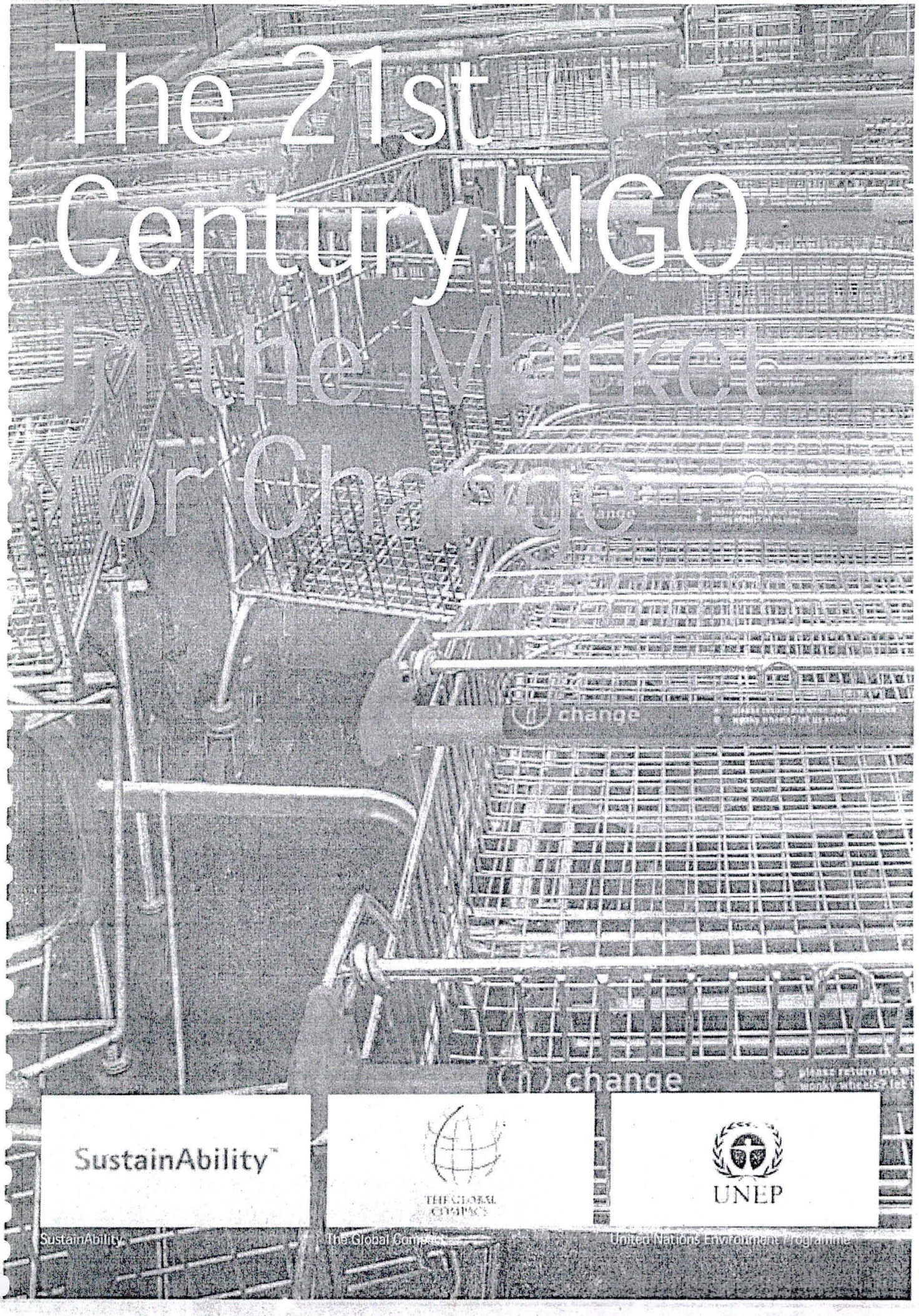

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SustainAbility foreword

The 21st Century NGO represents the first phase in a new round of our work on the agenda driven by NGOs — and on the emerging strategic, accountability and governance agendas for NGOs themselves. The report is partly an updating of work SustainAbility has been doing for more than a decade on evolving relationships between business and civil society — and, in particular, between business and NGOs. But it is also intended as a provocation, as an encouragement to NGOs to challenge their own thinking, sense of mission and strategies.

As we wrote the report, we imagined ourselves talking to NGOs and those who fund them, but we would hope that public and private sector readers will also find useful guidance on where the agenda may now be headed. This is no longer a simple matter of reputational risk for such sectors, but of potential market drivers. As NGOs' expertise and contacts evolve, so they themselves will come to be seen by thoughtful companies, investors and government agencies as a source, direct or indirect, of market intelligence. The logic: if NGOs shape markets and markets shape companies, then companies that understand where key NGOs are headed may get the jump on their competitors.

The report is based on a wide literature review, interviews with nearly 200 key people around the world, and four workshops held in Brazil, Canada, the United Kingdom and the United States. In addition to thanking those who took part in the interviews (pages 53-54), we are enormously grateful to the UN Global Compact Team, the United Nations Environment Programme, our sponsors (Novo Nordisk, VanCity, DuPont, Holcim and the International Finance Corporation), our NGO partners and the wider project team. Thank you all.

Seb Beloe
Director, Research & Advocacy
John Elkington
Chair, SustainAbility

UN Global Compact foreword

The strategic move by many non-governmental organizations to become active players within market systems has profound implications for multi-stakeholder initiatives that seek positive social and economic change.

For some civil society actors, confrontation, which has proved a highly effective means for raising awareness of critical issues, is being joined by cooperation with other stakeholders, including business, to produce solutions to pressing global challenges.

Much of this shift stems from the realization that many of today's problems require multi-stakeholder responses. Moreover, the ascendancy of markets demands that societal actors come to grips with today's market fundamentals in order to reach their goals.

The UN Global Compact is an ambitious experiment in multi-stakeholder collaboration intended to embed global markets with universal principles around human rights, labour, and the environment. The findings of this report are important to the Global Compact, which can succeed only if business, labour and civil society work together. Dozens of international NGOs are now actively engaged in the Global Compact, in addition to numerous local NGOs — all working as part of the Compact's worldwide network of stakeholders.

In addition, this report will help inform a high-level UN panel that is currently examining the interaction between civil society and the UN system as a whole.

We would like to applaud SustainAbility for once again stretching the boundaries of current thinking and thereby provoking new debates and discussion. We are certain that this new report will lead to a better understanding of the critical trends and dynamics that are unfolding within the civil society movement.

Georg Kell
Executive Head, UN Global Compact

UNEP foreword

The first UN conference on the environment in Stockholm in 1972 highlighted that pollution knows no borders. Twenty years later at the Rio Earth Summit, the link between environment and development was made. The Johannesburg Summit last year reinforced the concept of sustainable development, highlighting the need for a new development model in our globalized world. It also emphasized the social and environmental responsibilities of the corporate world.

UNEP has been working with business and industry for many years to engage different sectors in an effort to advance sustainable production and consumption. We have been hosting annual consultative meetings with trade and industry associations since 1984, involving increasing numbers of NGOs and labour organizations. These dialogues raised awareness among associations of new challenges and equipped them to catalyse change in their own ranks. UNEP helped bring many key stakeholders to the table, providing a neutral platform for the discussion of major issues. On many occasions, however, questions were raised from various sides about the role and representivity of different partners.

In this publication SustainAbility builds on the tradition developed in our *Engaging Stakeholders* series of tackling the big issues head on. So for example: how do NGOs go about working with business? There is no 'one-size-fits-all' solution. We are all confronted with complex societal roles: the diversity of sustainable development requires a diversity of approaches from all actors including NGOs.

During sixteen years as head of UNEP DTIE, I have learned that we need to evolve our shared vision, while keeping our feet on the ground. This is why over this time I have so enjoyed the partnership with SustainAbility which I hope has brought new ideas and new light to the sustainability debate.

Jacqueline Aloisi de Larderel
Assistant Executive Director, UNEP
Director, UNEP DTIE (Division of Technology, Industry and Economics)


Seb Beloe


John Elkington


Katie Fry Hester


Sue Newell


Georg Kell


Jacqueline Aloisi de Larderel

Executive summary

The not-for-profit sector is now worth over $1 trillion a year globally.[01] As a result, it attracts growing attention, not all of it comfortable. For example, McKinsey & Company — the management consultancy —

Panel 0.1
'Old' and 'new' NGOs

Issue	20th Century	21st Century	Comment
Status	Outsiders	Insiders	20C NGOs spent the second half of the century as outsiders, challenging the system

Introduction: why NGOs?

When SustainAbility first investigated the world of non-governmental organizations (NGOs), in 1987,[04] the scale and influence of the movement was already considerable — but its subsequent evolution, fuelled by the processes of globalization, has been extraordinary. *The 21st Century NGO* project represents our seventh survey of the NGO landscape,[06] but is the first to have been supported by a consortium of NGOs and public and private sector partners. All our previous surveys have explored aspects of the interactions between NGOs, business and markets, but this latest project has detected early tremors which we believe represent warning signs of seismic shifts in the landscape across which NGOs operate.

But why focus on NGOs — and why now? One key reason: there is growing interest in the role and impact of 'civil society', usually defined as representing that set of institutions, organizations and behaviours situated in the space between the state, the market and the family. Appendix 1 spotlights a number of centres of excellence in this area. The way in which civil society researchers view NGOs is well summarized by Michael Edwards of the Ford Foundation: 'If civil society were an iceberg, then NGOs would be among the more noticeable of the peaks above the waterline, leaving the great bulk of community groups, informal associations, political parties and social networks sitting silently (but not passively) below.'[07]

Activist NGOs are the shock troops of civil society, but there are many others forms of NGO, focusing — among other things — on analysis, networking, behind-the-scenes lobbying or service delivery. Whatever they do, the roles and responsibilities of NGOs have been thrust into the spotlight in the wake of the profound changes that followed the collapse of many communist bloc regimes.

The globalization of capitalism has seen successive waves of market liberalization and privatization sweeping around the world. These trends, in turn, have provided a rich variety of issues for civil society, in general, and NGOs, in particular, to confront.

Globalization may have been on its back foot in 2003, but our research suggests that we may be seeing a structural change in the 'business environment' within which NGOs operate. The primary focus of this work has been on the large, international, branded NGOs, though we have also interviewed a range of national groups operating in countries around the world. We have explored both the emerging priorities promoted by these NGOs as well as critical challenges they themselves are beginning to face. As indicated by the involvement of key NGOs both as supporters of the project and as members of our project advisory group (see inside front cover), our explicit aim throughout has been to map the emerging agenda, with a view to helping NGOs respond to the new challenges efficiently, effectively and in time.

In highlighting NGOs and emerging trends in their operating environments, our logic runs as follows:

- First, international NGOs powerfully shape and drive the corporate responsibility and sustainability agendas.
- Second, as a result, NGOs represent lead indicators of where political and business agendas are likely to go in future.
- Third, given the scale of the changes needed in the world to ensure sustainable development, their role is likely to grow in importance.
- But, fourth, they face growing competition for public, political and business 'mind-share', as other actors adopt their perspectives, language, campaigning style and tactics and work at how to deliver change.
- Fifth, as some NGOs build major brands and move into the mainstream, they face growing calls for greater transparency and accountability.
- And, sixth, as the landscape tilts around them, some of the more thoughtful NGOs are recognizing an increasingly urgent need to revisit and refine their roles, responsibilities and business models.

The research

Our research ran from September 2002 through May 2003. A key component of the work involved interviews with leading NGOs from different world regions (page 53–54). In total, we involved nearly 200 people in the research either as interviewees or workshop participants.[08] Each was selected on the basis of such criteria as geography, issue focus, peer referral and size of the organization they represented.[09] The primary focus has been on understanding NGO perspectives, but we have also talked to key individuals in foundations, governments, businesses and academia in order to better understand the context within which NGOs operate. Based on these insights, we have attempted to extrapolate out, reading between the lines of our interviews, to generate a perspective on where international NGOs and the agenda they drive may be headed.

We readily acknowledge that the organizations covered here are predominantly northern-based — and biased towards well-known 'professional' membership-based NGOs. In part this is because we believe that such models help describe how other parts of the world may develop. But, at the same time, we realize that NGOs operating in emerging markets face very different opportunities and constraints. Our insights in these areas have also been integrated into this report, but we do recognize that further research is needed in order to more fully address these emerging market issues.

Clearly there is a world of NGOs and beyond that a broader civil society that is not fully represented in this report. Nonetheless, though still small, our interview pool does represent a significant community of NGOs and other leaders. It is on the basis of this group that our conclusions are drawn.

The report

The 21st Century NGO is designed for a mixed readership. Primary target audiences are NGOs and their funders, with specific recommendations for each in Chapter 7. We also believe that the study will be of interest to people from the business community who want to better understand what tomorrow's NGO will look like, and where their agenda is headed. The report in particular gives guidance on NGO-business partnerships and how these can be most effective (Chapter 5). The structure of the report runs as follows:

- **Chapter 2** looks at market and political changes that are driving a 'Paradigm Shift', which in turn is transforming the NGO 'market'.
- **Chapter 3** focuses on 'The Business of NGOs' — addressing ten key questions about their role and operations.
- **Chapter 4** then describes in detail four challenges facing NGO boards.
- **Chapter 5** explores a fifth challenge in greater depth, investigating how NGO engagement with business is shifting 'From Market Intelligence to Intelligent Markets' and analyzing some of the implications for NGOs.
- **Chapter 6** applies a standard business SWOT test to NGOs, asking the question how successful they are likely to be in 'Bringing Change to Market'.
- **Chapter 7** sets out our key conclusions and recommendations and provides a set of 21 internal and external challenges for international NGOs, including a set of 'wild cards'.

Panel 1.1
Definitions

Accountability
An actor (whether an individual or an organization) is 'accountable when that actor recognizes that it has made a promise to do something and accepted a moral and legal responsibility to do its best to fulfil that promise.'[10]

Civil Society
Civi society is the set of institutions, organizations and behaviour situated between the state, the market and the family. Specifically, this includes voluntary and non-governmental organizations of many different kinds, philanthropic institutions, social and political movements, other forms of social participation and engagement and the values and cultural patterns associated with them.[11]

Corporate Social Responsibility (CSR)
CSR implies continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families, as well as of the local community and society at large.[12]

Emerging Markets
Developing countries recognized as having access to international capital markets, thereby creating opportunities for attracting private capital flows.[13]

Market
Conditions affording individuals or groups the opportunity for buying or selling goods or services.[14]

NGO
Self-governing, private, not-for-profit organization geared toward improving the quality of life of disadvantaged people.[15]

Partnership
A partnership is a cross-sector alliance in which individuals, groups or organizations agree to: work together to fulfill an obligation or undertake a specific task; share the risks as well as the benefits; and review the relationship and revise the agreement regularly.[16]

Social Enterprise
A business whose main aim is to generate a social benefit, with the secondary aim of generating a fair return to investors.[17]

Social Entrepreneur
A change agent in the social sector who devises new ways to meet unmet social or environmental need through the market.[18]

Sustainable Capitalism
A system of capitalism which maintains the long-term health of the diverse economic, social and environmental systems on which it depends.

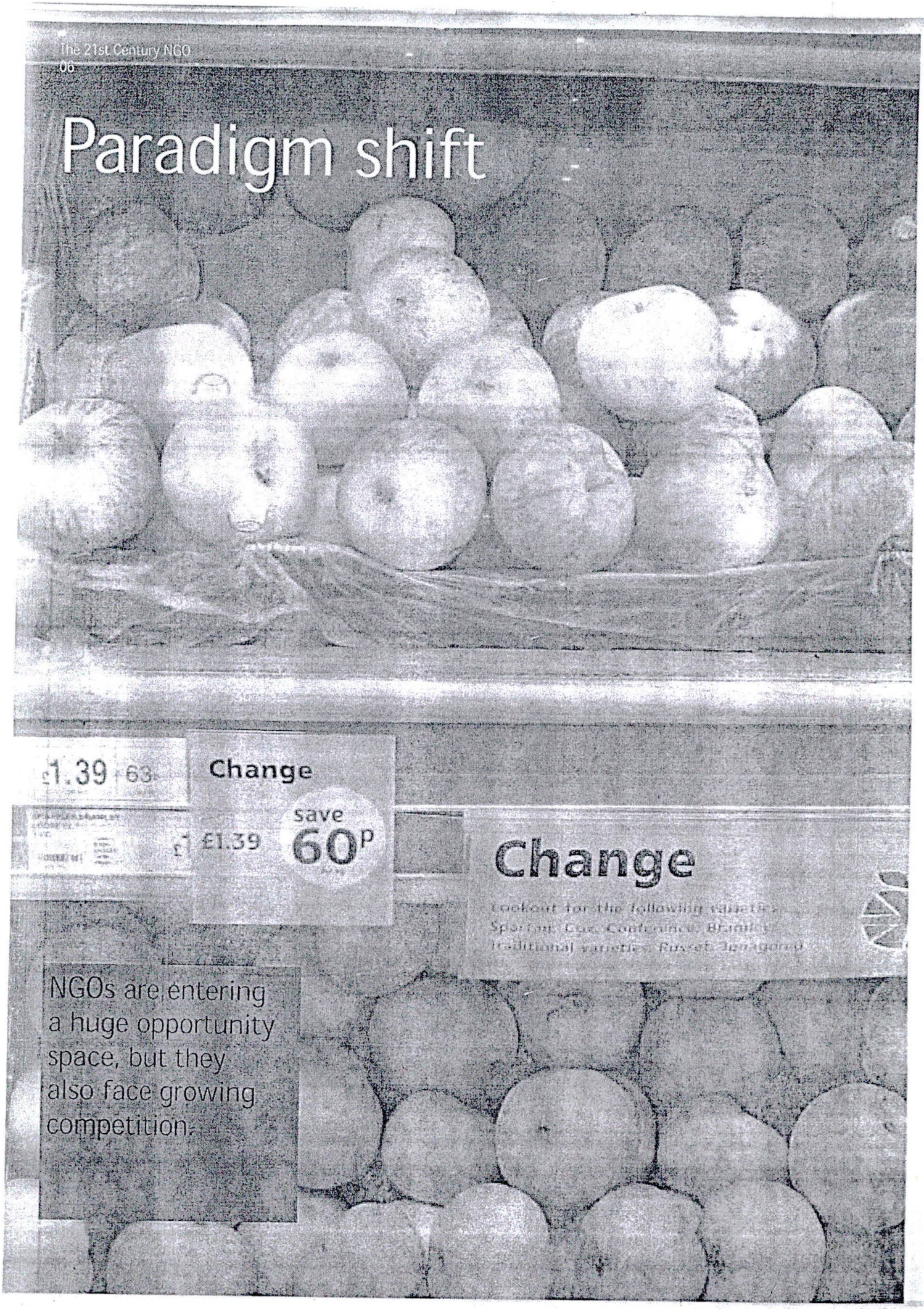
Sustainable Development
Development is sustainable where 'it meets the needs of the present without compromising the ability of future generations to meet their own needs'.[19]

Triple Bottom Line
A framework for measuring and managing economic, social and environmental value, added or destroyed.

For more information see www.sustainability.com

Activist NGOs are the shock troops of civil society.

Paradigm shift



NGOs are entering a huge opportunity space, but they also face growing competition.

Challengers challenged

Like it or not, NGOs are experiencing a paradigm shift. The environment in which they evolved — and boomed — is now mutating. Some trends are in their favour, others not. Anti-globalization protests, underpinned by a groundswell in public support, have come to define the latest wave in public concern for social and environmental issues.[20] But as 2003 dawned, much of the world was distracted by more pressing fears around 'security' and the global 'war on terror' led by the world's new hyper-power, the United States.

In many ways globalization, if not actually in retreat, appears to be very much on the back-foot. The failures of multilateralism in Iraq, political schisms in the European Union, a backlash from many world regions including the Islamic world, the faltering Doha Round of trade talks, incipient protectionism, SARS: these have been just some of the factors undermining confidence in our economies and in globalization.[21]

In spite of such anxieties, however, few interviewees believe the process of globalization has actually ended. Most indicators of globalization continue to increase.[22] Indeed, paradoxically perhaps, many NGOs now argue for more globalization, not less. In the process, however, they stress that it needs to be refocused on 'globalizing human rights, justice and accountability for those that abuse those rights'.[23] In the build up to the 2003 G8 Summit in Evian, for example, the talk was of 'humanised globalization' and we began to hear of alternative (rather than anti) globalization activists, or 'altermondialistes'.

Instead of simply confronting globalization, many NGOs we spoke to are actively working to understand how these processes can be guided to create and distribute greater social and environmental benefits. Consequently the new agenda promoted by international NGOs straddles a range of issues, among them: new definitions of security, global and corporate governance, accountability in financial markets, access to basic necessities in emerging markets (e.g. clean water, affordable energy, and drugs for HIV/AIDS and other diseases) and the role of social entrepreneurs.

Not everyone is comfortable with the increasingly central role of NGOs, however. Mike Moore, the WTO's former director-general, is far from alone in calling for 'new rules of engagement' between civil society, international institutions and governments.[24] 'NGOs have had too much of a free ride in identifying themselves with the public interest,' agrees Jeffrey E. Garten, Dean of the Yale School of Management. 'They have acquired the high ground of public opinion without being subjected to the same public scrutiny given to corporations and governments.'[25] Garten concludes: 'It is time that companies and governments demand more public examination of NGOs.'

Not surprisingly, some NGOs see such challenges as attempts to muzzle critics. Instead, they argue that membership NGOs derive their legitimacy from their supporters, often numbered in millions. But these calls for NGO transparency and accountability can only grow as these organizations go mainstream and, in the process, handle ever-greater financial flows and exert increasing political influence.[26]

This trend was a key reason why SustainAbility decided to embark on this, our seventh NGO survey. But, we soon concluded that if we were to simply focus on NGO accountability, we would risk missing a much more significant trend for NGOs and civil society. This is the accelerating paradigm shift from a late 20th Century focus on governments and regulation, to an early 21st Century obsession with markets as the principal channel for delivering sustainable development.[27] This shift is the central focus of *The 21st Century NGO*.

The civil society boom

Early in 2003, SustainAbility and the Global Compact team co-hosted a workshop at the World Social Forum (WSF) in Porto Alegre, Brazil (Panel 5.9). The sheer number of people at the Forum (120,000, according to some estimates) suggests that the civil society sector is still booming. This assumption drives most of the centres of excellence (page 52) tracking civil society and NGO trends, many projecting further growth in NGO numbers. Key drivers they spotlight include:

Panel 2.1
The Cardoso Panel

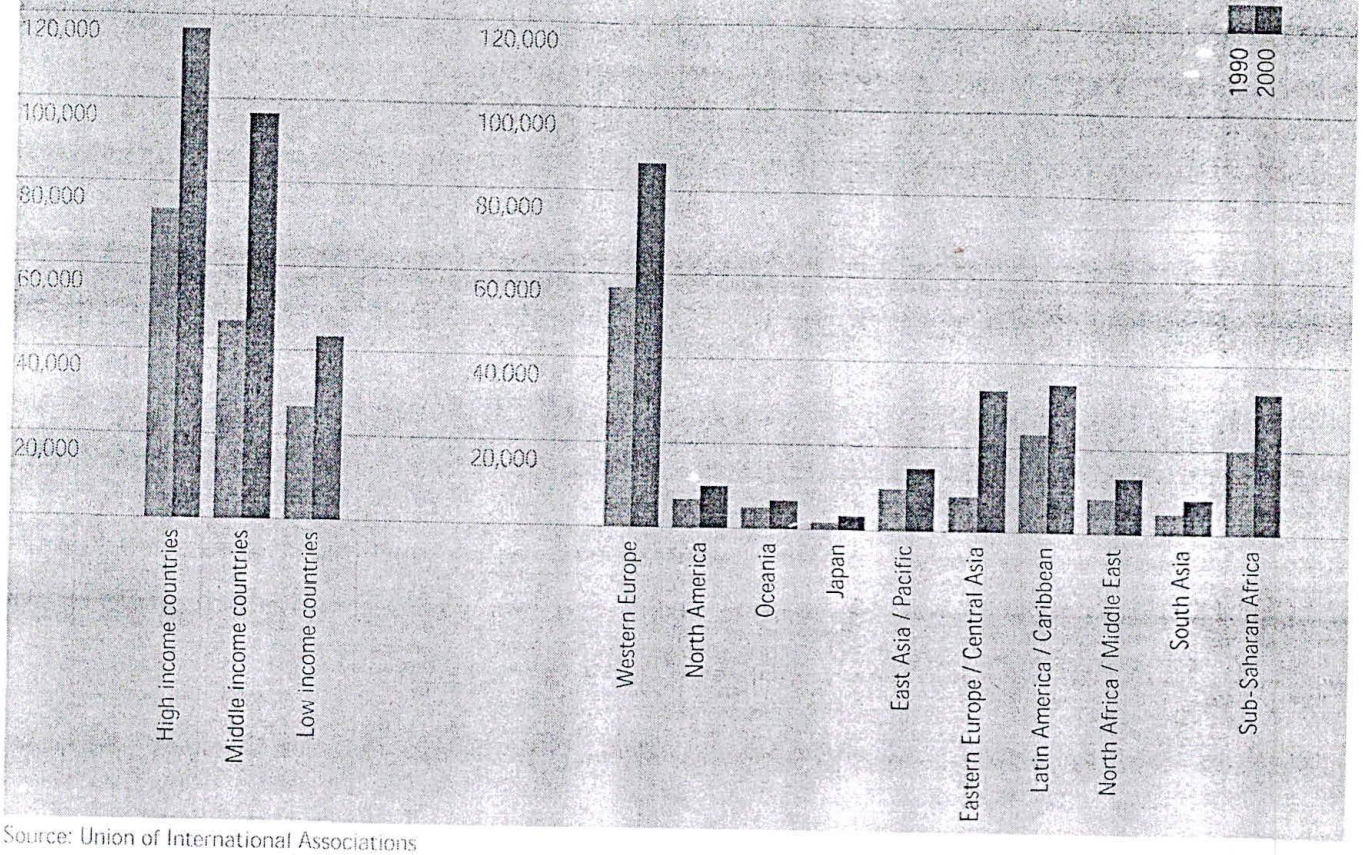
In February 2003, UN Secretary-General Kofi Annan announced the formation of the 'Cardoso Panel' to assess the interaction between the United Nations and civil society organizations. The panel, chaired by former Brazilian President Fernando Cardoso, includes a number of eminent persons representing governments, NGOs, the private sector and academia.

The panel will work against a backdrop of exponential growth over the past decade in the number and influence of NGOs, and their increasing interaction in formal deliberations of UN bodies and conferences. Today, more than 2,000 NGOs have consultative status with the UN Economic and Social Council, and about 1,400 with the UN Department of Information.

While NGOs have been instrumental in directing international attention to the importance of poverty reduction and human rights, there have also been signs of strain within the UN system. As Kofi Annan noted: 'Many Member States are wary of the constant pressure to make room for NGOs in their deliberations, while NGOs feel they are not allowed to participate meaningfully'. One of the objectives of the panel will be to examine the ways in which participation of NGOs from developing countries can be facilitated.

Like it or not, NGOs are experiencing a paradigm shift.

Panel 2.2
Membership growth in international NGOs 1990–2000



Source: Union of International Associations

- the opening up of ex-communist and other emerging or transition economies to markets, democracy and civil society models.[28]
- the communications revolution, with the internet and other information technologies linking and empowering individuals and groups worldwide.
- the withdrawal of government from many areas of service provision, especially to vulnerable communities.
- falling trust in traditional institutions (governments, church, business).
- ongoing social inequality and continued environmental degradation.

Beyond growth in numbers, several interviewees predicted other changes in the focus of NGOs. 'We're seeing a sea-change in terms of social change,' says Australia-based Ecos executive chairman Paul Gilding, a former executive director of Greenpeace International. 'Market forces are seen as increasingly legitimate. And NGOs are starting to smell changes in the relationships between corporations and society. The big thing to watch for is NGOs switching on to market transformation, and being more deliberate and strategic in such approaches.'

One possible outcome: some activist networks and NGOs will begin to use market forces more consciously and aggressively to undermine particular companies or sectors. But, Gilding notes that, 'when it comes to how to achieve market transformation, the problem is that NGOs are almost completely ignorant on how markets and business work, while business is largely ignorant of how to work with NGOs.' Strongly stated, but many NGO people would probably accept the idea that they still have much to learn about business and markets. Significantly, however, many we interviewed are now investing growing efforts in this area.

Inevitably, like mainstream markets, the NGO 'market' has its own 'bulls' and 'bears'. Take Chris Rose, who has had senior roles in Friends of the Earth, WWF and Greenpeace. He wonders whether a 30-year 'golden era' of NGOs is now ending, and suspects that there is a real risk of a major downturn in the prospects for advocacy NGOs.[29]

NGOs focused on service-provision, including many of the world's largest NGOs such as CARE and Global Vision International, are also being subjected to intensifying competitive pressures. Declining government funding, more demanding beneficiaries and donors, and new market entrants increasingly require these groups to 'perform or perish', in the words of Kumi Naidoo of Civicus, a speaker at our New York workshop on NGO accountability.

