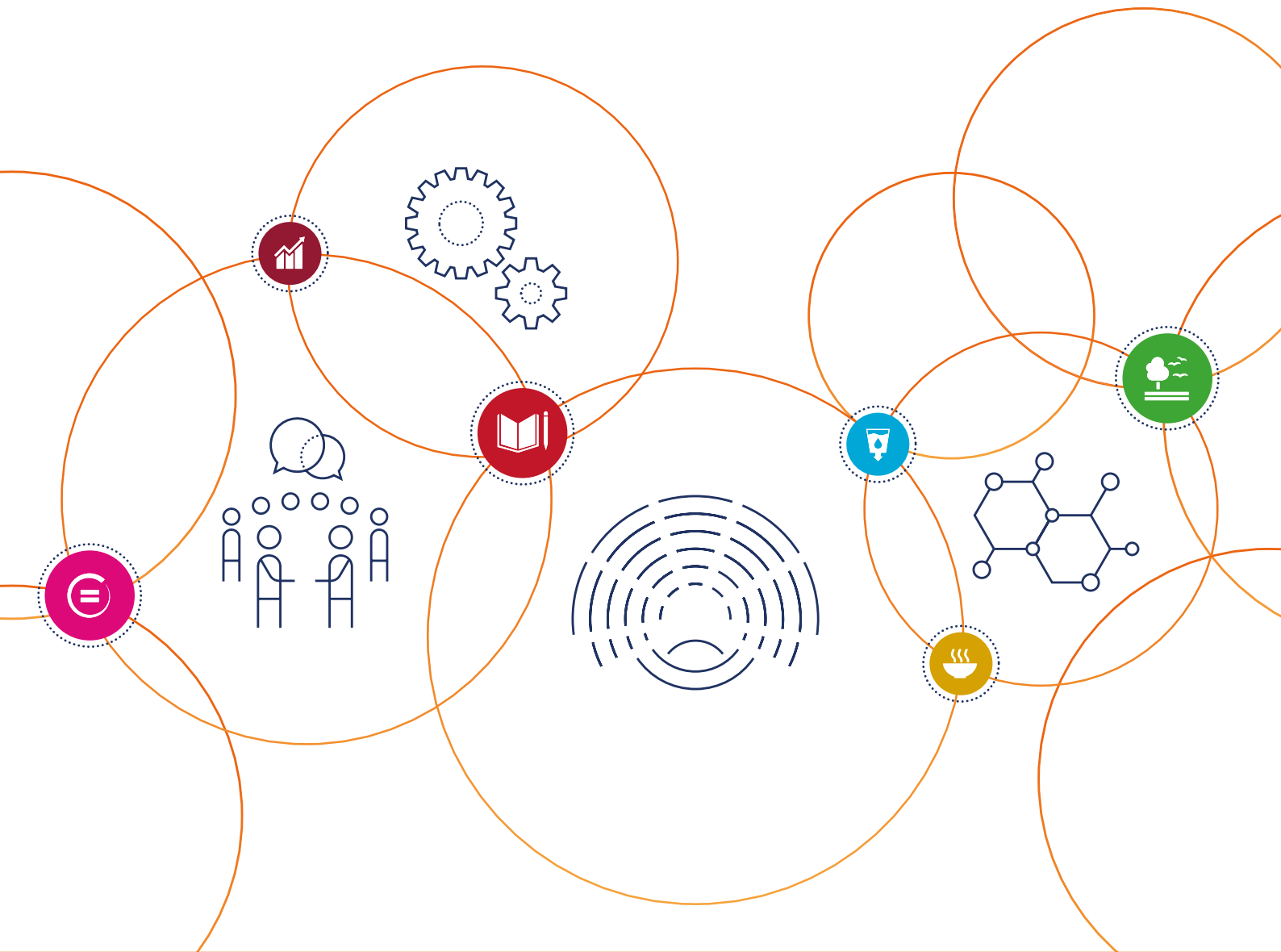


Governance structures of multi-stakeholder partnerships (MSP)



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**Partnerships2030 –
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Implementing the 2030 Agenda**

Friedrich-Ebert-Allee 32 + 36
53113 Bonn, Germany

T +49 228 44 60 3539

E info@partnerschaften2030.de
I www.partnerschaften2030.de

Responsible

Susanne Salz, Bonn

Authors

John Contentius, Bonn

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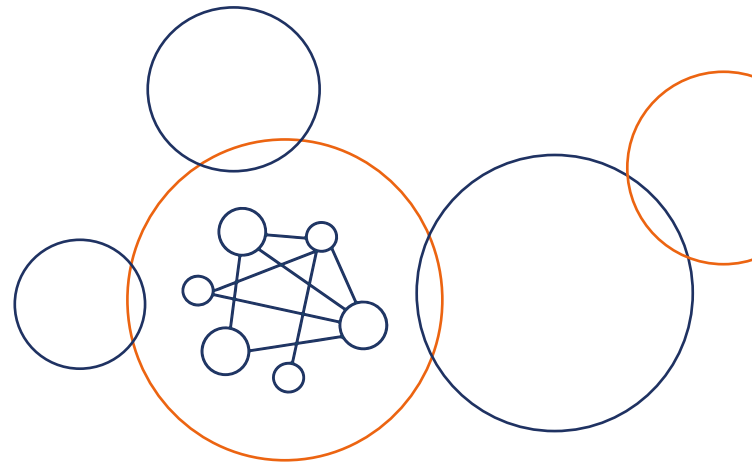


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Introduction



Multi-stakeholder partnerships (MSPs) bring together the expertise and resources of different stakeholder groups – the state, civil society, the private sector, and the scientific and research community – in the form of a long-term, formalised organisational structure based on the principle of equality. This organisational structure is sometimes referred to as the governance structure.

