3 July 2003 | Draft

Framing NGOs in the Market for Change
comment on a report by SustainAbility,
the United Nations Global Compact and the UN Environment Programme

Introduction

Introduction
Timing of the report
Institutional origins of the report
Thematic framework
* Misleading title
* Unrecognized diversity of NGOs
* Occupying the temporal highground
* Technological sophistication
* Market focused business model
* Alternative business model
* Commodification of change

Focus of the report
Making an impact
Accountability
* Financial reporting
* Inequity and disparity in benefits
* Nepotism and cronyism
* Representativity
* Dysfunctional accountability constraints
* Wider challenges
Trustworthiness
Engagement vs Criticism and confrontation

Introduction

The international consultancy SustainAbility has published a report entitled: The 21st Century NGO: in the market for change. The report was launched at a meeting on 26 June 2003 at the International Finance Corporation (Washington DC) and featured in the Financial Times on that day -- together with an editorial entitled "Biters Bit".

The concern here is not to review the report in detail. It is a commercially available publication. An executive summary and related documents are available from the SustainAbility website. Rather the purpose here is to question the manner in which the report -- co-produced and promoted by two United Nations bodies -- may effectively serve to distort a debate at a delicate time in the evolution of the international community. Of particular concern is the manner in which its conclusions posted on the web will be read -- as illustrated here by their treatment in the Financial Times.

In what follows the comments below relate primarily to how the report is likely to be superficially understood and used on the basis of freely available documents such as the executive summary and the promotional materials of its sponsors -- rather than to the valuable insights it indeed contains, if appropriately used with respect to an appropriate context, notably those insights in a preliminary white paper on the SustainAbility website. In this sense the comments are indeed likely to constitute a degree of misinterpretation of the body of the report itself. The comments endeavour to explore the significance of the misinterpretation arising from the superficial understanding to which greater numbers will be exposed -- in an international community increasingly governed by spin.

Issues of concern include:

* the possible existence of unstated agendas relating to the historical rapprochement between the United Nations and multinational
corporations, through the UN's Global Compact (one of the co-producers of the report), and the non-transparent consequences for policy making in relation to developing countries (notably globalization and GM foodstuffs) [more]

- the uptake and reframing of "civil society" and "NGOs" by the academic community and certain think-tanks, following the end of the cold war, which raise questions regarding possible hidden agendas pursued and the nature of the funding directing such agendas (see NGOs and Civil Society: Realities and Distortions. 1994)
- the efforts to associate protest against globalization (as exemplified at international meetings seeking to promote it), following 9/11, with the activity of terrorist networks or sympathizers -- effectively demonizing activist international NGOs [more] and the challenges of making appropriate distinctions (as explored in Chris Rumford. Confronting 'Uncivil Society' and the 'Dark Side of Globalization': are sociological concepts up to the task? Sociological Research Online, vol 6, 2001, no. 3) with respect to dissident and invalid organizations (see also Interacting Fruitfully with Un-Civil Society: the dilemma for non-civil society organizations. 1996)

The following comments are produced in the light of experience as managing editor of the Yearbook of International Organizations: Guide to Global Civil Society Networks (5 vols, now in its 40th edition) and the Encyclopedia of World Problems and Human Potential (first produced in 1976). These, and related databases have been managed by the self-funded Union of International Associations (UIA) in Brussels since its creation in 1910. The data has been published in various forms via a multinational corporation since 1982, following a brief period of cooperation with the International Chamber of Commerce to that end. These publications are the source of the standard statistical data on international nonprofit organizations over many decades (see Volume 5 of that Yearbook) and their adaptation in the Global Civil Society Yearbook (2002). These international NGOs now number in excess of 40,000 (depending on definitional preferences). The related work on problems and strategies has been enhanced in the environmental field through a contract with the Commission of the European Communities Info2000 programme (1997-2000) [more], and was successfully evaluated for development-related enhancement by the World Bank's InfoDev programme [more].

**Timing of the report**

The report is published in an exceptionally curious period for NGOs in the USA.

- the declaration on 21 May 2003 by Andrew Natsios, the head of USAid, regarding activities of NGOs. According to Naomi Klein (Guardian, 23 June 2003), author of No Logo (2000), he gave a speech "blasting US NGOs for failing to play a role many of them didn't realise they had been assigned: doing public relations for the US government.... From now on, NGOs had to do a better job of linking their humanitarian assistance to US foreign policy and making it clear that they are "an arm of the US government". If they didn't, InterAction reported, "Natsios threatened to personally tear up their contracts and find new partners". [more; more]. If indeed US NGOs are to act as an arm of the US government, as was the case with Soviet NGOs, this will totally change the nature of their participation as members of international NGOs
- the establishment of "NGO Watch" on 11 June 2003 by the American Enterprise Institute (AEI) and the Federalist Society for Law and Public Policy Studies in order to "bring clarity and accountability to the burgeoning world of NGOs". Again according to Naomi Klein (Guardian, 23 June 2003) this could be seen as a "a McCarthysite blacklist, telling tales on any NGO that dares speak against Bush administration policies or in support of international treaties opposed by the White House".

Given the well-documented association of the neoconservatives with the Bush administration, the coincidence of these two events is not surprising. What is surprising is that these declarations were then followed by the launch of a UN sponsored report in Washington -- a report stressing both the "enterprise" theme dear to the American Enterprise Institute and the issue of accountability raised both by Natsios and by the AEI. What is to be deduced from this? Has the report been knowingly designed to reinforce the two earlier statements -- themselves seen to be highly unusual issues of public policy at this time?

In an extraordinary period of transformation of the international community in the light of the emergence of a new American "imperial" strategy, articulated in large part by an American NGO [more], and given form in the response to 9/11, there will be numerous implications for international NGOs who struggled mightily for the many international treaties that have now been effectively shredded -- in a number of cases to the specific advantage of multinational corporations. It is therefore most curious that the report appears to make no mention of this changing context and would seem to be based on an assumption of "business as usual". This would suggest that it is conceived in consonance with the framework of this new American global strategy -- to which many international NGOs are viscerally opposed.