As the new paradigm evolves, some interviewees fear that NGOs that once pushed out into 'open space' — that hadn't been previously defined or colonized — will find they are increasingly reduced to mopping up, filling in voids left by markets and governments. But others insist that NGOs and other elements of civil society will mutate to adapt to the new conditions.

Either way, these trends have major implications for NGOs. Indeed, in contrast to those who claim that NGOs have had their day, some see NGOs just entering their golden age. With public opinion research consistently showing NGOs enjoying high levels of trust,[30] both governments and companies have no option but to take notice.

NGOs have even been described as the 'Fifth Estate in Global Governance', with NGO 'super-brands' now enjoying much higher levels of trust and influence than global companies.[31] In emerging markets, some governments are also turning to NGOs for advice on key issues. Vladimir Putin, no less, was recently involved in a Civic Forum for NGO leaders aimed at providing input on Russian government policy.

Finches, not dodos

No need to worry, then, that NGOs will go the way of the dodo. Of course, as they enter the mainstream, it will become harder for any one NGO to stand out from the crowd, which is why we have focused on NGO branding (Panel 3.6). But, on current evidence, far from being on the slippery slope to extinction their numbers, scale, reach and influence are all likely to grow in the coming decade. Panel 2.2 illustrates the significant growth in NGO numbers between 1990 and 2000.[32]

Remember, though, that evolution also involves natural selection. A significant number of NGO people we spoke to expect a 'shake-out'. 'There is a need for — perhaps the imminence of — a market correction in the NGO sector,' says Bob Dunn of Business for Social Responsibility (BSR). So, instead of dodos, maybe we should think in terms of Darwin's finches, mutating to occupy highly diverse ecological niches? Certainly globalization is throwing up plenty of new issues, opening out new niches for both activism and service delivery.

'Globalization', argues Kumi Naidoo of Civicus, 'is exacerbating global inequality, and its "rules" — to the extent that we can call them that — appear to be driven by the rich at the expense of the poor.'[33] He notes that: 'Globalization, and the forces driving it, is throwing up a set of intractable challenges that brazenly cross national borders and which, by their very definition, defy national-level solutions. The spread of environmental degradation, HIV/AIDS, human trafficking, the drug trade and terrorism are all enabled by globalization.'

Other voices also argue that there are inherent weaknesses in current forms of globalization, with market dominating élites guaranteeing dysfunctional outcomes.[34] If globalization continues, we would expect a continuing relative disempowerment of governments — with power and influence migrating to businesses, the financial sector, multilateral organizations and, inevitably, NGOs.

Holding capitalism in tension

Once, many business people and political leaders thought of NGOs as communist-inspired. Today, as many civil society organizations go mainstream, such accusations seem almost quaint. But there may be an interesting historical parallel in the making. Just as communism, in all its forms, helped hold capitalism in tension and spurred social progress in the market-dominated world, so in a world where the market is becoming the dominant paradigm, NGOs and other civil society groups are evolving to play a similar role of holding big business (and big government) in check.[35]

While NGOs may come under growing competitive pressure both from existing and new actors, the people who found and drive these organizations are an entrepreneurial bunch. They will come up with new ways to drive social change and deliver social and environmental value to their clients, beneficiaries, funders and other supporters.

That said, they could still prove to have been a transitional stage in social evolution. Think back to Martin Luther pinning his 95 theses to a church door in Wittenberg. Was that so very different from Greenpeace hanging banners off factory chimneys or nuclear reactors? The values that drove Luther in the early 1500s spawned the evolution of proliferating forms of Protestantism which, in turn, helped drive the processes of wealth creation and accumulation now labelled 'capitalism'.

It seems certain that values introduced by NGOs will play a similar role in the 21st Century, but where will today's NGOs be in 2020, let alone 2100?

Panel 2.3
NGOs in emerging markets

Democratization, globalization and the rise of new market economies are having profound impacts on NGOs in these countries. In Latin America and South Africa, where civil society was often focused on the struggle for democracy, NGOs have been able to refocus on development and the environment. In China, Russia or Central Asia where there is little tradition of NGOs, there has been a growing recognition of the positive contribution they can make.

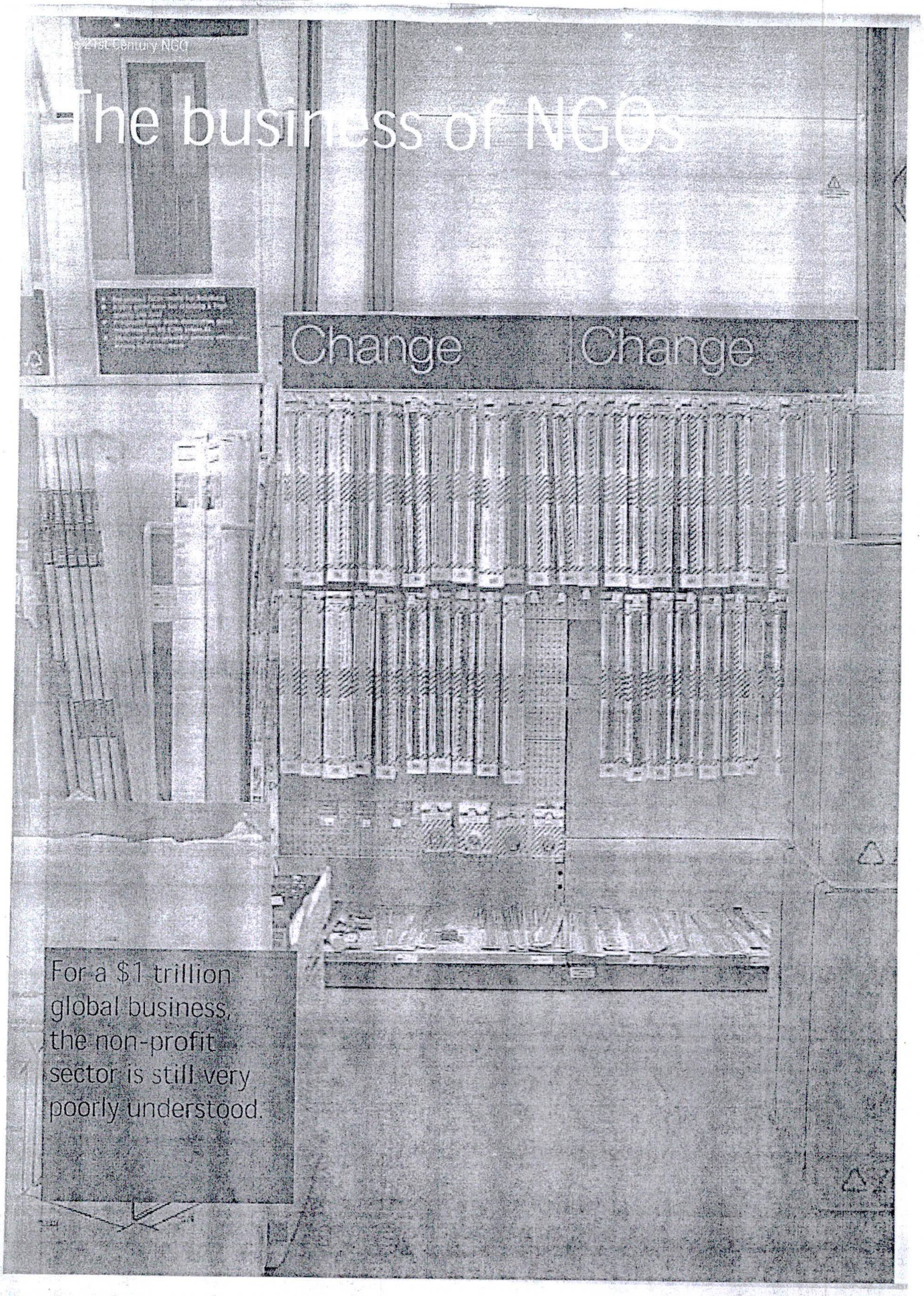
Paradoxically, however, democratisation can also weaken civil society if NGO leadership moves into government. Mokhethi Moshoeshoe of the African Institute of Corporate Citizenship observed: 'Until 1994 NGOs in South Africa were focused on the political agenda and confrontation. Post-1994, their main cause went away and they lost some of their top people to the government. They were left rudderless and without leadership.'

However, in other cases, previously sceptical governments have begun consulting NGOs. Daniel Taillant of the Center for Human Rights and Environment in Argentina comments that: 'NGOs were seen to be people at the margins pulling at chains they shouldn't be pulling at — questioning authority. However, there have been advances and some recognition that others outside the state also have expertise and can contribute.'

African Institute of Corporate Citizenship
www.corporatecitizenship-africa.com

Center for Human Rights and Environment
www.cedha.org.ar

The business of NGOs



For a $1 trillion global business, the non-profit sector is still very poorly understood.

Like most social movements, many of today's best-known international NGOs emerged from the fringes of society. Over time, however, their issues – be they environmental protection, poverty alleviation or human rights – have begun to come in from the cold. But for many people they still remain something of an unknown quantity. So here are answers to the ten questions we were most frequently asked by those outside the NGO world who have to work out how to relate to these organizations and their agendas.

Who are these people?

We were recently asked this question by senior executives of a major international energy company which has been hounded by NGOs. 'Who are these people?' they wanted to know, and 'Why are they so different from us?' Big questions – and strikingly reminiscent of the film *Butch Cassidy & The Sundance Kid*, when the outlaws are finding it impossible to shake off the pursuing posse.

Those who work in NGOs, be they ecological campaigners or program officers delivering humanitarian relief, have always been different from those who run the powerful institutions of the day. This is only in part an issue of wanting to see change in shorter time-scales than those inside the system feel is possible. The values that many of those who have gone into NGOs hold are also significantly skewed when compared with those working in the mainstream worlds of business and government. They prioritize ethical, social or environmental issues in different ways and feel a stronger sense of outrage when these values are offended.

That said, however, we have seen a striking convergence between the values of those in the NGO or CSO sectors and those (particularly younger people) working in mainstream institutions. Indeed, this is one of the factors now driving the growing interest, on all sides, in partnerships. It is still true, however, that NGOs and CSOs attract people who are driven by an urgent sense of social, economic, environmental or political injustice. And this, in turn, can lead to forms of organizational schizophrenia as some people in a given NGO promote partnerships with business or others actors, while others oppose such relationships, either as a matter of principle or because of specific concerns about a particular potential partner. Managing such tensions is becoming a central challenge in many NGOs pursuing the path of engagement.

Also, at least in the early stages of the NGO life-cycle, NGOs often have little knowledge of the processes of wealth creation and distribution they challenge. So these people, unlike politicians, businessmen or bureaucrats, are typically outside the welter of pressures and drivers that lock business and government into well-established and potentially problematic ways of operating.

As these groups become more established, they may blend into the mainstream, sometimes because they sell out ('watchdogs becoming lapdogs', as UK environmental activist Jonathon Porritt once put it), and sometimes because the mainstream itself has shifted. Development groups, for example, once mere gadflies, are now major institutions in their own right. Definitional problems make estimations of the size of the sector problematic, but by most measures this is a large industry – so large that almost by definition it is 'mainstream'.[16] Valued at over $1 trillion a year, and employing 19 million paid employees, it's an extraordinary fact that the sector could now rank as the world's eighth-largest economy.

Where did they come from?

NGOs did not spring into existence fully formed in 1961, even though that was the year that Amnesty and WWF were first launched, as illustrated in Panel 3.2. Social activism has long roots. For example, the movement in the early 1800s to ban slavery in the British Empire was partially driven by the British and Foreign Anti-Slavery Society, and some of today's best-known NGOs also have their roots in the late 19th Century.[17]

In the early years, religious groups often played a key role, including providing recruits to work in these new organizations. The links between the anti-slavery movement and religious groups such as the Quakers are well documented. But churches were also very active in supporting the emergence of a new wave of NGOs founded to provide aid to communities devastated by World War II, as well as in supporting the independence and pro-democracy movements in Europe and elsewhere.

Panel 3.1
Long-lived NGOs

Many international NGOs are decades, if not centuries old. The International Committee of the Red Cross for example, was set up in 1863 by a Swiss citizen, horrified by the lack of adequate medical services for the thousands of wounded following the battle between France and Austria at Solferino, Italy.

Indeed wars – and their aftermath – were often the catalysts for the formation of NGOs. Save the Children was set up in 1919 by two sisters campaigning against the injustice of the economic blockade on Germany and Austria, and CARE (the 'Co-operative for American Remittances to Europe') was formed after the second world war to provide relief to impoverished communities in Europe.

Some environmental NGOs also have their roots in the distant past. The US Sierra Club, for example, was founded in 1892 by John Muir to protest proposed reductions in the boundaries of Yosemite National Park, while the Royal Society for the Protection of Birds (now Europe's largest wildlife conservation organization) was set up in 1889 to campaign against the Victorian trade in wild bird plumage.

Red Cross
www.icrc.org

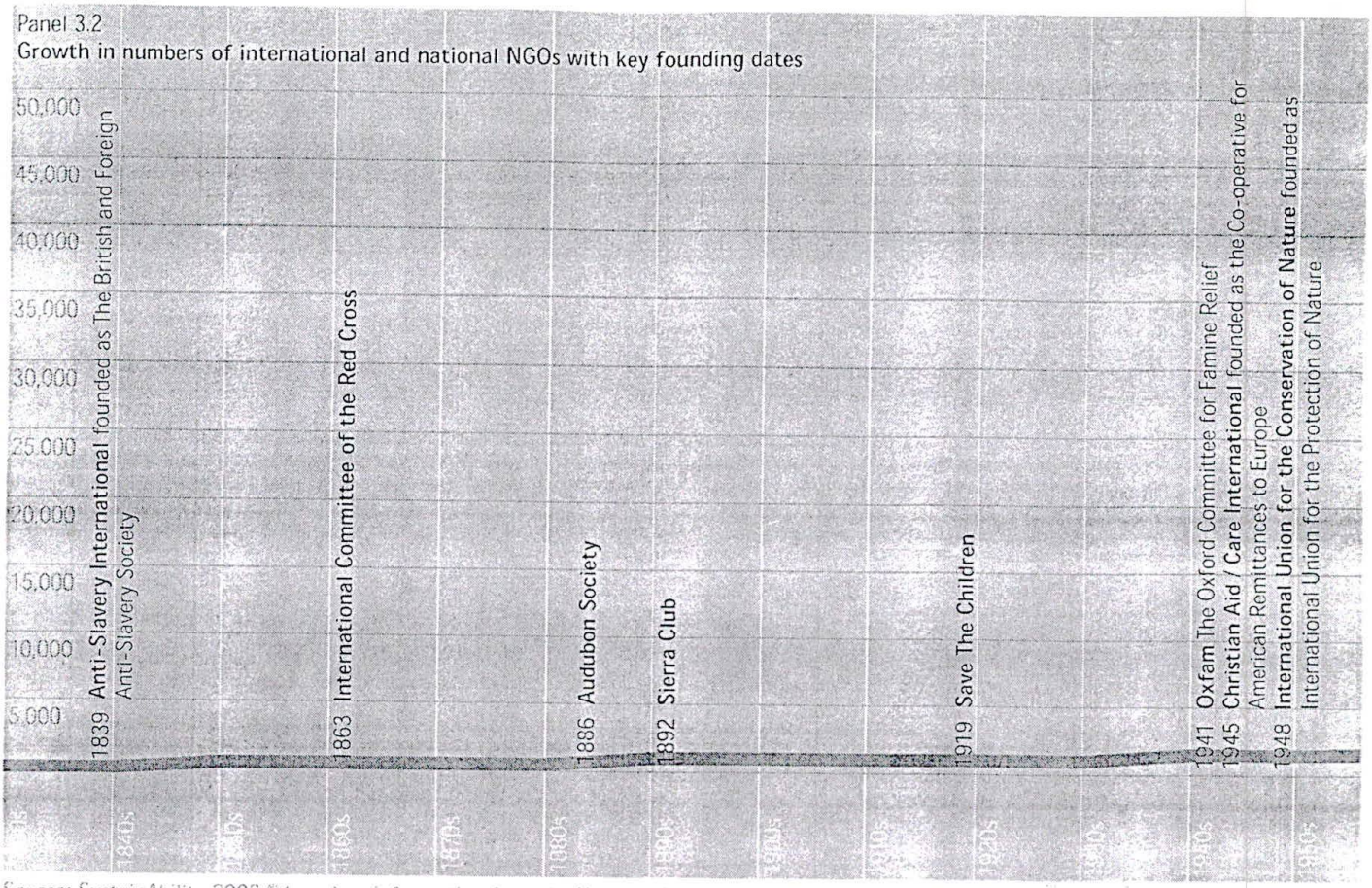
Save the Children
www.savethechildren.org

CARE
www.care.org

The Sierra Club
www.sierraclub.org

RSPB
www.rspb.org.uk

Panel 3.2
Growth in numbers of international and national NGOs with key founding dates



Source: SustainAbility 2003 ® based on information from the Union of International Associations

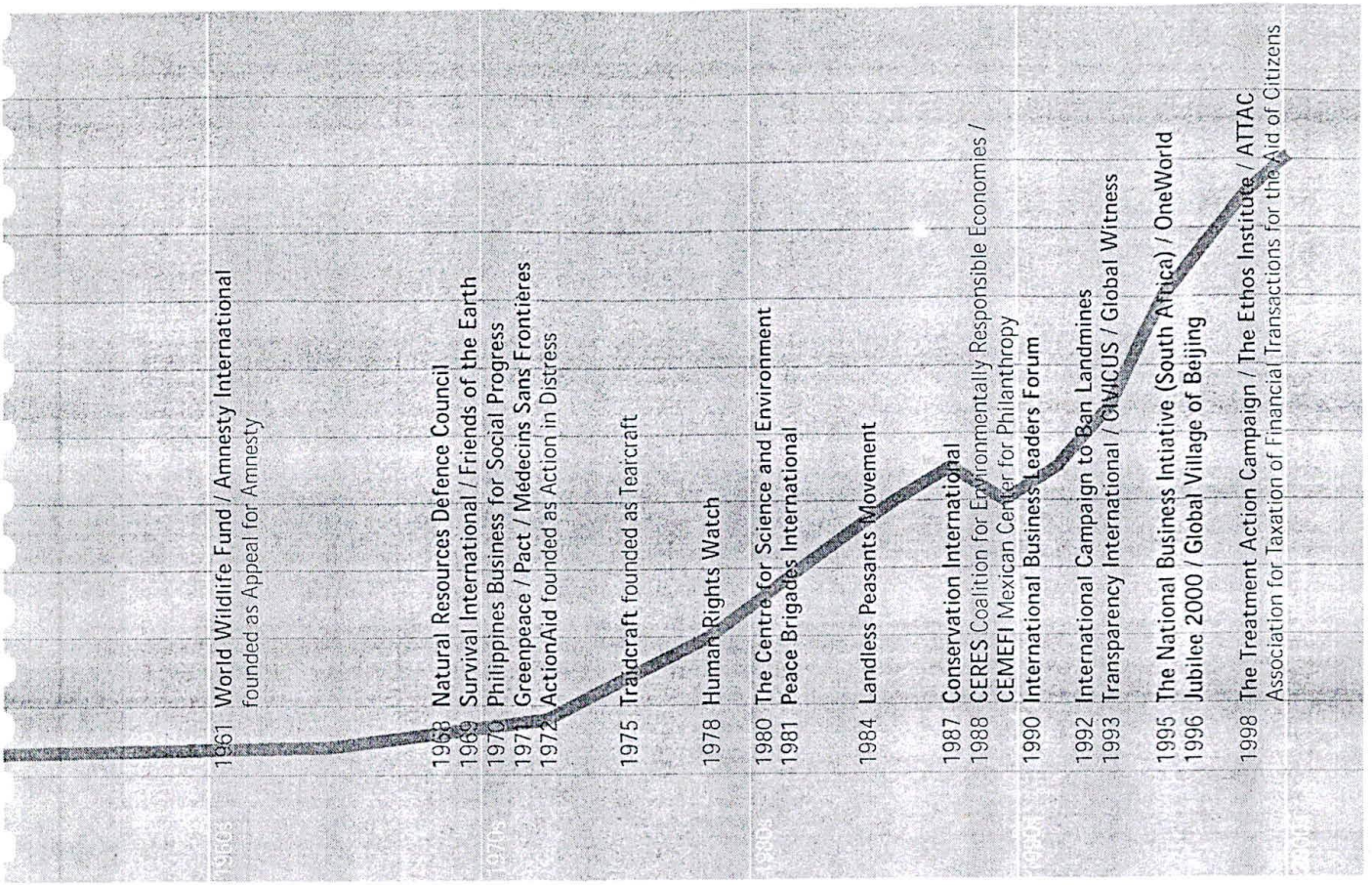
Panel 3.3
Ten North-South differences

	Northern (developed market) NGOs	Southern (emerging market) NGOs
1	Well researched (page 52)	Poorly researched
2	Broadly accepted part of national and international governance	Variously banned, tolerated or neglected players in governance
3	Many big, international brands; often franchised internationally	Few brands, mostly national and smaller; brands rarely franchised
4	More individual giving	Fewer, larger supporters
5	Foundation support (and agendas) central	Multilateral aid agency support (and agendas) central
6	Skew towards campaigns, advocacy, though there is a vast — if less visible — world of service providers	Skew towards service provision, though there are some very powerful activist movements
7	Professionalization well advanced	Professionalization early stage
8	Growing capacity to engage business	Weak capacity to engage business
9	High leverage NGO-business partnerships fairly well established	High leverage NGO-business partnerships still fairly rare
10	Often speak for 'South'	Hardly ever speak for 'North'

The 1960s and 1970s, however, saw the emergence of a new, largely secular and increasingly activist wave of NGOs. Amnesty International, for example, was formed in 1961 to be 'a permanent international movement in defence of freedom of opinion and religion'. The US Natural Resources Defense Council (NRDC) followed in 1968, Friends of the Earth a year later (1969), splintering from the Sierra Club over the issue of nuclear power, then Greenpeace (1971) and Human Rights Watch (1978).

A generational shift was under way in the NGO world. Previously, many long-established organizations were run by people who were broadly positive — or at worst neutral — to business, whereas new groups were often launched by younger people who were anti-business, anti-profit and anti-growth. In some cases, their line has softened, in others not.

Recently, we have seen an 'echo boom' of indigenous, independent NGOs in many emerging and transition markets, with the fall of the Berlin Wall in effect signalling the dawn of a new era for CSOs. In many of these former Soviet countries, as well as other emerging markets, there has been explosive growth in NGO numbers.



But in contrast with the situation in the developed world, the larger national NGOs in these countries are sometimes set up by business leaders to deal with urgent social problems. For example, Philippines Business for Social Progress was set up in 1970 in response to the Marcos regime; in South Africa the National Business Initiative was aimed at facilitating dialogue between business and political players towards the end of the apartheid regime; and in Brazil the ABRINQ Foundation was set up by business people to address child labour problems. See also Panel 3.3 for other differences between 'Northern' and 'Southern' NGOs.

What do we call them?

That's a tough one. NGOs have been called all sorts of things over the years, but as the roles and issues they address have grown — and as others have sought to mimic their language and structure — the labels have also proliferated. So what do we call them? NGOs, NPOs (nonprofit organizations) or CSOs (civil society organizations)? Or should we use terms like BENGO, BRINGO, ENGO, GONGO, MANGO, PONGO, RONGO or SONGO?[38] It all depends, but these semi-humorous labels raise real issues.

BENGOs, for example, are 'Bent NGOs', offering sweetheart deals to founders, staff or others. ENGOs are focused on the environment, MANGOs are 'Mafia NGOs', providing cover for money laundering or protection services and GONGOs — 'government organized NGOs' — are an important element of civil society in countries like China and Russia, even holding government itself to account in some cases.

The most widely used term for organizations that are neither run by government nor profit making has been non-governmental organization (NGO). Increasingly, however, the term CSO is also used. This embraces not only fixed address organizations with paid staffs, but also the whole range of groupings and associations that make up civil society.[39]

If we stand back from this proliferation of acronyms, however, one thing is clear. Organizations that are primarily defined by their labelling as *non-* (e.g. non-governmental, nonprofit) or *anti-* (e.g. anti-globalization, anti-war) organizations, have a communication challenge to address. Some of them, at least, recognize the need to emphasize more positive, *pro-* messages.

That's a key reason why we are seeing at least some anti-globalists, for example, beginning to reposition themselves as promoting alternative forms of globalization. In short, this isn't simply a rebranding issue for individual NGOs or CSOs, but for entire sectors. Making the switch won't be easy, but it has to be done.

Panel 3.4
Sharks, Orcas, Sealions and Dolphins

	Polarizers Aim to achieve change by disrupting the status quo through confrontation	**Integrators** Aim to achieve change through constructive partnerships with businesses, governments and other stakeholders
Discriminators Study targets to understand how best to engage them	**Orca** — Highly intelligent — Strategic — Independent — Unpredictable — Eats both sealions and some dolphins	**Dolphin** — Great capacity to learn — Adapts strategies and behaviour to context — Creative — Fends off sharks
Non-discriminators Do not discriminate between targets	**Shark** — Acts on instinct — Tactical at best — Attacks any target in distress — Often attacks in packs — Feeding frenzies	**Sealion** — Keen to please — Professional and well trained — Prefers the mainstream — Uneasy if separated from its group

A sealion NGO would not think of biting the hand that feeds it.

What do they do?

These days, there is an incredible diversity of NGOs and NGO-like activity. In 1996, SustainAbility carried out an assessment of the ways in which NGO-business relationships were developing.[40] In the process, we introduced a new set of labels for NGOs: *Sharks, Orcas,*[41] *Sealions* and *Dolphins* (Panel 3.4). The language was widely picked up, but now, seven years on, we wanted to check whether the classifications still held up.

The answer is a qualified yes. While the categories still work well, there have been substantial changes in the composition and character of each of the different categories, for example:

— Shark
A key trend here has been the surfacing of a considerable number of groups within the broader 'anti-globalization' movement that oppose globalization and consider violence legitimate against a broad range of targets.

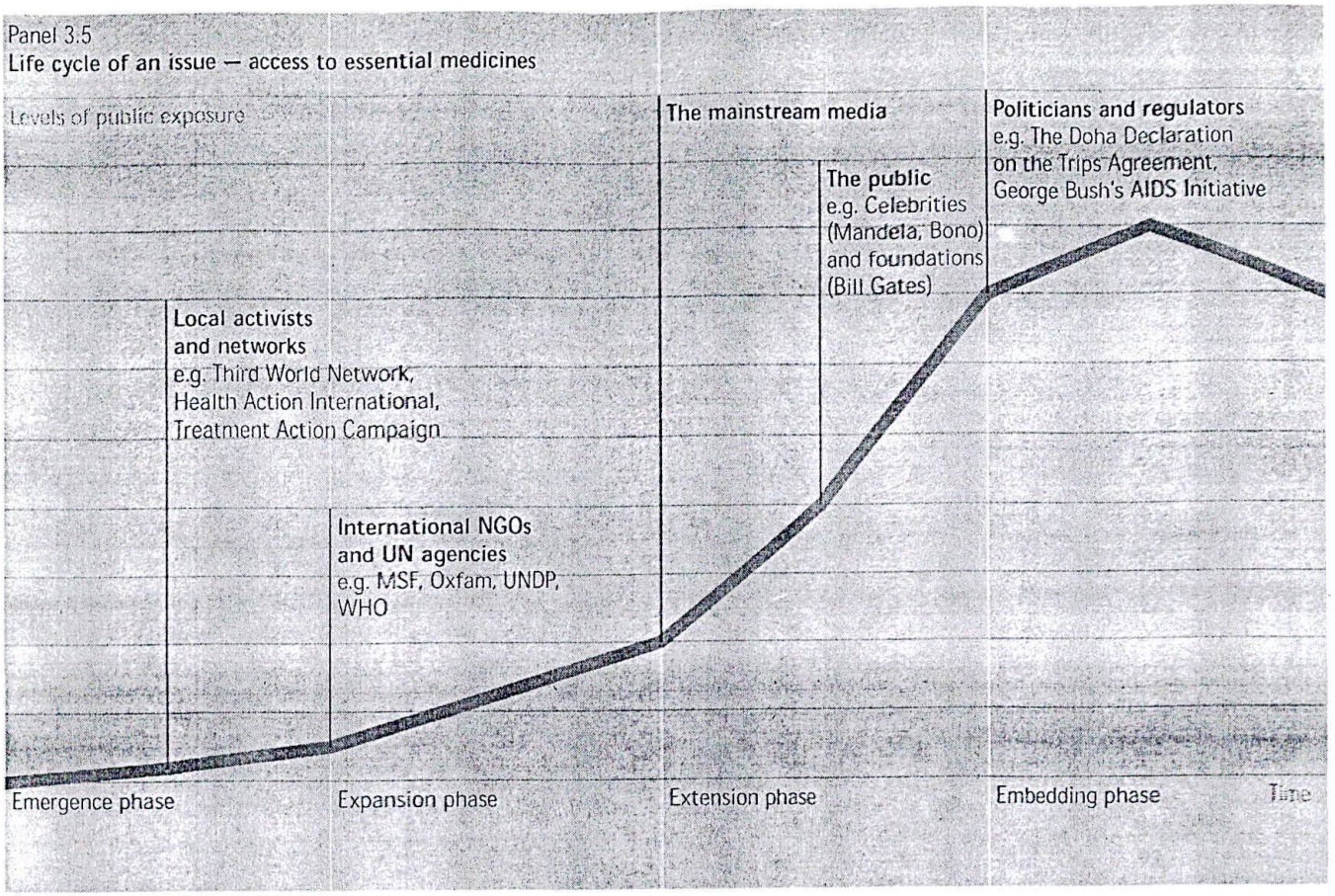
— Orca
Greenpeace was one of the most obvious players in this area back in 1996-7, but has now been joined by others like Global Exchange, The Corner House, People for the Ethical Treatment of Animals (PETA), and the Sierra Club. In addition, this category has been bolstered by groups migrating from other areas.