The governance structure provides the formal framework for an MSP, making it crucially important. It plays a vital role and is, in no small way, responsible for the success of an MSP. Governance structures may vary considerably, depending on the number and type of stakeholders involved, the (planned) activities, needs and contexts, in line with the maxim ‘form follows function’.

The choice of an appropriate organisational structure and the implementation and application of this structure can be a challenge for an MSP. This publication offers guidance by explaining the importance and roles of the governance structure for an MSP and presenting a number of the elements involved. It also looks at success factors and offers advice on how to put in place an effective governance structure.

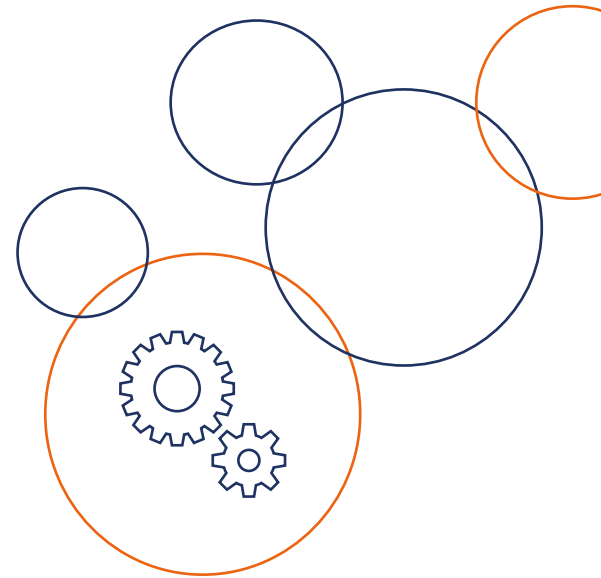
Governance structure – organisational structure of an MSP

The term ‘governance’ can be defined in a number of different ways, depending on the context. In general, the term is used to describe the way people make collective decisions and coordinate action for the common good. Societies are based on numerous different decision-making mechanisms and thus move in a complex network of governance structures that can be found at different levels and in diverse sectors.

The long-term, formal organisational structure of an MSP is termed its governance structure. Establishing a governance structure is a key step in the development of an MSP. The governance structure not only determines how cooperation is organised and common decisions are made; it also plays many other crucially important roles.

Along with the chosen legal form and funding of a partnership, the governance structure is the third element in the **institutionalisation** of an MSP. Since these three elements are interdependent, the governance structure must be consistent with the legal form and **funding** of the partnership. The governance structure and funding of an association, for instance, will be organised differently from that of a foundation. The formal governance structure is what sets an MSP apart from other **forms of cooperation among partners**.

Roles of the governance structure



Common decision-making and management processes

The governance structure of an MSP determines how members make decisions and manage processes. To this end, the stakeholders agree on a structure of official bodies selected specifically for the MSP in question. Within this structure, members assume certain roles, with concomitant responsibilities, duties and authority.

Cooperation on an equal footing

In an MSP, the members cooperate **as equals**, with each voicing their own individual positions. This principle of equality must also be reflected in the governance structure and must be upheld by that structure. In practice, this particularly requires the following:

- **Representation:** the equality of the stakeholder groups should be reflected in the composition of the official bodies.
- **Participation:** all stakeholders should be able to play an equal part in decision-making – with each voice being heard, all stakeholders having the right to be involved in decisions, and processes being transparent.
- **Promoting cooperation:** cooperation on an equal footing should be actively supported, for instance by holding regular meetings, consultations and joint workshops.

Trust, legitimacy and credibility

One important role of an MSP's governance structure is to foster trust, legitimacy and credibility, both within the MSP and in its dealings with external parties. A governance structure tailored to the needs of the partnership and agreed by all stakeholders will ensure that decision-making, processes and procedures are transparent. If members respect decisions once taken, thus accepting the actions of other stakeholders as legitimate, trust is fostered within the MSP. Transparent governance mechanisms also foster the external credibility of the partnership and support interaction with actors in the MSP's environment. Efficient communication channels can only be developed when external actors can identify contact persons and understand who is responsible for what within the partnership.

