# Background

In May 2017, the Funds Dissemination Committee (FDC) published a recommendation on an Annual Plan Grant (APG) to Wikimedia France (WMFR). The FDC recommended a grant award of 50% of the amount requested by WMFR, and raised a number of significant concerns about WMFR's governance and other activities. The Wikimedia Foundation (WMF) Board denied WMFR’s appeal and approved the FDC recommendation in mid-June, requesting that the Foundation, through the Executive Director, determine and report back regarding its satisfaction with WMFR’s progress towards addressing the points raised by the FDC. In particular, the Board requested that the Foundation Executive Director ensure the financial and governance practices are consistent with best practices. The points at issue were incorporated into the grant agreement between WMF and WMFR, which was signed by the chapter.

Foundation staff reached out to WMFR’s leadership, who welcomed and pledged cooperation with the delegation of WMF staff that conducted a site visit with the chapter from July 25-26. The team, led by Katy Love, included Winifred Olliff, James Baldwin, and Stephen LaPorte. The team met with WMFR staff and board members, and hosted a community meetup.

Below, the WMF delegation has outlined the findings from this site visit, including both positive findings and significant concerns. The goal of this report is to record the site visit team's observations, and to share them with the board of WMFR. WMF will not share this report publicly, unless done with the consent of WMFR.

# Findings

## Programs: WMFR has significant potential for local impact

* WMFR program staff are carrying on good work that is valued by the community and has the potential to make important contributions to the movement, as, indeed, it has in the past.
* Several of WMFR’s programs have the potential to contribute to our movement’s diversity (gender diversity, language diversity, socioeconomic diversity, ability diversity), including the development of the MOOC (which has already begun to be successful in bringing in a wider range of contributors, including women and others who may not have time to become super contributors) and Lingua Libre (which may be applied in many contexts to aid those working on minority languages, and with sign language).
* WMFR’s programs are designed to work in local contexts, and this provides many opportunities for learning and good results. For example, the heritage initiatives include “Wiki Loves”-like activities that include partnerships with local governments, which can provide mutual benefits for the localities and for Wikimedia. Tools like the Ma Commune Wikipedia tool developed by a staff member can be used to bolster these efforts by identifying and visualizing content gaps and helping contributors integrate this into their workflows, contributions that can be adapted by others in the movement interested in engaging in similar work.
* However, the relationships between WMFR’s executive staff and local groups are strained because of conflicts related to chapter leadership and communication issues between the chapter and those groups or the wider community: several representatives from local groups have resigned, and one local group has expressly declared its independence from WMFR. This may constrain certain program development.
* WMF heard from community members that they feel they need a chapter in France to support their volunteer work, and that there is value that the chapter is still providing, even though the same community members expressed concerns about the chapter's governance or some of its activities. There are benefits that an organized entity with paid staff can provide volunteers and local groups that would be difficult for them to get on their own. Some important areas identified were (1) reimbursing volunteers for expenses for activities that support the Wikimedia mission; (2) liaising with partner institutions in France, since many partners desire a formal working relationship; (3) hiring and managing paid staff, where appropriate, to run programs that the community values.

## Financial: WMFR has some good practices in place

* Based on the description provided of WMFR’s processes and practices, WMFR has established good financial and accounting practices for an organization of its size, with some exceptions noted below. The financial review did not include testing of these procedures. (The financial review performed by WMF did not constitute a formal audit, something we mention here to avoid confusion.)
* WMFR staff prepares an annual budget that is reviewed and approved by the chapter’s board. WMFR reviews financial performance against the budget on a quarterly basis with senior staff and the board and makes adjustments to spending plans according to performance. However, the budget is not usually revised as a result of performance. This year, in response to the FDC recommending that WMF fund only 50% of their request, WMFR is in the process of conducting an extraordinary budget revision. The budgeting process is led by the deputy director, who holds most of the financial management responsibilities.
* WMFR has well-defined financial authority delegation and appropriate segregation of duties.
* WMFR has consistently been able to raise funds separately from WMF sources. WMFR has maintained a healthy operating reserve totaling approximately half of its annual budget.
* WMFR has had small annual budget deficits in several recent years when expenses exceeded revenues.
* WMFR has also built a positive working relationship with an outside accounting firm to provide oversight on the financial statements, tax filing, and other financial consulting.
* WMFR financial statements are audited annually by a local independent auditor.
* WMFR received annual financial reviews by the French non-profit oversight authority and has voluntarily completed an independent review of their financial management processes by the ESSEC business school in 2015.