Is the SustainAbility report -- on behalf of the UN's Global Compact and the UN Environment Programme (and with support from the International Finance Corporation) -- to be considered as the international extension of the domestic neoconservative agenda in the USA? Is it part of the new process of exporting American democracy to the world? Why the misleading generalizations (see below) that, in a period of massive information spin, suggest that the welcome insights of the report should be questioned because of the context in which they are placed and the agendas that they seem particularly to serve at the expense of others?

**Institutional origins of the report**

SustainAbility defines itself to be "a strategic management consultancy and think-tank. Founded in 1987, we are the longest established international consultancy dedicated to promoting the business case for sustainable development". Furthermore: "We are a for-profit limited company, although many of our key goals are non-financial." And: "SustainAbility is not a marketing or PR agency. Nor are we neutral in our work: we take a public stance on issues which we think are important." [more]

Despite the clarity of this statement, the Financial Times editorial (26 June 2003) was able to state of the report's criticisms: "The criticisms are all too telling because the study is the work of SustainAbility, itself an NGO". How was that impression created and to what end? Is there some effort to confuse the nature of "NGO" with that of "for-profit" businesses? By such criteria is the Financial Times
Time itself an "NGO"? Is it the case that any organization that is "non-governmental" is now to be understood to be an "NGO", whether it is a for-profit body or not? If this is so, how is it that so few for-profit bodies, if any, have ever been admitted to the "NGO" consultative relationship with the United Nations -- co-producers of the report?

SustainAbility is also very clear in providing its client list. Of the 135 clients listed on its website, the following are identifiable as international NGOs:

- European Partners for the Environment
- Greenpeace International
- IUCN / World Conservation Union
- Society for the Promotion of LCA Development SPOLD
- World Resources Institute WRI
- Worldwide Fund for Nature WWF

The following clients are identifiable as intergovernmental bodies:

- Commission of the European Communities CEC
- European Environment Agency EEA
- International Finance Corporation IFC
- Organisation for Economic Co-operation and Development OECD
- Society for the Promotion of LCA Development SPOLD
- United Nations Environment Programme UNEP

The remaining 123 clients would appear to be business organizations, of which many are recognizable as multinational corporations typical of membership of the Global Compact.

The report is described as a first product of SustainAbility's Pressure Front Program. The nature of the support for it by a "wide consortium of NGOs" is indicated in the website material as: Accountability, Oxfam, Partners in Change, and Transparency International [more]. However the launch invitation indicates that it was "based on over 100 interviews with NGOs, foundations and thought leaders worldwide" [more]. The Maitland article states the study was based on interviews with "200 NGOs and opinion formers" as indicated in the SustainAbility press release.

The report clearly represents a very well prepared document, which according to the press release was "undertaken in partnership with United Nations Global Compact and the United Nations Environment Programme and supported by Novo Nordisk, VanCity, DuPont, Holcim, the International Finance Corporation, AccountAbility, Oxfam, Partners in Change, Transparency International and WWF (UK)."

The Financial Times (26 June 2003) opened its Page 1 article by Alison Maitland on the report with the statement: "International non-governmental organisations (NGOs) must become more accountable if they are to retain their influence, says a United Nations report out today". This wording reflects the phrase in the launch press release that it is "a new study by SustainAbility and the United Nations". As with the Global Compact itself, it is not clear to what degree its conclusions are a reflection of United Nations policy -- and to whom the initiative is accountable within the United Nations, and whether the "United Nations", as a particular intergovernmental body with a complex policy regarding NGOs under Article 71 of its Charter, is in any formal way associated with its conclusions.

Such bodies do not reflect the variety of NGOs -- for example in consultative relations with the United Nations as co-producers of the report. It is perhaps more appropriate to assume that the report is based on NGOs relating directly to business in the environmental and development areas. It is an extreme irony that in the 50 years of the consultative relationship of NGOs with the United Nations, one of the very few reports to be co-produced by two United Nations bodies on "NGOs" -- and presumably to be widely publicized by them -- should create the misleading impression that its conclusions apply to all NGOs of the type with which it has a relationship. It will be interesting to see how the report is promoted by the UN system in the light of the agenda of the Global Compact.

The report claims to be the "seventh survey of the NGO landscape, but it is the first to be supported by a wide consortium of NGOs as well as public and private sector partners". The first such survey is claimed to have been made in 1987. As ardent collectors of bibliographical material (and of academic citations of published and unpublished materials) on NGOs for several decades, it is curious that no such previous documents were registered in the bibliographical section of the Yearbook of International Organizations (Volume 4). Presumably any such surveys of the "NGO landscape" were of sectors in which NGOs were active, such as the environment, and/or for private clients. Indeed its report The Green Wave Survey (1990) focused on 150 environmental organisations; its report The Green Keiretsu Survey focused on business alliances and networks for sustainable development (1994). This would suggest that the "NGO landscape" is understood to be restricted to the environmental sector.

There appears to be a gap between the spirit of SustainAbility's Pressure Front programme, as reflected in the valuable preliminary white paper, and the spirit of the final report. This may be due to constraints by some of the supporting partners. Or possibly it reflects an unfortunate effort to "engage" with the neoconservative agenda in America.

What agenda is the report really serving? Indeed, given the stress on trustworthiness (see below), it might well be asked to what extent are the report's conclusions to be considered trustworthy in the light of how they may be spun and misused?

# Thematic framework

**Misleading title**: The report claims to explore "the very different ways that NGOs are now trying to leverage change in individual businesses and across markets" [more]. This implies that NGOs, or some NGOs, are focused on changing the nature of businesses and markets. Whilst this may indeed be true for some NGOs, the extent to which this claim is relevant to most NGOs is quite unclear. To
that degree the statement is misleading -- whether deliberately or not.