A properly functioning governance structure allows members to discuss new situations and challenges regularly and to launch learning and change processes that emerge from these discussions. The way an MSP deals with internal and external criticism also needs to be formalised. These processes can, for instance, relate to the strategic direction of the MSP, its objectives, its activities or the way it operates. Partly because of the constant fluctuations in the environment in which an MSP operates, as well as the stakeholders and challenges involved, the partnership must always be open to adapting and developing if it is to retain its relevance. The jointly devised and adopted governance structure has an important part to play in these processes. As members have agreed

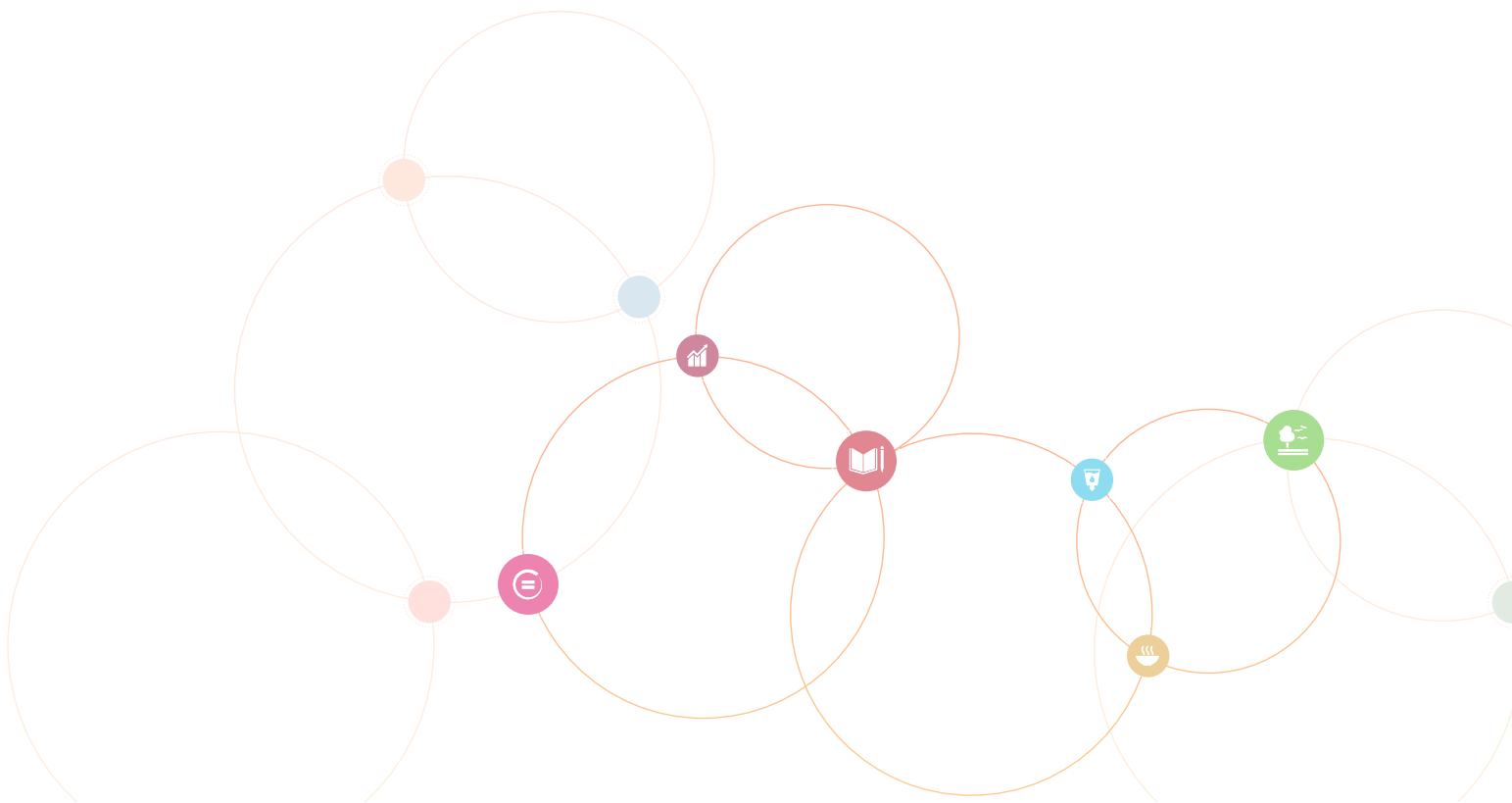
in advance on mechanisms and operations, they also accord a certain legitimacy to any change and decision-making processes, enabling these processes to run as smoothly and efficiently as possible.

This is also hugely important for resolving conflicts within an MSP. The process of establishing a governance structure should thus include developing joint mechanisms to ensure fair and constructive **conflict management**. In this context, members could, for instance, consider in advance how and when conflicts should be addressed and who should act as facilitator.

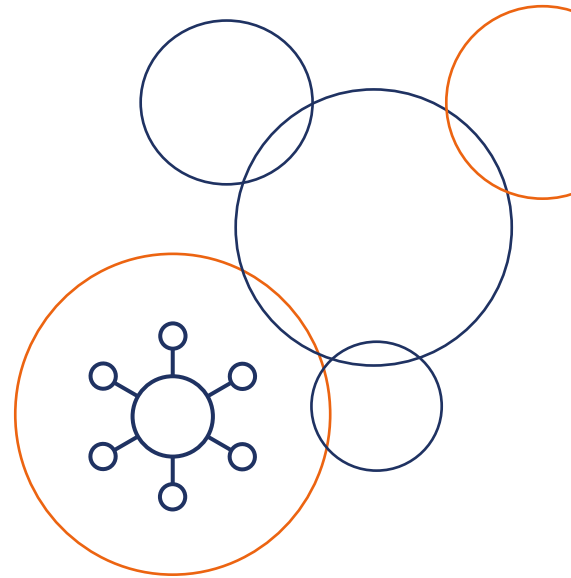
If an MSP undergoes far-reaching change processes or has achieved its objectives, there can be a planned wind-up of the partnership, a transformation process or a realignment. In this case, it is

helpful if the MSP has already produced a number of different **scenarios** and has made the process part of its governance structure. MSPs should thus put in place clear procedures and roles that will apply in any potential transformation process when they first establish their governance structure. These should then be recorded in the relevant governance documents.