— Sealion
A key characteristic here is that an NGO wouldn't think of biting the hand that feeds it. There are still plenty of NGOs happy to adopt this role, even though Sealions have been coming under attack from more aggressive NGOs. As a result, some Sealions are cleaning up their act. NGOs operating in emerging economies, for example, often have little choice in where their funding comes from, but many that would have fallen into this category in 1996 are now stricter about who they allow to support their work. Oxfam's refusal to accept funding for development work in Iraq from the 'belligerent countries' has been a recent case in point.[42] Interestingly, a number of NGOs are now developing criteria for when they will and will not accept money from companies (Panel 5.4).

— Dolphin
Migration into this area continues apace as more NGOs recognize that businesses and market frameworks have to be addressed for significant change to be achieved. It is important to note, however, that many new entrants in this category are not NGOs. Socially responsible investment groups like Sustainable Asset Management (SAM), as well as social enterprises or 'campaigning companies', display many Dolphin characteristics. Our research also suggests that this area will continue to evolve significantly in the coming years (see Chapter 7).

Like pioneer species of plants that specialize in colonising new areas, 'pioneer' NGOs also colonise new issues. For example, the involvement of NGOs in issues like access to essential medicines for poor communities generally follows a 'life cycle', with the identification of an issue at the grass roots level first, after which other actors weigh in to generate a critical mass that drives the issue up the agenda of decision-makers. Panel 3.5 illustrates the life-cycle of the campaign to promote access to essential medicines, in particular access to AIDS drugs in emerging economies.

Panel 3.5
Life cycle of an issue — access to essential medicines



Source: adapted from Peter Winsemius, Tilburg University

How are they organized?

Inevitably, given the range of issues NGOs address, their geographical diversity, varying sizes and cultural context, there is an enormous variety of organizational forms. Nonetheless, Helmut Anheier of the London School of Economics (LSE) Centre for Civil Society[43] has suggested that there are three basic organizational forms: the 'unitary' (or U-form), 'multidivisional' (M-form) and 'network' (N-form) varieties.

- **U-form organizations** include traditional unions, the Catholic Church, the Red Cross and Red Crescent Societies, Socialist International and the International Chamber of Commerce. These organizations are hierarchical, stable, predictable and centralized. They also tend to be somewhat conservative.
- **M-form organizations** include NGOs like CARE, Human Rights Watch, National Business Initiative (South Africa), and Philippines Business for Social Progress. Some may incline to conservatism over time, but they can also be extremely challenging. In some ways, perhaps, they have had less time to be tamed and co-opted by the system.
- **N-form organizations** are different again; their primary characteristic is network structure. Global public policy networks like the World Commission on Dams, the International Action Network on Small Arms and the Coalition for an International Criminal Court would be considered N-form NGOs as would Climate Action Network, Friends of the Earth International, Reclaim the Streets, the World Social Forum and many other anti-globalization movements.

Panel 3.6
What future for NGO brands?

In March 2003, a SustainAbility-Interbrand workshop in London explored the importance of 'brand' to NGOs. Our instinct was that the increasingly crowded NGO marketplace would be leading NGOs to focus on the clarity of their identity, values, message and brand. The workshop attracted major NGOs such as OneWorld International, Amnesty International, and Friends of the Earth as well as smaller players such as the Fairtrade Foundation, Traidcraft and the Soil Association. In broad summary, we found that:

- Yes, NGOs are thinking hard about their brands, with many engaged in brand management activities, though they describe it as 'clarity of identity' or 'communication of values' – both felt to carry less of the baggage of corporate jargon and business speak.
- Many NGOs have recruited professional 'brand managers' to enhance the clarity of thinking and communications behind NGO brands.
- NGOs recognise that they have become a medium in their own right for business communication of corporate responsibility, hence some of the demand for partnership, and that this brings both risks and rewards.
- They know that credibility is fundamental to their success, and that their brands must stand for integrity as a minimum. They are grappling with how business partnerships might challenge this 'integrity' with the 'consumers' of their causes.
- They increasingly see steps to bring transparency and accountability into their sector as fundamental to the longer term success of their brands, and all they aspire to stand for. Among the NGOs that have invested heavily in their brands are the Fairtrade Foundation, Oxfam and WWF.

For further information on the workshop see www.sustainability.com/programs/pressure-front/workshops

Is there an NGO life cycle?

The simple answer is no, not a predictable one, but organizations of all types go through life cycles: they are born, learn, mature, reproduce[44] and, in some cases, enter a period of senility before they die or fall into a coma. So what can we say about NGO life cycles? The first thing is that there are 'flushes' of NGOs, just as flowers bloom in the desert after rain. NGOs thrive on upwellings of issues and there are periods – like the 1960s in Western Europe and the US or the 1980s in Eastern Europe – when a new generation wakes up to a new set of issues and decides to take action.

Focusing on international NGOs, most have emerged in response to a specific set of needs and issues, but often these needs and issues have evolved over the years. In the case of groups like CARE, they have shifted from delivering aid packets to Europe to helping to address the root causes of poverty in communities around the world.

'Wise heads' might argue that N-form organizations will eventually 'grow up' and adopt many M- and even U-form characteristics. Certainly, such networks are likely to crystallize out into a cluster of new, semi-permanent or permanent organizations. The largely N-form World Social Forum, for example, may need to become more institutional over the years if it is to translate the energy that it has rallied into effective change.

But there is no inevitable migratory path from N- to U-forms, and many U- and M-form organizations may well adopt aspects of the N-form 'business model' to ensure success in their changing environments. For example, established groups like Environmental Defense, or World Vision International have adopted the campaigning techniques of the hugely effective internet campaigns or 'dot-causes' which are often no more than loose networks of 'hacktivists'.

Do they compete or collaborate?

While it is rarely openly acknowledged, NGOs in their more developed markets of the north clearly compete for media attention, members, money and other resources. What's more, market pressures favouring competition appear to be building. Karen Suter of the UK Royal National Institute of the Blind argues that: 'There is a lot more competition between charities, and we are increasingly competing for a smaller cake of donations'.[45]

This competition powerfully influences how NGOs are run. Some groups specifically design their fund raising strategies to avoid competing with important stakeholders, including other NGOs. The US Center for Environmental Leadership in Business, for example, in its initial stages chose not to compete for foundation money because it did not want to compete with other environmental NGOs. Equally, UK development groups coordinate the timing of fund raising activities so they do not compete with one another. So, for example, 'Christian Aid Week' is scheduled for a different week from 'Save the Children Week'.

While fundraising has been the primary area of competition, increasingly the larger, branded NGOs are also competing for 'mindshare' among target audiences including with governments, the media and business. Several interviewees said that at least some NGO communications departments are actively discouraging collaborative engagements with other NGOs because they are thought to introduce confusion into stakeholders' minds about a given NGO's brand platform. Indeed the importance of developing and maintaining a powerful brand is something that NGOs are increasingly conscious of, with several using branding PR agencies to assist them in developing a strong and coherent 'brand message'.[46]

But, while competition undoubtedly exists, many leading NGOs are also able to collaborate effectively. This is particularly true at an individual level, where field staff often collaborate by sharing resources and working actively together where their missions overlap. In company-focused campaigns, individuals in different organizations often take the approach that one NGO will adopt a confrontational attitude, while — in a pincer movement — another adopts a more collaborative posture. As Jules Peck of WWF-UK explained: 'Different NGOs have different skills. The good cop, bad cop routine works really well. Where we agree on the overall objective, WWF will often go in the back door to work with companies behind the scenes, while other groups create the pressure by banging on the front door'.

Organizationally, collaboration is often easier between 'non-traditional' partners operating across different sectors. 'Five Year Freeze' in the UK, for example, is a coalition including environmental NGOs, development groups, farmers, religious groups, unions and women's groups campaigning against genetically modified crops.[47]

Collaboration is also a strong feature of NGO activity in many emerging economies. So the East-East program, sponsored by the Open Society Institute, links NGOs in the former USSR and Central and Eastern Europe. GroundWork in South Africa has partnered with NGOs in India on health issues, while Grupo Puentes is a new network of Latin American and Dutch NGOs which seeks to share information on corporate social responsibility.

'Do NGOs speak as the poor, with the poor, for the poor or about the poor?'

Panel 3.7
No silver bullet for NGO accountability

So how should an NGO handle the accountability agenda? This question was the subject of a SustainAbility-Global Compact workshop held at the UN headquarters in New York in April 2003. Given the variety of NGOs operating globally, there is no one-size-fits-all approach, no silver bullet. But at least five elements are generally considered important:

1 **Drivers for accountability**
Four drivers for NGO accountability emerged from a team workshop[48] on the subject: *morality* (accountability is right in principle), *performance* (accountability improves effectiveness), *political space* (accountability increases credibility and thus influence), and *wider democratization* (accountability of NGOs strengthens democracy in the general political environment). Beyond meeting basic moral and legal norms, NGOs need to establish an appropriate balance between the resources required for additional accountability and the benefits that might accrue from this (e.g. how it supports an NGO's mission).

2 **Geopolitical context**
Expectations and mechanisms for accountability vary enormously depending on the laws, culture, funding patterns and location of an NGO's operations: for example, transparency may represent a great risk in countries where human rights are not fully protected. Similarly, accountability for funding is very different for NGOs dependent on large numbers of local, individual donors than it is for NGOs dependent on philanthropic funding from international organizations. Furthermore, in areas where civil society is relatively young, sophisticated and onerous demands regarding accountability may be unrealistic, even strongly counter-productive at this stage. Interestingly, as was stated at our workshop on the issue: 'There is no word for accountability in Portuguese'.[49]

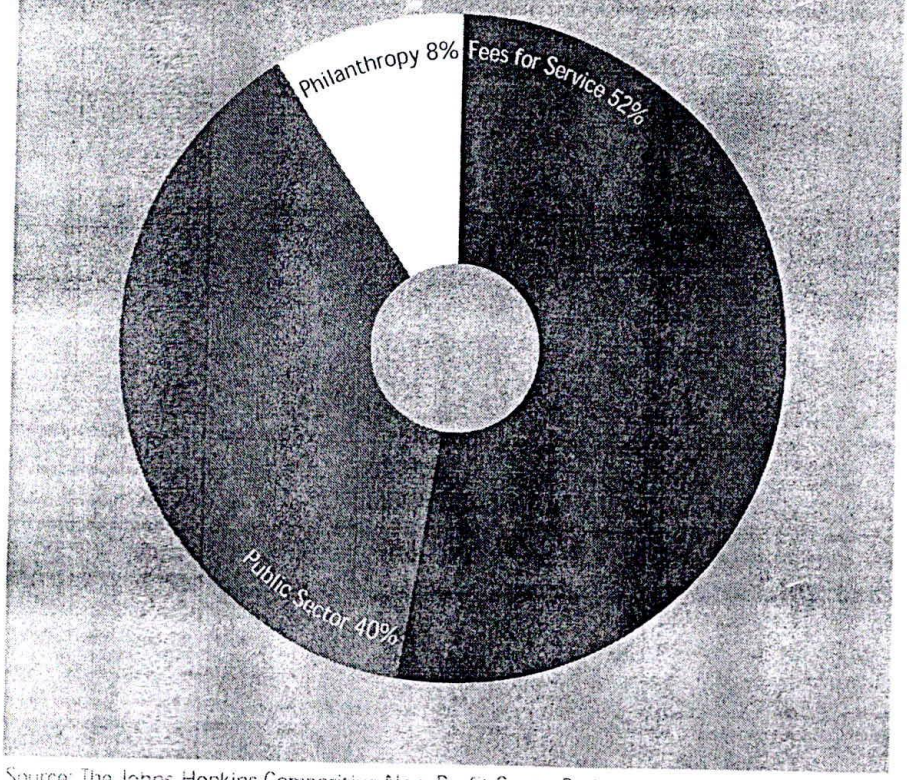
3 **Legitimacy**
NGOs are often challenged on their legitimacy (e.g. 'Do NGOs speak as the poor, with the poor, for the poor, or about the poor?').[50] Among other things, legitimacy can be based on: moral and legal sources, membership base, technical expertise, and/or effective performance. Some NGOs feel that a membership-based organization operating in a democratic society is by definition legitimate. However, in other areas, where there are weaker legal and regulatory structures, certification schemes and self-regulation of the NGO market are emerging to provide this legitimacy — for example, the Philippines Council for NGO Certification (PCNC)[51] and the Credibility Alliance[52] in India.

4 **Stakeholders**
NGOs must answer to competing demands from a variety of stakeholders for the results and wider impacts of their performance. Stakeholder mapping for NGOs is increasingly a management necessity as they must understand and balance their accountability to at least three sets of stakeholders: clients, staff associates, and supporters (see page 19).[53]

5 **Implementation**
A number of mechanisms are available to assist in implementing the chosen level of accountability. The Global Accountability Project (GAP), for example, identified four dimensions of both internal stakeholder accountability (member control, appointment of senior staff, compliance mechanisms and evaluation processes) and external stakeholder accountability (external stakeholder consultation, complaint mechanisms, corporate social responsibility, and access to information) that are important for international NGOs to consider.[54]

For further information on this workshop see www.sustainability.com/programs/pressure-front/workshops

Panel 3.8
Real changes in NGO revenue by source 1990–1995
France, Germany, Hungary, Israel, United Kingdom, United States



Source: The Johns Hopkins Comparitive Non-Profit Sector Project

Who funds them?

For many NGOs, the honest answer to this question is still virtually nobody. According to the Regional Environment Center in Hungary, there are over 900 NGOs in Poland, over half of which survive on an annual budget of less than € 500. However, for the larger international NGOs that are the primary focus of this study, the main sources of funding are governments, foundations and individual contributions. Save the Children in the UK, for example, has an annual budget of £110 million, of which nearly half comes from individual donors. CARE International, on the other hand, based in Brussels and the largest of all international NGOs, received almost 70% of its US$420 million budget in 2001 from government contributions.

The importance of large donors in NGO business models is even more inflated in emerging economies, where local awareness of NGOs may be low and local donors are few and far between. In such cases, international donors are often the only significant source of funding. This fact can raise issues of divergent priorities, political agendas and 'tied aid', as well as long-term sustainability when major donors move on. That said, Ashoka as well as the Soros and the Rockefeller Foundations are looking to stimulate local philanthropy, and the International Finance Corporation is helping transform nonprofit initiatives into commercially viable micro-finance banking institutions.[55]

For NGOs dependent on money invested in stock markets, recent losses around the world are proving particularly difficult. In 2002, for example, major US foundations were experiencing significant losses, with The Packard Foundation reportedly losing almost 70% of its value. In the UK, too, the value of UK charities' and voluntary organizations' equity investments has fallen sharply. According to a study published in early 2003, these investments have lost nearly a third of their value (£8.6 billion) since the beginning of 2001.[56]

For NGOs dependent on money invested in stock markets, recent losses around the world are proving particularly difficult.

Some interviewees argued that these pressures will mean many NGOs 'end up going to the wall'. But even for those that survive, major changes are likely with several interviewees acknowledging that they are actively looking to diversify sources of funding, including developing 'fee for service' offerings, a source of funding that has increased markedly in recent years (see Panel 3.8).

Who are their stakeholders?

Although different NGOs are likely to answer this question very differently, ultimately most international NGOs recognize their accountability to three primary stakeholders:

- **Clients**
  In basically the same way that companies are accountable for the quality of the products and services that they supply to their customers, so NGOs are accountable for the quality of the services that they provide to their 'clients'. While in some cases this relationship is clear (for example the beneficiaries of the services they provide), in other cases the 'clients' may be more abstract like 'future generations' or 'justice', or marginalized voices like wildlife or children.

- **Staff and Associates**
  A significant share of NGO power and influence comes from the skills and expertise of their staff, as well as the wider networks of supporters and volunteers they attract and mobilize (e.g. including other members of federation NGOs). Like companies, NGOs are clearly accountable to these communities for the way that they operate, for without their support (in the form of money, energy or time) they could not achieve their objectives. NGOs often work in coalitions and so also owe some accountability to their coalition partners. And NGOs working towards the same goal as other NGOs, local communities or grass roots organizations share at least some accountability for their actions across this network.

- **Donors and Supporters**
  Traditionally, NGOs have not had the forms of legitimacy or financial support typical of true markets, in that many of their 'clients' are unable to pay, or cannot pay enough to support an NGO's operations. So that's where a third group of stakeholders have also been recognized for NGOs. This group includes major donors and other resource providers such as foundations and governments, the UN and sometimes companies.

While one might assume that this makes NGO accountability relatively straightforward, complications arise because conflicting demands are often put on NGOs by their different stakeholders. Their boards and managers must ensure that there is balance between these competing demands (see page 17).

How effective are they?

In many NGOs this is a long standing issue, whereas for others it is only now surfacing.[57] Given the nature of their work, however, it is often hard to say, but recent research suggests 'not very'. Now, with less money to give, large donors are increasingly focused on ensuring that their donations provide maximum value. New foundations launched by the new breed of entrepreneurs — like the Gates Foundation, and a new slew of corporate foundations[58] — are keen to apply business metrics to the philanthropy world.

They see themselves as making 'investments' in projects rather than grants, working with 'partners' not 'grantees'. They talk targets and milestones and are interested in concepts like 'blended value', where the idea is that the social and environmental value created by NGO projects are assessed, valued and rewarded.[59]

NGOs increasingly are also being ranked on aspects of their performance. In the US, for example, both *Worth* and *Forbes* magazines now run annual features assessing the efficiency and effectiveness of different NGOs.[60] Consultants specialise in giving guidance on which NGOs are most effective and groups like the American Institute of Philanthropy provide annual 'Charity Rating Guides and Watchdog Reports'.[61] As the next chapter explains, such trends signal new pressures for NGO trustees and directors.

Panel 3.9
Measuring NGO effectiveness

One indicator of how the NGO world is becoming more competitive: the number of agencies and consultants helping funders target the most 'effective' NGOs with their support. Third party investors like Venture Philanthropy Partners in the US, or independent consultants like New Philanthropy Capital in the UK, are developing methodologies that, they believe, enable them to identify and support the most effective NGOs targeting key social or environmental issues.

NGOs themselves are responding by developing more systematic approaches to measuring effectiveness. ActionAid recently implemented ALPS (Accountability, Learning and Planning System) to provide a framework for reviewing and assessing the performance of the organization, and the US-based Foundations of Success has recently started working with conservation organizations to develop metrics for measuring the effectiveness of conservation efforts.

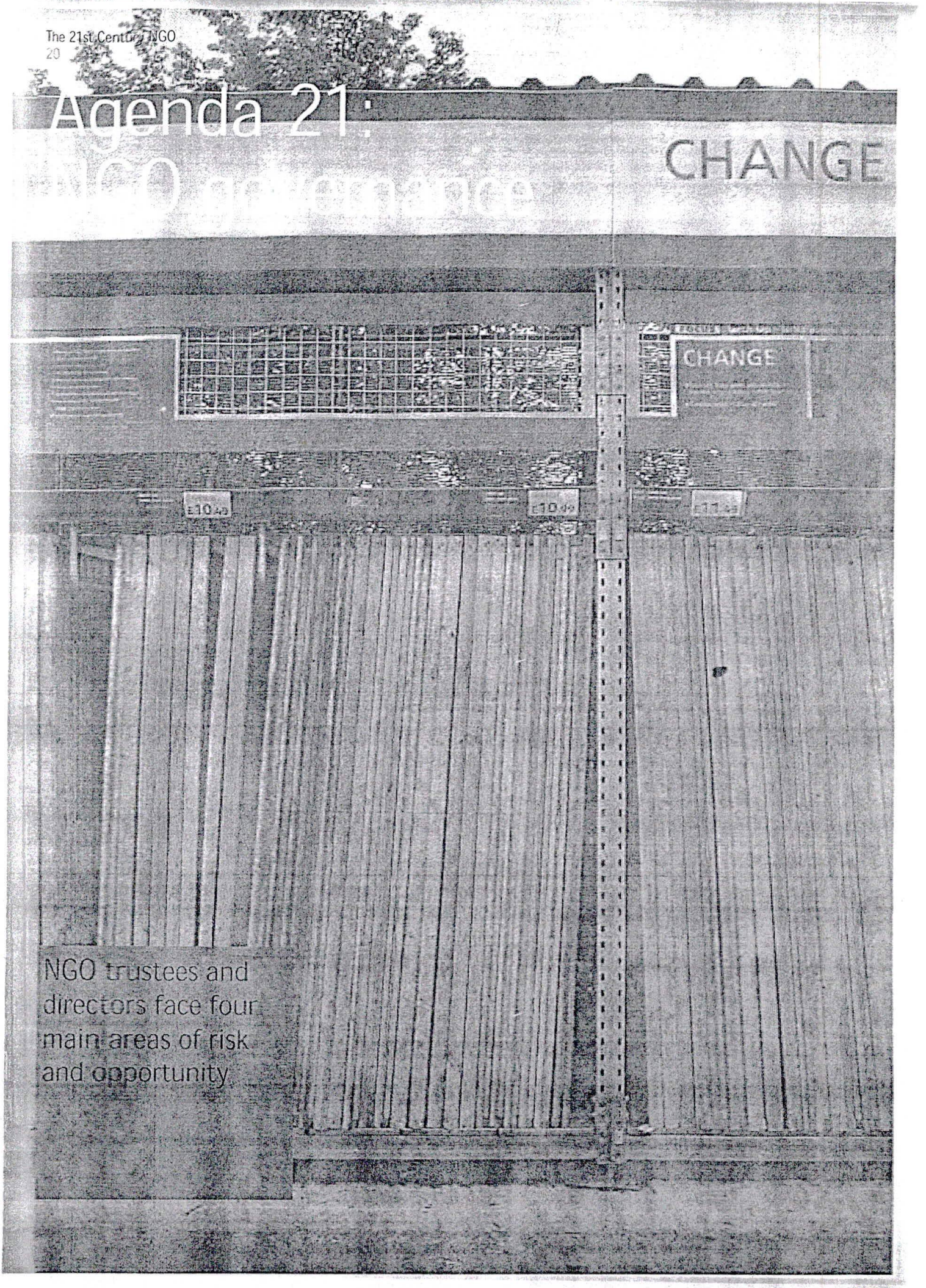
'As a conservation industry, we have to prove we are effective in achieving what we say we do,' said Nick Salafsky, the co-director of Foundations of Success. 'If we can't show that, the attention and resources of society will shift to other problems. That realisation, and pressure from donors is forcing conservation to wake up and face this issue.'

Venture Philanthropy Partners
www.venturephilanthropypartners.org

New Philanthropy Capital
www.philanthropycapital.org

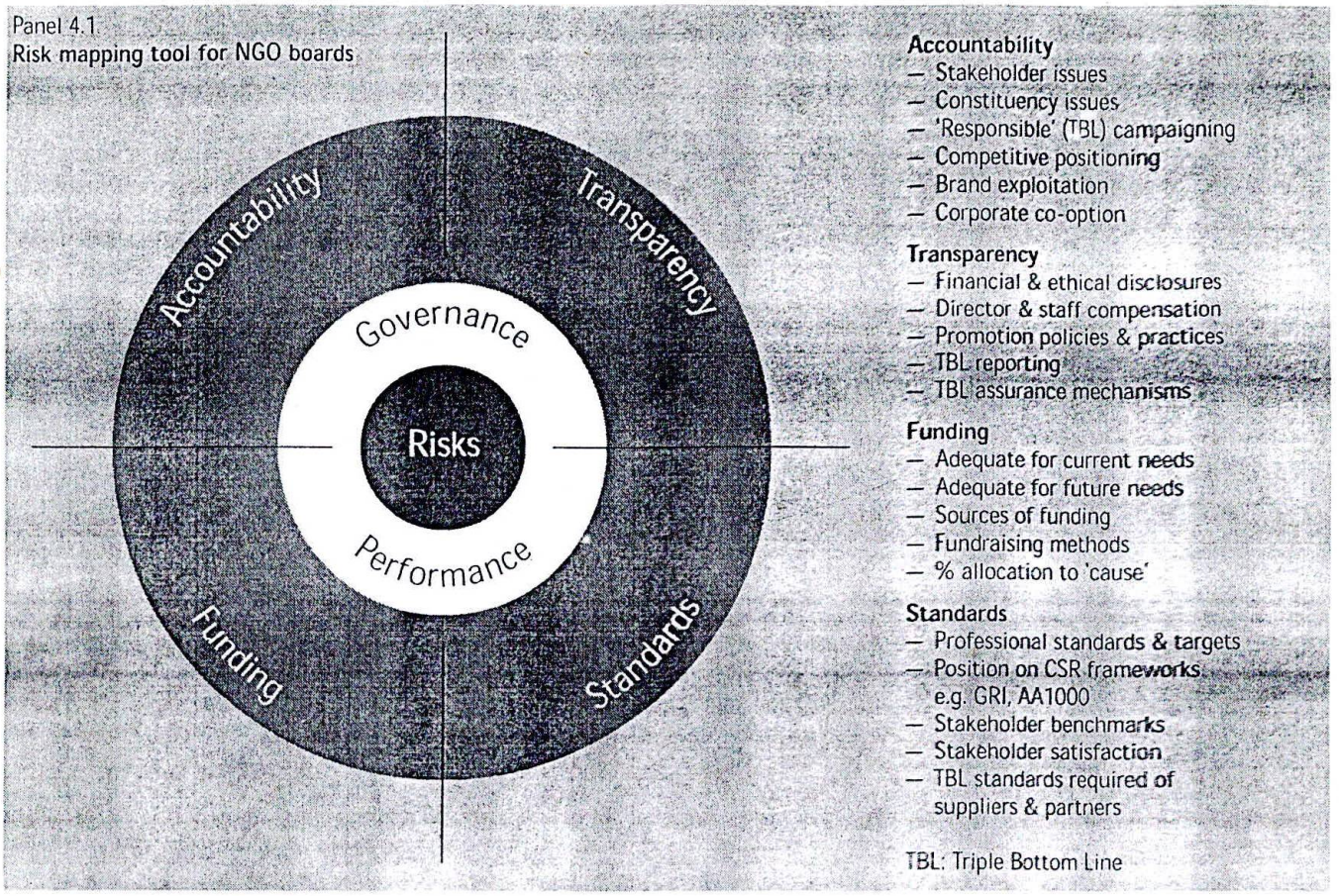
Foundations of Success
www.fosonline.org

Agenda 21: NGO governance



NGO trustees and directors face four main areas of risk and opportunity

Panel 4.1
Risk mapping tool for NGO boards



Source: SustainAbility 2003 ©

Times, they are a-changing. As Charles F. Dambach of BoardSource argues: 'There was a time when service on many nonprofit boards was perceived mainly as an honorary role. Today, nonprofit boards are expected to govern — to determine the direction of the organization, to make plans and policies, to employ, support, and evaluate the chief executive, to approve budgets and monitor expense, to raise funds and promote the organization's cause.'[62]

On the basis of our interviews, we see a cluster of emerging issues that NGO boards must now address. The overarching challenge is the need to come to grips with the paradigm shift identified in Chapter 2. The entire landscape in which NGOs operate is tilting towards market-based thinking and solutions. Linked to this shift, we see four areas of risk and opportunity. A 'beta version' of a tool for mapping these risks and opportunities is shown in Panel 4.1.

NGO trustees and directors need to be clear on where they stand in relation to this new landscape of risk and opportunity. They need to actively review and audit where the NGOs they are responsible for are currently positioned — and how they might best move forward.

The four areas of tension fall into two main areas: *governance* (specifically accountability and transparency) and *performance* (funding and standards). We will work through each in turn. Although these are tensions, or paradoxes, that NGO trustees, directors and managers will increasingly have to address and resolve, clearly they are also false dichotomies. Most NGOs will not have a choice of either/or; instead, it will be a matter of both/and.

1 Accountability
Exclusive or Inclusive?

This issue, often linked to NGO transparency (see section 2 below), surfaced time and again in interviews. In one case, a US NGO even asked us to drop the whole line of inquiry. In effect, they could see the issue coming, but wanted to postpone the day of reckoning. The reaction was strongly reminiscent of corporate responses to the whole reporting agenda a decade or so ago when the triple bottom line agenda began to emerge. But, as Panel 4.1 suggests, there are real issues about the extent to which campaigns are 'responsible', the degree to which NGOs allow their reputations and brands to be used and stretched in relationships with non-NGO actors, and — an ongoing danger — the risk of capture and co-option by partners, private or public.

