Otto Hospes and Peter Oosterveer.

The program is organized in such a way that the three projects also have a sounding board, which is a small group of consortium partners with whom the researchers can discuss their ideas. Moreover, the research team and all consortium partners sit together twice a year, to discuss progress and work on a good fit between the research and questions arising in the partners' practices. These meetings are also aimed to facilitate the creation of useful deliverables. Next to these consortium meetings, every year a workshop is organized, drawing on the involvement of broad range of stakeholders. This workshop is the first of four; the second workshop (Fall 2016) will be about the study on transparency and traceability; the third (2017) on public-private synergies; and the final event will be a design workshop. The research team is committed to deliver scientific publications as well as professional publications, policy briefs, and online output such as blogs and information on their website.

Arts emphasized that the research team very much appreciates the friendly reception and hosting by the Forest Stewardship Council, and also that all participants have been willing to come to Bonn, saying thanks for coming to FSC's headquarters and wishing everybody an interesting day. He opened the floor for the presentations by FSC's staff on their current work.

Presentations by the Forest Stewardship Council

Thomas Colonna from FSC's Quality Assurance Unit gave a presentation about their dispute resolution system. He outlined that for the FSC it is considered best that if stakeholders have a concern, this complaint has to be dealt with at the lowest possible level. If an issue cannot be resolved with the company, then the certification body (CB) should deal with the complaint. However if a CB cannot resolve the issue, then Accreditation Services International is in charge. In practice, many stakeholders go directly to FSC, while they should start at the lowest level. Colonna explained that it has been an effort for the FSC to push them back to the lower level, and there issues are then often resolved. However, a main task of FSC is that the trade mark license agreement has to be signed by certificate holder, implying a direct relationship between FSC and certificate holder to fulfil FSC's basic principles. So if a certificate holder violates these principles, FSC can decide to terminate the association. For FSC, there are six unacceptable activities:

- Illegal logging
- Violation of traditional and human rights
- Destruction of high conservation values
- Significant conversion of forests to plantations
- Introduction of GMOs
- Violation of any of ILO core conventions.

Colonna stated that most of the work concerns disputes and complaints regarding these 6 activities. FSC International draws on the FSC-PRO-01-009 Procedure of complaints. Regarding complaints on the policy of association, there is an outline set for an independent evaluation. A complaints panel is installed, consisting of three experts who have to be accepted by both parties. After several months of investigation, the complaints panel makes a report, yet the FSC board of directors has the final decision on the complaint. This decision can be to either maintain the relationship with the organization, or terminate the relationship. On a yearly basis, 2 to 3 complaints are received but is increasing. This mechanism was put in place in 2009, and now there are six ongoing cases. The difficulty is that policy of association is not auditable, monitoring is not possible. It is based on self–declaration of non-involvement in certain unacceptable activities. It always applies to a certificate holder, and is also applicable for associates and other operations of the certificate holder. Colonna discussed various examples, such as GP vs. Danzer which was about the negative impact of company in the DRC, leading to termination of the association but conditions were formulated to reengage association. This had a big impact, not only on the company but also on the Congo basin. Other examples are: Global Witness vs. DLH; Global Witness vs. VRG;Building and Woodworkers Association vs. BILT.

Current projects are based on compliance, meaning that mostly a certification body decides who wins complaints, leading to winners and losers. A framework is set up for mediation by FSC's national offices, in order to prevent escalation of complaints to the international level. Also, FSC International is working on the revision of FSC policy for Association, and developing an adequate due diligence system. Answering to the question from the audience on how innovative/ new this system is, if compared to

other complaints systems of other standardization bodies, Colonna said that they are not too familiar with the other complaints mechanisms, but there is contact and exchange with for example the RSPO.

Stefan Salvador is Director of the Quality Assurance Unit elaborated on the emergence of the Quality Assurance Unit with the FSC. The unit is quite young, and was established because of concerns about the quality of certification on the ground and the integrity of certain product claims. Also the work on quality assurance was distributed across various units, and there was no specific point in FSC in which the responsible for quality of services provided by the accreditation body (ASI) was anchored. The main objective of the unit is to develop and implement strategies and activities to ensure high level of quality in the implementation of FSC certification on the ground. It does so by focusing on the prevention and follow up problems and product level (supply chain integrity and dispute resolution); by ensuring FSC system provides intended outcomes and complies with best practices (monitoring and evaluation and ISEAL conformity); by defining and monitoring quality parameters for service providers (ASI performance, training systems for auditors accreditation body).

The work of the unit is linked to different parts of FSC: FSC global development (for profit), FSC International Centre (nonprofit; policy development), ASI (accreditation). Its Supply Chain Integrity Programme is an overall integrated programme. A new initiative herein is the FSC Online Claims Platform (OCP), a cloud-based internet platform which keeps track of all claims. The current system is paper-based and looks only to invoices, but this can be misused to circumvent chain of custody. Salvador pointed out that there is opposition by companies, due to data security concerns.