The report launch statement continues: "A key feature of the report is an analysis of the strengths and weaknesses of NGOs in this area, and of the likely opportunities and threats of the next decade. The 21st Century NGO looks at NGOs AS businesses, as well as NGOs AND businesses" [more]. The emphasis here on "this area" is very clear -- but would appear to be contradicted by the title of the report: The 21st Century NGO: In the Market for Change. The title suggests that its conclusions apply to any "21st Century NGO", raising the question of the "left-behind" NGO's from the 20th century that are somehow both included and excluded from the generalizations about NGOs. This completely loses sight of the myriad NGOs who have no preoccupation with business, or markets or change -- whether or not they have academic or other concerns with any of these phenomena individually. Many may indeed be concerned with "change", but few may define it as a "business" -- and fewer still as a business opportunity to be exploited and in which they need to compete with others in a "market for change". They may actually operate on a non-business model that stresses the importance of cooperation with others and service of the traditional voluntary type.

The notion of nonprofit entrepreneurship is not as new as suggested by the presentation of it as a 21st century phenomenon to be developed. It has long been explored by NGOs (as with the UIA since 1982) and by enlightened companies. The notion may indeed be new to the business world as a whole, but this would then fail to recognize the extent to which business schools now provide courses in the matter.

**Unrecognized diversity of NGOs:** The co-author of the report, John Elkington, is cited by Alison Maitland as indicating with respect to "NGOs", that "Unless they recognise and address growing financial, competitive and accountability pressures, their impact will be significantly reduced". This statement suggests a profound ignorance of the range of 40,000-plus "NGOs" -- that may indeed be understood as an ecosystem as an interesting Pressure Front working document suggests (The 21st Century NGO: Roles, Rules and Risks). As that document notes with respect to the definition of NGO:

> "One definition that closely reflects our understanding of the term is that NGOs are 'self-governing, private, not-for-profit, organisations that are geared toward improving the quality of life of disadvantaged people'. While capturing some environmental issues through viewing future generations as 'disadvantaged people', this definition does not address groups which ascribe intrinsic value to organisms or ecosystems".

This is an unfortunately narrow -- even dangerous -- definition. It is regrettable in the light of the welcome recognition of "ecosystems" of organizations in that same document. Why the failure to recognize that the species of NGO recognized by that definition is one among many in a rich variety of interlinking ecosystems -- which presumably are to be found on other mental "continents" from those which are the focus of the report? Most of them have little or no direct interest in business or markets -- but do they have no "intrinsic value"? This mis-framing matters because most readers of the report will be even less knowledgeable about NGOs than are the authors and will readily accept the conclusions as applicable to all NGOs.

The underlying problem with Elkington's statement is that it completely marginalizes tens of thousands of NGOs in sectors such as technical issues, religion, sport, the arts, education, hobbies, peace, philosophy, self-help, personal development, etc, etc) -- all valuable in improving the quality of life on the planet. There is also the case of the numerous trade associations and labour unions. The report then becomes yet another exercise in appropriating the term "NGO" for a particular sub-group of "NGOs" in support of a particular agenda whose nature may not be totally transparent -- perhaps because of some assumptions about their relative importance to business as agents in exploring the market for "improving the quality of life of disadvantaged people". This tendency towards "definitional game-playing" has been a common feature with respect to discussion of NGOs and civil society -- whether by the academic community (who should know better) or with the United Nations itself [more].

The problem is illustrated by the statement of Gavin Power, Public Affairs Director of the UN Global Compact and a partner in the research said (according to the press release) "The trends illustrate that many NGOs are moving beyond a culture of criticism to one of engagement with business and other partners in a search for solutions. While at times it may be difficult for NGOs to collaborate, the scale of today's social and environmental problems requires it." Given the number of NGOs interviewed, this could either be described as wishful thinking, completely unsubstantiated, or an unfortunate effort to frame the debate about NGOs in the interest of the clients of the Global Compact.

For an extensive review of the variety of international organizations (whether governmental or nongovernmental, profit or nonprofit, or hybrid) see Types of International Organization (1984), especially Classification Categories. The latter includes many examples, notably of the kinds of NGOs apparently not represented by the report.

As co-producers of the report, the United Nations should recognize that, in engaging in definitional game-playing, it effectively ignores a large percentage of NGOs with which the UN actually has established formal "consultative relationships". This is notably the case with respect to the NGOs working with its specialized agencies (UNESCO, WHO, FAO, etc). These should however be considered only a subset of the larger universe of international NGOs -- even though the unfortunate term derives from Article 71 of the UN Charter. This is a shameful misrepresentation of the range of non-commercial human activity.

**Occupying the temporal highground:** The title of the report: The 21st Century NGO: In the Market for Change, as well as some of its key distinctions (see below) endeavours to distinguish between the organizations appropriate to the 21st century and those characteristic of the 20th century. This is the "new is good metaphor" -- implying that "old is less good".

This is a standard marketing ploy of the style "the modern woman uses Persil" -- which is an unfortunate framing of some valuable arguments made in the report and its ancillary documents. Those NGOs appropriate to the 21st century are thus framed as being "in the market for change". Presumably the "old" NGOs are thus to be defined as ineffective in a 21st century world that is held to be
increasingly influenced by market models and government alignment with such. This ignores the reality of life on the ground in many countries where "prehistoric" organizations must co-exist with the most modern and are appreciated by them -- if only in religious and cultural spheres.

**Technological sophistication:** The editorial in the *Financial Times* (26 June 2003) starts with the statement: "A fiercely competitive, brand-conscious $1,000 bn industry that uses global communications technology, media manipulation and high-powered marketing to impose its agenda on people and policy-making round the world. A caricature of multinational business, drawn by non-governmental organisation activists? No, it is NGOs themselves, according to a United Nations-backed study published yesterday".

Having been responsible within the UIA for ensuring the tracking of the uptake of modern communications technology by NGOs since the 1970s, it can be affirmed that this statement in its totality applies to only a small sub-sector of NGOs. This again reflects the misleading framing that the report appears to set out to achieve. Curiously the United Nations was remarkably slow in its own uptake of such technologies over that period. The judgement echoed by the *Financial Times* might more accurately derive from a perception by such UN bodies that NGOs were more flexible able to use such communications technology and to extend its capacities -- namely they constituted a threat to some degree because of their relative technical advantage (as illustrated by the NGO confrontation with the OECD concerning MAI). The fact that the statement does not apply to NGOs in general is only too evident from the inability of the UN bodies, even now, to enable NGOs in developing countries to maintain more fruitful relationships with its various secretariats and officials -- or even to recognize that this might be a solution to the challenges of thousands of NGOs seeking "access" to UN meetings [more]. The focus remains, despite budgetary restrictions, on providing tickets for travel expenses for attendance at meetings.