Probing deeper, we found two broad approaches to NGO accountability. Some NGOs and their supporters believe that concerns about accountability are directly addressed as a function of their make-up. Stephen Tindale, Executive Director of Greenpeace UK, argues that as a campaigning organization that is both transparent about what it does, and gets all its money from individuals, 'the question of accountability does not really arise.'[63] Others see membership numbers as a proxy for accountability. 'And the more members, the greater their legitimacy' as Barbara Unmüßig of the Boell Foundation in Germany put it. Such groups see a major tension between greater accountability and their desire to be flexible and nimble.

Many northern NGOs also worry about the implications of accountability demands for southern NGOs, which are politically more vulnerable. In some cases, greater transparency may pose real personal risks (Panel 3.7). This is a crucial issue — and one we hope to explore as part of our ongoing *21st Century NGO* program.

Most mainstream NGOs, however, particularly those in our 'Dolphin' category, value the extra legitimacy provided by clear accountability processes more highly than they do any flexibility lost. Some, such as Amnesty, Friends of the Earth, Oxfam, the Sierra Club and Transparency International, have extensive internal democratic processes for selecting leaders and/or identifying campaign priorities and positions.

Meanwhile, another growing tension in the NGO community is between what Steve Viederman of the Initiative for Fiduciary Responsibility calls 'membership-based NGOs' and 'constituency-based NGOs'. Membership NGOs are the professional campaigners and activists working in the branded NGOs, typically operating internationally. Constituency groups, by contrast, operate locally and are composed of grassroots individuals motivated to take action by issues that they face in their own daily lives.

Major NGOs clearly need to proceed with caution. As Marlo Raynolds of Canada's Pembina Institute puts it, with a degree of understatement: 'The gap that I see is between the bigger brand-name NGOs and the local grass-roots groups. These bigger groups do not have the time to work with local communities by and large. The grass-roots in turn can get a bit frustrated by this.'

Even where there is interaction, the potential exists for major 'brand' NGOs to act as a 'dominant species', restricting the space available for small local NGOs to evolve. Jeanne-Marie Gescher of Beijing-based Claydon Gescher Associates Sustainable China notes that: 'Chinese NGOs are growing up in a very sophisticated world. They will be judged by the same standards as developed world NGOs – which may limit their natural growth (or their ability to grow naturally).'

The strategic dilemma for the international NGOs that are the main focus of this study is how to value and responsibly manage their relationships with local constituency groups. One interviewee argues that NGOs increasingly need to 'think locally and act globally', bringing the knowledge and authenticity of local experience to bear on global issues and policy-making. Groups like the Polaris Institute in Canada are proving adept at this by coordinating an informal network of community groups from around the world, in an ongoing battle against the privatization of water.

Simultaneously, local groups must ensure that they stay true to their own constituencies. A key challenge facing indigenous NGOs in Central and Eastern Europe, according to Robert Atkinson at the Budapest-based Regional Environment Center, is to get back to their roots. Having often refocused on the needs and priorities of international donors, including the main branded NGOs, some of these local groups have drifted away from their membership base. These gaps must be bridged if such groups are to remain legitimate.

2 Transparency

Stealth or goldfish bowl?

The element of surprise has often served campaigning NGOs well. So even organizations that accept the accountability trend (with growing demands for financial and even ethical disclosures) have real problems around just how far linked transparency pressures should go. This is not simply a question of whether the overarching strategy should be stealthy or open, but of which bits of an NGOs operation should be subject to which rules.

That said, one thing is clear: the transparency element of the NGO accountability equation will attract much greater interest and effort. Miklos Marschall of Transparency International (TI) argues that the 'natural accountability deficit' of NGO work can be overcome with an approach he calls 'Transparency +'. Appropriately enough, this approach requires TI to 'provide more information than is needed on who we are, what we do, and where our money comes from.' Interestingly too, TI is also planning to focus more of its work on the whole issue of NGO transparency.

One way in which at least some NGOs are trying to address such issues is via reporting (Panel 4.2), with groups like WWF (UK) now producing their own environmental reports, while others like Amnesty International are under pressure from members to produce their first reports. It will be interesting to see whether growing numbers of NGOs sign up to new transparency and stakeholder engagement standards like the Global Reporting Initiative (GRI) and AccountAbility's AA1000 standard – not simply to pressure the corporate world, but to ensure that they, too, comply with emerging best practice.

3 Funding

Simplicity or complexity?

The third tension reflects the growing complexity of many of the issues that NGOs are now confronting. Fundraisers must raise the funds needed for NGOs to function. NGO program staff, by contrast, are usually focused on delivering the ultimate product or service associated with the organization's mission. The tensions here are obvious.

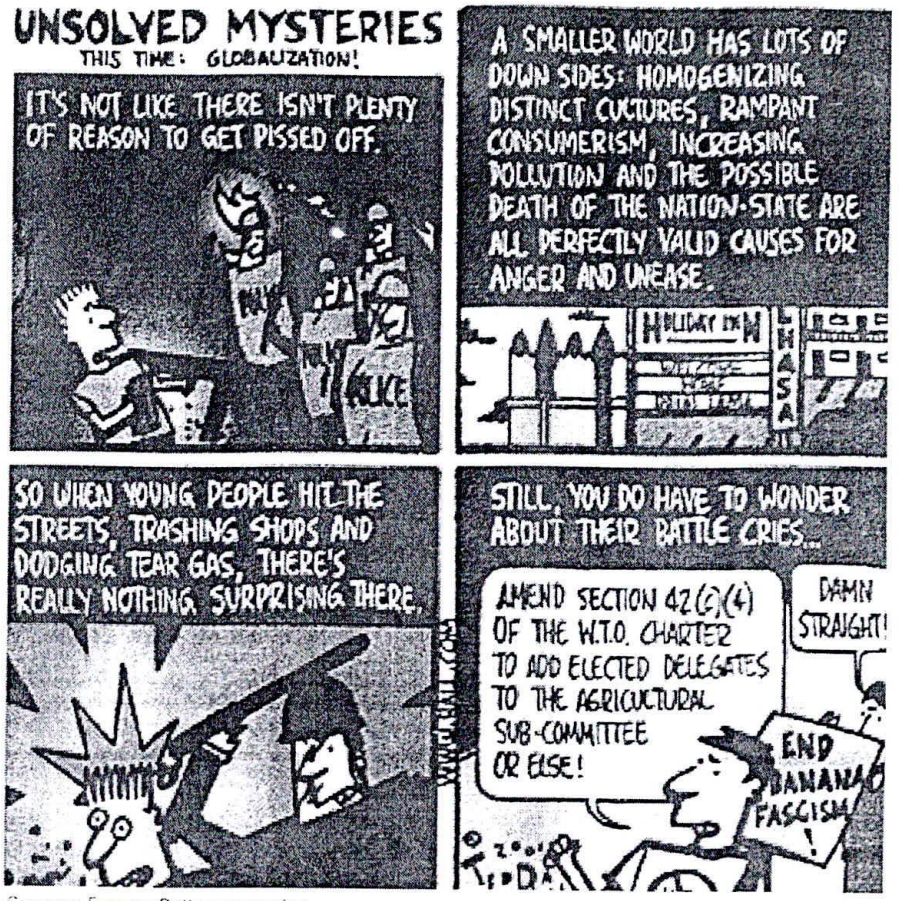
In addition, there are thorny issues around how money is raised from the public, which corporate sponsors are involved and on what terms, the extent to which all such funds end up addressing the issues promoted during fundraising, and the degree of wider (e.g. triple bottom line) leverage achieved by NGOs with all the resources at their disposal.

As the most dramatic problems are addressed, real 'shock-horror' (and funder-friendly) stories may be harder to find in some areas. As Tony Juniper of Friends of the Earth puts it: 'It isn't easy to find pictures of chimneys with orange smoke coming out of them any more!'[64] So an ongoing dilemma for many NGOs will be how to migrate their supporter bases away from easily understood issues towards the more complex issues that ultimately are where future action is likely to be most effective.

Further complexity is added as NGOs increasingly have to think in '3-D', ensuring that their own activities are coherent from an environmental, social and economic perspective. As one interviewee put it: 'NGOs can still be very flaky, anti-democratic and other-worldly. They often ignore the impacts that they may be having on employment!'

Jobs may be particularly sensitive politically in a recession, but there are many other potential political landmines that NGOs can unwittingly step on. Mainstream NGOs are increasingly attuned to these risks. For example, initial support for boycotts aimed at banning child labour, supported by NGOs like Save the Children, have been replaced with more sophisticated responses recognising the trade-offs that must be made. As Save the Children (UK) argue in their report *Business Benefits*: 'In an ideal world, no child would work unless they wanted to, but families who are struggling to survive don't have many choices'.[65]

NGOs that fail to effectively address these wider concerns not only risk public resistance to their proposals, but may also attract attacks from other NGOs. WWF, for example, was recently criticized by Sir Paul McCartney on behalf of PETA (People for the Ethical Treatment of Animals) for supporting a new EU chemical testing regime which will lead to an increase in the number of animal tests. Growing NGO transparency may even increase the challenges for NGO boards and managers in such areas, as the reporting trend has in the corporate sphere.



Source: *Foreign Policy* magazine

'Today, nonprofit boards are expected to govern.'

Panel 4.2
NGO report benchmarking

Many readers will be aware of SustainAbility's regular surveys of corporate sustainability reporting, which rank company reports on the quality, credibility and usability of information provided. As an experiment, we decided to do the same with a handful of recent NGO reports.

Many NGOs provide annual reports of some sort, normally a basic yearly review of finances. In many countries, these reports are required by law, just as they are for companies.

But a handful of organizations are now beginning to issue more sophisticated reports. These tend either to examine the organization's own environmental management and performance (CERES and WWF); or, in the case of Oxfam GB, to assess how their main stakeholders view their operations and effectiveness.

The role of NGOs in society is different from that of companies, of course, so the basic thinking behind our assessment methodology had to be modified. We considered three main spheres of influence for NGOs:

- Organizations' mission, purpose and basic design (including governance, stakeholder relationships, principles and codes, and main issues and impacts).
- Internal operations (including employment and compensation issues, efforts to manage the sustainability impacts of everyday operations and development of performance indicators for programmatic activity).
- Impact and effectiveness of programs (including campaigns, projects, public policy initiatives, consumer education, etc.).

These are relatively early days for NGO reporting in these areas, so we would expect a wide range of scores. In Panel 4.3 we present the results of our quick assessment of a sample of NGO reports. It's worth noting that these groups vary widely in size and available resources, so direct comparisons are difficult.

With a top score of only 45% and an average of just 29%, this small sample suggests that NGOs currently lag considerably behind their corporate counterparts in both the quality and coverage of reporting. We would stress, however, the huge variation in size and resourcing between organisations like Oxfam, Save the Children or WWF and tiny outfits (if influential) like the One World Trust. And, having recently completed SustainAbility's own latest accountability report, we are also acutely aware of just how time-intensive such reporting exercises can be.

But we believe that the pressure is building on NGOs to demonstrate accountability and earn trust. Given the critical importance of trust and perceived integrity to the whole NGO and CSO sector, we expect growing activity in this field and particularly among organizations (including CERES and SustainAbility) that pressure others (e.g. governments and businesses) to come clean.

For more information see www.sustainability.com

Panel 4.3
NGO report scores

Organization	Score (%)
CERES	45
Oxfam GB	42
WWF (UK)	41
Save the Children (UK)	38
Environmental Defense	28
Civicus	25
Global Action Plan	24
World Vision	21
Friends of the Earth (UK)	18
One World Trust	9

4 Standards
Passion or professionalism?

The final area cuts across all the others. NGOs, whatever issues they address, tend to be fuelled by a sense of injustice, even outrage. Passion is their fuel. But the mainstreaming of much of the NGO sector means that NGO boards have to manage a growing tension between a '24/7' approach to work, characterized by raw passion and 100% commitment, and the '9–5' approach that commonly characterizes more 'professional' work environments.

While not unique to the NGO community, this tension is particularly acute in a sector where many staff members are driven less by the traditional benefits of salaried work than by a deep personal commitment to the issues. As already mentioned (page 22), this leads to a set of tensions that have to be managed — and often managed with exquisite sensitivity — as these organizations evolve partnerships where there has been a history of mutual hostility.

As the NGO sector has matured, professionalisation has made major inroads. Many NGOs have introduced strategic planning to give the organizations more structure and direction. Oxfam, under their Strategic Change Objectives, has set out a more structured process for selecting campaign priorities. And WWF International has developed a 'WWF College' to promote networking and career advancement opportunities.

Even where civil society and NGOs are relatively new, we see an intensifying push towards greater professionalization. The NGO Development Center in Russia has moved from providing basic advice to NGOs to helping with more specific skills such as managing effective meetings, time management and training for administrative staff.

In addition to traditional funder requirements, growing links with business in the developed world are driving greater professionalization among NGOs and community groups in emerging economies. So Future Forests, a UK-based business that helps companies minimize their climate impacts, is working with Women for Sustainable Development[66] to develop carbon storage capacity. Such relationships mean that NGOs are having to become more focused on managing and measuring the impact of their operations.

Indeed, a key assumption in our *21st Century NGO* program is that many of the most successful international NGOs will undertake strategic reviews of their activities and plans, using some variant of the tool illustrated in Panel 4.1. Having done so, they will aim to meet new accountability and transparency requirements by moving towards fuller, triple bottom line disclosures and reporting.

NGO boards have to manage a growing tension between a '24/7' and a '9-5' approach to their work.

From market intelligence to intelligent markets

Is there an evolving NGO master plan for transforming 21st Century markets?

Panel 5.1
Five NGO responses to the market

NGOs respond to markets in five main ways (Anti-Business Campaigns, Market Intelligence, Business Engagement, Intelligent Markets and Market Disruption). The first four responses are usually additive with each additional response growing in sophistication, building on the experiences of the previous one and working in parallel to drive business and market change.

As markets evolve, however, tensions are created that ultimately are released through 'market disruptions'. Often driven by regulatory change or new liability regimes, such disruptions can jump market frameworks to higher levels of sustainability (Figure A) but can also knock them back down to lower levels (Figure B).

Figure A

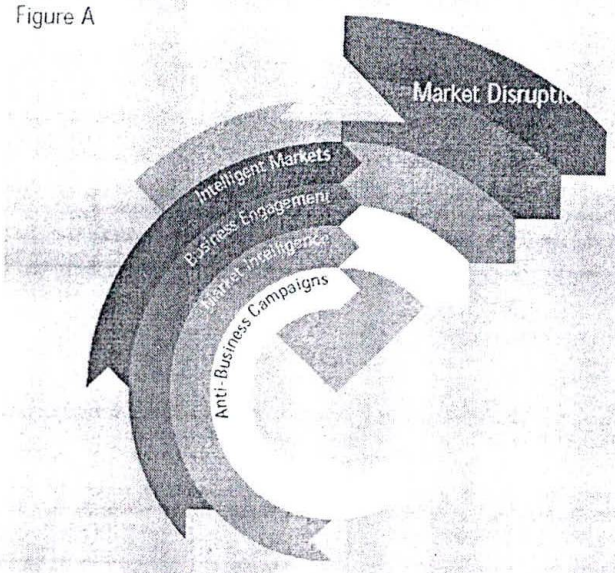
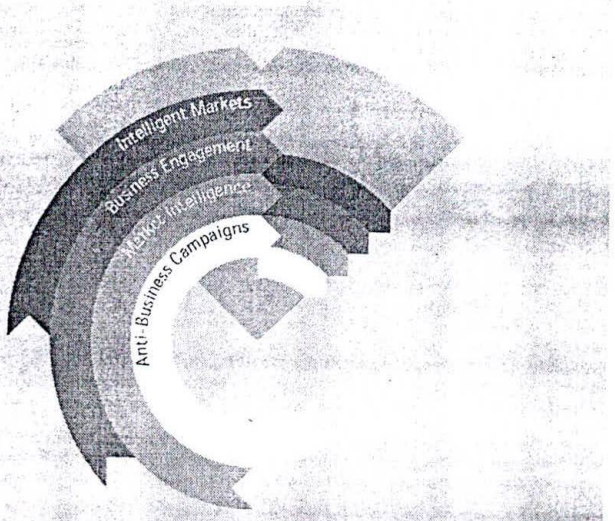


Figure B



Source: SustainAbility 2003

Influencing markets

Currently, very few NGOs spend much time thinking about business, let alone markets. Even so, they have had a profound influence on both.[67] They act as forms of distributed intelligence and conscience in the market place. In retrospect, many of the market outcomes of NGO pressures have been incidental, unplanned, even accidental. Which makes it surprising that so few people have stood back from all this effort and considered in detail the system-level changes needed to build sustainable economies — and how NGO efforts could best be deployed to this end.[68]

This is changing; for example, in key markets, notably the United States, new government administrations have allied themselves more closely with the business community than with NGO activists. In such circumstances, as one interviewee put it, NGOs are 'having to make a virtue out of the necessity of running market and business campaigns' because of a lack of traction with these administrations.

Meanwhile, levels of trust in companies and the private sector continue to fall. 'People are angry with corporations and distrust their power. This is not the exclusive view of incorrectly named "anti-globalization" protestors. This is the view of the public at large,' said one of our interviewees. Supporters of NGOs, and possibly society more widely,[69] want NGOs to work as watchdogs holding corporations accountable for their impacts.

Some interviewees accepted that a new focus on markets was already changing the way they operated, but argued that the media or consumers should still be the primary targets for NGOs. The evidence presented in *The 21st Century NGO*, however, suggests that we are seeing a fundamental shift in the landscape over which NGOs operate, with market influence emerging as a key feature. That said, for better or worse, there has been no master plan for the transition to sustainable capitalism. The closest we have come to such a global strategy was probably 1987's *Our Common Future*.[70]

So, particularly given what happened to communism with its manifesto, does this lack of a grand vision and plan really matter? It does, we believe, and will come to matter even more. Much of what has happened because of NGO activity has been the result of what complexity theorists term 'emergence'. Complex systems under pressure produce surprising (and sometimes unwelcome) results. As NGOs become part of the system they are trying to change, the likelihood of unintended consequences grows and, in parallel, so does the need for strategic reflection, planning and action.

To be socially and environmentally sustainable, capitalism needs forceful, ongoing external challenges. The communist experiments may ultimately have been disastrous, economically, environmentally and from the perspective of human rights, but the underlying concerns about the dynamics of capital are being rediscovered by the anti-globalization movement and others.

Panel 5.2
Empowering democracy

Established in 2001, Empowering Democracy is a project of the Corporate Campaign Working Group, a coalition of environmental, human rights and labour organizations, including AFL-CIO (The American Federation of Labor and Congress of Industrial Organizations), Campaign ExxonMobil, CERES, Co-op America, CorpWatch, Friends of the Earth, Global Exchange, The Interfaith Center on Corporate Responsibility, the Rainforest Action Network, the Texas Sustainable Energy and Economic Development (SEED) Coalition and others.

The initiative involves an annual conference for corporate campaigners aimed at sharing skills[72] and teaching each other the basic strategies and tactics which NGOs and activists can use in corporate accountability campaigns.[73]

Participants also get to hone their newly acquired skills by focusing their attention on a single company's annual meeting with a Day of Action.

Empowering Democracy
www.empoweringdemocracy.org

'[Focusing on brands] was like discovering gunpowder for environmentalists.'

So, given our assumption that the global market paradigm will powerfully shape the first decades of the 21st century, how can we civilise capitalism through markets? Panel 5.1 sketches four main types of response: anti-business campaigns; market intelligence; business engagement; and intelligent markets. A fifth, market disruptions,[71] acknowledges that markets also have limitations as a tool for achieving change. Let's look at each in turn, recognizing that there is nothing cast iron about these levels or stages. They can, and often do, run in different sequences — or in parallel.

Anti-business campaigns

The default setting of many NGOs when addressing an issue is a media campaign. Indeed, many NGOs evolved out of what were originally single-issue campaigns. In this role, NGOs act as a 'distributed' or 'delegated' conscience for society, with individual citizens 'sub-contracting' parts of their 'citizenship' (e.g. concern for human rights) to NGOs. Over time, the scale and sophistication of such campaigns can evolve into an 'arms race' with the targets of their campaigns.

Some interviewees suspect that the golden era of campaigning may be over. Whether or not this is true, there are reasons for believing that campaigning will become tougher. But in addition to the forces driving more general engagement with markets, we are seeing a number of trends that make anti-corporate campaigning more likely, not less:

- Globalization, liberalization and privatization are bringing corporate players, particularly big brand companies, into the spotlight.
- In many emerging economies too, there has been a strong growth in consumer movements targeting companies and educating consumers to help them make choices, especially in new market economies where consumer choices previously were limited.
- Key activist groups, including many of the anti-globalization groups, increasingly recognise that anti-corporate campaigns can be more powerful than anti-government campaigns.

Whether or not driven by globalization, many issues that confront society are now so complex and intractable that they are not solvable without multisectoral approaches. Most major international NGOs recognize, for example, the important role that trade plays in development within emerging economies. As Save the Children stated in its evidence to the UK's House of Commons: 'the issue is not whether to have global trade rules, but rather what kind of rules, and how they should be balanced to ensure they do not have adverse impacts on social, health and education provision within poor countries.'

Meanwhile, many of the world's best known and most successful NGOs — ATTAC, the Clean Clothes Campaign, Free Burma, Friends of the Earth, Global Exchange, No Sweat! and PETA — have focused their campaigns on companies and brands. Some NGOs have been so successful with this strategy that using a corporate brand to leverage an issue onto the public is now generally viewed as a campaign staple. As one Greenpeace activist noted: '[Focusing on brands] was like discovering gunpowder for environmentalists'.

So influential have these campaigns become that it is often sufficient for a well-known and trusted NGO simply to threaten action for corporations to reverse controversial plans. One recent example: Oxfam's criticism of Nestlé when the company tried to recover £6 million in debt from Ethiopia early in 2003 causing the company to reverse its policy.

Effective though they may be, such campaigns tend to be relatively simplistic. To generate a powerful public response, issues have to be framed as far as possible in black and white. While this was fine for single-issue campaigns or exposés of child labour or seal clubbing, it is becoming increasingly difficult to communicate contemporary issues in this way.

Additionally, these types of campaigns are often only effective against companies with well-known brands. Furthermore, in emerging markets NGOs do not have the clout to challenge businesses in an adversarial way, and campaign techniques honed in the developed world are often not appropriate in these regions. Which brings us on to market intelligence.

Market intelligence

Where NGOs do switch on to markets, an early step involves building market intelligence about companies and other key market actors. While still antagonistic, NGOs operating at this level have developed a more sophisticated understanding of the drivers of business and market behaviour, targeting key stakeholders in their attempts to change business behaviour.

Campaigning models that require the active support of the media are limited both in terms of the complexity of the message and the receptivity of audiences. While they can be extremely powerful,[74] ultimately additional — and more sophisticated — tools are usually needed to drive more fundamental changes within companies and value chains.

The approaches NGOs have developed to supplement traditional media-focused campaigns now address a range of stakeholder groups likely to have a more specific interest in a particular company. These stakeholders, who are often able to assimilate more complex intelligence on corporate behaviour, include:

- **Employees**
  Existing company employees are often targeted, but potential recruits are also a critical stakeholder group for companies. People and Planet, a student activist group, recently hijacked a series of graduate recruitment fairs run by ExxonMobil, aiming to dissuade potential recruits from joining the company.

- **Customers and suppliers**
  A striking strategy adopted by some NGOs involves 'secondary' and 'tertiary' campaigning up and down a company's supply chain. The campaign to stop the Three Gorges Dam focused on the financial backers of the project, including Citigroup; the efforts to stop Monsanto marketing genetically modified products in Europe focused on targeting supermarkets supplying the end product; and SHAC's (Stop Huntingdon Animal Cruelty) attempts to close the animal testing company Huntingdon Life Sciences involved the aggressive targeting of customers, banks and consultants.

- **Investors**
  The use of shareholder resolutions has been growing in the US, with some signs that the trend may spread to parts of Europe. Some resolutions are filed by individual NGOs, but often a coalition forms. Friends of the Earth International, for example, joined forces with organizations from communities neighbouring Shell facilities in Nigeria, the Philippines, South Africa and the US to raise issues with shareholders at the company's 2003 Annual General Meeting.

- **Boards**
  In the past, NGOs have tended to engage professionals in companies: lawyers, PR people and more recently staff in corporate social responsibility or sustainability departments. But recognizing that many of these people have problems engaging their own top management, a few NGOs are trying to go direct to corporate boards. CERES (the Coalition for Environmentally Responsible Economies), for example, has launched a campaign on 'sustainable governance', targeting corporate boards on the fiduciary risks for directors raised by climate change.[75]

- **Peers**
  Some parts of the wider business community have also been allies or (as some business people would probably put it) 'accomplices' in driving higher standards on social and environmental performance. Leading companies supporting groups like the World Business Council for Sustainable Development (WBCSD), CSR Europe and the Ethos Institute in Brazil have helped build pressure on their members and other companies. The UK's Business in the Community and Argentina's Centre for Social Responsibility have both developed rankings of corporate engagement with social and environmental issues, which have proved extremely potent, driving competition between companies.

The amount of business data potentially available to NGOs is exploding — through the internet, newsletters, socially responsible investment funds or new legislation providing access to information.[76] This will likely drive a growing sophistication in market intelligence. As one interviewee said, one powerful trend is likely to be the shift towards 'distributed market campaigning', whereby thousands of individual actors — through purchasing, investment and career decisions — put pressure on a company or industry to change its behaviour. If such behaviour could be co-ordinated on a sufficient scale, some campaigners argue, it could change the very nature of the market with key NGOs working in concert to actively 'kill companies'.

Panel 5.3
Market gatekeepers

While regulators have traditionally held the keys to market approval, products increasingly need NGO endorsement as well if they are to be successfully launched onto the market. GM technology, for example, introduced into the agriculture sector with government support in the European Union, met massive and coordinated resistance from NGOs — an approach that ultimately denied the industry access to much of this lucrative market.

Similarly, many pharmaceutical applications, including therapeutic cloning and the new technologies associated with nanotechnology, are also experiencing resistance that is reminiscent of the early days of agricultural biotechnology. 'Several of the companies promoting the new technologies are the same,' says Pat Mooney of the ETC Group, a Canadian NGO. 'And, remarkably, most have not learnt from their experiences.'

Contrast this approach with that used by companies promoting renewable energy or organic food. 'We are the best consultancy the industry never had to pay for!' declares Tim Lobstein of the UK Food Commission, which has been actively promoting new products that have strong social or environmental credentials. Companies that understand this new market reality recognize the value in testing new technologies and products with critical audiences, hoping at worst to avoid hostility, but at best to get some very effective — and inexpensive — marketing.

ETC Group
www.etcgroup.org

The Food Commission
www.foodcomm.org.uk

Panel 5.4
Rules of engagement

NGOs with experience of business engagement beyond simply accepting money from the private sector have developed 'rules' to help limit the risks and maximize the opportunities of this engagement. Based on a survey of several organizations,[77] the following four main rules appear to be widely supported.

Beyond the relatively limited number of black and white decisions, many leading groups score companies on how well they meet these criteria in order to determine the appropriate level of engagement, varying from:

- no engagement;
- one-off consulting;
- collaborative/retainer relationship;
- partnership based on a shared sense of mission and objectives.

Rule 1

The company must be serious in its intent to change its behaviour or take action.

The company is likely to be viewed as serious if:

- the leading individual is central to decision-making (e.g. is not in HSE, marketing or communications);
- the leading individual has the capability (position, mandate) to implement recommendations;
- it is willing to accept 'risk' in the relationship (e.g. that the NGO can withdraw from/criticise the company, and/or there is transparency externally about the relationship);
- the scope of the work goes well beyond communication;
- it has a strong track-record on SD issues (e.g. ISO 14001 certification, commitment to the Universal Declaration of Human Rights, etc.).

Rule 2

The NGO must be able to maintain clear accountability to its own key stakeholders.

NGOs maintain clear accountability by:

- consulting their staff on relationships with companies (though final decisions lie with NGO management);
- ensuring beneficiaries (e.g. local communities, biodiversity, etc.) actually benefit from the relationship;
- consulting other parts of the organization (e.g. national groups checking with the international secretariat);
- ensuring the partner company is not the target of criticism (e.g. by other NGOs, shareholder resolutions, UN reports etc.);
- requiring transparency in key aspects of the partnership (e.g. requiring a report to be published on the partnership outcomes).

Rule 3

The company must be well placed to drive change in its own sector and across the business community more generally.

The company is likely to be viewed as well placed if:

- theoretically the business can be pursued 'sustainably';
- it is willing to have the learning from the relationship disseminated more widely to 'inspire change within and beyond the sector';
- it is involved in issues that are important to the NGO's priorities;
- it is a sector leader (in terms of size, innovation, etc.);
- the sector is strategically important (e.g. high environmental/social impact);
- it has a history of leadership on SD issues.

Rule 4

The NGO must be able to maintain its independence from the business partner.

NGOs maintain independence by:

- closely scoping the project and explicitly stating that either organization is free to criticise the other in other areas of activity not part of the partnership;
- limiting (or in some cases prohibiting) financial payments between the parties;
- strictly limiting co-branding;
- maintaining confidentiality on some aspects, but requiring transparency in other areas of the relationship;
- ensuring there is an ability to withdraw at any time.