FSC's Strategic Plan 2015-2020 shows that there is strong commitment to greater emphasis on system integrity and credibility, but then there is a need for policies that are more streamlined, outcome-oriented and risk-based. However, there is a dilemma, how to balance all demands, so developing a more credible, but also a more simple, and at the same time a more effective system. At the moment, there are 8 projects, for example on developing incentives to use OCP, for example by uploading information, a certificate holder might face less pressure from verification audits. In that way, FSC is moving to a transaction verification which is more based on risks: if a producer falls in highest risks category, they have to verify 100 percent. FSC is facing the problem of competition-sensitive information, e.g. information on amounts is seen as a business secret. This led to the question whether there is some learning from other commodities, such as meat regulation. In that sector, everything is disclosed. The main difference is that if it comes to food security, there is more stringent state regulation.

Rob Ukkerman, Manager Quality Assurance and Benchmarking, started his presentation by outlining the specifics of the FSC's certification processes. In Forest Management certification, the FSC sets standards for responsible management of forest and plantation, principles and criteria are translated into indicators at the national level. For Chain of Custody certification, there are global criteria. Assurance is safeguarded through the chain. At present, 1350 Forest management certificates, and 29.700 CoC certificates are handed out. There are more than 40 Certification Bodies, which are accredited by Accreditation Services International (ASI). ASI is an accreditation body, established in 2006 to provide

accreditation services for the FSC, now also for other sustainability standards system, such as MSC, RSPO, RSB, and ASC. Its membership is open to multi-stakeholder standards. ASI is a full member of ISEAL. ASI is headquartered in Bonn, and had 33 assessors in the field. CBs are credited for 5 years and are evaluated every year. ASI carries out 500 assessments annually, on basis of desk reviews, office assessments, witness and compliance assessments (field work). In a witness assessment, the assessor of ASI joins CB for audit. Ukkerman stated that this approach has some weaknesses, because it was found that when CBs are joined by ASI, the CBs tend to be stricter, be better prepared, schedule more audit time, and bring forward their best auditors. However, the strength of the approach is that it is a good way to determine auditor competences in practice and to see how implementation of CB procedures works out in the field. At the moment, ASI is developing a risk-based audit system (RUBRIC). It will quantify CB-specific risks based on performance, and result in an approach in which the classification of higher risks leads to more ASI oversights, and if there are low risks, less oversight by ASI is needed.

ASI seeks conformity with other benchmarks, and discuss these efforts within ISEAL. Examples are:

- Sustainability Standards comparison Tool (developed by GIZ, ISEAL, ITC)
- Standards Map (ITC)
- Timber public procurement schemes (NL TPAS)
- Public procurement for biomass for coal fired plants.
- WWF Forest certification assessment tool.

Ukkerman stated that all of these assessments are based on document review but do not deliver checks on actual performance. There was a question about how ASI is financed: normally CBs pay for their accreditation by ASI.

Luca Costa is key account manager at the Business Development Unit, which is aimed to help companies to get the best from FSC certification. They work on establishing and maintaining relationships with key companies, and towards solutions for businesses, based on market intelligence. It is considered that collection and analyzing data is of key importance in furthering business for sustainable timber. A major task is to filter relevant information, and to monitor relevant trends and identify those indicators which can help to prioritize topics and industries which are most relevant. However, some information is simply lacking, it was just recently that a rough estimation of total amount of FSC certified wood was made for the first time.

Current attention goes to informing decision making processes inside FSC, and the focus is on delivering results in a good way, so to deliver reliable, accurate, and up-to-date information. Costa highlighted a main challenge the unit is facing: there is limited capacity (IT resources like software, and human resources) while the FSC's world is huge (many industries, global reach, many market related issues). In order to structure information, the unit works with a matrix distinguishing between inside and outside information; and primary and secondary information. Costa presented a SWOT analysis which the unit had carried out. A key strength is the FSC's internal database, weaknesses are, as mentioned, IT and HR capacity, but also that not all internal data is easily accessible, and that there is a wide range of different

topics and areas. Opportunities are found because the internal database is more and more used, and there are potential other sources as well as a good network of potential external providers.
It was asked what kind of numbers the unit is collecting? Costa replied that there is for example no information on how much certified products are in retail, this is something that they try to estimate. A follow-up question was whether FSC has information on the Sell through rate, but this is not known in the timber sector.