MSPs should also reflect regularly on their institutionalised governance structures and modify them where necessary. To this end, members can consider whether the established cooperation, communication and steering processes are functioning as planned, for example, and then make any necessary adjustments. Adjustments must not, however, violate the principles of cooperation on the basis of partnership.



Form and elements of governance structure



Since the MSP approach is used in a wide range of areas, the partnerships themselves can also differ substantially. There is no ‘one size fits all’ in terms of governance structure. We can, however, identify some widespread structures and official bodies that are typical for MSPs. They are presented below. The golden rule is that an MSP should always be as complex as necessary but as simple as possible. Governance structures should be as straightforward as is feasible. Particularly when an MSP is first established, slimmed-down versions of the official bodies are conceivable. The same is true of smaller partnerships.

Members’ meeting

The members’ meeting (which may also be known as the assembly, members’ forum or members’ platform) generally brings together the stakeholders that act as members or participants within the MSP. This body offers a place where stakeholders can come together and share their views and ideas. With full in-person or online meetings once or twice a year, it is the foundation on which the MSP is built. The members’ meeting is also responsible for:

- Electing the steering committee
- Mandating the steering committee to provide strategic orientation
- Adopting and signing (voluntary) commitments – including memoranda of understanding (MoUs) and terms of reference (ToRs) – setting out the duties and obligations of members).

Steering committee

The steering committee (also known as the board, management group, management committee or steering group) is generally made up of the decision-makers within the MSP. It often guarantees parity in the governance structure by ensuring an equal number of members from each stakeholder group (state, private sector, civil society, scientific and research community), whereby additional diversity factors should also be taken into account. The steering committee is responsible for the strategic orientation of the partnership. It is also responsible for:

- Determining the decision-making mechanism (consensus decision-making, majority voting, veto rights, etc.)
- Making decisions
- Setting out the partnership’s strategy
- Commissioning the secretariat to perform administrative and logistical tasks
- Reporting to members on decisions, resolutions, etc.
- Where appropriate, mandating working groups to undertake substantive tasks.

Secretariat

The secretariat (also known as the office) is the neutral body within an MSP. In smaller partnerships, this role is often played by one or more partners, whereas larger MSPs often establish a new organisation or organisational unit. The secretariat is often the first point of contact for members and interested parties. It is officially commissioned by the steering committee and generally assumes the following roles in terms of governance:

- Providing process support
- Performing administrative and logistical tasks
- Managing the budget
- Preparing and following up on members' meetings and steering committee meetings
- Supporting the steering committee's decision-making
- Reviewing reports of the steering committee and the members' meeting
- Carrying out PR work, where appropriate.

Working groups

Some MSPs have working groups that are integrated into the governance structure as official bodies. They address and prepare substantive issues. The individual members often get together voluntarily to establish a working group, based on common interests. Working groups carry out work on substantive issues that would otherwise need to be done by the secretariat, thus ensuring its neutrality. They typically assume responsibility for addressing and preparing substantive issues for consideration by the steering committee and possibly for the members' meeting (reports, draft resolutions, recommendations, etc.). They can also plan and implement activities. Should the secretariat be involved in the work of the working groups, it is vital to clearly define their respective roles in order to ensure the continued neutrality of the secretariat. A clearly defined mandate is essential for working groups in order to avoid overlaps with other official bodies.

Sounding board

A sounding board (also known as advisory council, strategic advisory committee or panel of experts) is an advisory body that is established with a view to exploring external views, expertise and critical reflection and incorporating this into the steering process. The sounding board, however, has no decision-making authority. It provides a strategic feedback loop and puts trends, risks and opportunities into context from an external stance. Particularly in complex or politically sensitive areas, it can be helpful for the quality assurance of an MSP and can help reinforce the legitimacy of the partnership. The sounding board can also provide a forum for confidential discussion on condition of anonymity, for instance when sensitive information, strategic interests or sector-specific challenges are being discussed. Here, too, the composition, mandate and frequency of the sounding board's work should be clearly defined and rendered transparent so as to prevent overlaps and ambiguities.

Role of donors

The role of donors is a key area of competing interests in many MSPs. Although MSPs are based on the principle that all stakeholders should have an equal say, donors can exert significant influence on strategic or operational decisions by virtue of the funding they provide. As is the case for all other official bodies, the role of donors should be clearly defined and documented in the interests of transparency, accountability and equality of rights. It is crucial to ensure that the structural integration of donors does not undermine the participatory governance that MSPs aspire to. Various models for integrating donors into the governance structure have emerged in response to the need to render transparent the competing interests involved.

Donors as observers

In some MSPs, donors participate in steering committee meetings as advisory non-voting members. This observer status enables them to bring their perspectives to the committee without dominating formal decision-making.

Donor forum or donor body

Another model provides for a separate donor body that is used for discussion, coordination and strategic advice. This body maintains a dialogue with the steering committee but is operationally independent.