Business engagement

Many major NGOs have backed into the market space, some because their merchandizing operations provide an additional source of funding, others because they have had no choice — alternative sources of funding have dried up. But for others — like Business for Social Responsibility (BSR) in the US, the International Business Leaders Forum (IBLF) in the UK or the Ethos Institute in Brazil — it is their mission in life.

One major weakness in the responses outlined in stages 1 and 2 above is that they are overwhelmingly negative. The campaigners clearly articulate what they do not want, but are less forthcoming in terms of positive changes they would like to see. As one interviewee put it: 'Ask the average campaigner: "Where do you want the industry to go?" and you won't get a good answer. Instead you will get a list of specific things which are wrong with the current business operations.'

Increasingly, no matter how sophisticated these negative campaigns become, they only get us so far. In the end, a proportion of the NGO world will decide that the best way of leveraging corporate and market change is to get directly involved. As Randall Hayes, founder of the Rainforest Action Network put it: 'If you [as an NGO] are not talking to business, you are just preaching to the choir. The real change to protect the environment is going to come from the business sector; we can't depend on government regulation to solve our problems.'[78]

Oxfam, for example, already has a 'virtual team' of 'private-sector engagement consultants', while PACT offers a range of services to companies and local communities that are aimed at 'creating win-win partnerships for business and communities' through its 'Engagement to Action Process'. Coalitions of NGOs are also beginning to work across different sectors. The Collevecchio Declaration, for example, signed by over 100 NGOs, sets out a vision for a sustainable financial sector.[79]

Working collaboratively with the private sector is an increasingly popular route for NGOs. As early as 1998, a survey of 133 US NGOs found that while many rated their current relationship with corporations as 'antagonistic' or 'nonexistent', most foresaw the development of cooperative relationships in future.[80]

Major environmental groups like Conservation International have long-established corporate partnership programs, but even traditionally more hostile groups like Environmental Defense in the US and Amnesty International in the UK have established collaborative relationships with leading businesses. Greenpeace, often seen as one of the more hostile groups, declared at a London conference in 2002 that 'Greenpeace is a company's best ally,' able to help 'bring companies into port before the storm. Companies need Greenpeace in order to win.'[81]

There is also anecdotal evidence that growing numbers of companies are keen to engage in strategic dialogue with NGOs, both in western developed countries and in other parts of the world where NGOs have not traditionally had a strong role (e.g. Japan).[82]

That said, and while 'partnerships' between NGOs and business are an evolving trend in the world of corporate social responsibility,[83] not everyone is convinced that NGOs get a good deal from these relationships. As one interviewee warned: 'Businesses are basically interested in buying trust through these partnerships. Do [NGOs] really appreciate the costs and risks of doing this?'

Several NGOs felt many types of NGO-business engagement sold their interests short. 'Too many 'stakeholder fora' focused on high-level generalities without delivering practical change on the ground,' said one interviewee. Others were highly critical of particular NGOs for not demanding enough of business in their partnerships.[84]

Others also question the validity of talking about partnerships when most current relationships are really just that — 'relationships'. As Sir Geoffrey Chandler, who founded and for ten years chaired Amnesty International UK's Business Group, put it: 'While partnership is a word much in vogue, the cuddliness of the term tends to seduce rather than lead to cold analysis'. Others suggested that the notion of partnerships had become 'trite before it had been tested'.

Panel 5.5
Business benefits

From a business perspective, the drivers for corporate engagement with NGOs — at least initially — tend to focus on generating a better understanding of NGO perspectives on key issues, and then, all being well, building relationships with key individuals. However, over time, more tangible business value can be realized from these relationships. Companies with experience of NGO engagement tend to recognize four main areas of value:

1 **Generating business intelligence and avoiding or reducing risks**
For example, the Norwegian oil company Statoil worked with Amnesty Norway to train Statoil employees to identify and solve business dilemmas in connection with human rights issues, thus reducing the company's exposure to human rights related risks. In addition, Statoil collaborates with Amnesty International on a UN project in Venezuela training the country's judges and public defence lawyers in human rights — ultimately helping to provide a more stable environment for society and business.

2 **Developing and expanding markets or opportunities**
DuPont, for example, has convened a stakeholder panel on biotechnology to help the company articulate positions on important issues, and guide as well as challenge the company's actions in the development, testing and communications of new products based on biotechnology.

3 **Building brand equity and reputation**
'Choose Positive Energy' was a partnership between The Body Shop International and Greenpeace International aimed at promoting renewable energy. The combination of the two brands was important in assuring the credibility of the campaign among key audiences including customers, and other NGOs.

4 **Bringing diverse perspectives together for creativity and innovation**
FedEx partnered with the Alliance for Environmental Innovation (part of Environmental Defense) to reduce the environmental impact of their vehicle fleet. It is hoped that the new hybrid-electric vehicles — which are being introduced in 2004 — will ultimately replace the company's 30,000 strong fleet, leading to significant reductions in environmental emissions.

Amnesty Norway
www.amnesty.no

Statoil
www.statoil.com

DuPont
www.dupont.com

Positive Energy
www.choose-positive-energy.org

Alliance for Environmental Innovation
www.environmentaldefense.org/alliance

'Businesses are basically interested in buying trust through partnerships.'

Panel 5.6
Success factors

What it takes to make an NGO/business partnership succeed was one subject that our Canadian workshop addressed. The table below combines the outcome of this workshop with the insights of other interviews on this question.[85] For more information on the findings of this workshop see www.sustainability.com/pressure-front

	Insights	Examples
Balance of power	Each partner needs to benefit directly from the partnership, and understand how the other party benefits. Money is often a critical factor in this regard and it is for this reason that many NGOs refuse to accept money for partnerships beyond what is needed to cover costs.	Environmental groups and energy companies in Alberta, Canada both benefit from early agreement on ways to reduce environmental impacts associated with new project developments. In particular, companies get a more effective and quicker (and less expensive) 'hearing process' with the regulatory authorities, and NGOs get the opportunity to provide input into the planning process.
Agree the rules of engagement	Roles, rules and risks of partnerships need to be crystal clear to all partners. Agreeing the scope, expectations, codes of conduct, objectives, decision-making, evaluation and conflict resolution processes is a critical stage at the beginning of the partnership.	US-based Alliance for Environmental Innovation has a standard 'partnership agreement' setting out the objectives of the partnership, as well as what is expected from each partner. The Recycling Council of British Columbia agreed to give partner companies three days advance warning of any advocacy work they were planning against partners.
Mandates	Individuals participating in partnerships need to be senior enough to take decisions on behalf of their organizations, and must have the mandate of their own organizations and partners to 'step out of the comfort zone'.	Linda Coady (formerly of Weyerhaeuser), when negotiating with environmental NGOs, was given the mandate to speak on behalf of the timber industry as a whole when discussing how to reconcile pressures for access to old growth forests in British Columbia in Canada.
Trust	Trust is a key ingredient ensuring that the partnership can rise above the inevitable snags and complications that these relationships experience. Trust can be built up institutionally between organizations with common values, but more often requires personal chemistry between the individuals involved.	Greenpeace International and The Body Shop International have built up a history of positive collaboration through a range of partnerships. In addition, the two organizations share similar values in promoting positive social and environmental change. These values provided a solid foundation for a recent partnership promoting renewable energy. When miscommunications threatened the campaign, the strong sense of trust between the two organizations ensured that the partnership remained on track.

Nonetheless interest in partnerships endures, indeed grows. One reason: pressure from funding sources. For example, the Avina Foundation in Latin America has programs that provide matching funding to NGOs that can raise money from the private sector. And Oxfam America was only able to access funding from the Ford Foundation with the involvement of Starbucks in a project helping a community cooperative in Mexico to improve the quality of fairly traded coffee. Government departments, including the Department for International Development in the UK and the Canadian International Development Agency, also now have programs specifically promoting NGO-business engagement.

Development NGOs, such as Oxfam, Amnesty International, Save the Children and CARE, are also expanding their remit from addressing human needs and political and civil rights to include a greater focus on human, economic and social rights. This requires such organizations to engage the underlying power relationships that result in these unmet needs, leading them into greater engagement with other powerful actors, including the private sector.[85]

Good case studies of the dynamics and outcomes of such engagement are rare, however. One reason is that seldom is there a real appreciation of where converging interests lie between NGOs and businesses.[86] Assessments or audits of partnerships are still atypical, although SustainAbility conducted one for The Body Shop International and Greenpeace International in 2003.[87]

Based on experience to date, it appears that a number of preconditions are required before genuine partnerships can be established. Panel 5.6 lists some conditions and gives examples of how they have been applied in practice. Relatively few 'partnerships' to date have been able to meet these preconditions. Even fewer have been able to demonstrate genuine improvements in practices or impacts.

Intelligent markets

'This is a huge system!' the late Donella Meadows argued when confronting the WTO. 'We're cranking the system in the wrong direction and the control measures are puny!' she warned.[89] The point Meadows and others have been making is that in order to get effective change in systems, NGOs need to intervene 'higher up' in the system, reframing markets to reward positive behaviour and penalise negative behaviour. So expect the next decade to see growing efforts to make market mechanisms more intelligent, providing a huge opportunity space for some NGOs and other actors.

To date, most NGO engagement with the private sector has been at the level of individual companies. Increasingly however, a new (or perhaps reinvigorated) model of campaigning is emerging. As Michael Shellenberger from Lumina Strategies put it: 'This is not just about going after an issue or a company, it is about going after the whole market, and trying to guide the market in a particular direction by shrinking it in one area, and actively trying to expand the market in other areas at the same time.'

In the same way that NGOs have had to ramp up their ability to understand complex trade legislation to better influence governments and multilateral institutions. NGO campaigners interested in market-driven changes are going to have to switch from a 'culture of critique', as Suzanne Hawkes from the Canadian NGO IMPACS calls it, towards a better understanding of business pressure points, motivations and culture.

One area where NGOs have made significant progress is in developing certification standards for specific industry practices that help to frame and guide market developments. Campaigns by NGOs such as Greenpeace Canada, the Rainforest Action Network (RAN), the Natural Resources Defense Council (NRDC) and others against the forest products industry in the Pacific Northwest were particularly effective because NGOs could point to legitimate standards for industry practice that clearly addressed environmental and social concerns in the form of the Forestry Stewardship Council (FSC) certification.

Panel 5.7
Making business cents

In order for NGOs to really harness the power of markets in changing business behaviour, NGOs need to develop a deep understanding of how businesses create and capture value. Sue Hall, founder of the US-based Climate Neutral Network (CNN) has developed a methodology that does just this for climate change.

The original idea behind the CNN was to develop a system that enabled companies to capture the full commercial value of moving towards a net-zero impact on climate change. According to CNN, the 'value proposition' exists at four levels:

1 **Operational efficiencies**
Saving energy saves money.

2 **Marginal efficiencies**
Participation in carbon trading enables efficient companies to make money by selling carbon 'credits' to other companies who can't reduce carbon emissions as efficiently.

3 **Minimizing contingent liabilities**
If carbon comes with a cost (as it increasingly does) companies can save by reducing exposure to these future costs.

4 **Differentiation**
Many companies believe that 'carbon cool'[95] products or services will be popular with consumers, helping the company positively differentiate the company brand or product.

Climate Neutral Network
www.climateneutral.com

'This is not just about going after an issue or a company, it is about going after the whole market.'

Panel 5.8
What's hot, and what's not in stakeholder engagement?

As more companies begin to recognize the value of engagement with the NGO community, those same activists — subject to ever-growing demands from the corporate sector — are becoming much more discerning in terms of the types of engagement they are willing to offer.

Five years ago, the novelty of talking to major corporations was often sufficient to engage NGOs in a dialogue on general CSR issues. Today, many activist groups that we talked to shun these types of interactions, preferring instead to spend their limited resources on one-to-one discussions with business leaders addressing core business decision-making.

For many, the involvement of EHS or communications professionals is a real turn-off, as are initiatives where the agenda is set exclusively by business. 'Dialogue is a necessary preliminary step,' says Raymond van Ermen of Brussels-based European Partners for the Environment (EPE). 'But there is stakeholder fatigue where the dialogue is not action-oriented enough'.

European Partners for the Environment
www.epe.be

Equally, having a credible standard for organic food in Europe has enabled the farming and retail industry to engage constructively in delivering higher social and environmental value through the market. It also enabled Greenpeace to passionately advocate increased industry investment in this sector, in effect becoming an additional (and very valuable) marketing arm for organic food.

Whether or not particular NGOs decide to embrace certification standards, it is building strongly in some areas. 'Fairly traded' foods (as certified internationally by the Fairtrade Labelling Organization International) have more than tripled in three years in the UK and now represent £58 million of annual sales. A small proportion, but approximately where sales of organic food were in 1986, before they went stratospheric[90] and, we are told, 'consumers, producers and retailers are convinced that fairly traded food will develop in the same way.'[91]

However, some of those we interviewed warned against an over-proliferation of standards. Viraf Mehta of India's Partners for Change cautioned: 'The past three or four years have seen a proliferation of interest in CSR in the Indian business community. This, combined with a multiplicity of voluntary codes has caused confusion amongst companies or unwitting endorsement of CSR activities without evidence of serious engagement. The risk is that the needs of the most vulnerable among India's poorest are getting lost, especially when corporate philanthropy is permitted to masquarade as CSR.'

Standards, at best, are only part of the process. Really intelligent markets will emerge — potentially at least — from the convergence of a range of factors, including better market intelligence, socially responsible investment, market incentives, the internet, satellite remote sensing, increasingly transparent supply chains and, inevitably, the growing engagement of NGOs and NGO-like actors in markets. One example of the evolution of an intelligent market is the Chicago Climate Exchange, which is a voluntary system for reducing and trading greenhouse gas emissions.[92]

The question here is whether NGOs will be content simply to catalyze the new market order, or whether some at least will aim to become players. Either way, NGOs may find themselves competing — at least for mind-share — with NGO-like businesses, 'conscience commerce' and social entrepreneurs.

As Jonathan Shopley of Future Forests argues: 'The 21st century economy is going to have to be one where business can sell services which repair and protect the environment'. Future Forests describes itself as 'a campaigning business' and the coming decades will likely see the emergence of many more.

Market disruptions

Though far from perfect, markets are the best wealth creation and distribution mechanism available to us. In some cases, markets change slowly and predictably, as a geological landscape might. In the process, however, huge strains can build up, which demand release. The resulting eruptions or quakes can create impacts on a shocking scale, levelling the layers of market engagement or jumping them to a higher level of effectiveness.

While market campaigning is a growing focus for many NGOs, markets can fail us for a number of different reasons. Natural monopolies do not lend themselves to market-based solutions, and even where markets may be appropriate, they can still be ineffective if they fail to price resources properly.

When mis-pricing continues over extended periods, it can build huge potential overhangs of financial liability, and NGOs, of course, are increasingly active in working to direct and apportion these new liability regimes. A coalition of NGOs led by Friends of the Earth International, for example, is trying to apply the lessons learned in tobacco litigation — sometimes working with the same lawyers who tackled Big Tobacco — to challenge companies on issues ranging from climate change to obesity. Ultimately, in the same way that smoking is increasingly banned from public spaces, so the 'market' may also become constrained for fast-food outlets and other services and products that are deemed hazardous to human or environmental health.[93]

Experience also shows that markets can cramp the ability of pioneers to do the right things. While relatively few companies are likely to support legislation that limits the overall extent of the market, a growing number of companies do recognise that regulations aimed at shaping the market in favour of social and environmental goals can be beneficial.

Björn Stigson of the World Business Council for Sustainable Development (WBCSD) has rejected the notion that business has a minimalist regulatory agenda. 'Businesses can do much to encourage eco-efficient practices, but they need an enabling framework from society if they are to move forward with any greater speed. It is the role of governments, in consultation with business, to create the conditions that allow business to contribute fully to sustainable development.'

Too often, markets operate on the basis of limited information. So NGOs, too, are increasingly joining forces in a range of initiatives aimed at raising the regulatory floor. The 'Publish What You Pay' campaign, founded by George Soros and the Open Society Institute, and involving over 27 NGOs from 30 countries, was originally focused on getting oil companies to publish the payments they make to host governments so that voters can hold their governments to account. But this approach back-fired when leading companies were excluded from lucrative new negotiations. So the campaign, with backing from companies, is now attempting to gain the support of governments in order to provide a level playing field.

Competition frequently favours business-as-usual strategies, until something major gives - and/or governments step in. Ultimately as Barry Coates from the World Development Movement (WDM) has put it: 'Campaigning has been crucial in creating the pressure for business to take social and environmental issues seriously, [but] few companies have been willing to sacrifice their competitive position for an ethical stance. This highlights the need for governments to regulate, in order to create the incentives for companies to do the right thing and to sanction those who breach acceptable standards.'[94]

In short, however sophisticated the market intelligence, however active the NGO engagement in markets and however intelligent aspects of the market become, we are still dealing with an imperfect world. The cycle between stages one to four loops back on itself, repeatedly, but stage five 'market disruptions' is often needed to jump the overall sustainability of the system to a higher level - often through some form of regulatory intervention (see Panel 5.10).

Next, we present a SWOT analysis for NGOs in terms of their capacity to achieve change through market frameworks.

Panel 5.9
Is CSR a 'rich world' issue?

One of our research workshops was held during the 2003 World Social Forum in Porto Alegre, Brazil and focused on NGO-business partnerships, looking in particular at the potential for such partnerships in emerging markets. 'Is CSR is a "rich world" issue?' asked one of the participants.

While participants emphasized the fact that the vast majority of NGOs in emerging economies are focused on addressing the basic needs of their beneficiaries, the overall trend is for NGOs to be increasingly aware of – and active in – driving improved company performance on social and environmental issues often with the active support of leading businesses on these issues.

One word of frustration though: southern NGOs argued forcefully that often the CSR debate is seen as being framed in the north with inadequate space given to southern voices. Child labour, for example – initially seen as a 'black and white' issue by northern NGOs – is now understood to involve complex trade-offs.

For more information on the findings of this workshop see www.sustainability.com/pressure-front

Panel 5.10
Governments and regulators

Our focus is primarily on the relationships between NGOs and the private sector, but politicians, governments and regulators remain critically important. This is true at all stages in our five-stage model (page 27), but particularly so in Stage 5, the 'market disruptions' phase, where political, government and policing functions grow in importance.

Getting even leading businesses to open up on their lobbying and policy positions is still very tough, and building business support for new laws, regulation and enforcement regimes remains almost as difficult as it ever was. Too often, deeply wired business reflexes produce knee-jerk reactions when exposed to the merest whiff of proposed regulation.

Government involvement comes in many different forms, though. The International Institute for Environment and Development (IIED), for example, has mapped different types of 'public sector engagement' around the CSR agenda,[96] leading to four broad categories of intervention:

1 **Mandating**, in which governments define minimum legal standards for performance and behaviour.

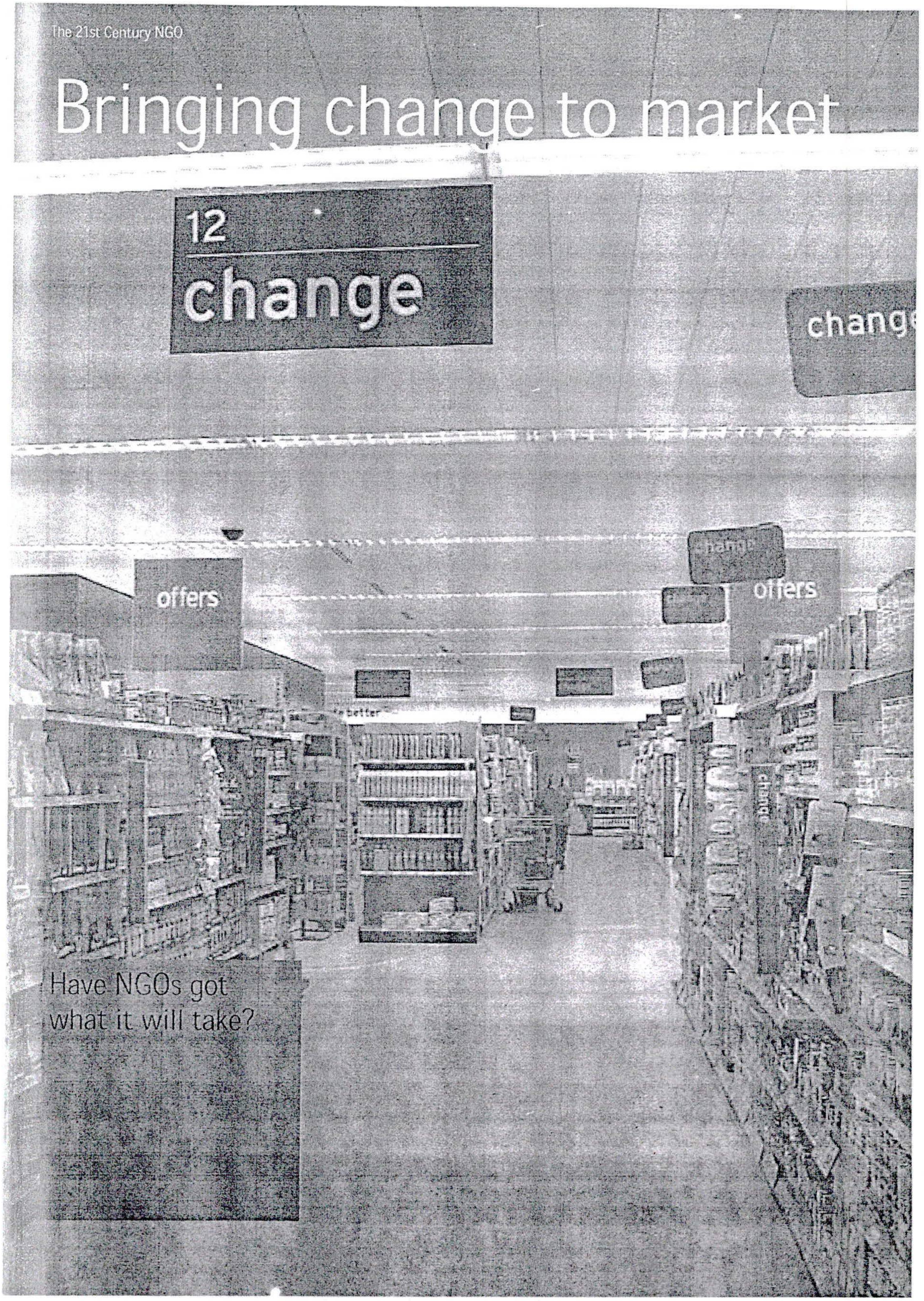
2 **Facilitating**, involving public sector agencies enabling or incentivizing improved performance.

3 **Partnership**, including acting as convenors or facilitators.

4 **Endorsing**, which covers attempts to promote the CSR agenda through ministerial speeches, policy documents, demonstration projects and/or procurement policies.

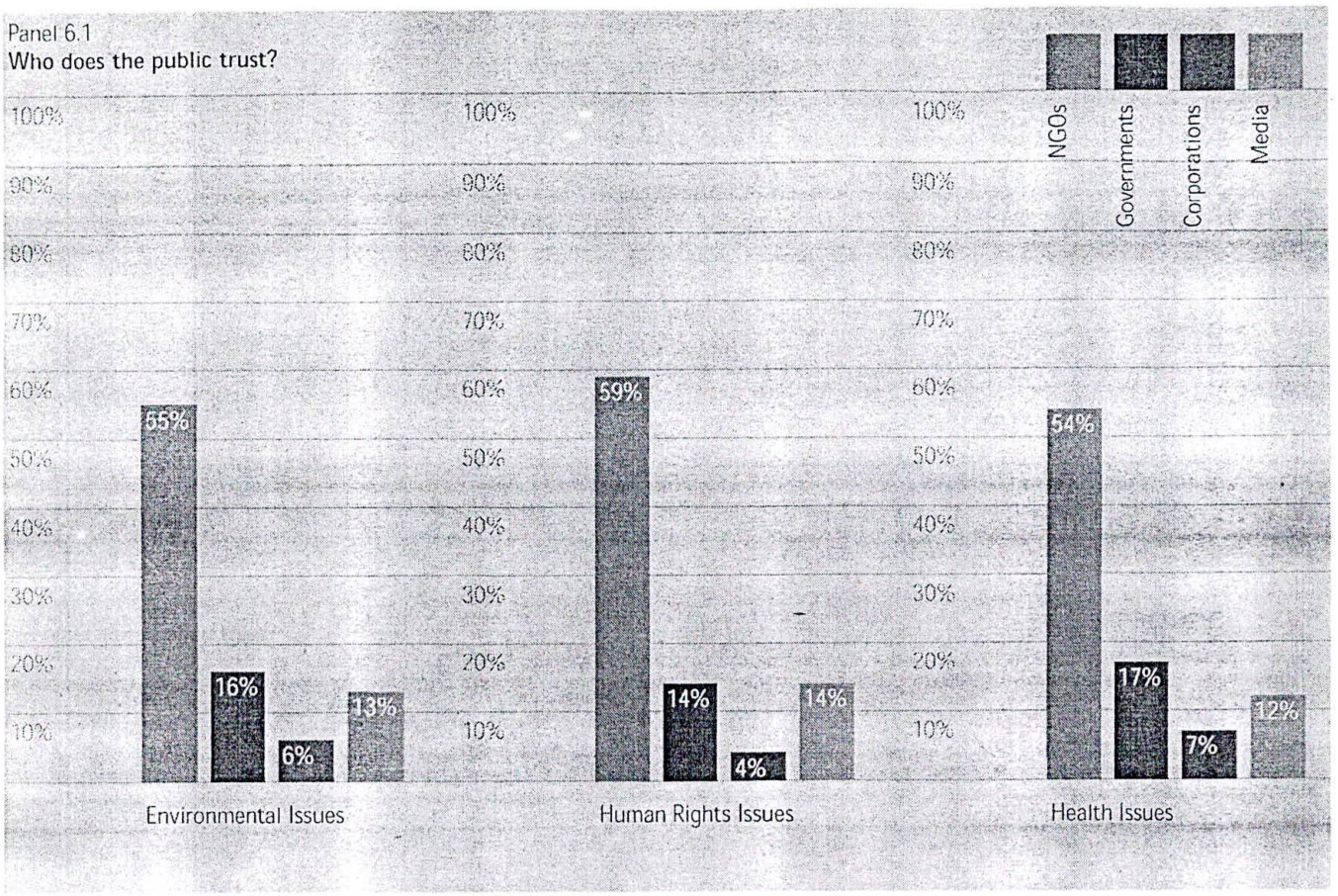
In some cases, of course, political leaders, governments and public officials will start with the 'softer' options (e.g. endorsing) and progressively move towards the 'harder' ones (e.g. mandating). Done right, this can spur private sector innovation. If mainstream NGOs are to optimize their impact in the new market paradigm, they must shape their campaigning, advocacy and lobbying to ensure that public sector frameworks, rules and initiatives are efficient, effective and crucially politically sustainable.

Bringing change to market



Have NGOs got what it will take?

Panel 6.1
Who does the public trust?



Source: Richard Edelman 'Rebuilding Public Trust through Accountability and Responsibility,' Ethical Corporation conference, NYC 2002

Strengths
1 Values
2 Expertise
3 Communication
4 Networks
5 Momentum

Weaknesses
6 Culture
7 Asymmetry
8 Professionalism
9 Timeframes
10 Capture

Opportunities
11 Gatekeeping
12 Differentiation
13 Mobilization
14 Globalization
15 Enterprise

Threats
16 Babel
17 Counterfeiting
18 Stagnation
19 Alienation
20 Succession

So how well equipped is the average NGO to achieve change through markets? To better understand NGO capacities and limitations, we applied a SWOT (Strengths, Weaknesses, Opportunities and Threats) framework. We identified 20 themes, five for each of the four main SWOT headings.

Strengths

First, leading edge NGOs are remarkably well positioned to exploit the new opportunity space (page 42), subject to a number of clear weaknesses (page 40) and emerging threats (page 44). From a wide range of potential strengths, we selected five: **Values**, **Expertise**, **Communication**, **Networks** and **Momentum**.

1 Values

Even in the world of value creation, values play a central role. Despite their enormous variety, NGOs share a core strength: a strong values base. Whether this focuses on 'improving the quality of life of disadvantaged people'[97] or 'advancing social, economic (and environmental) goals',[98] values probably represent the NGO sector's single greatest asset.

While NGOs have no monopoly on values, this dimension of their positioning accounts for much of the public trust in which they are held.

This is confirmed in research by a range of different organizations over the past few years who have consistently found that — at least in the developed world — NGOs are far more trusted than most other actors in society, particularly on key issues such as human rights and the environment.[99]

But, while there has been a lot of research on how much different institutions are trusted, relatively little research effort has gone into why NGOs and their leaders should be so trusted. One study that looked at trust in leaders of different institutions found that 'honesty' and 'vision' were particularly important factors in encouraging people to trust, while 'not doing what they say' and 'self-interest' were two factors leading to distrust.[100]

High levels of trust have also enabled NGOs to incubate successful new relationships and institutions. Consider the role that NGOs play in building community links across ethnic and culture divides.