Gordian Fanso is Policy Manager on National Standards and gave a presentation about FSC's approach to address landscape level issues, using national standards. National standards are the documents used in the field for certification, its focus is on forest management level. Hence, FSC does not do certification on landscape level, but there is a growing attention for the question of impacts on the landscape level, and a need for a broader scope. It is assessed whether and how FSC requirements take landscape level issues into account, by looking at the scope of application of FSC principles and criteria (FSC principles and criteria cover also ecosystem services for example). From a legal perspective, it has be noted that FSC complements, not supplants, existing legislation. FSC principles and criteria are to be used in conjunction with international, national and local laws and regulations, which play a crucial role when going beyond the management unit approach. FSC is also developing FSC international Generic Indicators (IGIs). Fanso elaborated in the rights of traditional people which are to be considered.

In the process of developing IGIs, national bodies have to make a document on application of IGIs which is to be send to FSC International. Fanso discussed the example of biodiversity conservation, of which 10 percent for conservation should be inside the management level. This 10 procent is the minimum, but when the ecosystem status is fragile or of high value within a landscape, this minimum should be higher than 10 percent. It is recognized by FSC that this 10 percent is debatable. There was a question on how a forest management unit is defined, also regarding concessions and issues in DRC, Amazon, Indonesia for example. For the FSC, the forest managing organization is the forest management unit.

Workshop *Dealing with demands for proof of impact*

Bas Arts introduced Hilde Toonen who is the post-doc researcher in the program *Next Generation Governance Arrangements for Sustainable Global Value Chains*. Toonen focuses on the challenge of showing sustainability performance of standards, which needs to be addressed in order to increase support from public and private stakeholders, and society as a whole. Toonen explained that the aim of her project is to assess the extent to which Voluntary Sustainability Standards (VSS) are able to cope with the pressing demands for proof of impact by carrying out a cross-case-comparison. The comparative study will cover about 18 certification schemes in forestry, fisheries and agriculture, and feed into the development of an assessment framework. This framework will be refined by application to cases in three global value chains (palm oil, timber and seafood). By comparing and contrasting, similarities and differences can be scrutinized, leading to better insights in what works well (or not at all), how and why, and what are common lessons serving mutual learning? The workshop has been set up to take a first step in mutual learning. For the post-doc project, the workshop served as a platform to

gather examples, experiences, and viewpoints from relevant stakeholders about sustainability performance of standards, and to gain insights in what are important strategies to deal with demands for proof of impact, and how these are valued/prioritized. This information will be used in the further operationalization of the two main concepts in the project (capabilities and performances). The workshop consisted of two sessions: a morning and afternoon session.

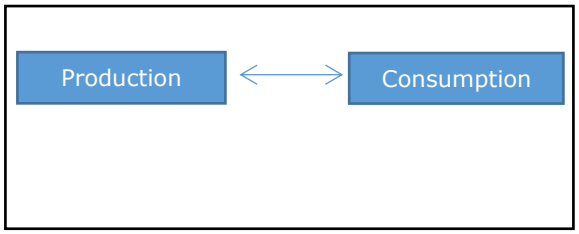
Morning session

Toonen started her presentation with highlighting the main research question of her project, which is: how, and to what extent, global partnerships in sustainable governance of global value chains are able to address demands for proof of impact? She stated that the focus on sustainability performance is very relevant, and timely. Firstly (and very generally speaking): impact matters to everyone in any practice, since time and resources are spent in attempts to fulfil any set goal. People need to account for this, either to themselves or others, or to both. Secondly, effectiveness is especially important in the sustainable governance of global value chains. Following Cashore's notion of *non-state-market-driven* arrangements, standard organizations and their partners are for a large part involved in coordinating public goods, and economic interests are seen as a driving force to get chain actors on board. Because of their non-state-market-driven character, these arrangements are put under extra scrutiny, for example by media or NGOs who are wary of green-washing practices or concerned about social justice when non-state actors govern sustainability. Hence, being able to show evidence on impacts helps standard organizations, companies and other partners in safeguarding their reputational capital. Thirdly, many VSS reached a maturity level at which it can be expected that monitoring does no longer follow a reactive approach, but becomes a core activity. An online search exemplified that the organizations present in this workshop put attention for their impact on the central stage.

To get a grip on the so-called "impact-debate", three lines of questions can be distinguished: 1) the measuring itself, covering issues like what to measure, by who, for whom, and how; 2) the institutional design of standard organizations and their partners, so what is the "internal fit" between the way an organization is structured and the activities needed to assess effectiveness; and 3) the external dynamics, referring to the notion that context is important. Toonen pointed out that the aim of the workshop is to foster mutual learning about these questions, by focusing on the room people and organizations have to (re-) act on key issues in the impact-debate (morning session) and the ways people and organizations cope with the impact-debate (afternoon session).

The objective of the morning session was to explore the locus and focus of discussions about impact. In doing so, issues and players were linked, and participants mapped the room that standard organizations have (or do not have) when dealing with questions about their performance. The morning session consisted of sub-group discussions and short plenary. The envisioned take-way message for participants was that by comparing/contrasting views and experience, they gain insights in what issues, challenges and best practices they highlight, and what they leave out, as well as to find out what are lessons to be learnt, and from whom.