Temporary mandate in the steering committee

Under specific circumstances, donors can also be integrated into the steering committee – with a limited mandate or specific responsibilities, for budget-related issues or to coordinate co-financing, for instance.



Legal forms and official bodies

Depending on the legal form selected for an MSP, different official bodies are customary or even essential.

A **limited liability company** (in Germany, for instance, a '*GmbH*') requires one or more managing directors that must either be a stakeholder in the MSP or an external third party. The managing director(s) must follow the instructions of the shareholders. Decisions are taken by majority vote at the shareholder meeting to establish the shareholders' positions. The shareholders may also set up a supervisory board, which monitors the work of the managing director(s). This fundamental structure is broadly similar throughout the world.

If the MSP is a **registered association**, the situation depends on the country in which the association is registered. The members' meeting and board are de facto standard bodies worldwide. In some countries, associations will also have a control or supervisory body. In Germany, for instance, it is only stipulated by law that an association must have a board that represents the association in its dealings outside the association and that is elected by the members' meeting. The members' meeting is the highest authority of the association.

If an MSP is constituted in the form of a **foundation**, its essential working and procedural methods are set out in the articles of association. Foundations generally have at least one mandatory body – the board or foundation council, which manages the foundation, represents it in legal matters and realises the purpose of the foundation. In many countries, a foundation also has a supervisory body such as a board of trustees or a supervisory board, which monitors the work of the board, advises it and is required to approve important decisions. Additional, optional bodies such as advisory councils, technical committees or procurement committees can be set up. Their role is primarily advisory or highly specialised. They do not have any decision-making authority. The relationship of these bodies to one another is hierarchical and functional: the board manages business, the supervisory body monitors and legitimates the board, and the advisory councils provide technical and strategic support.

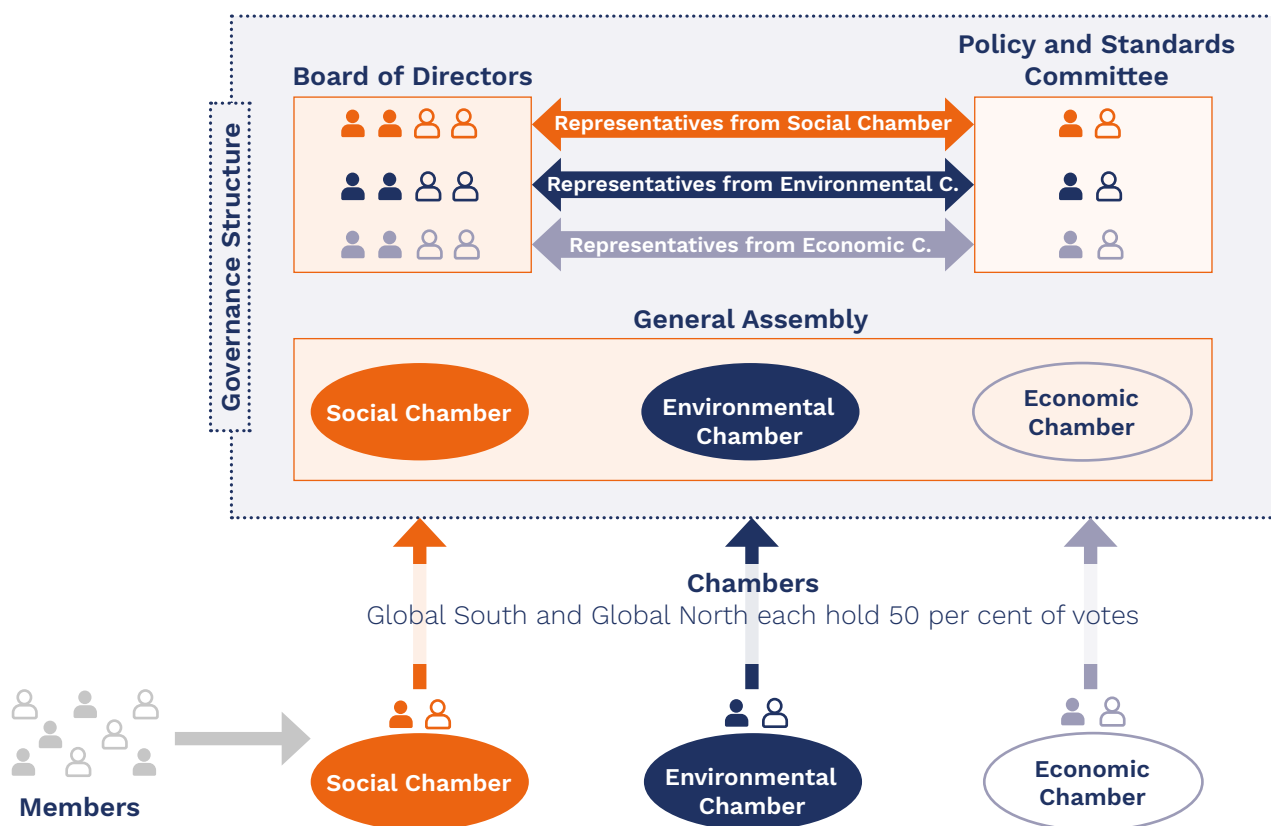
In practice, depending on the sector, size, objectives and type of the partnership and in conjunction with the legal form selected and the financing of the partnership, the governance structures

of MSPs can vary widely. The following example presents one possible form and makes no claim to be universally valid.