**Market focused business model:** The producers of the report would undoubtedly like to reframe every human activity as a "business" that has to deal with a "market". SustainAbility is frank about its mission in "promoting the business case for sustainable development". Such a framing can of course be forced upon any situation. The sustainable development of any partnership, including a marriage, can indeed be defined as a "business" faced with "marketing" problems and a concern for "change". So can a church. But why should human relationships, activities, and interests all be deliberately distorted into this particular framework?

The report concludes with respect to NGOs:

> 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. 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. This represents a challenge even for most mainstream NGOs, so public and private sector partnerships are increasingly essential in leveraging change. 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...Finally, we sense an urgent need to review -- and further evolve -- NGO 'business models' [more].

Many "non-profit" bodies were in fact created to provide a space in which the for-profit business focus was secondary if not absent. Why does business, faced with the success of the NGO phenomenon, seek to suggest that any such success can only be due to the operation of NGOs according to a business model -- any inefficiencies being due to the failure to operate according to the best standards of for-profit businesses? Is this an example of one sector seeking to impose its standards and values on another -- effectively to annex it to its mode of operation without learning the reasons for its successes? Is the purpose of the report indeed to have an impact to that end?

Whatever the "market-focused opportunity space", it might be usefuly asked when the application of a "business model" was ever proven to be a guarantee of sustainable development -- other than for the careers of those advocating it, or perhaps for the organization in question? The report makes two recommendations:

- the first declares with respect to what NGOs should do: "The first thing is to recognize that markets are central to their future. Markets are becoming legitimate channels for social change -- and 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.".
- the second recommends that NGOs "need to establish where they are and need to be against the five-stage model" -- copyrighted, not surprisingly, by SustainAbility [more]. This exemplifies the nature of the business approach to commodification of change (see below).

The many disastrous applications of business models to operate newly privatized public services -- such as in the UK -- are indicative of their questionable relevance to the wider community. As currently conceived they are not a panacea -- and it is irresponsible to imply that this is the case. It is noteworthy in this respect that the *Financial Times* (12 June 2003) carried an extensive feature article by Simon London (Why are the fads fading?) tracking the increasing lack of enthusiasm for new "management models" in the light of the limited success of the many that have been advocated and franchised over the past decades by consultants and management gurus -- increasingly faced with leaner times.

It is ironic that a recent report on gangs operating in parts of the UK concluded that the most sophisticated operated using a business model that would have ensured their success in normal society (Hugh Muir. *Criminal captains of commerce. Guardian*, 20 June 2003). The same may be said of the Mafia. It is not the fact of using a "business model", and operating as a business, that ensures the achievement of non-profit and value-centered objectives. It is not to be forgotten that, prior to associating itself so closely with multinational corporations in the *Global Compact*, the United Nations through its *Centre on Transnational Corporations*, documented extensively the depredations of society provoked by such businesses.

**Alternative "business" model:** Despite the financial figures presented in the report as the prime indication of the impact of NGOs -- according to the criteria found meaningful by the business world -- these figures disguise a range of phenomena. The figures necessarily
focus on real costs and funds. They do not take account of the fact that many NGOs depend to a large degree on unpaid volunteers -- often including highly qualified professionals. Furthermore any paid employees they have, including those with higher qualifications, may accept salaries significantly under the market rate -- and especially under the generous, tax-free rates of the employees of intergovernmental organizations responsible for development programmes. Facilities and services may also be provided to NGOs under the market rate -- and not necessarily by businesses.

The result is that many NGOs operate with a level of costs and overheads that would be totally unacceptable according to the kind of business model that the report implies that 21st century NGOs should adopt in order to have an increased impact. In fact, many NGOs who sought to operate according to that model would suffer the fate of the many businesses currently forced to downsize -- and ultimately to file for bankruptcy. It might be asked how responsible it is to focus uncritically on encouraging NGOs to adopt a model that would in all probability increase their vulnerability -- unless this is a ploy to destabilize what are perceived to be a class of competitors that operate more effectively in terms of the triple bottom line in areas where both businesses and intergovernmental bodies have been severely challenged. How feasible would be the operation of Médecins sans Frontières if it was required to operate according to the models of these non-NGO sectors? Given their lower costs, it might also be asked whether NGOs are not already demonstrating a capacity to operate in a manner more consistent with sustainable development than that of high-cost businesses that must operate with a "gated community" mentality in order to survive.

SustainAbility's Pressure Front Program asks the question: "But which NGOs will make up the leading edge of this 'sector' in 2010?". This reflects a carry over of business competitive thinking -- with the winners on the leading edge and the losers "left-behind" (see elsewhere on Seeking the "Cutting Edge" of Sustainable Community, 1997). This notion is totally antithetical to the ecosystemic approach to the world of organizations that SustainAbility advocates elsewhere. Is this a desperate search for those NGOs that can equip themselves to be "on top of the food chain"? Surely sustainable development is primarily about caring for the ecosystem as a whole rather than for those "mega-fauna" who seek to make it to the top?

It is unfortunate that the notion of "business models" should be so closely associated with "business", failing to recognize the numerous pioneering initiatives of NGOs with respect to models of social entrepreneurship that seek to add value -- creative innovations they were often obliged to develop because of their straightened circumstances. It is indeed the case that business is primarily concerned with adding value -- one which must necessarily take monetary form in the expectation of its shareholders. Whilst social entrepreneurship seeks to add value in other ways, it is unfortunate that "business" should seek to appropriate the ways of doing so as constituting a "business model". It is almost as though business chose to use alternative models as a public relations disguise for the model that is necessarily basic to their prime directive. The check of the report might be said to be the implication that NGOs should learn these models from business -- tantamount to selling processed and repackaged products back to the natives from which they were in large part acquired!