Source: Diane Cohen, PETA

In terms of relationships, think of Friends of the Earth in both Jordan and Israel, where they are working together on the 'Good Water Neighbors Project', addressing water issues and trying to rebuild trust and understanding in the two communities.

In terms of new institutions, think of the role played by the US Coalition for Environmentally Responsible Economies (CERES) alongside UNEP in spawning the Global Reporting Initiative (GRI), or that of the New Economics Foundation (NEF) in incubating initiatives like AccountAbility and the Ethical Trading Initiative in the UK.

In summary, NGO values are key to their ability to attract expertise, to create momentum, to communicate powerfully and credibly, and to build robust local, regional and global networks.

2 Expertise

In a complex, fast-moving marketplace, expertise is critical. The evolving expertise of NGOs on the plethora of issues on which they campaign is another vital asset. NGOs are regularly consulted by the media on stories related to their areas of interest and expertise.

Even well-publicized failings simply serve to underline just how important a role NGOs have come to play in providing expertise on these issues.[109] Some NGOs, indeed, provide lists on their website of individuals with expertise on key issues that the organization works on. One example is the Union of Concerned Scientists (UCS) in the US, founded in 1969 by faculty members and students at the Massachusetts Institute of Technology (MIT).

Development groups have also built up enormous amounts of expertise and capacity, not just on technical issues of delivering aid to remote communities, but also in helping communities understand and articulate their needs and rights. Relationships between these NGOs and the communities they serve are often long term, with individuals or institutions embedded in communities for decades – potentially giving these organizations a deep appreciation of the problems communities face and of potential solutions.

As a result, other organizations, including socially responsible investors, have come to rely on the expertise of NGOs. Walden Asset Management, for example, works with 'Healthcare without Harm' to better understand the issues facing the pharmaceutical sector. NGOs like Amnesty International and WWF routinely supply data on corporate performance to socially responsible investors. That said, much of the expertise now embedded in the NGO universe is to date more readily available to the public sector than to the private sector.

3 Communication

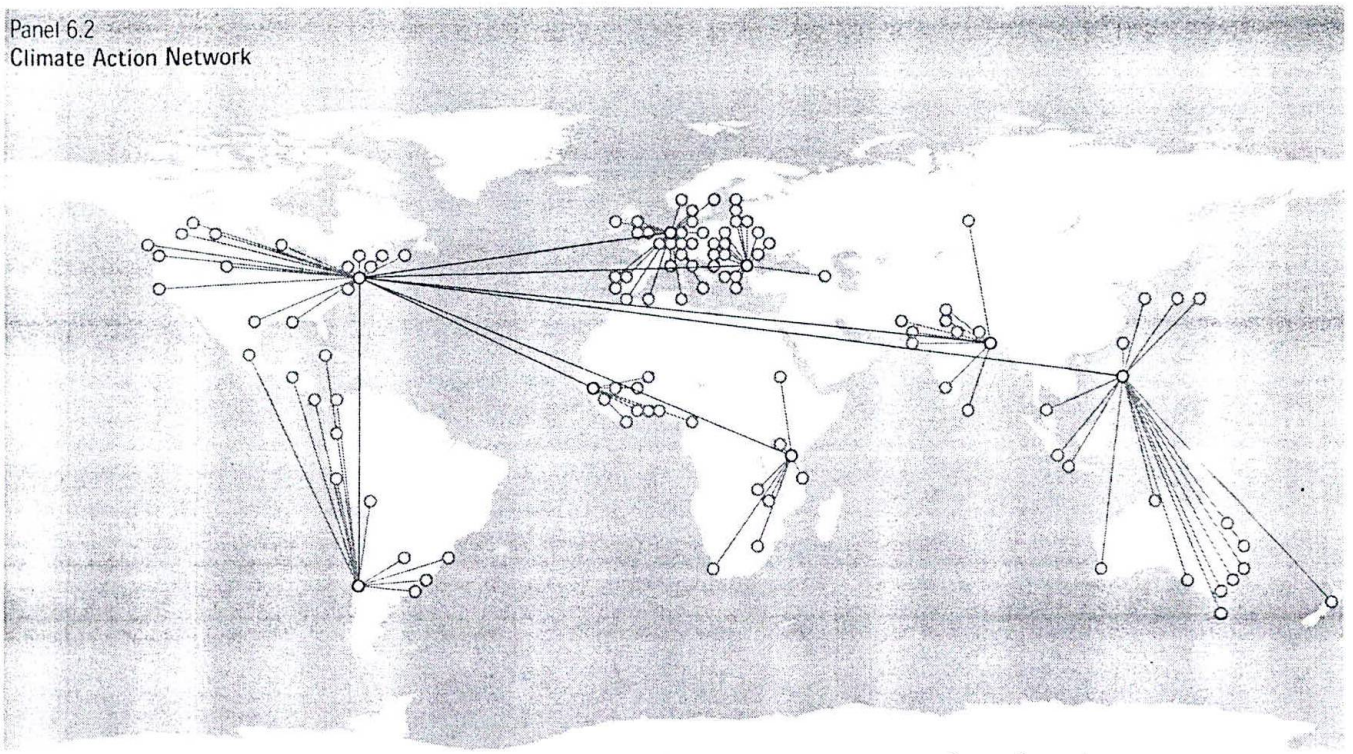
The bigger the community, the more important communication skills become. Some NGOs are a match for any advertising agency, with the added advantage that their messages tend to be believed. Leading NGOs often have a symbiotic relationship with the media, providing appealing stories, expertise and background information, but also depending on media coverage for much of their impact.

In some cases the connections go deeper. In Canada, the name 'Pollution Probe'[110] was originally coined by journalists covering the activities of protesting students in the 1970s. Only later did it become a formal NGO. A significant proportion of NGOs see their primary objective as getting issues and stories onto the media agenda and have found creative ways of bridging into the media world. In Brazil, for example, the Ethos Institute has for the last three years awarded a prize for journalists recognizing their contributions in raising awareness of corporate social responsibility issues.

A key strength of NGOs has been their ability to recruit support from celebrities and high-profile public figures. Whether it is Paul Newman doing the voice-over for an environmental group's new TV campaign, or Jade Jagger and Martin Sheen protesting the war in Iraq, many NGOs have been very skilled in winning celebrity support and, thereby, media coverage for their issues and campaigns.

In the same way that the printing press served to drive the growth of the early Protestant Church, so the internet is supporting the capacity of NGOs and civil society to network and grow.

Panel 6.2
Climate Action Network



Source: Environmental Systems Research Institute Inc (ESRI)

4 Networks

In an increasingly networked world, success depends on the strength of your networks. Indeed, few parts of global society have moved more rapidly than NGOs to adopt and adapt what Kevin Kelly dubbed the 'New Rules of the New Economy'.[103] Much of the 'New Economy' may have gone down in flames, but many of the basic principles will prove central to sustainable 21st Century wealth creation.

And, consciously or not, activists and NGOs pioneered many of these principles before most others. In turn, New Economy technologies – among them the internet and mobile telephones – have powerfully fuelled activism with some interviewees suggesting that in the same way that the printing press served to drive the growth of the early Protestant Church, so the internet is supporting the capacity of NGOs and civil society to network and grow.[104] As Sabine Leidig of Attac Germany put it, 'We are the Linux model NGO.'

The Economist has acknowledged the importance of this capacity to network, pointing out that: '[In Seattle] NGOs built unusual coalitions – environmentalists and labour groups, for instance, bridged old gulfs to jeer the WTO together'.[105] NGOs, too, are acutely aware of the vital importance of networks. Robert Napier, CEO of WWF-UK, told us that 'WWF is only as strong as its network', and particularly emphasised the importance of building strong connections with NGOs operating in emerging economies.

This last point was reiterated in many of our interviews with developing world NGOs. Grupo Puentes, a network of 19 NGOs in Latin America and the Netherlands, works together to promote CSR. Isabelle van Notten, involved in setting up the network, argues that: 'There is a strong sense that organizations in the South want to set their own agenda. At the same time, businesses in Holland are starting to ask Dutch NGOs what legitimacy they have to speak for the South. It is important for Dutch NGO legitimacy that southern NGO voices are louder and better channelled into this debate.'

5 Momentum

A prime concern in the heady days of the New Economy, but always a key focus in campaigning and politics. But momentum, be it political or economic, is a perishable commodity. Luckily for the NGO movements, while some parts of the movement may falter, others inevitably pop up to fill gaps. Opportunism, in fact, has been a key strength of many NGOs. Often, they operate like opportunistic viruses, exploding into life when the conditions are right, fading when they change.

When brainstorming this section, there were a number of NGO characteristics we sensed were not adequately captured in the SWOT framework. Contributors felt that many NGOs had 'raw energy', a point underlined by a number of interviewees, who acknowledged the 'huge amount of energy' that they had gained from the anti-globalization movement. NGOs are also often prepared to take risks. They want to push boundaries, are comfortable with change and generally future-oriented.

We struggled to find a way to capture these characteristics before someone suggested that what we had described reminded him of teenagers. Overall, this is a major strength and NGOs wanting to ensure a strong positioning will need to ensure they don't lose that energy, that 'teen spirit'. But, to fully engage the mainstream, major NGOs must consistently blend their teenage energy with a dose of adult experience and wisdom.

Weaknesses

NGO strengths outweigh their weaknesses, as their success indicates. But, inevitably, they also suffer from weaknesses that potentially render them vulnerable to impending threats (page 44) and could mean that they fail to capture emerging opportunities (page 42). Here we look at five actual or potential weaknesses: **Culture**, **Asymmetry**, **Professionalism**, **Timeframes** and **Capture**. Inevitably, some are the flip sides of strengths.

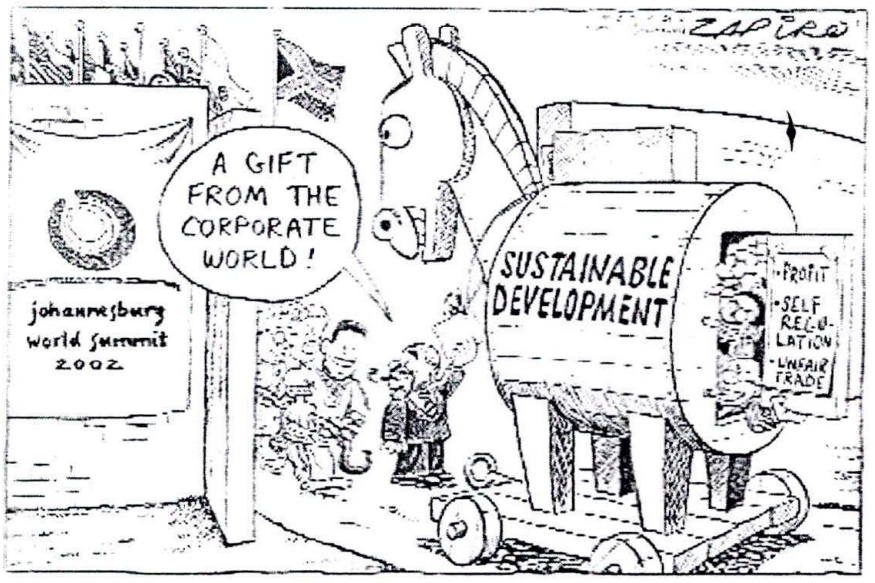
6 Culture

'Organizational culture', they say, is what employees do when supervisors are not looking over their shoulders. And shared cultures also suppress friction, allowing shared solutions to evolve faster. In most parts of the world, however, a yawning cultural gap separates NGOs from business. Partly, this is an issue of language.

Murray Culshaw of Murray Culshaw Advisory Services[106] in India believes that this creates a major psychological barrier. 'The NGO and business sectors are not speaking the same language', he stresses. But the roots of the problem often run much deeper.

For many watchdog NGOs, whether in developed or emerging economies, close partnership with business is profoundly uncomfortable, particularly if their involvement is in any way linked to the commercial success of the business — a situation they feel compromises their own integrity. In a chicken-and-egg process, there is a lack of business acumen among most NGOs, which both reflects their philosophical positions and hinders attempts to bridge divides. To date, precariously few NGOs have the skills to work with business managers in creating initiatives of real mutual value.[107]

For some NGOs, the biggest cultural barrier to progress in leveraging change in markets may be their shared history. Successful confrontational campaign strategies have meant that these groups have developed independent, often uncompromising approaches. There is also a common perception that business actors have betrayed the trust of NGOs and other stakeholders, a fact that helps make business among the least trusted institutions in society.[108] This 'bad history' makes it difficult to engage in productive partnerships. Even where there have been successes, the confrontational approaches of NGOs have sometimes prevented greater progress.[109] As Ernst Ulrich von Weizsäcker put it, 'In order to persuade governments and corporates into action, [NGOs] have to pay the price of cultural change.'



Source: Zapiro / GroundWork

7 Asymmetry

Again this weakness reflects an NGO strength. Being small and relatively unencumbered by tradition, NGOs can be more flexible than the companies and other organizations they target.[110] But this very asymmetry in scale and resourcing can also play against NGOs. Indeed, scarcity of resources is something that is often pretty much hard-wired into NGOs. And this can be a significant weakness when attempting to engage businesses in dialogue.

Sara Parkin, once a leading Green politician in Europe and then a co-founder of Forum for the Future, stresses that the asymmetry is particularly evident 'when participating in consultations and working groups. Many NGOs have to work to project-funded budgets, with this kind of business or government engagement done for free. For business participants, by contrast, engagement tends to be in their job descriptions.'

For NGOs operating in emerging economies and attempting to engage companies in dialogue, these problems can be even starker. Often enabling legislation is not yet in place[111] and few foundations or donors recognize the sustainability or CSR agenda. 'Even until recently, donors and funders did not really know about the concept of sustainability and so were not funding it,' notes Mokhethi Moshoeshoe of the African Institute of Corporate Citizenship.

More worryingly, talented and experienced activists who might have the experience to engage constructively with business are often lured away by other sectors, including business. This has been true in many central and eastern European countries, and also in countries like South Africa — where regime change has meant that NGO leaders have moved into governmental positions.

8 Professionalism

This is a central challenge for NGOs (page 25). But while many NGOs are pushing through programs to professionalize their operations, the vast majority still operate in a more ad hoc manner. This is particularly true in emerging economies, where new initiatives to work with local NGOs and communities often come up against issues of professionalism.

Working with local partners is critical to the Rainforest Alliance, for example. These 'local' NGOs are trained to do auditing for the Alliance's sustainable agriculture certification program and provide essential grounding in local technical issues and stakeholder concerns. However, while an integral part of the Rainforest Alliance's business model, we were told that some of these local groups 'do not think like businesses — and often fail to appreciate the importance of financial management and client service in the relationships the NGOs have with businesses'.

Related to this problem is the enduring issue of accountability, particularly the need to ensure that key stakeholders are informed — and supportive — of decisions to collaborate with business. Several NGOs cautioned colleagues to ensure that decisions to work with business are shared with key stakeholder groups. This is especially difficult for NGOs working as part of large federations or networks, where there is often great variation in the appetite for engagement with business among different groups.

Some organizations engaging business have developed processes to manage this challenge. Both Canada's Pembina Institute and the US World Resources Institute (WRI) ensure that key staff have an opportunity to comment on proposals for business engagement. WWF have also set up a global steering group to assess particularly controversial projects where these involve business participation.

9 Timeframes

Time is central to the corporate responsibility and sustainability agendas. That said, it's something of a paradox that corporate timeframes may be significantly longer than those of many NGOs, despite the public perception that NGOs stand for long-term values. A key reason: donor funding is often project- rather than program-based, forcing NGOs to focus repeatedly on raising funds, whereas many companies are able to invest for the long term. Worryingly, for many NGOs, this is also a trend which many say is getting worse.

Furthermore, donors and the general public often experience 'compassion fatigue' when faced with an ongoing set of problems which never quite seems to be resolved. Foundations and other large donors also suffer from what one interviewee called 'projectitis', a key symptom of which is 'a lack of patience with projects lasting more than two years.' Many NGOs recognize this problem — and noted that they suffer from 'project churn,' limiting overall effectiveness.

10 Capture

The most successful NGOs tend to have a fair degree of independence. But political scientists know that systems under challenge try to capture or co-opt the forces arguing for change. As parts of the NGO agenda come into the mainstream, this challenge is becoming increasingly urgent.

In the 2002 version of the Shell Global Scenarios, one scenario involved the evolution of a so-called 'Business Class', a 'global elite' of highly educated, high earning individuals living in megacities in regions across the world. 'In Business Class,' we were told, 'it's not uncommon to belong to a circle of employees in an extractive industry, for example, while also belonging to a circle of those protecting nature from the environmental effects of such extraction. But the leaders of both the industry and the environmental organizations belong to the same larger circle of interconnected global elites.' [112]

While engaging with business and rubbing shoulders with the rich and powerful may well bring opportunities for influence, the risk is that gaining membership of the business class undermines connections with local communities and the constituencies that NGOs were formed to represent and defend. 'Corporations breed out diversity,' observes Jean Horstman, chief learning officer at Boston-based BELL (Building Educated Leaders for Life). 'Global NGOs have learnt to do the dance-steps [with corporations], but local NGOs and community groups don't even know there is a dance, aren't invited, or can't afford the dance lessons!'

Panel 6.3
Building NGO capacity to engage with business in emerging economies

In early 2003, SustainAbility facilitated a conference call between several NGO leaders working in emerging economies. The purpose of the call was to explore the issues facing NGOs in these countries that are keen to engage with the business community on sustainability issues. A number of key themes were established:

- Some NGOs in emerging economies were set up by business to tackle sustainability challenges affecting the private sector, for example the Ethos Institute (Brazil), NBI (South Africa) and Philippines Business for Social Progress. Yet for many NGOs, engagement with business is still mostly about funding.
- This can pose a risk — for example if young NGOs receive philanthropy before they have the capability to manage it productively — but may also be a lost opportunity for more meaningful engagement with the private sector.

Capacity was seen as a big barrier, but suggestions on how skills for business engagement could be enhanced included:

- NGOs set up by or otherwise already engaging with business can work with other NGOs to build economic and business literacy.
- NGOs can draw on international experience, best practice and tools to develop competence on the corporate social responsibility agenda and — more importantly — develop local models (or localise global models).
- Build a better understanding of the NGOs 'business case' for NGO-business engagement — in other words establish how the NGO agenda is served by this engagement.

For more information see www.sustainability.com/pressure-front

The danger for international NGOs is that by engaging in this dance, they may jeopardize their own ability to genuinely represent the interests of their stakeholders. During the 1999 round of climate talks in Bonn, Germany, the head of an Indian NGO blasted US environmental groups for being so eager to preserve access to the White House. He warned that they were turning their backs on the climate issue – as well as on those donors who assumed the groups would be acting on behalf of the planet. 'You are supposed to be the conscience of the global environment,' the leader told US environmentalists, 'but instead you are more concerned with acting like junior cabinet ministers.'[113]

Opportunities

Third, whatever the balance of strengths and weaknesses in particular NGOs, a vast new opportunity space is opening up, in part because of their campaigning efforts to date. Based on our interviews, it is clear that a significant minority of NGOs are increasingly aware of the unprecedented opportunity to reshape markets in favour of sustainable development. Here we focus on: **Gatekeeping**, **Differentiation**, **Mobilization**, **Globalization** and **Enterprise**.

11 Gatekeeping

As anyone involved in branding knows, there is a powerful appetite among citizens and consumers for interesting, trustworthy opinion-leaders. Central to many opportunities now opening up for NGOs is the enormous stock of public support they enjoy. Being trusted clearly provides NGOs with a strong foundation on which to build, but how should they proceed? Among the ways in which they could further evolve their roles:

- Working with governments as honest brokers in shaping new institutions for global and/or corporate governance – and helping to co-evolve new market tools and performance standards.
- Acting as watchdogs, monitoring corporate and governmental performance, and further building on their role as 'civil regulators' in applying the 'soft law' of various CSR standards and codes of conduct.[114]
- Working as guide-dogs with leading businesses, helping them negotiate the new landscape and developing new approaches to generate social, environmental and economic value. As Calestous Juma, Professor of the Practice of International Development at Harvard University, put it: 'I envisage a new model of nongovernmental organization, bristling with technical know-how, that could play a major role working with companies to tackle the problems on the ground.'[115]

12 Differentiation

One of the great strengths of the NGO world is its very diversity, which in turn opens up a multitude of opportunities. This diversification has generally been a natural phenomenon, though in some cases it has been managed. In the environmental field, for example, much of the conservation agenda in the US was once carved up between WWF (focusing on parks), The Nature Conservancy (purchasing land for protection) and the Sierra Club (conducting advocacy).

Interestingly, a number of interviewees suggested it was time once again for groups to de-merge and differentiate. So will we see more de-mergers? Some think so. For example, Chris Rose (formerly of Greenpeace, WWF and Friends of the Earth) argued when at Greenpeace that the organization should split into three parts: one part focusing on entertainment and media, appealing to supporters through music concerts supported by big name artists; a second continuing in 'classic Greenpeace' style, based around a community of risk-taking activists, generating high-profile, media-friendly direct-action campaigns; and a third, 'business-solutions' part, working closely with business to develop solutions generating value for Greenpeace, the company and society.

Others, though, suggest that powerful NGO brands can – even should – house multiple activities side by side. Whatever strategy they adopt, NGOs will need to recognize the business wisdom of 'sticking to their knitting'. Diversification can lead to over-stretch and loss of focus. Given the widely differing roles now possible for NGOs, any single organization would be hard pressed to maintain credibility in every sphere. 'Don't be all things to all people,' cautioned one interviewee. 'Select a niche and go for it.'

An interesting question, whichever route a given NGO takes in tackling markets, is whether, very much as Intel has developed the concept of 'Intel-inside', it could build truly value-added 'NGO-inside' types of co-branding and relationships with business and other market actors.

13 Mobilization

Momentum is one part of the formula for mobilizing a critical mass of support. While NGOs have been phenomenally successful at catching the public imagination, their ability to mobilize supporters outside a narrow range of issues is generally limited. That said, groups with powerful brands like Amnesty International are beginning to target companies and markets more actively. While recognizing the limited resources available to research corporate performance, Amnesty are now poised to follow the lead set by Oxfam and environmental groups in targeting a small number of companies each year to leverage change across industry more generally.

Often the major challenge for NGOs operating in this area is to balance a commitment to core principles, with the inevitable compromises that are required in going mainstream. Both the Forestry Stewardship Council (FSC) and the Marine Stewardship Council (MSC) – products of initial relationships between WWF and various industry groupings – have sometimes been criticized in recent years for missteps in their enthusiasm to scale-up these approaches.[116]

Other NGOs are hoping that the power of the market will drive their practices into the mainstream. Groups like Canada's Pembina Institute explicitly aim to hand over aspects of their work to mainstream consultancies when the market is able to attract and support their involvement. Equally groups like Social Accountability International (with its SA8000 certification system) and the Climate Neutral Network (with its 'Climate Cool' logo) are configuring their offerings to make them readily adoptable by mainstream consulting organizations with the capacity to drive these standards into the market mainstream.

More positively still, the capital markets – often the targets of campaigning groups – are also now being employed to help raise capital to address social and environmental issues. Traidcraft and the Ethical Property Company in the UK have both had success in raising over £7 million of new capital through 'Alternative Public Offerings' (APOs).[117] If the mainstreaming process is to build further momentum, such funding mechanisms must evolve rapidly.

14 Globalization

Few organizations have been as successful in globalizing their operations as leading NGOs. The success of the anti-globalization protests is a case in point and as Naomi Klein put it in her book *No Logo*: 'Anti-corporate malaise is so widespread that it even transcends old rivalries within the social and ecological movements. Since when did grocery-store workers' unions weigh in on indigenous land claims? Since puncturing Wal-Mart became a cause in and of itself.'[118]

These campaigns are powerful partly because they engage groups in generating 3-D solutions to complex problems. Whether the network involves bringing environmental groups together with childcare campaigners to tackle chemicals in the environment, or connecting community groups around the world to challenge water privatization, tackling issues from multiple, triple bottom line perspectives is proving a powerful campaign tool.

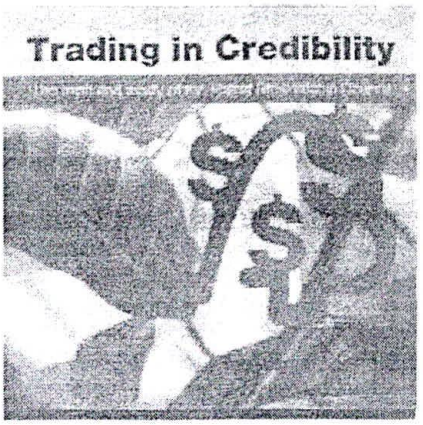
Perhaps the greatest opportunity for NGOs working with business, however, is to capitalize on their support in – and connections to – grassroots communities, particularly in emerging economies. These local NGOs are not looking for involvement just in terms of monitoring. As Azay Guliyev, of the National NGO Forum of Azerbaijan, put it: 'We also want to build our own capacity to work with business.'

International NGOs can play a vital role in the development of the CSR agenda in emerging economies, 'as long as they are sensitive to constraints, and don't come with a partisan agenda,' says Matthew Murray of the St Petersburg Center for Business Ethics and Corporate Governance. In summary, there is a huge opportunity space here for NGOs because companies are looking for authentic local stakeholders, both because they are required to and because they recognize the value of having effective, legitimate relationships in communities where they operate.

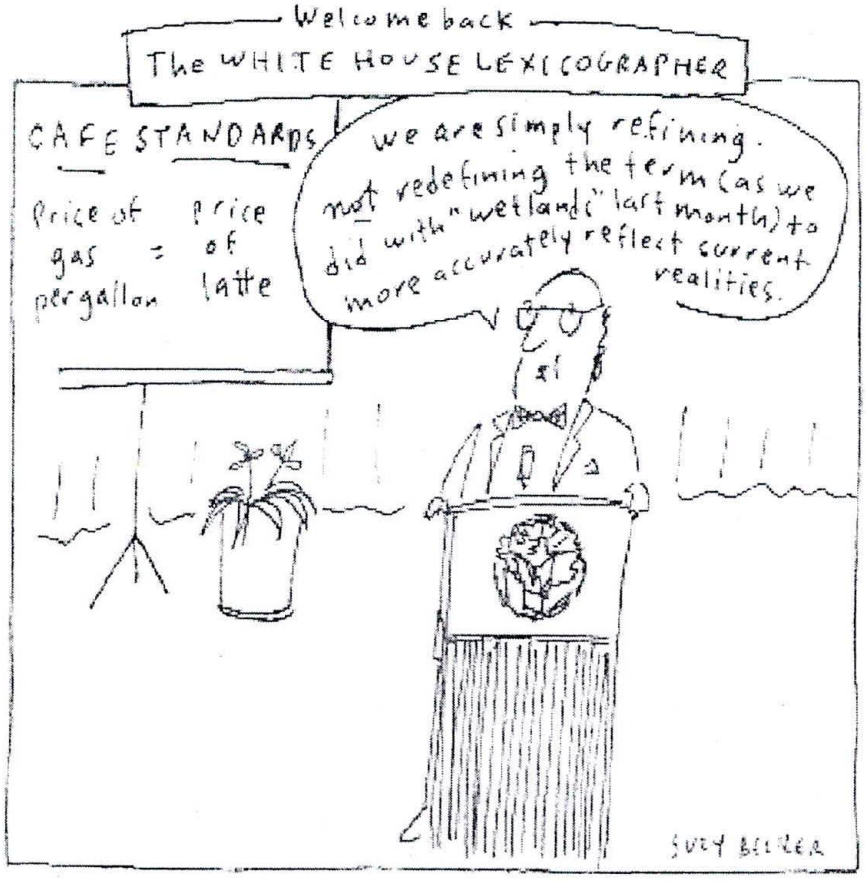
15 Enterprise

Markets reward enterprise more than dissent. The biggest opportunity for NGOs, as a result, may be to stop being pure not-for-profit ventures and, instead, to dive into the market itself, developing for-profit business models. While the market will continue to need watchdogs that hold it in tension, as more intelligent market frameworks are developed so the opportunities to create value across the triple bottom line agenda will also grow.

A key problem here: it is deeply ingrained within the NGO community (and perhaps beyond) that not-for-profits are automatically good and for-profits automatically bad. 'It's a fundamental paradigm that has to shift in our heads,' says Paul Gilding of Ecos. Several 'campaigning businesses' that we spoke to claimed that they were often faced with the criticism that: 'It doesn't makes sense to make money out of an environmental [or social] problem.' Ultimately, however, the market may be the only route through which many of our most intractable problems will be solved.



Source: The Rainforest Foundation



Source: Suzy Becker / *Grist* magazine
Corporate Average Fuel Economy (CAFE) standards are government-imposed standards, requiring overall levels of fuel economy from car and truck fleets operating in the United States.

Indeed, if people like Jed Emerson from the Hewlett Foundation are successful in redefining what 'value' means in the marketplace by developing methodologies for capturing, rewarding and trading 'blended value',[39] then many NGOs might find that they can make more of a difference on social and environmental issues by becoming part of the market than they can working outside it.