In the sub-groups, participants had to position themselves in/around a global value chain. By doing so, participant introduced themselves but some also had to introduce other actors/organizations which are not present in the workshop, in order to make clear what are the different roles, interests and relations. The next step was the mapping of the locus and focus of the impact debate, participants were asked to write down performance challenges on post-its and connect these to a specific part of the chain. Then, there was room to exchange best practices.



The three sub-group start working with a simple chain (see picture) and positioned themselves in light of the impact-debate. Discussions in the sub-groups went in different directions, for sub-group A for example, it was discussed what is the focus of the activities of actors in the different part of the chain, so it is about *generating* impact in at production side, and *communicating* impact at the consumer end of the chain. Additional partners in working on impact put on the map were the COSA, ISO, and the Impact Assessment Network. In sub-group B, the task of various participants to *communicate* impact was also discussed, but focus was mainly on producers, since small holders raise questions about what economic benefits they can expect from joining a certification scheme. In sub-group C, attention went mainly to the roles and positioning of the participants themselves, in this discussion the relations with/between local producers and companies up in the chain were also considered.

Talking about main challenges, each sub-group came up with long list with issues, problems and concerns. In sub-group A, it was discussed how these challenges could be characterized, for instance by defining internal and external challenges. Internal challenges would be how to get data and good quality, costs of impact studies, dealing with limitations such as lack of financial and human resources. External challenges would be questions on how to attribute positive change to a certification scheme, and whether and how different schemes focusing on different commodities, or different regions, can be compared. Another categorization would be to distinguish between generalization and integration of standards and indicators, whether focus should be on standardizing assessment methodologies, or aligning certification systems to a landscape level. Sub-group B talked about the challenges of measuring impact in different domains in which standards aim to have impact, so livelihoods, gender, landscapes, biodiversity conservation. The spatial delineation is often problematic. The example of fisheries was discussed in more detail, as at sea it is particularly challenging to define what should be the main focus:

fisheries, fish stocks, fleets, marine habitats? It was also debated whether the locus of impact shifts on the path to, or even beyond certification, because the conditions under which chain actors work are changing. Overall, conditions such as legality, competition, market dynamics, were considered to affect the focus of impact-debate. Several participants raised the issue of awareness and understanding, linked to both sides of the chain: producers as well as consumers do not seem to be aware and/or to understand what their engagement in a standard implies (so by being certified or by buying certified products). One particular challenge mentioned in this regard was the role of retailers in conveying the message. It was discussed that there is not one general story, but a need to make a fit with particular audiences, yet at the same time there needs to be a right balance between the particular and the general. In sub-group C, the envisioned aims of impact assessments were discussed: what are the expectations, and expectations of whom and about whom? It was mentioned that it is difficult to take account, and also rewards, of one's actions, because of the many actors and factors at play. Data gathering and use were discussed, it was pointed out that herein actors face technological constraints, and that these processes are related to questions on authority, for example the difference between public and private actors taking up the role as rule-setter on what data is required and is of focal concern. Also, the need of data for "telling a story" was highlighted - linking data, gathered over time at the producer side of the chain, to demand for appealing information at the consumer side of the chain.

Lastly, the sub-groups were asked to switch perspective and focus on best practices. For sub-group A, common denominators in the discussed best practices were cooperation, communication and combining strengths. Also, attention was on harmonization practices. It was noted that the discussion of solutions was not much about the consumption side of the chain. In several examples, the enabling role of technology was emphasized. In sub-group B, the pros of innovative technologies were discussed, such as geo-identifiers and advanced track&trace systems, and how data collection is and can be improved by using better tooling. Attention also went to increasing transparency throughout the chain. Initiatives to develop performance-oriented systems, so moving away from compliance-based systems, were considered promising. Various examples were about collaboration, for example working together with independent researchers and reviewers, but also interdisciplinary studies, and/or projects in which small-holders, local communities, women, indigenous people are involved. Sub-group C fell a bit short of time, but they discussed the importance of clear complaint procedures. Like the other two sub-groups, some technological innovations were highlighted as best practices, and were initiatives which are aimed to establish collaboration between standards and/or between a range of stakeholders.

A selection of best practices discussed in the three sub-groups	
Combined assessments of different standards Recognition of differences between standards Collaboration between similar standards Stakeholder platforms for data/information sharing Digital systems of data submission ICT-based self-assessments	Recognition of the importance of M&E (and subsequently, availability of resources) Working groups on harmonizing indicators (such as: ISEAL Alliance, IDH, COSA, WWF) Partnerships with independent researchers More focus on mixed methods-research

Afternoon session

After lunch, Toonen opened the afternoon session by a short re-cap of the morning activities, and posing the question how we could deal with the challenges which were identified, and how we can multiply best practices and make best use of opportunities. In her research project, she will focus what people and organizations do, and can do, and her approach is informed by the five "governance capabilities", a framework developed by Katrien Termeer and colleagues. The aim of the afternoon session was to discuss the five capabilities in light of the impact-debate. Toonen will use this input to further operationalize the capabilities. The envisioned take-way message for participants was to generate insights about different strategies and activities and to raise awareness about the capabilities used in dealing with demands for proof of impact. The morning session consisted of sub-group discussions, in which three pre-selected capabilities were discussed (definitions and examples).