To put the theme of the report in perspective, it might be asked what an alternative report would contain, if it bore the title: 21st Century Business: Associationizing the Culture of Change. Given the "Type II" initiatives promoted as a result of the Earth Summit, perhaps consideration could also be given to the nature of partnerships in which instead of NGOs taking on the often alienating working style of businesses, the latter might take on the working style of the former -- as some creative corporations endeavour to do (partly in response to pressures from employees). More radically, instead of NGOs being required to adapt to the working style of intergovernmental bodies with which they are in collaborative partnership, perhaps the latter could endeavour to seek ways to adapt to the NGO style -- as explored to some degree in Scandinavian countries.

Beyond such perspectives is the recognition that over time, and depending on the area of concern, different forms of international organization (whether NGO, corporation or intergovernmental) may transform one into the other.

Commodification of change: The subtitle of the report, In the Market for Change, suggests that change -- and the process of development in general -- needs to be framed as a market opportunity. It is unclear to what extent the report is effectively advocating that the business model is to be understood as the vehicle of choice for change in the 21st century. It is equally unclear whether there is a sense in which NGOs are to be framed as potential customers for change products and services to be provided by business.

Business has a highly problematic track record in the change process, as can be seen in the case of:

- transformation of luxuries into necessities by skilled marketing
- destabilization of the market for traditional local produce in favour of goods that are more costly according to triple bottom line criteria
- planned product obsolescence and its effects on waste and exporting of recycling costs
- efforts to lock clients into dependency relationships that ensure that they are on a continuing, expensive "upgrade" path of questionable necessity (as frequently as the market will tolerate); the promotion of GM "terminator" seeds is an exemplification of this
- deliberate lengthy delays in the implementation of new technologies to ensure that investment is "milked" to the extent possible (an example is roll-up computer screen replacement of cathode-ray tubes); this may extend to withholding development of cheaper technologies of value to the disadvantaged

How is this to be understood as related to sustainable development -- other than for the business itself? The contrast has become dramatically evident in the case of open source software -- an anathema to conventional business thinking as documented by Eric S Raymond (The Cathedral and the Bazaar). This brings into focus the importance of property, intellectual or otherwise, to the conventional business model.

It is curious how the application of the business model has focused on the acquisition of rights over land and species previously recognized as a common good -- now to be understood as vital to the sustainable development of the peoples concerned, but only if they
"engage" in the appropriate deals for goods of which they previously had free use. This leads to perverse situations in which business can complain that indigenous peoples are failing to "engage" with them in the development process whereby their own common goods are converted into products they are then obliged to buy. This becomes increasingly obvious in the case of river water through traditional lands (as recently exemplified in India).

The process of commodification of change is especially interesting in the case of the transformation of new insights into intellectual property to be appropriately marketed. The copyright on most academic papers, as carriers of the advancement of knowledge, has now been acquired by corporations which market them at a cost that may constitute a major barrier to the transfer of know-how to developing countries. This process has not yet evolved to the point that a new theory can itself be copyrighted. But this is certainly the case with the packaging of educational and know-how delivery processes relating to change -- many of which are now franchised after copyrighting any supportive documentation and helpful mindmaps (as with the copyrighted model that SustainAbility recommends that all NGOs should use [more]).

From this perspective the business challenge is to discover how to copyright and package human values in order to protect and market them appropriately for the benefit of the community. The UN's Global Compact, co-backer of the report, may indeed be seen as an effort to move in this direction -- namely as a device for selling human values. Unfortunately this would appear to be in both senses of the term "selling".

This raises the issue of how change agents should position themselves to achieve their ends. How should the many NGOs concerned with "raising awareness" organize themselves in relation to a property-oriented acquisitive environment? The challenge is partly evident in the more extreme examples of "gurus" -- whether with a spiritual or sustainable development focus. Relatively few NGOs have gone the route of franchising their insights. Given the support of the Christian Right for the neoconservative agenda, it is worth speculating on how they would seek to commodify any reappearance of the Christ -- as an agent of change!

The great irony of a report replete with such warnings is that it essentially fails to understand why NGOs have multiplied and thrived despite their failures in the light of a business model. It is forgotten that those in the organizations responsible for the report, a consultancy and intergovernmental agencies (with generous, tax free salaries and perks) benefit far more financially from their participation in "development" programmes than the average participant in any NGO (or the disadvantaged for whom the programmes are designed). The notion of a psychic income and dividend is indeed difficult to comprehend in the business world to which the report would have all NGOs adapt if they are to have an impact.

Focus of the report

Distinguishing "old" NGOs from "new" NGOs: The report distinguishes 20th century NGOs from 21st century NGOs according to six criteria -- without making it clear to what degree all NGOs can, will or should shift into the new mode, or whether it is only for the select few (to then be considered as "leaders"). The criteria are:

- **status**: with the conclusion that "old" NGOs have been outsiders and "new" NGOs will be insiders. This may be a necessary simplification but it is clear that some NGOs have always been "insiders" such as those with the more privileged form of consultative status in the UN system (including the International Chamber of Commerce), the Bilderberg Group, or the World Economic Forum -- whose "access" is facilitated by the Global Compact for example. It is also clear that any NGO that fails to conform to the neoconservative strictures articulated in the USAid-AEI initiatives, will necessarily be perceived as "outsiders", stigmatized as such, and possibly criminalized. It is unclear how any NGO articulating views outside mainstream mindsets can be seen, or see itself, as anything but an outsider.

- **focus**: with the conclusion that "old" NGOs identified problems, emphasizing them as evidence of market failure, whereas the "new" will focus on solutions delivered through markets. This suggests that NGOs have in the past not been involved in the identification of solutions and instrumental in their implementation -- which does not match the situation with regard to humanitarian relief operations, for example. Such NGOs tend to be so focused on immediate solutions to dramatic problems that they would consider it a complete waste of time to speculate on the part played by market mechanisms. It is true that the issues relating to globalization have focused the attention of some NGOs on the failure of the market. But the effort to suggest that "new" NGOs will employ the "market" to deliver solutions returns to the framing by economists that every form of social activity is part of the market -- surely a mindset inappropriate to the 21st century.