Threats

So fourth, and finally, what are the key threats that NGOs face in attempting to drive change in businesses and markets? We spotlight: **Babel**, **Counterfeiting**, **Stagnation**, **Alienation** and **Succession**.

16 Babel

Background noise drowns out messages. Too many voices confuse audiences, particularly when saying different things. Even apart from obvious temptations to divide and rule, there are already plenty of excuses for governments and business to dismiss the NGO agenda. Wars on terrorism, economic downturns, and the complexity of competing CSR and sustainability standards and languages all distract from the perceived need to address the underlying social and environmental issues. 'My main concern is around the macro issues,' says Gwen Ruta from the Alliance for Environmental Innovation. 'Current macro forces are making it much more difficult for me to do my job.'

But a real downside of the NGO world's diversity is the growing confusion over multiple standards, something that André Fourie of the National Business Initiative in South Africa identified as a significant threat. 'Too many competing voices,' was how he put it. 'Corporations may be put off by the variety of competing standards or may use this as an excuse to do nothing. NGOs need to show more consistency and integrity in how we deal with the business community.' No wonder some NGO people see the need for a 'shake-out'.

17 Counterfeiting

Success breeds mimicry. We have already looked at the risk of NGOs and their leaders being captured by the system, but there is a more subtle threat – that their language itself might be co-opted. NGO-business partnerships also possibly allow businesses to define the language of debate, potentially muzzling or muffling NGO critics.

To take just one recent example, President Bush's adoption of the language of 'corporate responsibility' to describe fiduciary responsibility to shareholders has potentially outflanked the NGO communities that had been using these terms to describe a wider agenda, also involving social and environmental responsibility. Of course, the upside is that if business starts using the language of 'corporate responsibility', NGOs might be able to stretch it back out to include the wider agenda.

18 Stagnation

Even the most powerful social movements stall. Too often, success sows the seeds of later failure. As NGOs have become more institutionalized, so they become more 'mature' and, often, more conservative. 'Pioneer' activists are joined by organizing 'prospectors', then by increasingly change-phobic NGO 'settlers' – generally bringing a lower appetite for risk.[120] 'Big brand NGOs, like big brand companies, often see their strategic agenda through a set of risk-management goggles,' said one interviewee.

Some parts of the environmental community in the US accuse the 'beltway green groups', based in Washington D.C., of having lost their edge on the climate change agenda. Too often these organizations are at the mercy of funders whose agendas range from protecting wetlands to keeping disposable diapers out of landfills. 'These groups are running around putting out all of these fires,' environmental journalist Dianne Dumanoski has written, 'but nobody's going after the pyromaniac.'[121]

19 Alienation

For NGOs, it is all too easy to alienate supporters. Many of us switch off when problems become too complex, so one of the challenges facing NGO leaders described in Chapter 4 is that between the complex nature of many sustainable development issues and the need to be simple and clear when communicating. 'Very little is really black and white now – mostly we are dealing with shades of grey,' as one interviewee put it. Getting supporters to 'migrate' from the clear black and white issues and into more complex, but ultimately more important, areas is not easy and risks alienating supporters, members and other funders.

But the biggest risk relates to trust. As Joel Fleishman, chairman of the Markle Foundation, warns: 'The greatest threat to the not-for-profit sector is the betrayal of public trust, and the disappointment of public confidence.'[122] Interestingly, leading Indian NGOs, recognizing the importance of promoting good practices within the voluntary sector, have formed a network to develop and promote a set of concepts, principles and norms to enhance the credibility of the sector.[123]

20 Succession

Times change, new people enter the game and innovative business models evolve. Ultimately, the greatest threat to the ability of NGOs to survive and thrive may be an inability to move fast enough as new entrants muscle into their market. NGOs may find themselves caught in a pincer movement between 'civil corporations which are both willing and able to take greater account of their social, environmental and economic footprints'[124] and social entrepreneurs who are able to demonstrate (and win rewards for) the triple bottom line value they create. This is an area ripe for innovation and the successful innovators will be disproportionately rewarded.

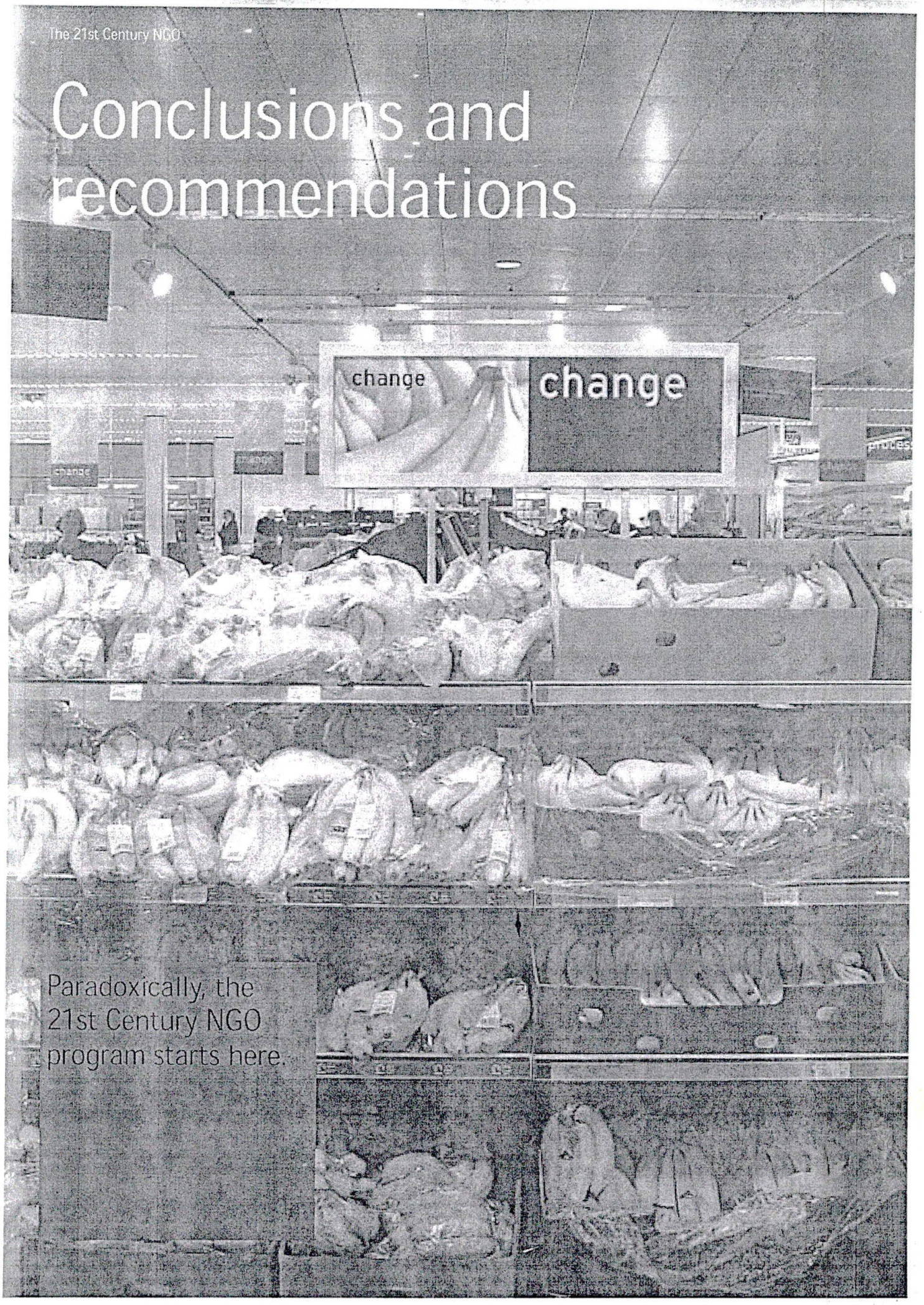
Under such an 'ethical squeeze',[125] when consumers can buy anything from life insurance to lipstick and feel they are creating real social and environmental value in the process, some may begin to ask why they need NGOs? But, we would still need watchdogs, advocates will insist. Indeed, but the risk to NGOs is that this would be the niche to which, in the long term, they might be confined. And even here we find that mainstream NGOs are under pressure.

As Ross Gelbspan argued in *Grist*: 'Out of the vacuum of national leadership [from the major environmental groups] on climate change, a new climate movement has emerged. It is scattered in pockets throughout the country: in Olympia, St. Paul, Boston, Portland, New Orleans, Austin, and San Francisco, and in countless churches and campuses where dedicated activists, impatient with the lack of activity on the national front, are taking matters into their own hands.'[126]

It would be a deep irony if, just as they earn a place at the table, NGOs find that their space is occupied by innovative networks of local activists, by social entrepreneurs, by NGO-like actors less constrained by NGO values, or by business organizations focusing on CSR and sustainability issues. But these threats shouldn't surprise us. Ecology tells us that ecosystem succession often sees pioneer species driven out by colonizers better adapted to the territory that the pioneers opened up.

'The greatest threat to the not-for-profit sector is the betrayal of public trust.'

Conclusions and recommendations



Paradoxically, the 21st Century NGO program starts here.

Probably the most-quoted line in the 1967 film *The Graduate* was the moment when the Dustin Hoffman character is advised to get into 'Plastics'. These days the advice could just as well be 'NGOs' or 'CSOs'. These organizations stand on the edge of a huge opportunity space which we expect to evolve rapidly, in turn driving a further expansion in the spectrum of NGOs, NGO-like organizations and CSOs.

It has been striking to find the extent to which NGO people now see the agenda — and the opportunity space — as global. People like Kumi Naidoo of CIVICUS see this trend as inevitable, with globalization leading to a new scale of problems in such areas as environmental degradation, HIV/AIDS, human trafficking, the drug trade and terrorism.[127] In some of these areas, NGOs will be part of the problem identification, strategic prioritization and solution-development processes. In others, they will be adversely impacted by the responses of governments or other key actors.

Also remarkable was the amount of positive feedback that we received from contributors. 'What an interesting and timely study,' interviewees would often say. Even MBA students — exposed to early research findings — were keen to know how they could get involved in the NGO sector. They did not plan to spend their entire careers in this area, but recognized that it now powerfully shapes politics and the economy, so that a period of NGO experience is now seen to be a real asset on a CV or résumé.

But it was clear, too, that different people had very different reasons for being interested:

- Business people typically wanted to know where activists and NGOs might be headed next.
- Government people wanted to know about the political momentum of different parts of the movement.
- Media people wanted to know what impact 'wild card' developments like recession, the 'war against terrorism' or SARS might have on the NGO agenda.
- And NGO people, well they had all sorts of questions. Like politicians and business leaders around the world, they sense the ground moving under their feet. They know change is coming — and it makes many of them uneasy.

Panel 7.1
External agenda

Trend	Implications
1 Pro-globalization	Anti-globalizers will still challenge energetically, but expect pro-globalization arguments from a growing number of mainstream NGOs.
2 Security	Security will be seen as having strong ethical, social and environmental dimensions, not just political, military and economic. Expect targeting of 'military-industrial complexes', and growing concerns about 'Big Brother' implications of surveillance (e.g. activities of the American Civil Liberties Union).
3 Governance	A huge jump, but both global and corporate governance are now on the NGO agenda (e.g. CERES).
4 Climate change	Along with emerging health challenges (e.g. HIV/AIDS, malaria, SARS, TB), this challenge straddles environmental, social and economic concerns. Huge implications for future development patterns, both in developed and emerging economies. Existing initiatives (e.g. Carbon Disclosure Project) will take root.
5 Human rights	As signalled at 2002's World Summit on Sustainable Development, the agenda is expanding to include such issues as access to clean water, affordable energy and life-saving drugs.
6 Emerging markets	Even developed-world NGOs with no operations in emerging markets are increasingly sensitive to their agenda. One key focus: trade justice. The Doha Round of trade negotiations may have stalled, but many NGOs now see reform of the whole IMF/WTO system as essential.
7 Market mechanisms	The 2003 World Social Forum saw a call for more targeting of high profile corporate brands. Expect growing interest in liability regimes and class actions (e.g. Friends of the Earth International). But NGOs are also showing interest in positive use of market mechanisms, such as emissions trading (e.g. Chicago Climate Exchange).
8 Transparency	They may not see much value in current company reports, but growing numbers of NGOs are focusing on corporate transparency (e.g. CORE, GRI, Publish What You Pay, TI). We see a convergence of interest between NGOs, business and governments, with efficient markets depending on good information.
9 New technology	Closely linked to trade, health and environment concerns, a number of new technologies (e.g. GM foods, human genome work, nanotechnology) will continue to spark major controversies.

Panel 7.2
Wild cards

Based on our research and interviews, here are six trends which would significantly affect the NGO opportunity space. Of course some wild cards could be more positive than those identified here.

Trend	Implications
1 Recession, slump, deflation	The globalization project begins to unravel. Recession turns into slump in some areas. Entry of China into WTO depresses world prices. Deflation takes stronger hold in Japan, spreads to Germany. NGOs massively squeezed financially. From a business perspective, the current cost of future liabilities soars as inflation slows.
2 War on terrorism	The global policing needed to combat terrorism produces political fallout for NGOs. Economic problems encourage governments to take harder lines on major issues like climate change; many NGOs marginalized. Spiral of reputational 'deflation' hits NGO world.
3 The 'Enron' NGO	Trust is a highly perishable commodity. The elements of a 'Perfect Storm' build with discovery that a leading NGO has misled the public for years. The 'Enron' effect leads to tougher accounting rules for NGOs, squeezing capacity to leverage funds.
4 Donor fatigue	With little evidence that NGOs are able to drive major changes in political and economic systems now under pressure, key foundations adopt different investment and funding patterns. Social entrepreneurs benefit, many NGOs miss early warning signals and suffer.
5 Ethical squeeze	The opportunity space grows, but is colonized by a range of existing and new actors, many for-profit. Consumers and voters take comfort in the mistaken belief that something is being done, throttling back on support for activists.
6 Biters bit	Where NGOs successfully build partnerships with companies and other actors, they attract fierce attacks from NGOs that have failed to do so, or want to pump up their own profile. Result: further dents in the credibility of the sector.

We didn't specifically ask NGOs to identify their likely priorities over the next few years, but pointers quickly emerged during the research and interviews. Here we identify 21 issues or trends, not as a definitive listing, but as a provocation for NGOs and those that are affected by them. Panel 7.1 focuses on nine dimensions we detected in the external agenda driven by NGOs. Panel 7.2 highlights six 'wild cards' mentioned by interviewees, or which surfaced in our research. Panel 7.3 looks at some of the implications for NGO funders, and Panel 7.4 spotlights six elements of the emerging internal agenda for NGOs.

The future starts here

Paradoxically, our work on what we might call the 'NGO industry' does not end with *The 21st Century NGO*, but starts here. As one reviewer responded to a late draft of the report: 'to present a truly holistic picture of the status of NGOs moving into the 21st Century,' we would need to 'investigate, integrate and synthesize much more comprehensively the organizational interests, perspectives, behaviours and circumstances of NGOs from developing countries.' And this, inevitably, 'would entail meeting with a wider variety of NGOs and other civil society groups in emerging economies.'

Key areas that would certainly benefit from further work include: the specific constraints and opportunities for NGOs operating in emerging economies; how to build NGO capacity for more effective engagement in transforming markets; identifying key barriers to the scaling-up of NGO market-based approaches; and undertaking a scenario building exercise on the future options for the World Social Forum.

For the moment, and accepting these qualifications, let's draw out a few key trends. In particular, we will look at implications for the external agenda driven by NGOs and the internal agenda they now face, plus – as already mentioned – a number of potential 'wild cards'.

The first point to make is that recent decades have seen what we might call a 'civil society boom'. Those involved may still find it hard to see this phenomenon in market terms, but this area has its 'Bulls' and 'Bears'. The Bears argue that the golden days of activism are over, while the Bulls counter that the scale of the political, social and economic transformations needed over the coming decades mean that we 'ain't seen nothing yet'. Oddly, both Bears and Bulls may be right. The Bulls because the future, we believe, will see an explosion in the number and scale of opportunities for the sort of changes that NGOs have long called for, the Bears because new entrants to the market could marginalize even some of the best-known NGO brands.

As described in Chapter 2, it is clear that – at least in the OECD world – the agenda is moving on from the anti-globalization 'peak' of a few years back. The challenge now will not be simply to attack the agents of globalization, but to work out practical ways in which the processes of globalization can be made more humane, more accountable and, ultimately, more sustainable.

Though the 'radical fringe' may strenuously deny and resist this impending shift, our interviews suggest that a significant number of mainstream NGOs are headed in this direction – or are planning to do so. And one inevitable problem they will face in the process is that this more positive, constructive work tends to attract fewer headlines. This potentially raises a major issue in terms of attracting and holding members, and in sustaining (let alone building) funding levels. However, NGOs investing in market-based change may also find alternative sources of funding emerging, including service relationships with governments, companies, SRI funds and social entrepreneurs or eco-preneurs.

Funders should support NGOs that are active in trying to achieve change through markets.

Panel 7.3
Implications for NGO funders

The stock market's downturn, recession and reduced government budgets are just some factors making it a very difficult time both for NGOs and those that fund them. So what do the survey results mean for foundations, governments and other large funders of NGOs?

Area	Possible Foundation Actions
Market paradigm The market paradigm applies to NGO funders, too (Chapter 3).	– Maximize the total performance or 'blended value'[128] of both philanthropic investments as well as of financial assets. – Work to develop frameworks for ensuring the accountability and effectiveness of foundation activities. – In addition to traditional grant-making activities, consider providing venture capital to companies and social enterprise working to provide social and environmental benefits in addition to financial return.
NGO capacity Funders can help NGOs build capacity to engage with business and markets (Panel 6.3).	– Provide organizational funding for the development of business engagement skills. – Raise the profile of sustainable market and CSR agendas with local NGO players and governments – particularly in emerging economies, where the issues may not be mainstream.
Market stages Funders should support NGOs that are active in trying to achieve change through markets (Chapter 5).	– All stages (1–4) of NGO engagement with business and markets are required for effective market change. Funders should support both NGOs that create the 'heat' that encourages companies to engage with the CSR agenda, as well as NGOs that create the 'space' that enables businesses, NGOs and other stakeholders to collaborate in reshaping market frameworks. – Fund NGOs active at Stage 5 (market disruptions) to work out how to spur the necessary market evolution.
Accountability Funders of NGOs should provide core funding in this area (Panel 3.7).	– Provide support to NGOs developing accountability mechanisms and systems. – Fund bridging between new transparency and accountability initiatives (e.g. Global Reporting Initiative) and the wider world of NGOs. – Allow resources for evaluation of effectiveness at the project level.
Opportunities Funders should encourage NGOs to explore and move into high-leverage niches or opportunity spaces (page 42).	– Promote opportunities for proactive market engagement – beyond remediation and tail-pipe solutions. – Look for NGO ideas and proposals with real potential for scale-up. – Help NGOs co-evolve new market tools and performance standards. – Include NGOs as 'honest brokers' when developing new institutions for global or corporate governance.

Panel 7.4
Internal NGO agenda

Trend	Implications
1 Scaling	As problems grow, major NGOs must learn to scale up their impact, although not necessarily their own organizations. Networks and partnerships will be crucial multipliers as we have seen with global policy networks. The most successful NGOs will be the best networkers, the most reliable partners.
2 Competitive strategy	NGO boards must evolve new strategies to cope with new risks and exploit emerging opportunities. Successful NGOs will experiment with new business models and with 'co-opetition', learning to work with organizations they also sometimes challenge or compete with – both businesses and NGOs.
3 Funding	Key to any plans to scale up, all the evidence suggests funding is becoming tighter. Expect the position to get worse. NGOs must build a better 'business case' for funders, but will also need to explore new funding/business models. Partnerships with selected social entrepreneurs and/or SRI funds could help.
4 Branding	As competition builds, so the necessity (and value) of strong branding will grow. This is an area where strong brands have already evolved, with lessons learned that should be better known. New brands will be co-evolved by NGOs with public and/or private sector partners. The wider risk: they create virtuous cycles that disadvantage non-branded competitors.
5 Accountability	That said, high profile, branded NGOs are increasingly vulnerable to accountability challenges. Few feel in control; those that do probably shouldn't. NGOs must decide which accountability and transparency standards to adopt, whether and how to report, and what form of assurance to embrace.
6 Governance	As with companies, these increasingly complex issues will drive the agenda up to board level. Also, expect more watchdog and rating reports on NGOs forcing them to more actively manage their risks and exposures.

The gulf remains

A reassuring finding was that our 'Strange Attractor' analysis still works well. Even greater numbers of NGOs and NGO-like businesses are headed into what in 1996 we dubbed the domain of the 'Dolphin' (page 14). But what surprised us seven years on was to find signs of a counter-trend. Some parts of the 'Orca' community look set to evolve in unexpected directions.

While many NGOs increasingly want to work with business and through markets, a small number of activists are working on new ways of using market mechanisms to damage – and in some cases destroy – companies. We have seen this trend in embryo with the attacks on Huntingdon Life Sciences (HLS). Whatever the legality of such campaigns, there is a growing sense that they can be very effective in ending perceived abuses.

'The number of activists isn't huge,' said HLS managing director Brian Cass in mid-2003, 'but their impact has been incredible. There needs to be an understanding that this is a threat to all industries. The tactics could be extended to any other sector of the economy.'[129] The risk here is that business people will see such tactics as little more than terrorism and, therefore, something for governments to sort out. The real excitement, however, is going to come when activists and NGOs work out how to use mainstream market mechanisms against vulnerable companies and markets.

Meanwhile, though we see continuing convergence between the interests of some leading companies and some mainstream NGOs, we also see a continuing gulf between mainstream economic thinking and the emerging positions of the radical fringe elements of the civil society world. This was strikingly evident in the positions taken early in 2003 by the rival World Economic Forum (WEF) and World Social Forum (WSF) events in Davos, Switzerland, and Porto Alegre, Brazil. In addition to the more obvious differences between WEF and WSF in terms of gender, age and outlook,[130] there are more substantive differences in attitudes, not least around the role of globalization.

For WSF, if globalization is seen as positive at all, it is often because it is seen as an opportunity to globalize conscience and consciousness. For WEF, in contrast, it is primarily about globalizing capital flows and economic opportunity.

All sorts of things could happen to narrow or widen this gulf, but at present it looks difficult to bridge. The wild card factors spotlighted in Panel 7.2 are just some of the forces that could inject additional volatility into the situation. These conditions, as some interviewees signalled, are likely to drive some form of 'shake-out', or 'market correction' as Bob Dunn of BSR put it.

It seems inevitable that many NGOs will be forced to become more accountable. We will also see more ratings and benchmark surveys of NGO effectiveness. The problems that have hit US-based The Nature Conservancy [131] underscore just how damaging the emergence of a full-blown 'Enron NGO' scandal could be.

The shockwaves that have hit major companies in recent years also show how risky it can be to count on past reputation and trust-based relationships. This is particularly true of NGOs, as Oxfam America Chair Barbara Fiorito puts it 'because they demand so much public good will and attention'. That good will needs active management and renewal. In India, for example, the Credibility Alliance (page 52) is working extremely hard to rebuild social trust in the NGO community after a series of controversies focusing on different forms of fraud.

Beyond the mirage

We always knew the notion of the '21st Century NGO' would prove to be something of a mirage. Nor do we think that there is going to be one successful business model for NGOs. In different circumstances, individuals and groups will exploit U-form, M-form, N-form and others forms of NGO not yet invented to great advantage (page 15). But the key point here is that the whole NGO landscape is tilting not just towards partnerships with business, which many NGOs still see as a slightly more sophisticated form of philanthropy, but towards market-based solutions, market mechanisms and, for better or worse, market dynamics.

Worryingly, the implications of this seismic shift are not clear, at least in our experience, to many NGO people we spoke to during the course of this project. They may be interested in aspects of the emerging agenda, for example the challenge of NGO branding (page 16), social enterprise (page 43), business partnerships (page 30) or the concept of 'blended value' (page 19), but to date most haven't been able to pull together all the pieces of the puzzle.

So, beyond the mirage, what is it that we are arguing NGOs should do? The first thing is to recognize that markets are central to their future. As Paul Gilding of Ecos argues, markets are becoming legitimate channels for social change — and they are also likely to be, on balance, more efficient and effective than many traditional approaches. But the rules of the game, clearly, will be very different.

To make a success of this new order, mainstream NGOs — and innovative pioneers — will need to understand how the new forms of competition are going to work. NGOs will need to get a better sense of the emerging competitive challenges from companies, business networks and social entrepreneurs that have adopted elements of the NGO agenda.

To compete effectively for mind share and their share of society's resources, mainstream NGOs will need to:

- establish where they are against the five-stage model outlined in Chapter 5 (page 27) — and, equally important, where they would be most effective a few years on.
- explore aspects of the internal agenda highlighted in Panel 7.4, perhaps supplemented with a review of their performance in respect of the strengths and weaknesses spotlighted in our SWOT framework (Chapter 6, page 37).
- evolve and apply custom-tailored versions of our risk mapping tool (Chapter 4, page 21).

Conclusions

Our ten headline conclusions are that:

1 although by no means universally popular, NGOs, NGO-like organizations and CSOs play an increasingly vital role in democratic and democratizing societies.

2 the challenges they address are growing — and will continue to do so.

3 governments and business may resist their advocacy, but there is now real interest in the potential roles NGOs can play in developing and deploying solutions.

4 as a result, a new market-focused opportunity space is opening up, but this often requires solutions that are not simply based on single-issue responses.

5 this represents a challenge even for most mainstream NGOs, so public and private sector partnerships are increasingly essential in leveraging change.

6 in the process, new forms of competition are evolving in the 'NGO market', with new entrants like companies, business networks, NGO networks and social entrepreneurs blurring traditional boundaries.

7 both national and international NGOs, as a result, are having to pay more attention to the whole area of branding and competitive positioning.

8 in parallel, the mainstreaming trend is exposing established NGOs to new accountability demands.

9 but, problematically, all of this is happening at a time when traditional sources of NGO funding are increasingly squeezed.

10 finally, we sense an urgent need to review — and further evolve — NGO 'business models'.

Appendix 1
Centres of Excellence

Far from being comprehensive, the following list aims to provide readers with a taste of some organizations (academic, NGOs and other) we found particularly helpful in our research.

Civil Society Research

London School of Economics Centre for Civil Society, UK
www.lse.ac.uk
The Global Civil Society Yearbook is a joint project of the London School of Economics Centre for Civil Society and the Centre for the Study of Global Governance. It provides a wealth of information and data — and each year provides a useful barometer on the current issues and debates in the sector.

Hauser Center at Harvard University, USA
www.ksg.harvard.edu/hauser
The Center aims to understand the role that the nonprofit sector and nongovernmental organizations play in aiding societies to discover and accomplish important public purposes.

The Center for Civil Society Studies of the Johns Hopkins Institute for Policy Studies, USA
www.jhu.edu/~ccss
Global Civil Society: An Overview gives a broad comparative description of civil society in 35 countries, examining the geographic patterns and characteristics of the sector and analyzing its scope, size and financing.

Capacity Building

Institute of Development Research, USA
www.jsi.com/idr
In 2002, IDR merged with World Education, a Boston-based nonprofit organization dedicated to improving the lives of the poor through economic and social development programs. Much of their research revolves around strengthening and managing civil society. *Critical Cooperation: An Alternative Form of Civil Society-Business Engagement* suggests that civil society-business co-operation is possible even when important interests are in conflict.

Pact, USA
www.pactworld.org
Founded in 1971 with support from USAID, Pact is a membership organization of US private and voluntary organizations aiming to 'help build strong communities that provide people with opportunities to earn a dignified living, raise healthy families, and participate in democratic life'. Pact focuses on strengthening the capacity of grassroots organizations, and creating coalitions and networks among government, business and citizen sectors to achieve social, economic and environmental justice.

CIVICUS, South Africa
www.civicus.org
Founded in 1993, this international alliance of NGOs aims to nurture the foundation, growth and protection of citizen action throughout the world, especially in areas where participatory democracy and citizens' freedom of association are threatened. Their values include courage, justice and equality, which are reflected in their cutting-edge programs, addressing issues such as transparency and legitimacy of CSOs (civil society organizations).

Partnerships

International NGO Training and Research Centre, UK
www.intrac.org
INTRAC is an NGO supporting other NGOs with the aim of improving civil society performance. Part of their research program focuses on whether NGO-private sector partnerships are more effective in bringing about sustainable development than are adversarial campaigns, fair-trade initiatives or company self-regulation.

Business Partners for Development (BPD), UK
www.bpdweb.org
BPD was launched as a three-year program designed to study, support and promote strategic examples of partnerships involving business, civil society and government working together for the development of communities around the world. *Putting Partnering to Work* provides the results and recommendations from this work.

The Centre for Innovation in Management, Canada
www.cim.sfu.ca
Based at Simon Fraser University in Vancouver, CIM was set up to help business and other organizations create social and shareholder value through productive stakeholder engagement.

Accountability & Governance

One World Trust, UK
www.oneworldtrust.org
Formed in 1951 by members of the British Parliament, One World Trust aims to promote a greater sense of world community. The Global Accountability Project's report *Power Without Accountability* is a comparison of 18 organizations' accountability, focusing in particular on transparency and governance.