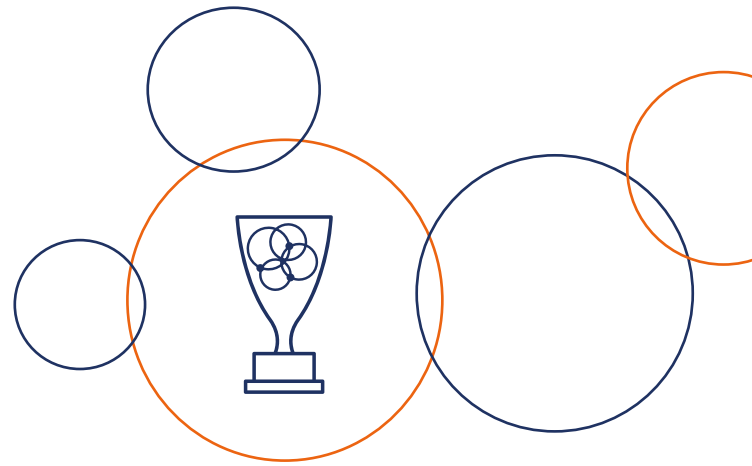
Practical example: Forest Stewardship Council (FSC)

In Germany, the FSC is registered as a ‘GmbH’ (limited liability company under German law). The governance structure consists of the General Assembly, the Board of Directors, the Policy and Standards Committee and the Director General. The members of FSC International come from every part of the world and represent both the Global South and the Global North. In line with their overriding concerns, they apply to become a member of one of three chambers, the Social Chamber, the Environmental Chamber or the Economic Chamber. These chambers play a key role in ensuring that all stakeholders have an equal say in decision-making processes and adopting resolutions. Each chamber of the FSC has 33.3 per cent of the votes on all FSC matters. Within each chamber, the votes are weighted to ensure that North and South each have 50 per cent of the votes. The Board of Directors consists of 12 elected representatives, four from each chamber. Each representative is elected for a period of four years. The Policy and Standards Committee is responsible for elaborating and reviewing FSC policies, standards, operations, etc. The committee consists of six FSC members, two from each of the three chambers.



Key: Global South/Global North are represented by the shaded and unshaded figures.

Success factors for governance structures



An MSP is different from other collective forms of organisation in that diverse stakeholder groups come together in an MSP, meaning that their different interests and views need to be reconciled. This special feature of MSPs means that they and their governance structures face complex challenges.

Degree of institutionalisation

One challenge involves determining the appropriate degree of institutionalisation for the number of members and the composition of the membership. If the governance structure is too detailed and overly regulated, there is a risk that processes and dynamics will be slowed down or will not get off the ground at all. On the other hand, too little structure can result in unclear responsibilities and can jeopardise the long-term survival of the MSP or the principle of ensuring that all members have an equal voice. It should, however, be pointed out that, although formalised procedures are indispensable for the functioning of an MSP, in practice informal channels are often used for the initial negotiations on many decisions.

Participation and representation of the stakeholder groups

The principle of **collaboration on an equal footing** means that the governance structure must ensure that all stakeholder groups are equally represented in the working and decision-making bodies of the MSP and that they can participate on an equal footing. International MSPs must also take account of the different countries/regions involved. Practical experience indicates that it is rarely possible to create a completely equal footing among members because of their divergent resources or because of dependence on a financial donor. To come as close as possible to the principle of equality, it is thus particularly important to ensure that the internal structures and operations maximise opportunities, thus countering power imbalances. So that equal participation and representation can be ensured in governance bodies, the governance structure of working and decision-making bodies should guarantee parity by involving an equal number of members from each stakeholder group and giving each group equal participation opportunities. Care should also be taken to ensure equal participation for individuals from different and potentially structurally disadvantaged groups. The **publication on gender in multi-stakeholder partnerships (no English version currently available)** demonstrates how to ensure cross-gender parity in collaboration within an MSP.

Form of decision-making

Another difficulty is to select a form of **decision-making** that is as inclusive as possible while still being efficient. The principles of inclusion and effectiveness in governance structures may not be easy to reconcile. The principle of equality supposes that all stakeholder groups must have the same opportunity to be involved in the decision-making process. Rather than negotiating compromises, which brings with it the risk that the relevant negotiating skills of the individual stakeholders will be reflected rather than substantive views, this would suggest that decisions should be consensus-based, which enhances the internal and external legitimacy of an MSP.

Essentially, a distinction must be made between three traditional forms of decision-making:

- All stakeholder groups of an MSP must be involved in decision-making and no one stakeholder group may be outvoted (right of veto, consensus decisions).
- All stakeholder groups of an MSP must be involved in decision-making but stakeholder groups may be outvoted (majority decisions).
- Not all stakeholder groups of an MSP must be involved in decision-making.