- **structure**: it is concluded that many "old" NGOs grew into major institutions and that this will continue. The point is rather that relatively few NGOs ever grew to be major institutions -- again indicative of the focus of the report on NGO "mega-fauna" abstracting from the ecosystem in which they function. It is then suggested that "new" NGOs will invest heavily in networks. This is a strange conclusion given that "old" NGOs have been investing in networks since the 1970s when the notion was first explored as a model. Indeed, as indicated, the *Yearbook of International Organizations* carries the subtitle Guide to Global Civil Society Networks precisely for that reason and because the profiles of the many bodies therein (intergovernmental and NGO) have for decades indicated the working networks of some 150,000 relationships in which they are embedded. It is these links that have been transformed into hyperlinks in the web version of this publication.

- **funding**: it is concluded that much "old" NGO funding was "fuelled by public anger or guilt". Again this distorts the nature of the range of NGOs and is again indicative of the kinds of NGOs on which the the report is focused. Whilst the statement may be to some degree relevant in the case of some NGOs, it obscures the reality of many NGOs that operate out of completely different mindsets -- including those that might be defined as "care" rather than "guilt". It is regrettable that "care" should be cynically disparaged in this way. Furthermore, it is unlikely that an international fan club, a sports federation, a trade association, or a social
science NGO, etc could be usefully framed in this way. The report then suggests that "new" NGOs will endeavour to persuade their supporters that they are "good investments". Again this may be true of some NGOs, but it is worth noting that defining support as an "investment" may be an ideal way to ensure the alienation of those who do not define their relationship to the NGO's mission in the pecuniary terms which have been the focus of economic thinking of the 20th century.

- **worldview:** it is concluded that "old" NGOs communicated in terms of "sound-bites" in relation to "single issue" campaigns. Elsewhere it indicates that "Activist NGOs are the shock troops of civil society". Since the few NGOs who adopted these practices tended to be those who "understood the media", could acquire commercial marketing expertise, or in fact engaged in campaigns of any kind, this would suggest a sophisticated emulation of best practice with which they were forced to compete. As framed the statement is not correct in that many NGOs devote considerable effort to articulating their concerns in extensive statements -- as evident from the voluminous conference proceedings and their efforts to communicate through accepted procedures under the rules of consultative relationship. Presumably this assessment is further evidence of the very particular subset of NGOs to which the report's conclusions apply. Sadly the reference to "sound-bites" suggests that only the exposure of the authors (or their potential readers) to NGOs may have been as a result of dramatic media coverage of their demonstrations -- with single-issue banners and sound-bites indeed. Where lies the responsibility for creating a situation in which communication can only be achieved in this manner -- and where there is no effort to study the articulated case behind the sound-bites? Is it assumed that NGOs prefer to operate as "shock troops" -- using the shock of "naked female bosoms" and the awe of massed demonstrators evoking brutal police response? By contrast the report suggests that the agenda of "new" NGOs -- the "most successful" will be "multidimensional" in consonance with the multidimensional problematic of the 21st century. There is much in this suggestion to be welcomed. However, once again, many "old" NGOs have had multidimensional agendas for decades -- as reflected by the networks of problems with which they are concerned as profiled in the problems and strategies databases of the *Encyclopedia of World Problems and Human Potential*. The data is in large part derived from their documents. These databases each cover some 30,000-50,000 profiles. Both the problems and strategies profiles are themselves extensively networked -- and linked to NGOs or intergovernmental organizations. The multidimensionality of the resulting conceptual ecosystem can indeed be explored over the web using new interactive visualization tools. That said, it is indeed the case that in a world of information overload, it is not yet clear how organizations can give operational form to "multidimensionality" -- although many will claim to do so, as was done through the second half of the 20th century under such token banners as "multidisciplinary", "interdisciplinary" or "transdisciplinary". But it should be recognized that efforts by NGOs to seek funding on the basis of "international", "interdisciplinary", "intercultural" and "multilingual" programmes normally encounter predictable requirements for single discipline, nationally focused, unilingual proposals -- in conformity with simplistic programme agendas of funding agencies (subscribing to the KISS Principle).

- **accountability:** (discussed below)

**Paradigm shift:** The second chapter of the report is concerned with the market and political changes that are driving a paradigm shift that is understood to be transforming the NGO "market". Paradigm shift is widely used as a term and much sought after as the Holy Grail of sustainable development. It might indeed be said that a range of interesting NGOs were precisely concerned with creating such a paradigm shift, through raising awareness and consciousness, as well as suggesting and demonstrating in practice -- "walking the talk" -- what such a shift can mean. It is interesting that the report suggests that it is the market and political changes which are transforming the environment in which NGOs function. When NGOs perceive themselves as change agents of any kind, they would tend to perceive the "market" and the "political" environment as tardy in their engagement in any paradigm shift. This argument is in line with the belief within the UN system that it sets the agenda and leads the way in social change. It is curious that so many NGOs endeavour to persuade such intergovernmental bodies, and their multinational associates within the Global Compact, that more enlightened modes of behavior are appropriate. Is this framing a competition to lead the paradigm shift?

**Making an impact**

Elkington's statement (above) threatens that unless NGOs respond to the report's prescriptions "their impact will be significantly reduced". Again this is a massive failure in recognizing that many NGOs do not in fact seek to make an "impact" whether on business or markets. Indeed NGOs have thrived and grown over many decades despite the disparagement of business, government and the academic world -- however their "impact" is to be understood. They are not necessarily "impact-focused" in the manner envisaged by the threat. It might be useful to recognize the extent to which the term "impact" is a metaphor -- like development "targets", and other military metaphors -- which may be totally inappropriate to the needs of the development process (see **Enhancing Sustainable Development Strategies through Avoidance of Military Metaphors**). "Impact" is suggestive of macho-thinking inappropriate to 21st century sustainable development -- having demonstrated its weaknesses in the 20th century.