## Governance: WMFR is committed to a governance review

* Wikimedia France agreed to cooperate with the independent governance review endorsed by the WMF Board of Trustees and required by the grant agreement with WMF. The chapter designated two board members, Samuel Le Goff (President) and Marie-Alice Mathis (Vice President) to be the chapter's leaders on the governance review project. The governance review will at a minimum cover the topics recommended by the FDC: board member orientation and retention processes; board and organizational policies including removal of board members and management of conflicts of interest; and the appropriateness of the staffing model. The scope of the governance review may take into consideration developments that may occur in the near future, for instance, as the chapter elects new board members..
* The governance review process should begin in September, following the August holiday in France, with a proposal from the Wikimedia Foundation on a consultant to conduct the review. WMFR will pay for this review. With the board's likely turnover over the next year (discussed below), one consideration will be ensuring that the governance review is appropriately implemented.

## Major concerns

### Concern: Aggressive communication from Wikimedia community to WMFR

* WMFR reported that they felt some communications from Wikimedia community members were overly aggressive, and at times, inappropriate or allegedly harassment.
* WMFR's Executive Director explained that she believed that the chapter had to take certain actions, including moderating the chapter's mailing list, to protect staff from comments that she felt could create an unhealthy work environment.
* WMFR asked for WMF's support in promoting civil discourse among Wikimedia community members, and supporting WMFR in protecting its employees from possible harassment from the Wikimedia community. WMF and WMFR agree that the protection and oversight of the chapter's employees remains the independent responsibility of the chapter, as their employer.

### Concern: Poor executive leadership

* WMF heard from multiple anonymous sources that there was not an appropriate channel of communication between the board and non-executive staff at the organization to address significant leadership issues. Particularly given the significant concerns raised about the chapter’s leadership and its treatment of staff, the lack of communication impedes the board's ability to fully and objectively evaluate executive performance.
* WMF heard other concerns related to executive performance, including inconsistent strategy and an appearance of favoritism (e.g., the promotion to the Deputy Director position of the Executive Director's husband).

### Concern: Viability of WMFR board

* Even with good program-level staff and accounting practices, as is the case here, it will not be possible to run a chapter without a sustainable and engaged board.
* WMFR will have significant leadership transitions in the next six months, following a period of other significant transitions. The WMFR Board has lost five members (Manuel, Pierre-Selim, Jean-Fred, Caroline, Guillaume) in last five months. Six board members will be elected at the September General Assembly (with 4 holding temporary seats), and again six more at the October General Assembly. Four current board members’ terms (Emeric, Edouard, Florence, Florian) will expire in October 2017, and two will expire in October 2018, though those two may consider resigning early. Samuel is confident the right community members will nominate themselves.
* WMFR asked WMF to discourage “inappropriate” (disruptive) community members from nominating themselves.
* The significant number of transitions on the board is challenging because WMFR will lose valuable historical knowledge, will have to dedicate time to onboarding new members and offboarding departing members, and will need to ensure they can continue the projects that extend beyond a one-year horizon.
* WMF is concerned about whether or not there are enough people in this community who are willing to run for the board and have the right skills and dedication to carry the organization through a difficult transition.
* The WMFR board is in need of experienced people with relevant expertise to resolve some of the significant concerns for the organization, and is also in need of people who have social capital within the community. Boards across the Wikimedia movement struggle to create a leadership pipeline and ensure new members are available to step into important roles when that is needed. This is something high-functioning organizations work very hard to address.

### Concern: Overuse and often Inappropriate legal threats from WMFR

* We observed a pattern of WMFR making legal threats that discouraged engagement from the public, and in particular, discouraged criticism and positive engagement from members of the community. These threats claimed to be based on confidentiality agreements or non-disparagement clauses in agreements with current and former staff or board members. In some cases, we were told that the threats were written, in other cases verbal. In some cases the threat was made on the alleged basis that criticism made or even potentially contemplated by an individual would constitute legally actionable libel or slander. The threats of legal action made against people, created an overarching chilling effect and belief that WMFR was litigious and would use its legal resources to silence valid criticism. Without opining on the enforceability and application of contractual obligations or the laws governing libel or duties of confidentiality, the number of legal threats and the contexts in which they were employed strongly appears not only counter to Wikimedia values, but to substitute and elevate fear of legal action as a primary means of controlling real or feared opponents of the manner in which the chapter was being run and more broadly stifling dissent.
* WMFR explained that they believed they took actions to protect staff from abuse. However, these actions should be balanced with Wikimedia values of transparency, accountability, and tolerating a diversity of viewpoints (including criticism), as well as preferred mechanisms for a board to handle dissent within its own members, as well as among staff and community members