Before going out in sub-groups, Toonen shortly introduced the five capabilities, summarized in the table below (also distributed as hand-out).

Governance capability	***Related perspectives, skills, strategies, conditions etc.***	***Example in the presentation***
Resilience - Ability to adapt to uncertainties and changing conditions	Skills to identify risks; learning-by-doing; signaling function embedded in organization	Response to introduction competing scheme
Reflexivity - Ability to cope with a wide range of different views and perspectives	Awareness of frame diversity; negotiation skills; tolerance of ambiguity	Focus on objective measuring
Responsiveness - Ability to reply to external pressures and demands	Aware of media attention; skills to communicate in a sensitive and timely way; tolerance of information overload	Response to media attention for scandals
Revitalization - Ability to by-pass obstacles and/or unblock deadlocks	Intervention skills; readiness to redesign organizational processes; tolerance of frustration and disappointment	Forming new/ad hoc working groups on impact
Rescaling - Ability to address interdependencies across scales	Multi-level cooperation (between local, national, global organizations); balancing short-, medium- and long-term objectives; tolerance for blurred responsibilities	Emerging attention for landscape approaches to deal with attribution question

Discussions in sub-group A focused on the capabilities responsiveness, revitalization and rescaling. Responsiveness was jointly defined as the ability to respond to a wide range of external pressures. The participants had clear examples in which their organization showed to be responsive to a broad variety of demands. Demands come from companies, large buyers and retailers, who need help to create a good fit between activities of their chain partners and their own systems. Also, focus on proactive communication enable responsiveness, as does built-in procedures to involve stakeholders in communication. It was also noted that strong internal communication is an important condition for responsiveness, because it ensures that there is a single and well-understood message sent out to the outside world. The second capability discussed was revitalization, defined as coping with unproductive or deadlocked processes, in situation where there is also no new ideas and innovation. The sub-group elaborated on strategies, such as turning to new partners, expanding the organization's scope, and reframing expectations, focus and mission. Leadership was highlighted, which is needed to turn things around. Rescaling has been defined as the ability to find the right fit between the scale of the problem and the scale of the solution. The (short) discussion focused on data, and attempts to ensure that data can be used for analysis on different scales. However, aggregation is often a big problem, because important data is lost or left out. The temporal dimension is also often hard to include in analysis, but this could be addressed if companies have develop long-term contracts, because if chains are short, stable and predictable there is a more clear and fixed set of relations which makes it easier to measure and monitor impact.

Sub-group B was asked to deliberate on rescaling, reflexivity and revitalizing (however due to time constraints this last capability was not discussed). The sub-group started off by talking about the example given in the presentation: the growing attention of standard organizations for a landscape approach (as also outlined by Fanso during the morning presentations). A landscape approach might be seen as an attempt to respond to the issue of proofing impact beyond the unit of certification, it brings in the problem of attribution. It was argued that, in this example, rescaling is not automatically a capability that an organization should employ. Using this example, and the rescaling-capability, the discussion went on to comparing the different commodities and value chains, which affect what can be considered the appropriate scale. Organizations working in fisheries do not consider the landscape approach to be very new, since ecosystem-based management is already an integral part of fisheries governance. Another perspective on re-scaling concerned the certification of the individual farm or fishery versus group certification. Various standards changed focus towards group certifications. Focus on regionalization was discussed as a means to increase impact also on the consumer side, since consumers seem to be sensitive for products which have a clear regional identity. It was stressed that "strategic rescaling" can take many forms, dependent on the chain dynamics and commodity specifics. The discussion of reflexivity, seen as the ability to deal with multiple frames, centered around the seemingly ever-growing amount of labeled products. The wide diversity of opinions lead to a mushrooming of labels each with its own emphasis (although it was mentioned that this is not always the case, for some products, such as tuna, there is no overload of labels). It was discussed whether reflexivity would result to even more labels, or urges existing standards to widen the scope of the standard. While some standards focus on only environmental concerns, others are covering a broad definition of sustainability and include the socio-economic dimension. The choice to "upscale the scope"

can be considered as a strategy to improve reflexivity and to increase impact. However, it was also argued that if impact measurement is hard or even impossible, such as about labor conditions in fisheries, the strategy to not include social conditions in a standard also reflects a mode of reflexivity.