Many NGOs, as some social scientists will hopefully continue to recognize, exist purely for their own sake. They do not necessarily seek to change the world into their own image or exploit the world for their own private profit. Many international academic NGOs concerned with the long-term pursuit of highly specialized topics do not seek to "make an impact", for example. If they are not career promoting environments, they may well be solely concerned with advancement of knowledge in their domain -- or the pursuit of their chosen form of recreation! Many NGOs exist only as a network of relationships in which members have no interest in impacting the outside world.

Such social phenomena can indeed be forced into a framework of "making an impact" along the lines of the report. Indeed, as an extreme example, the partners in any marriage relationship may each be seen as endeavouring to "make an impact" on the marriage -- and they may indeed seek to do so competitively. Whether this is an appropriate way to safeguard the relationships in a marriage, or in any pattern of relationship within a group (like an NGO or a network of NGOs), is of course a matter of opinion. A worldwide prayer group may also be seen as in the "business" of having an "impact" on God. Given one emphasis in the report on environmental and ecological
relationships, it might be asked whether individual species -- other than man -- should necessarily be seen as endeavouring to have an "impact" on the ecosystem? The advocated sense of impact may correspond to the predator/prey relationship between species, where a variety of other relationships also need to be active in a viable ecosystem (commensalism, symbiosis, etc) (see Through Metaphor to a Sustainable Ecology of Development Policies, 1989).

An important reason put forward over the years for evaluating the "impact" of NGOs [see Judge, 1972, 1978] has been the concern of UN bodies as to whether NGOs were wholeheartedly supportive of the intergovernmental development agenda -- perhaps associated with the concern of funding agencies more generally to determine the "bangs they got for their bucks". Perhaps this mindset is to be seen as echoed anew in the coincidental thrust of the USaid/AEI/SustainAbility pronouncements. One is reminded of the tale as to why Stalin was so lengthily applauded in any meeting -- it was fatal to be the first to stop!

Unfortunately the need to evaluate impact has often been used in procedural game-playing as a device by intergovernmental bodies to delay appropriate recognition and support -- as with the focus on repeatedly monitoring endangered species rather than actually addressing their condition. It might, for example, be asked what form of legal recognition has ever been given to international NGOs, as the focus of the report, to enable them to carry out their activity appropriately -- if only with respect to fund transfers from and to members and engaging in contractual relationships [Judge, 1980, 1996]. In the absence of the minimal facilities accorded to business, how are NGOs supposed to demonstrate impact according to business criteria?

Framing the challenge of change and sustainable development in terms of impact is especially regrettable in the current context. It might be argued that it has been the failure of policy-makers to allow the impoverished and marginalized of the world to have any significant impact on their thinking (possibly through the representations of relevant NGOs) that has resulted in the current pattern of terrorism. Resistance to the impact of weak signals (possibly articulated by NGOs) may encourage the sender to increase the strength of the signal, perhaps excessively.

Although outside any "business model", terrorism on the part of nongovernmental networks -- exemplified by 9/11 and suicide bombers - - is indeed an effort to achieve "impact", which from the most cynical economic perspective, has been highly successful in terms of "bangs for bucks". How successful it will prove to have been as an agent of change in the eyes of history remains to be seen. It is however the case that many countries, achieved their independence through processes that would today be defined as terrorism -- following the failure of others to take account of "weak" signals. Many NGOs have been created to facilitate the kinds of dialogue which mitigate against recourse to such exaggerated impact. It is useful to ask questions about the responsibility of the receiver of signals in any sustainable development process, whether in a democracy or not. In the terms of the report, it might even be argued that Al-Qaida is a 21st century NGO engendered by a failure of mainstream organization to respond to weak impact signals!

Given the totally problematic track record of conventional development programmes, the modesty of the funds officially accorded to NGOs (other than as "front organisations"), it might be asked whether the contributions of NGOs in many areas have not been as appreciable in the longer-term as that of mainstream programmes. For example, a representative of one NGO working with the development process of 100,000 villages on the west coast of India, when invited to a recent FAO conference on poverty and hunger, complained that no one wanted to talk to them -- either they were potential donors (and that NGO did not accept external financial support), or they were potential recipients (and they did not want to know how to avoid the need for external financial support).

The question is whether there are subtler ways of understanding "impact" than the mechanistic one implied by the report? Does the report help to recognize them -- or does it inhibit such understanding?

**Accountability**

**Financial reporting:** The report identified the issue of accountability (see below) as one which was a legitimate challenge for NGOs. It is the question of accountability, notably in the USaid-AEI statements, that is currently attracting much attention. This notably follows publication of the One World Trust's Global Accountability Project (GAP) which assesses the accountability of three key actors on the global stage: Inter-governmental Organisations (IGOs), Trans-National Corporations (TNCs) and International NGOs (INGOs) [more].

Accountability is the theme on which the Financial Times editorial chose to focus by indicating that according to the report many NGOs "are less accountable and transparent than the companies they presume to judge. Some NGOs' attitudes to accountability are said to resemble those in board-rooms a decade ago. And a few have financial and governance records so poor as to invite comparison with Enron". The Financial Times lead article indicated with respect to NGOs: "But most lack the accountability they demand from companies."

Again we have a situation in which the study's conclusions, based on an extremely limited sample of NGOs from a particular sector with a particular operating style, are generalized so as to apply to the whole universe of NGOs. There is a tendency to emulate a Machiavellian style of accusing accusers of precisely those sins of which one stands accused. The business world has indeed been confronted by a chain of highly embarrassing major corporate scandals in the USA -- including the case of Enron with which members of the Bush administration had close links. International NGOs have in no way been associated with scandals of such a dimension. It is therefore curious that both the Financial Times and the SustainAbility report should refer to the possibility of an "NGO Enron", supposedly lurking in the wings. 

The Financial Times editorial concludes: "Some of the global NGOs that are the study's main focus have recognised the danger and are starting to put their house in order. Others have yet to grapple that a passionate dedication to issues, slick organisation and a self-righteous belief in their own moral superiority may no longer be enough. If they are to continue to thrive, they need to start practising the lessons that they preach to others."