BoardSource, USA
www.boardsource.org
Formerly the National Center for Nonprofit Boards, BoardSource enables organizations to fulfil their missions by helping build strong and effective nonprofit boards. It provides useful resources giving practical information, tools and best practices, training, and leadership development for board members of nonprofit organizations worldwide.

The Credibility Alliance, India
www.credibilityalliance.org
Formed in 2001, The Credibility Alliance is working towards creating a self-regulatory framework for NGOs that allows for the establishment of norms, their promotion and adoption, and certification that organizations meet these norms in an effort to promote the voluntary sector's credibility.

Appendix 2
List of Interviewees and Workshop Participants

W1 **NGO-Business Partnership Workshop**
WSF, Porto Alegre, Brazil

W2 **Emerging Markets Conference Call**

W3 **NGO Accountability & Governance Workshop**
NYC, USA

W4 **NGO-Business Partnership Workshop**
Vancouver, Canada

W5 **NGO Branding Workshop**
London, UK

Argentina
Victoria Arbamouich W1
Independent
Cristna Catano W1
Fundacion SES — Br. AR. Arq
Christopher Johnson
If People, consultant to Grupo Puentes
Delfina Linck W1
AVINA Foundation
Jorge Daniel Taillant
Centro de Derechos Humanos y Medio Ambiente (CEDHA)
Pedro Tarak W1
AVINA Foundation

Australia
Paul Gilding
Ecos Corporation

Azerbaijan
Farda Asadov
The Open Society Institute
Azay Guliyev
National NGO Forum of Azerbaijan

Belgium
Raymond van Ermen
European Partners for the Environment

Brazil
Nelmara Arbex W2.
Instituto Ethos
Fabio Feldmann W3
Forum Brasileiro de Mudanças Climaticas
Neissan Monadjem
Transparência Brasil
Cristina Murachco W1
Instituto Ethos
Valdemar de Oliveira Neto
AVINA Brasil
Rebecca Raposo
Grupo de Institutos Fundações e Empresas (GIFE)
Maria A. P. Ribeiro W1
Associação Saude da Familia
Sheila Saraiva W1
Independent
Joe Sellwood W1
Pact
Vivian Smith (W1 and W3)
UN Global Compact

Canada
Priscilla Boucher W4
VanCity Savings Credit Union
Linda Coady W4
WWF–Canada
Elizabeth Everhardus W4
Pollution Probe
Suzanne Hawkes W4
IMPACS
Dianne Humphries W4
Suncor Energy
Rob Kerr W1
Environics International Ltd
Myrna Khan W4
Canadian Business for Social Responsibility
Patrick Mallet
ISEAL Alliance
Andrew Mallory W4
Small Potatoes Urban Delivery
Andrew McAllister W4
McAllister Opinion Research
Donna Morton W4
Integral Economics
Dave Mowat W4
VanCity Savings Credit Union
Robert Penrose W4
BC Hydro
Dave Quigg W1
North American Social Forum Planning Process
Bruce Ralston W4
VanCity Savings Credit Union
Marlo Raynolds W4
Pembina Institute
Nicole Rycroft W4
Markets Initiative
Nicole Salmon W4
Oxfam Canada
George Scott W4
VanCity Savings Credit Union
Yalmaz Siddiqui W4
IBM Business Consulting Services
Tamara Stark W4
Greenpeace Canada
Coro Strandberg W4
Strandberg Consulting
Denise Taschereau W4
Mountain Equipment Co-op

China
Jeanne-Marie Gescher W2
Claydon Gescher Associates
Michelle Ollett
Claydon Gescher Associates

Denmark
Lise Kingo W5
Novo Nordisk
Susanne Stormer W3
Novo Nordisk

France
Bruno Rebelle
Greenpeace France

Georgia
Nino Saakashvile
Horizonti

Germany
Christoph Bals
Germanwatch
Rainer Griesshammer
Oeko-Institut
Lindsay Keenan W1
Greenpeace International
Dr Ansgar Klein
Bundesnetzwerk Bürgerschaftliches Engagement
Sabine Leidig
Attac-Germany
Jürgen Maier
Forum Umwelt & Entwicklung
Miklos Marschall
Transparency International
Jens Martens
World Economy, Ecology and Development (WEED)
Professor Edda Müller
Federation of German Consumer Organisations
Helmut Röscheisen
Deutscher Naturschutzring (DNR)
Barbara Unmüßig
Heinrich Boell Foundation
Professor Ernst von Weizsäcker
Member of the German Parliament
Michael Windfuhr
FoodFirst Information and Action Network (FIAN)

Greece
Maro Evengelidon W1
Greek Social Forum

Hungary
Robert Atkinson
Regional Environment Center

India
Priya Anand W3
Murray Culshaw Advisory Services
Chandra Bhushan
Centre for Science and Environment
Murray Culshaw
Murray Culshaw Advisory Services
Dr Vikas Goswami
Business and Community Foundation
Aditi Haldar
Development Alternatives
Ashok Jaitly
TERI
Gita Kavarana
Centre for Science and Environment
Ashok Khosla
Development Alternatives
Malini Mehra
Centre for Social Markets
Viraf Mehta W2
Partners in Change
Sonia Shrivastava
Partners in Change
Shankar Venkateswaran
American India Foundation
Vijaylakshmi
Development Alternatives

Kenya
Michael Clement W1
AFCAP

Malaysia
Andrew Ng
WWF Malaysia

Mexico
Margarita Almodóvar
Fundación del Empresariado Chihuahuense

Netherlands
Gemma Crijns
Institute for Responsible Business (EIBE) Nyenrode University
Harry Hummels
Institute for Responsible Business (EIBE) Nyenrode University
Isabelle van Notten
Independent

Peru
Guida de Gastelumendi
Independent

Philippines
Elvie Ganchero W2
Philippine Business for Social Progress

Russia
Vyacheslav Bakhmin W2
The Open Society Institute
Matthew Murray
St Petersburg Center for Business Ethics and Corporate Governance
Elina Tchizhevskaya
NGO Development Center

South Africa
Dr David Fig
Biowatch South Africa
André Fourie W2
National Business Initiative
Tracey King
SABCOHA
Mokhethi Moshoeshoe
African Institute of Corporate Citizenship

Kumi Naidoo W3
CIVICUS
Bobby Peek
GroundWork
Richard Sherman
GLOBE Southern Africa

Spain
Cristina García-Orcoyen
Fundación Entorno

Sweden
Mans Lonnroth
Mistra

Switzerland
Jem Bendell
United Nations Research Institute for Social Development
Barbara Dubach W5
Holcim/WBCSD
Pamela Hartigan
Schwab Foundation for Social Entrepreneurs

UK
Cathy Anderson W5
Greenpeace
Kirstie Arnould W5
Friends of the Earth
Stella Bland W5
Forum for the Future
Simon Burall
One World Trust
Henk Campher
Oxfam GB
Rita Clifton W5
Interbrand
Craig Cohon
Globalegacy
Martin Cottingham W5
Soil Association
Jane Cotton
Oxfam GB
Kel Currah
World Vision International
Chris Davies
Save the Children International Secretariat
Deborah Doane W5
New Economics Foundation
Chloe Evans W5
Interbrand
Peter Frankental
Amnesty International Business Group
Lynne Franks W5
Sustainable Enterprise and Empowerment Dynamics (SEED)
Mark Griffiths W5
Branding Consultant
Gavin Hayman
Global Witness
Jeremy Hobbs
Oxfam International Secretariat
Mary Kaldor
Center for the Study of Global Governance (LSE Seminar)
Fiona King
Save the Children Fund UK
Paul King
WWF–UK
Hetty Kovach W3
One World Trust
Harriet Lamb W5
Fairtrade Foundation
Miles Litvinoff W1
OneWorld International
Ann Longley W5
OneWorld International
Dr Chris Marsden W5
Amnesty International Business Group
Robert Napier
WWF–UK
Aly Nazerali
Aga Khan Foundation (UK)
Amy O'Meara
Pact
John Palmer W5
Oxfam GB
Stuart Palmer W5
Traidcraft
Sara Parkin
Forum for the Future
Jules Peck
WWF–UK
Kate Raworth
Oxfam GB
Tanya Reed W5
WWF–UK
Chris Rose W5
Campaigns Consultant
Rory Stear
Freeplay Energy Group
Sophia Tickell
Oxfam GB
Karen Westley
Shell Foundation
Sarah Wykes
Global Witness

USA
Barbara Adams W3
United Nations NGO Liaison
Patricia Armstrong W3
Human Rights Consultant
Matthew Arnold
World Resources Institute
Stella Arthur W3
United Nations NGO Liaison
Alan Atkisson
Atkisson and Associates
Stuart Auchincloss W3
Sierra Club
Zehra Aydin W3
United Nations CSD Secretariat
Margorie Berg Daniels
International Society for Third-Sector Research
Simon Billenness
Oxfam America
Evan Bloom
Impact Alliance
Joan Boyle W3
International Schools Association
Michelle Chan-Fishel
Friends of the Earth
Professor Gordon Conway
Rockefeller Foundation
Elizabeth Cook
World Resources Institute
Erik Curren
Lumina Strategies
Sister Pat Daly
Tristate Coalition for Responsible Investment
Ramu Damodaran W3
Civil Society Service, United Nations DPI
Pat Daniel
CERES
Don Doering
World Resources Institute
Bob Dunn
Business for Social Responsibility
Michael Edwards
Ford Foundation
Jed Emerson
William and Flora Hewlett Foundation
Michelle Evans W3
International Service for Human Rights
Catherine Ferguson W3
Franciscans International
Barbara Fiorito W3
Oxfam America
Catherine Fitzpatrick W3
Physicians for Human Rights
Alisa Gravitz
Co-op America
Sue Hall
Climate Neutral Network
Professor Virginia Hodgkinson
The Georgetown University Public Policy Institute
Sarah Horowitz
Working Today
Jean Horstman W3
Building Educated Leaders for Life (BELL)
Lisa Jordan W3
Ford Foundation
Calestous Juma
The Kennedy School of Government, Harvard University
Adrian Karatnycky
Freedom House
Eileen Kaufmann W3
Social Accountability International
Channapha Khamvongsa W3
Ford Foundation
Jackie Khor
Rockefeller Foundation
Scott Klinger
Co-United for a Fair Economy
Pamela Kraft W3
Tribal Link Foundation
Stephanie Kurzina
Oxfam America
Aryeh Neier
The Open Society Institute
Clare Nolan W3
Congregation of the Sisters of the Good Shepherd
Kate Pearson W3
BoardSource
Gavin Power W3
UN Global Compact
Glenn T. Prickett
Conservation International
Janet Ranganathan
World Resources Institute
Dawn Rittenhouse W3
DuPont
Michael Rodemeyer
Pew Initiative on Food and Biotechnology
Laura Roper
Oxfam America
Gwen Ruta
Environmental Defense
Nick Salafsky
Foundations of Success
Judith Samuelson
Aspen Institute Initiative for Social Innovation through Business
Peter Sandman
Independent
Sarah Severn W4
Nike
Michael Shellenberger
Lumina Strategies
Timothy Smith
Walden Asset Management
William J. Stibravy W3
International Chamber of Commerce
Yasmin Tayyab W4
International Finance Corporation
Alice Tepper Marlin
Social Accountability International
Lloyd Timberlake
AVINA Foundation
Dr Chris Toppe
Independent Sector
Steve Viederman W3
Initiative for Fiduciary Responsibility
Iain Watt W3
CERES
Eric Whan W3
Environics International Ltd
Tensie Whelan
Rainforest Alliance
Sister Pat Wolf
Interfaith Center on Corporate Responsibility (ICCR)

Appendix 3
Notes

Executive Summary

01 Recent work by the Center for Civil Society Studies at John Hopkins University suggests that even excluding religious congregations, the 'non-profit sector is a $1.1 trillion industry', employing 19 million fully paid employees and representing the world's eighth largest economy (John Hopkins Center for Civil Society Studies: *Global Civil Society – Dimensions of the Non-profit Sector*, John Hopkins, Baltimore, 1999).

02 Bill Bradley, Paul Jansen and Les Silverman, 'The Nonprofit Sector's $100 Billion Opportunity,' *Harvard Business Review*, May 2003, pp.94-103.

03 See, for example, *Views of a Changing World*, The Pew Global Attitudes Project, June 2003 which suggests that people around the world share a desire for democracy and free markets – and also generally 'acknowledge and accept' globalization. www.people-press.org

04 Op. cit.[01]

1 Introduction

05 John Elkington and Tom Burke, *The Green Capitalists*, Victor Gollancz, London, 1987.

06 Other surveys were: *Green Pages: The Business of Saving the World*, by John Elkington, Tom Burke and Julia Hailes, Routledge, London, 1988; *The Green Wave: A Report on the 1990 GreenWave Survey*, SustainAbility with British Gas, London, 1990; *The Corporate Environmentalists: Second GreenWave Survey*, SustainAbility with British Gas, London, 1991; *The Green Keiretsu*, John Elkington and Anne Dimmock, special *Tomorrow* survey supplement, 1994; and *Strange Attractor: The Business-ENGO Partnership. A Strategic Review of BP's Relationships with Environmental NGOs*, SustainAbility for BP, see John Elkington and Shelly Fennell, 'Shark, Sealion or Dolphin?', *Tomorrow*, March-April 1997.

07 Michael Edwards, 'NGO Rights and Responsibilities – a New Deal for Global Governance', The Foreign Policy Centre, 2000.

08 See Appendix 2.

09 For more information on our methodology, see www.sustainability.com/programs/pressure-front/21C-NGO-proposal

10 David Brown and Mark Moore, 'Accountability, Strategy, and International Non-governmental Organizations', *Nonprofit and Voluntary Sector Quarterly*, Vol.30, No.3, September 2001 pp.569-587.

11 The Centre for Civil Society, London School of Economics and Political Science (LSE).

12 World Business Council on Sustainable Development, Stakeholder Dialogue on CSR, The Netherlands, 1998.

13 SustainAbility/IFC/Ethos *Developing Value: The Business Case for Sustainability in Emerging Markets*, SustainAbility, 2002.

14 *The Oxford English Dictionary*, 1995/96 adapted.

15 A. C. Vakil 'Confronting the Classification Problem: a Taxonomy of NGOs', *World Development*, vol.25, no.12, p.2060 (1997). Capturing some environmental issues through viewing future generations as 'disadvantaged people', this definition does not address groups which ascribe intrinsic value to organisms or eco-systems which would be included in our definition of NGOs. Sub-groups of NGOs are described in Chapter 3.

16 Jane Nelson, *Business as Partners in Development*, Prince of Wales Business Leaders Forum, 1996.

17 For additional definitions see www.socialenterprisemagazine.org This definition would also include terms like 'campaigning companies' and 'conscience commerce'.

18 For a more extensive definition see Gregory Dees, 'The Meaning of Social Entrepreneurship', www.gsb.stanford.edu/csi/SEDefinition

19 World Commission on Environment and Development, *Our Common Future*, Oxford University Press, 1987.

2 Paradigm shift

20 Our research suggests that the first wave peaked in 1969-1973, the second 1988-1991, and the third (first visible in the streets of Seattle during 1999's anti-WTO protests) 1999-2002. For more information see SustainAbility / UNEP, *Good News and Bad: The Media, Corporate Social Responsibility and Sustainable Development*, SustainAbility / UNEP, London, 2002.

21 For example, US-based The Nature Conservancy is under federal investigation following exposes in *The Washington Post* over its handling of donations and New York State Attorney General Elliot Spitzer is also calling for increased NGO accountability.

22 For example, the LSE's Centre for Civil Society looks at a range of indicators for globalization, including numbers of students studying abroad, levels of global trade, levels of air travel and international tourism, and growth in communications (e.g. numbers of English speakers, access to information technology).

23 Amnesty International, quoted in *Terraviva*, the independent daily of the World Social Forum, 24 January 2003.

24 Mike Moore, *A World Without Walls: Freedom, Development, Free Trade and Global Governance*, Cambridge University Press, 2003.

25 Jeffrey E. Garten, *Globalization without Tears: A New Social Compact for CEOs*, Harvard Business School Press, 2002.

26 Op. cit.[02]

27 This shift has been under way for some time, with Greenpeace UK and others adopting a market focus in the early 1990s.

28 See www.freedomhouse.org for numbers of 'free' and 'partially free' societies.

29 www.sustainability.com/news/articles/core-team-and-network/chris-rose_golden-age-of-pressure-groups

30 See for example data from MORI, Environics, Gallup and Independent Sector.

31 See, for example, 'Non-Governmental Organizations: the Fifth Estate in Global Governance,' Edelman PR and Strategy One, presented to the World Economic Forum, New York, 2 February 2002.

32 While NGO numbers have increased significantly over the past decade, several interviewees pointed out that low transaction costs mean that, while technically still existing, up to 40% of these groups are actually inactive.

33 http://1nweb18.worldbank.org/essd/essd.nsf

34 Amy Chua, *World on Fire: How Exporting Free Market Democracy Breeds Ethnic Hatred and Global Instability*, Doubleday, 2002.

35 See for example Jean-François Rischard *High Noon: 20 Global Problems, 20 Years to Solve Them*, Basic Books, New York 2002. www.rischard.net

3 The business of NGOs

36 Op. cit.[01]

37 See for example E. A. Nadelman, 'Global Prohibition Regimes: The Evolution of Norms in International Society', *International Organisation*, vol.44, no.4, 1990. Discusses the role of NGOs in the development of international regimes to combat piracy, slavery, prostitution ('white slavery') and the hunting of elephants.

38 Some of these labels are from Wiseman Banda, 'What type of an NGO is your NGO?', *United Nations Chronicle*, vol.XXXV, no.1, 1998.

39 For more formal definitions see our glossary on page 05.

40 See, for example, John Elkington and Shelly Fennell, 'Shark, Sealion or Dolphin?', *Tomorrow*, March-April 1997, and Chapter 9, 'After the Honeymoon', in John Elkington, *Cannibals with Forks*, Capstone Publishing, Oxford, 1997.

41 Better known as the 'killer whale.'

42 Nick Carter, 'Oxfam to Shun Iraq Funds from Belligerent States', www.alertnet.org/thefacts/reliefresources/602345?version=1

43 Anheier and Themundo, 'Organisational Forms of Global Civil Society', *LSE Global Civil Society Yearbook*, LSE, 2002.

44 A point we come back to in Chapter 6.

45 William Kay, 'Charities Face Crisis Over Drop in Gifts from Wills', *The Independent*, 26 April 2003.

46 Some commentators have suggested that there is a more insidious form of competition in the NGO sector, in which community groups around the world vie with one another to gain access to international NGOs. See, for example, Clifford Bob, 'Merchants of Morality', *Foreign Policy*, March/April 2003, pp.36-45.

47 See www.fiveyearfreeze.org/gmleaflet

48 'Protecting the Rights and Addressing the Responsibilities of Non-Governmental Organizations', Workshop sponsored by The Ford Foundation and Sawarung, Bandung, Indonesia, 6-8 January 2003.

49 Workshop Summary Report, 'Who Guards the Guardians?' SustainAbility, April 2003. www.sustainability.com/programs/pressure-front/workshops

50 Hugo Slim, 'By What Authority? The Legitimacy and Accountability of NGOs,' Working Paper presented at The International Council on Human Rights Policy International Meeting on 'Global Trends and Human Rights – Before and After September 11', Geneva, January 10-12, 2002.

51 For more information see www.pcnc.com.ph

52 www.credibilityalliance.org

53 Op. cit.[10]

54 Hetty Kovach, Caroline Neligan, and Simon Burall, *Global Accountability Report 1: Power without Accountability?* The One World Trust, 2002/2003.

55 The IFC has worked with Accion, SEWA and Profund in this way. www.accion.org www.sewa.org www.profundinternational.com

56 'Charities face crisis over drop in gifts from wills', William Kay, *The Independent*, 26 April 2003.

57 See, for example, David Rieff, *A Bed for the Night: Humanitarianism in Crisis*, Simon and Schuster, 2002.

58 For example, Aventis, Cisco, Nike, Novartis, Schlumberger and Shell are setting up foundations focused on sustainable development issues.

59 See Jed Emerson, 'The Nature of Returns: A Social Capital Markets Inquiry into Elements of Investment and the Blended Value Proposition,' *Social Enterprise Theories No.17*, Harvard Business School, 2000.

60 Reshma Memon, 'To Give Well, Give Wisely', *Worth*, February 2003 and 'What's the Charity Doing With Your Money?', *Forbes.com*, 2002.

61 *American Institute of Philanthropy Charity Rating Guide and Watchdog Report*, AIP, 2002.

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62 Charles F. Dambach, *Structures and Practices of Nonprofit Boards*, BoardSource, 2003.

63 Anthony Perret, 'Interview – Stephen Tindale', *Elements Magazine*, June 2001.

64 A counter-point that was raised suggested that 'orange smoke' is only controversial because of NGO campaigns – previously it would have been seen as an indicator of economic success.

65 *Business Benefits – How Companies Can Take Positive Action on Education, Child Labour and HIV/AIDS*, Save the Children/DFID, 2003.

66 See www.climateindia.com/about for more information.

5 From market intelligence to intelligent markets

67 Previous anti-business campaigns include 19th century anti-slavery movements and the campaign against companies operating in apartheid-era South Africa from the 1960s.

68 Exceptions include the centres of excellence in Appendix 1, plus people like Stewart Brand, Buckminster Fuller, Jeff Gates, Paul Hawken, Bill McDonough and Michael Braungart, and Donella Meadows.

69 Op. cit.[30]

70 *Our Common Future*, The World Commission on Environment Development (Brundtland Commission), Oxford University Press, 1987.

71 For a similar framework on the role of markets see Brody, Weiser, Burns, 'Corporate Involvement Initiative', prepared for the Ford Foundation Grantee Convening, 2-4 June 2003.

72 Training includes: researching corporations, influencing boards, direct action, legal tools, corporate citizenship, countering greenwash, shareholder activism, globalization, divestment and grassroots power.

73 'Empowering Democracy' final conference report, 27–30 May 2001, Dallas, USA.

74 The Stop E$$0 campaign claims that regular petrol buyers at Esso stations in the UK have dropped by 7% as a result of the boycott of Esso on account of their position on climate change (though this is disputed by ExxonMobil).

75 www.ceres.org/our_work/sgp

76 For example, the UNECE Aarhus Convention. www.unece.org

77 The approaches used by over 20 NGOs were reviewed including The Alliance for Environmental Innovation, CERES, Forum for the Future, The Pembina Institute, Pact, Save the Children and the World Resources Institute.

78 Erb Environmental Management Institute and Green Business Network, *Collaboration for a Change: A Practitioner's Guide to Environmental Nonprofit-Industry Partnerships*, August 2003. Available at www.greenbiz.com/partnerships

79 www.foe.org/camps/intl/declaration.html

80 Quoted in P. J. Simmons, 'Learning to live with NGOs', *Foreign Policy*, Fall 1998, pp.82–96.

81 John Pascantando, speech to Greenpeace Business Conference, October 2002.

82 SustainAbility / Centre for Active Community / Cable & Wireless, *Corporate Community Investment in Japan*, SustainAbility, 2003.

83 The notion of partnership approaches received a major boost at the World Summit on Sustainable Development in Johannesburg, September 2002, where they were hailed by governments, business and some NGOs.

84 To take just one example, Kathryn Fuller, WWF–US's CEO, is also a Board Director of Alcoa, and has been criticized for not doing more to prevent the siting of a new Alcoa plant in a sensitive ecological area in Iceland.

85 NGOs are partly leading and partly responding to others in addressing the underlying rights of impoverished communities. For example, the Ford Foundation has a program aimed at supporting NGOs active on economic, social and cultural rights, and other institutions such as the UN Committee on Economic, Social and Cultural Rights and the World Health Organisation are actively advocating the existence of such rights.

86 Jane Covey and David Brown, 'Critical Co-operation: An Alternative Form of Civil Society-Business Engagement', *IDR Occasional Papers*, vol.17, no.1, 2001.

87 See www.sustainability.com

88 Our thanks to The Body Shop International and Greenpeace International for their insight on these issues.

89 Donella Meadows, 'Places to Intervene in a System', *Whole Earth*, Winter 1997.

90 In 2001, organic food and drink sales were worth £8.3bn (US$12bn) across Europe (see 'From Green into the Black', *Brand Strategy*, November 2002 pp.26-27).

91 John Vidal, 'Retail Therapy', *The Guardian*, 26 February 2003.

92 www.chicagoclimatex.com

[93] The use of litigation is something that many NGOs we talked to identified as a growing trend. See, for example, Susan Ariel Aaronson, 'Courting International Business', *The International Economy*, Spring 2003.

[94] Quoted in the article by Lola Okolosie, 'When Does Protest Work?', *The Observer*, 2 March 2003.

[95] 'Climate cool' is the certification mark of the Climate Neutral Network denoting products and services that are carbon neutral.

[96] Tom Fox et al., *Public Sector Roles in Strengthening Corporate Social Responsibility: A Baseline Study*, The World Bank, 2002.

6 Bringing change to market

[97] Op. cit.[15]

[98] Kolmut Anheier and Lester Salamon, eds., *The Nonprofit Sector in Developing Countries*, New York, Manchester University Press, 1998.

[99] See, for example, work by Edelman Public Relations, Environics, Harris Interactive, The Independent Sector and others.

[100] *Declining Public Trust Foremost a Leadership Problem*, Environics International for World Economic Forum, 14 January 2003.

[101] For example, Greenpeace UK's mistakes — later admitted — in estimating levels of toxic chemicals in the Brent Spar.

[102] A major environmental NGO based in Canada.

[103] Kevin Kelly, *New Rules for the New Economy*, Fourth Estate, London, 1998.

[104] We thank Gavin Power for this insight.

[105] 'The non-governmental order', *The Economist*, 9 December 1999.

[106] Murray Culshaw is Chair of the Credibility Alliance and a former Director of Oxfam India.

[107] Incidentally, it is often true that there are relatively few people in business who really understand the NGO community, though this is also changing.

[108] Op. cit.[34]

[109] For example, some commentators have suggested that if the International Campaign to Ban Landmines had been more patient and willing to compromise, they might have had more success in winning US support for their proposals. (see P. J. Simmons, 'Learning to live with NGOs,' *Foreign Policy*, Fall 1998, pp.82-96).

[110] As illustrated earlier, although smaller than the corporations they target, some NGOs are major multinationals in their own right.

[111] For example in Croatia NGOs are still taxed as businesses, and even in developed countries regulation is still evolving. In Japan nonprofits were not recognized in law until 1998.

[112] *People and Connections: Global Scenarios to 2020*, Shell International, 2002.

[113] Quoted in Ross Gelbspan, 'The Big-Name Game', *Grist*, 31 July 2002.

[114] Jem Bendell, 'Civil Regulation: a New Form of Democratic Governance for the Global Economy?', New Academy of Business, in *Terms of Endearment: Business, NGOs and Sustainable Development*, edited by Jem Bendell, Greenleaf, 2000.

[115] Calestous Juma, 'How Not to Save the World', *New Scientist*, vol.175, issue 2362, p.24, 28 September 2002.

[116] Penny Fowler and Simon Heap, 'Bridging Troubled Waters: The Marine Stewardship Council', Intrac, in *Terms of Endearment: Business, NGOs and Sustainable Development*, edited by Jem Bendell, Greenleaf, 2000, and 'Trading in Credibility: The Myth and Reality of the Forest Stewardship Council', The Rainforest Foundation UK, November 2002.

[117] Andrew Bibby, 'Doing The Right Thing can Pay Good Dividends Too', *The Observer*, 9 March 2003.

[118] Naomi Klein, *No Logo*, Picador, USA, 2000.

[119] Op. cit.[59]

[120] See Chris Rose (in press) *Wars of Persuasion: Strategy for Campaigners*, Earthscan Kogan-Page.

[121] Quoted in Ross Gelbspan, 'The Big-Name Game', *Grist*, 31 July 2002.

[122] Quoted at www.independentsector.org

[123] Op. cit.[49]

[124] Simon Zadek, *The Civil Corporation: The New Economy of Corporate Citizenship*, Earthscan Publications, 2001.

[125] We thank Chris Rose for this phrase.

[126] Quoted in Ross Gelbspan, 'The Big-Name Game', *Grist*, 31 July 2002.

7 Conclusions and recommendations

[127] For more on these issues see the writing of Moises Naim in *Foreign Policy*, particularly 'The Five Wars of Globalization'. www.foreignpolicy.com www.board/fivewars

[128] Jed Emerson, 'Horse Manure and Grantmaking,' Foundation News & Commentary, May/June 2002. www.foundationnews.org

[129] Mark Huband, 'Activists pose big threat, bosses warned,' *Financial Times*, 30 May 2003.

[130] John Elkington and Seb Beloe, 'WEF versus WSF: Who Will Win the Fight?' *Radar*, February 2003.

[131] *The Washington Post* recently ran a series of exposés on The Nature Conservancy, alleging mismanagement of resources (see David Ottaway and Joe Stephens, 'Nonprofit Land Bank Amasses Billions', 4 May 2003).

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For more information on SustainAbility's *21st Century NGO* Research Program please contact Seb Beloe at SustainAbility. If your organization is already involved in addressing some of the questions we have raised in this report, we would be very interested to learn more.