### Concern: WMFR not allowing open internal conversation

* Several weeks ago, the WMFR board put their mailing list communications on hold (“for ten days”). More than ten days later, the organization has not yet re-opened the list. Board members explained that they thought that closing the mailing list would calm the situation. They explained that they believed shutting down the mailing list would protect employees by preventing them from receiving messages that were hurtful.
* We have heard from the board that approximately 10-11 memberships up for renewal, out of 172, have been rejected by the board. These rejections of membership renewals coincided with those members criticizing the chapter, which makes the board's action look like a deliberate attempt to silence criticism

### Concerns: Financial improvements needed

#### Fond de dotation

* WMFR has approached several potential institutional donors to gauge interest about potentially establishing a “fond de dotation”, a type of endowment unique to French law, which as WMF staff understood, would be a separate entity. WMFR also discussed this topic with stakeholders at their chapter weekend strategy session in early 2017.
* WMFR has not yet defined the new entity’s: governance or decision-making structure; its affiliation with WMFR, WMF, or the Wikimedia projects; or use of Wikimedia trademarks. The chapter is not authorized to license or sub-license any of the Wikimedia trademarks, so any connection between the fond de dotation and Wikimedia would need appropriate approval.

#### Accounting for expenses funded by APG

* WMFR does not have its accounting systems set up to track expenses by funding stream (fund accounting). This is a requirement for APG grantees. WMFR must maintain a separate bookkeeping account for grant expenses. It is also a requirement that lobbying and political activities not be funded by APG funds, including staff time. WMFR conducts a significant amount of lobbying and political activities. WMFR is currently unable to demonstrate that lobbying is funded from other revenue sources, and that staff time is tracked to ensure it is not paid with APG funds. WMFR must implement fund accounting to be in compliance with the grant agreement.

#### Historical transactions between WMF and WMFR

* In 2015, WMFR contacted WMF to resolve the outstanding payable owed by WMFR for the previous 5 years. These debts included amounts outstanding from fundraising agreements (shared revenue agreements) and FDC grants.
* Under the fundraising agreements, WMFR received all cash donations made during the periods in question. WMFR was obligated to report fundraising revenue data to WMF and remit WMF’s share of the donations according to the relevant fundraising agreement. WMF relied on WMFR’s reporting of revenue for the purposes of determining each party's share of donations, recording the financial transaction accurately, and providing financial oversight..
* WMFR originally stated that they owed €504,382 to WMF in an email from Émeric Vallespi dated May 11, 2015. In a subsequent email, Émeric Vallespi claimed that there had been an error and the actual amount owed to WMF was €164,109. WMFR provided a consolidated summary of transactions in french between WMFR and WMF that neither captured all transactions nor reconciled to WMF records for that period. WMF asked for explanation of this summary that was never received. Additionally, the consolidated summary appeared to include financial information, which seem to incorrectly reflect the actual transactions between WMFR and WMF. As a result of these facts, the accounting for these transactions remained open and suggests that a payable from WMFR may still be outstanding. Despite not receiving an explanation from WFMR, WMF confirmed on September 10, 2015 that no payable was due from WMFR.
* At the site visit, WMF looked at this summary with WMFR’s Board President, Deputy Director, and external Accountant. WMFR did not provide an explanation, however, their CPA agreed to investigate and provide further clarification. WMF requests specific financials information from WMFR to assess the accuracy of the financial data provided on May 11, 2015 and determine any potential financial impact to WMF and WMFR.

### Concern: Poor communication & failure to notify of key personnel changes

* When board members and staff resigned, WMFR failed to notify WMF in a timely way. WMFR explained that they were constrained by expectations of confidentiality, yet this is not consistent with the nature and timing of their other communications around these matters. WMFR must ensure that its confidentiality agreements with departing board members and staff do not prevent the chapter from complying with its commitments to provide timely updates to WMF, as outlined in the grant agreement.
* WMFR believes that its relationship with WMF was strained due to some fundraising activities. WMFR explained that they believe there is confusion among donors about the difference between WMF and WMFR. WMF and WMFR should coordinate closer on fundraising campaigns to ensure that all donor communications reflect positively on the the Wikimedia movement and do not cause confusion or inappropriately elevate one organization within the movement at the expense of another.

# Conclusion

We recognize a significant potential for a local chapter in France. At the same time, the site visit highlighted a significant concerns that should be addressed through board leadership and the governance review recommended by the FDC. Following the General Assemblies in September and October, it will be important for WMF and WMFR to maintain a close and positive working relationship to address these concerns. We look forward to working with the board of WMFR toward supporting an effective chapter that supports the Wikimedia community in France.