The pre-selected capabilities for discussion in sub-group C were reflexivity, resilience and responsiveness. First it was asked: what is the theory behind the capability-framework? If the framework is not well founded in theory, it runs the risk of being too common-sensical/managerial, thereby it won't be very useful for the research project. In discussing reflexivity, it was stated that there seems to be overlap between the capabilities reflexivity and responsiveness: does being more reflexive (open to different opinions and views) imply that an organization is more responsive (able to answer to different external demands)? It was discussed that reflexivity can be incorporated in governance structures by ensuring democratize procedures and stakeholder involvement. However, there can be a trade-off between reflexivity (understood in terms of inclusiveness) and efficient and effective decision-making. Also, it was stated that innovation and inclusiveness might not go hand-in-hand. The lack of inclusion of certain views (consciously or not) within one standard can lead to the establishment of another standard. To bring about change, leadership is an important feature, yet this might counteract democracy and reflexivity within an organization. It was noted that there is not one perfect scheme, and this acknowledgement is also a form of reflexivity. Moreover, it could also be useful to think what would have happened if standards did not exist. The next capability under scrutiny was resilience, the ability to adapt to unforeseen changes. In order to timely identify such changes, communication is important, especially to be able to quickly communicate and to be in touch with people on the ground so to pick up trends. Also, the size of an organization is of importance, larger organizations are often less capable of sharing information. The mentioned example of the emergence of new standards was debated. If a new scheme comes up, the question asked is why. To be resilient, it is important to find out whether this new scheme means competition or if there are possibilities for cooperation. Sub-group C did not have enough time to discuss a third capability, but did have a short brainstorm about the research project. It was suggested that in the comparison of the 18 schemes, it might be interesting to include failed cases, in order to see whether they were not resilient enough and/or not able to revitalize. In this exercise, the capability-approach has been applied to standard organizations, but other actors in the chain also have capabilities to bring about impact on the ground.

Closing words

Because of time constraints, there was little room for a plenary debate on the usefulness of the capability-framework. It was however pointed out by the participants that so far the theoretical foundations of the capabilities-framework are unclear, while it is both interesting and important to know more about its explanatory power, in order to understand what insights from the research project can reveal how the impact-debate could be addressed. This comment is taken up by the research team. It can be partly addressed by referring to the work of Termeer and colleagues (see references below). Also, in the next phase of her research, Toonen works on the development of a framework tailoring it to the impact-debate, based on the discussion in the workshop and additional study. In following

communication, there will therefore be more focus on the conceptualization of the capabilities. The research team is also planning on organizing pod casts about the project work, to further the discussions.

Bas Arts closed the workshop, emphasizing that the research program will run for another three years, and this workshop has been a very interesting first event. It has given the research team a lot of information to work with, and further collaboration will enhance possibilities for knowledge exchange and mutual learning. Arts thanked all participants for their engagement in the discussions, which have been very interesting. He handed a small gift to his co-chair and host Marion Karmann, and to her FSC colleagues, to express the thanks of the research team for the very well-organized and facilitated meeting.

References to work by Termeer and colleagues:

- Candel, J.J., Breeman, G.E., Stiller, S.J., Termeer, C. J. (2014). Disentangling the consensus frame of food security: the case of the EU Common Agricultural Policy reform debate. *Food Policy* 44: 47-58.
- Termeer, C.J.A.M., Dewulf, A.R.P.J. (2014). Scale-sensitivity as a governance capability: observing, acting and enabling. In: Padt, F., Opdam, P., Polman, N., Termeer, C. (eds). *Scale-sensitive governance of the environment*. Oxford: Wiley Blackwell. Pp. 38 - 55.
- Termeer, C.J.A.M., Dewulf, A. , Breeman, G.E. Stiller, S.J. (2015). Governance capabilities for dealing wisely with wicked problems. *Administration and Society* 47 (6): 680-710.

Please contact Hilde Toonen (hilde.toonen@wur.nl) if you want to know more about the research program and/ or the project “Assessing Capacities and Performances in Sustainable Global Value Chains” in particular.

Information can also be found on our website: www.wageningenur.nl/en/Research-Results/Projects-and-programmes/Next-generation-governance-arrangements.htm

Annex I: List of participants

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Annex II: Introduction by Bas Arts

Next generation governance arrangements for sustainable global value chains (GVCs)

NWO Program 'Smart Governance'

Private governance arrangements

- Global commodities: fish, palm oil, timber
- Passive states, state failure
- Voluntary sustainability standards (VSS)
- Regional focus (South East Asia)

Research

- Challenges for VSS:
  1) Performance
  2) Transparency/traceability
  3) Public-private synergy
- How to address them? Best practices? Learning?
- Design: "next generation" governance arrangements for sustainable GVCs..??