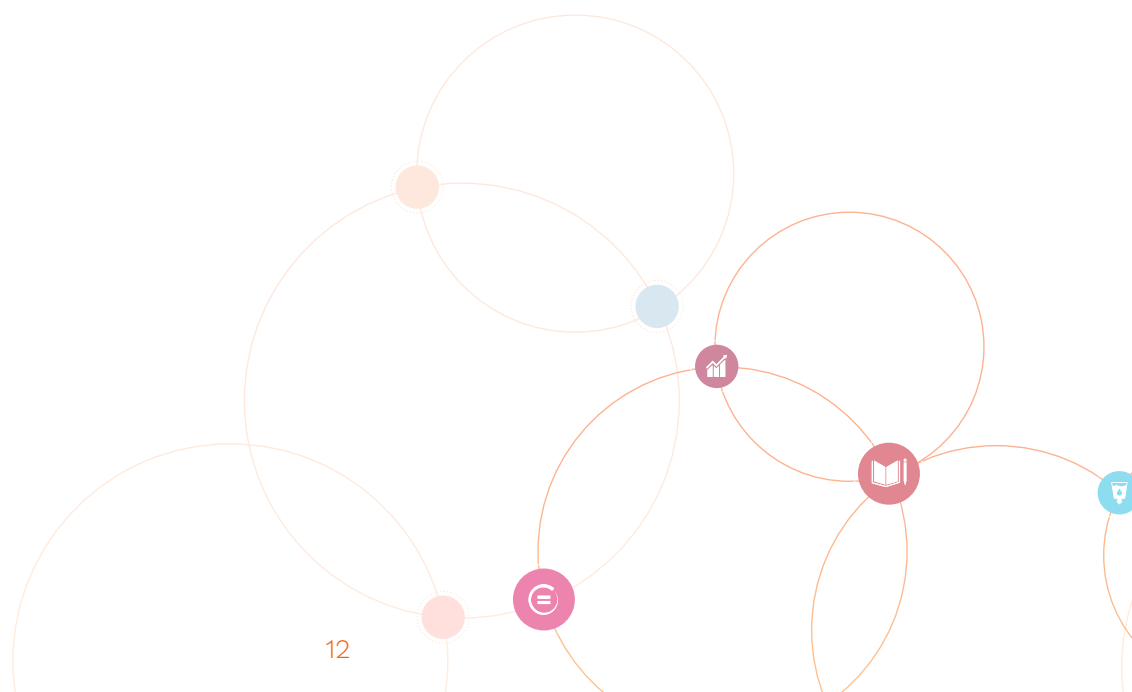
In addition to these, **more innovative methods** are available. The basic type of decision-making selected and the precise form it takes will depend on the MSP in each case and on a number of different factors.

Transparency

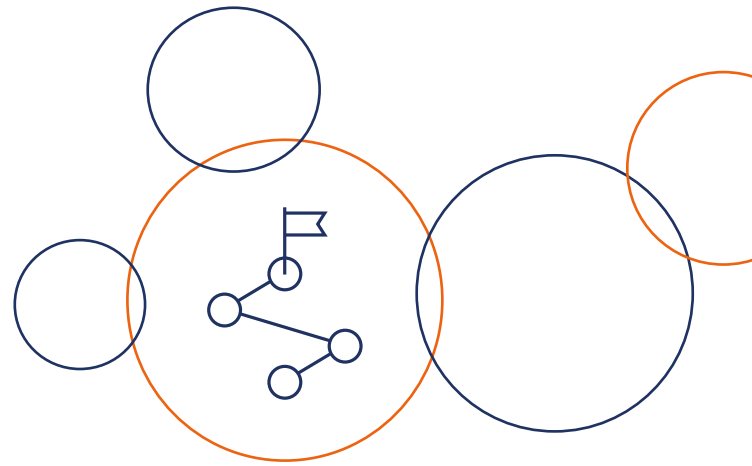
Procedures and processes within a governance structure must be clear and comprehensible for all members and must be transparently communicated. Equally, governance structures and decision-making processes must guarantee transparent communication. Information, decisions and relevant materials must be made available simultaneously and in good time to all stakeholders so that they can all make informed decisions and come together as equal partners. Transparency to external parties regarding the basic elements of the governance structure should be ensured.

Legitimacy

An important criterion for a well-functioning governance structure is that members of an MSP consider it to be legitimate. A governance structure is legitimate if it has been elaborated and adopted jointly by stakeholders. It is important to allow enough time for consultation and coordination on the governance structure and to involve representatives of all social categories to prevent any potential power imbalance. This also applies to subsequent modification processes.



Steps and tools involved in setting up a governance structure



Setting up a governance structure

Typically, MSPs go through **four phases**, as they become established and take up operations. During the first phase, stakeholders develop an understanding of the problem and form a core group. The second phase involves establishing initial agreements and laying foundations for the formal structuring of further processes. Joint development and adoption of a governance structure are also a good idea at this stage. Members can come together for joint training sessions or conferences to familiarise themselves with different governance structures and how to develop them. The practical experience of some MSPs indicates that it can be helpful not to formalise structures from the outset, but to first let the partnership achieve a certain maturity.

Written agreement

It is indispensable to enshrine the governance structure in a written agreement, which could take the form of a partnership agreement or a memorandum of understanding. This is the only way to make it binding and demand reciprocal accountability. The written agreement should include the following elements:

- Rules of procedure and structure of official bodies
- Understanding, requirements and responsibilities of different roles
- Deadlines and formats for work outputs
- Deadlines and processes for the election of the steering committee and for decision-making
- Procedures, responsibilities and mechanisms for transitioning from one role to another and for changes, transformation processes and conflict resolution.