Research team

- WUR, Public Administration and Policy group
  - **Katrien Termeer**, Otto Hospes, Jonna Gjaltema
- WUR, Environmental Policy group
  - Simon Bush, Peter Oosterveer, Hilde Toonen
- WUR, Forest and Nature Conservation Policy group
  - Bas Arts, Esther Turnhout, Margreet Brinxma

Consortium partners

- PBL, Netherlands Environmental Assessment Agency
- Oxfam Novib
- Round table for Sustainable Palm Oil (RSPO)
- UTZ Certified
- FSC International
- IUCN
- GIZ (Deutsche Gesellschaft für Internationale Zusammenarbeit)
- ISEAL Alliance
- Marine Stewardship Council
- Pacifical cv (Sustunable bv)
- Rainforest Alliance (RA)

Projects

Project 1: Assessing Capacities and Performances

- Hilde Toonen (post doc)
- Katrien Termeer, Bas Arts, Simon Bush, Peter Oosterveer
- Capacities and pathways to better performance
- Comparison of many cases

Projects

Project 2: Improving Transparency and Traceability

- Margreet Brinxma (PhD)
- Esther Turnhout, Simon Bush, Bas Arts
- Digital traceability systems: design, practices, social relations
- Overview + one case

Projects

Project 3: Promoting Public-Private Synergies

- Jonna Gjaltema (PhD)
- Otto Hospes, Peter Oosterveer, Katrien Termeer
- Mapping hybrid arrangements: forms, motives, pros/cons...
- Case comparison...

Organizational structures

- Advisory teams for the three projects
- Consortium meetings: twice a year
- Annual workshops for a broader group stakeholders
  1. "Dealing with demands of proof of impact" (today)
  2. Transparency and traceability - validation and deepening insights
  3. Synergies between public and private governance - validation and deepening insights
  4. Design workshop 'Next generation'

Communications to a broader public

- Scientific publications
- Professional publications
- Policy briefs
- Blogs
- Website
- Workshops with HKU Students

Thank you for your attention

Our website:
http://www.wageningenur.nl/en/Research-Results/Projects-and-programmes/Next-generation-governance-arrangements.htm

Annex III: Presentations by Forest Stewardship Council *(separate files)*

- FSC Dispute Resolution System (Thomas Colonna)
- Quality Assurance Unit - Overall objectives & priorities (Stefan Salvador)
- Certification – Assurance – Benchmarking (Rob Ukkerman)
  Growing FSC's Market Intelligence - Current status, challenges and possible next steps (Luca Costa)
- Landscape level issues (Gordian Fanso)

Presentations are uploaded on the research program website:
www.wageningenur.nl/en/article/Dealing-with-demands-for-proof-of-impact.htm

Annex IV: Presentation/introduction workshop sessions by Hilde Toonen

Morning session

Dealing with demands for proof of impact

"Bonn Workshop" (morning)

19 November 2015, Hilde Toonen

Outline

- Introduction in the project
- Today's workshop: morning and afternoon session
- Morning activities

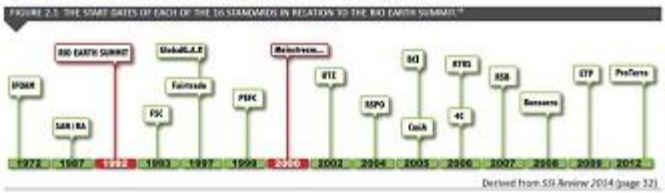
Assessing capabilities and performances

- One of the major challenges to show sustainability performance of voluntary (private) standards
- Main research question in this research:

  How, and to what extent, global partnerships in sustainable governance of global value chains are able to address demands for proof of impact?

Why focus on sustainability performances?

- Impact matters...
- Safeguarding reputational capital
- Maturity level of VSS



Focus on sustainability performances

Measuring impact: three lines of questions

- The impact-debate (the measuring itself)
- Institutional design ("internal fit") of standard organizations and their partners
- External dynamics

This research

- Development of an assessment scheme, based on a comparative study of ± 18 certification schemes in forestry, fisheries and agriculture
- Refining the framework by application to cases in three global value chains (palm oil, timber and seafood)
- Focus on what people and organizations do (and can do) to deal with demands for proof of impact

Aim of the workshop

- Mutual learning about:
  - What is the room to (re-) act on key issues in the impact-debate? Room for whom? (morning session)
  - How people and organizations cope with the impact-debate? (afternoon session)

Morning session

- Sub-group discussions and short plenary
- Four-step approach
  1. Positioning yourselves on the map (15 min)
  2. Mapping locus and focus of the impact-debate (20 min)
  3. Exchange best practices (20 min)
  4. Short reflection in the group (15 min)
- Until lunch (13h00)

Take-away message from this session

- By comparing/contrasting views and experience, getting insights in:
  - what you highlight, and what you leave out
  - What you could add/reconsider, and who could be valuable partners

Sub-groups

A	B	C
Susan Bernstein	Margaret Arbuthot	Luca Costa
Gordian Fanso	Henk Gilhuis	Lukas Giessen
Verina Ingram	Henk Brus	Francisca Hubeek
Robert Lebefure	Jochen Koester	Marion Karmann
Deanna Newson	Katie Longo	Kathrin Ludwig
Franzisca Rau	Anakarina Perez	Elena Schmidt
Catalina Romero	Stefan Salvador	Elyse Stavely
Rob Ukkerman	Sanne van der Wal	George Watene
Katrien Termeer	Bas Arts	Peter Oosterveer
Jonna Gjaltema	Simon Bush	Otto Hospes

Have a fruitful session!