Legal aspects should be taken into account, including representation of the MSP in legal proceedings, budgetary procedures, auditing, and exclusion procedures against members.

Regular reflections

A governance structure is established at the start of an MSP by a compromise decision taken by the stakeholders. Since the contexts, conditions and challenges facing an MSP are in constant flux, it is always possible that the governance structure might need to adapt to these changes. It is also conceivable that the organisational form selected proves to have weaknesses that only emerge in practice after some time. It is thus important for members to reflect on the governance structure at regular intervals. Possible questions include the following.

- Are the governance elements working as planned?
- Is the governance structure considered credible and effective by members?
- Do the members consider the governance structure to be legitimate?
- Can decisions be made efficiently, ensuring equal involvement of the individual stakeholder groups?
- Is the governance structure fit for practice?

For regular reflection on the governance structure and the entire MSP, we recommend **Partnerships 2030's MSP self-assessment tool**.

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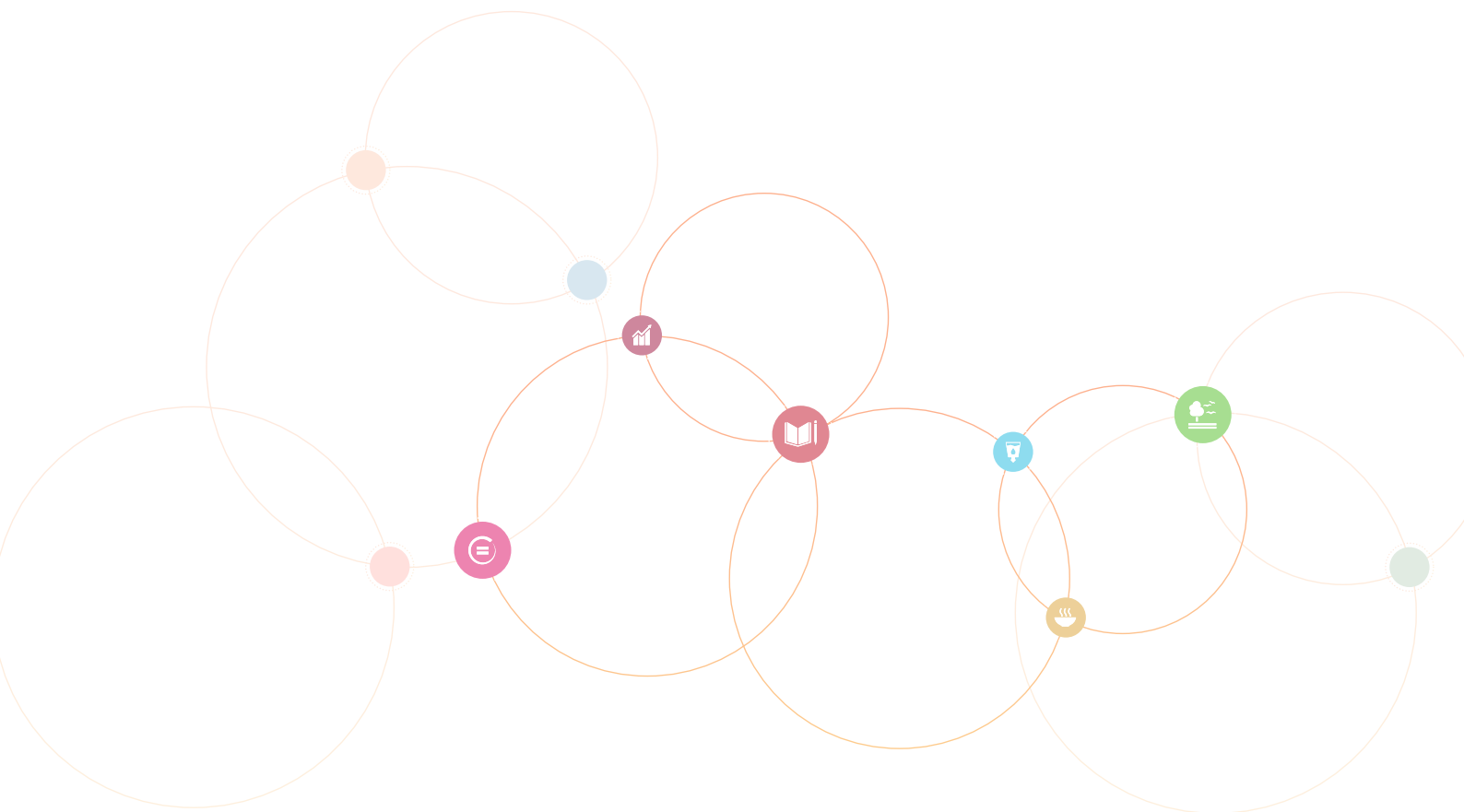
United Nations publication: *Guide: Partnering for Sustainable Development – Guidelines for Multi-stakeholder Partnerships to Implement the 2030 Agenda in Asia and the Pacific*



Further information and support

You can find more information on MSP-related topics on our website:
www.partnerships2030.de/en/.

Partnerships 2030 will also be pleased to provide individual advice. Feel free to contact us:
info@partnerschaften2030.de, phone: +49 228 4460-3539.



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