Questions?

Comments?

Remarks?

Afternoon session

Dealing with demands for proof of impact

"Bonn Workshop" (afternoon)

19 November 2015, Hilde Toonen

Outline

- Objective of this afternoon session
- Introduction of the main concepts
- Afternoon activities

Re-cap morning session

- Mapping impact debate: linking issues and pla
- Discussing examples
- Addressing key questio
  - What is
  - (future) threats?
  - Where are the opportunities?

How to deal with threats & capitalize on opportunities?

Afternoon session

- Focus on what people and organizations do, and can do
- We draw on "governance capabilities"-framework, developed by Termeer and colleagues (2013, 2014, 2015)
- We invite you to elaborate with us in order to further operationalize the capabilities and to share your view on the usefulness
  - By refining the definitions
  - By discussing your own activities, strategies, views, and ideas about needed conditions

Take-away message from this session

- Insights based on the deliberation between different stakeholders about who is doing what and how
- Raised awareness of the possible (combinations of) capabilities used in dealing with demands for proof of impact
- Long-term: contribute to mutual learning, which we think is possible if global partners know to what extent they (can) affect how the impact-debate unfolds

Governance capabilities-framework

- Capabilities serve as lens to assess ways by which people and organizations cope with complex, ill-defined, contested and unsolvable problems
- Analytic framework but builds on a normative rationale: if capabilities are better used, challenges can be better dealt with
- Initial focus is on *do* and *can do*, not on *should* (if compared to principle-based frameworks)

Governance capabilities-framework

- Five capabilities identified, yet recognized that:
  - not all have always the same effect
  - not all are equally important
  - different combinations are possible

Resilience

- Ability to adapt to uncertainties and changing conditions
- In unpredictable circumstances, people and organizations need to (re-) act without losing reliability
  - skills to identify risks
  - learning-by-doing
  - keep on doing basic tasks
- Examples: natural disasters, big/structural changes in context such emerging public schemes

Reflexivity

- Ability to cope with a wide range of different perspectives
- Multiple actors/stakes/interest implies multiple views on reality which might seem irreconcilable
  - awareness of frame diversity
  - need for negotiation skills
  - tolerance of ambiguity
- Examples: methodological debates such as about the need of constructing counterfactuals to deliver credible evidence on impact of certification

Responsiveness

- Ability to reply to external pressures and demands
- Appropriate responses to hypes and continuously changing demands
  - awareness of media attention
  - neither overreacting nor downplaying
  - tolerance of information overload
- Examples: Scandals

Revitalization

- Ability to by-pass obstacles and/or unblock deadlocks
- Doing things differently
  - intervention skills
  - readiness to redesign organizational processes
  - tolerance of frustration and disappointment
- Examples: Formation of new committees or platforms

Rescaling

- Ability to address interdependencies across scales
- Observe mismatches and organize connections across levels and scales
  - foster multi-level cooperation
  - balancing short-, medium- and long-term objectives
  - tolerance for blurred responsibilities
- Examples: measuring biodiversity, water and climate effects, increased attention for landscape approaches

Afternoon session

- Sub-group discussions and plenary debate
- Outline session
  1. Sub-groups discuss definitions and explore how capabilities are used in practice
  2. Reflect on (pre-selected) three capabilities
  3. Discussion in the group about usefulness

Closing words by the co-chairs

Sub-groups

A:	B:	C:
Francisca Hubeek	Henk Brus	Margaret Arburthot
Jochen Koester	Lukas Giessen	Henk Gilhuis
Kathrin Ludwig	Marion Karmann	Verina Ingram
Anakarina Perez	Deanna Newson	Joachim Meijer Dornberg
Elena Schmidt	Catalina Romero	Katie Longo
Elyse Stavely	Robert Lebefure	Franzisca Rau
Sanne van der Wal	Rob Ukkerman	George Watene
Katrien Termeer	Bas Arts	Peter Oosterveer
Simon Bush	Otto Hospes	Jonna Gjaltema
RESP, REVI, RESC	***RESC, REFL, REVI***	***REFL, RESI, RESP***

Thank you for your attention

Questions?

Comments?

Remarks?