Perhaps the best example of a recent international NGO scandal is the bribery associated with International Olympic Committee decision-
making. But in fact the continuing scandals associated with the accounting of one of SustainAbility's own intergovernmental clients, the Commission of the European Communities is more indicative of the challenge for "nonprofit" organizations and for bodies such as the UN's Global Compact. The volume of revenue and expenditure subject to audit by the European Court of Auditors represents approximately 4-5% of the total budgets of all the Member States. About 5% of the entire EU budget, five billion dollars, is lost to straightforward fraud -- from non-existent tobacco farms to imaginary decontamination plans to help deal with Chernobyl -- while another 5% or so is misappropriated, and not spent on the programs for which it was designated. One-tenth of the Union's budget, which the European Court of Auditors accepts is misspent, amounts to almost 10 billion dollars a year.

The report concludes that most NGOs followed "charity sector rules". Given the precarious legal status of international NGOs and their need to adapt to the particular rules of their secretariat host country, this statement is misleading. In fact there is only a handful of countries that enable international NGOs to set up in their country as "international NGOs" -- Belgium has been one of them. The notion of a "charity" is particular to the UK legal system. Other legal systems use other terms and definitions which may be relatively strict or relatively relaxed. Indeed "NGOs" may use a variety of forms to carry out their business. The accounting requirements imposed on NGOs may then be largely determined by such legislation -- which may indeed be strict, especially if legislation has been reinforced as the result of scandals of creative accounting. Furthermore the nature of such legislation may make it difficult for NGOs to open bank accounts or engage in normal financial transactions -- making it difficult for them to be as accountable as they might wish. But it is the case that NGOs are required to submit their accounts to national authorities in addition to their submission to any statutory assembly -- which may require that they be audited.

**Inequity and disparity in benefits:** There are increasing income disparity gaps as illustrated by:

- the exorbitant salaries and golden handshakes of the top management and CEOs of corporations, increasingly inequitable both in relation to the average salaries of their employees, and with respect to the outside world -- and increasingly challenged by shareholders. A feature article by Michael Skapinker (CEO: Greedy liar with personality disorder, Financial Times, 2 July 2003), reporting on an FT survey of UK public perceptions and on a panel of the US Academy of Management, indicated that the conclusion could be: "Top executives are liars. They are overpaid. They cannot be trusted to pay their workers' pensions. And a fair proportion are sociopaths". With respect to salary inequity he notes: "In 1970, the average US chief executive's total remuneration was just over 25 times that of the average worker. By 2000, it was 600 times as much. Today, even after falling share prices have slashed the value of their options, chief executives still earn 360 times as much as the average worker. Worse, chief executives do not seem to care". Ironically, although it is recognized that top executive pay is out of control, one of the reasons reported on why it got there was "greater disclosure" to shareholders. "Yet disclosure has had an unforeseen consequence. The moment remuneration becomes public, chief executives' pay begins to rise...Because no chief executive can be seen to earn less than the average. If he or she does, it implies that the company has a below-average leader." Skapinker quotes one panelist: "Isn't there some element of shame or social sanction that should persuade them to rein themselves in? Well, apparently not".

- the exorbitant tax-free salaries (and the incredible range of unpublicized life-long benefits and perks) of regular employees of intergovernmental organizations (funded by tax-payers) exceed many-fold those with equivalent qualifications in their host countries. For example, in a 1995 article, Money magazine revealed that UN employees commonly earn more than twice the pay of comparable positions in New York-based private-sector jobs. In addition to their tax free salaries, the roughly 10,000 U.N. bureaucrats in New York receive an array of special perks including rent allowances and education grants for their children. Such examples contribute directly to damaging hostile perceptions of the United Nations [more]

There is therefore a strong case for extending the notion of accountability to challenge such misuse of private and public funds -- according to the **triple bottom line** (TBL) criteria relating to sustainable development -- with which the intergovernmental bodies may be primarily concerned, and with which multinational corporations may be concerned in the spirit of the Global Compact. TBL widens the scope of traditional financial reporting to include the social, environmental and economic performance of an organisation. **Quadruple bottom line** (QBL) has been proposed to add a governance or cultural dimension. Proposals for a quintuple bottom line have focused on the importance of inter-sectoral interaction (for example, agriculture, environment, economic, social, political). Beyond such proposals, there is perhaps a case to reflect appropriately the principles of equity that guard against the maintenance of a *nomenklatura* claiming to act towards sustainable development. Modern day "missionaries" for sustainable development are unconstrained by the vows of poverty that, for good reason, governed the practice of religious missionaries -- as the change agents of the past.

At what point does the disparity between (a) the benefits accrued by the change agent and (b) those accruing to the changed, become incompatible with sustainable development? How is this to be reflected in assessments of accountability?

According to such a perspective, very few NGOs could be said to constitute a step towards sustainable development? How is this to be reflected in assessments of accountability?

**Nepotism and cronyism:** Such phenomena are widely recognized as a challenge in organizations of all kinds. The "boss's son" phenomenon is well-recognized in corporations, and may indeed be part of an appropriate grooming process in a family-owned corporation. It is however also the case that one of the prime functions of alumni networks, and "networks of the boys", is to facilitate career advancement. This easily gives rise to the perception of "mafias". Such challenges to appropriate accountability are aggravated by the phenomenon of cross-linking directorships (John Scott (ed), *The Sociology of Elites. Volume III: Interlocking Directorships and Corporate Networks*, 1990).

Similar phenomena are widely acknowledged in intergovernmental organizations and contributed to the dramatic resignation of the European Commission (Committee of Independent Experts First Report on Allegations Regarding Fraud, Mismanagement and Nepotism in the European Commission, 1999). Similarly reports exist on nepotism and cronyism in United Nations bodies (cf Steven Edwards.


Nepotism and excess found rampant at UNESCO, 2000) whose reports comment frequently on the constraints on sustainable development imposed by such phenomena in countries around the world. Should accountability investigations extend to determining appropriate proximity of kinship and "friend of a friend" relationships in international bodies?

Clearly such phenomena also exist in international NGOs. They may indeed avoid costly personnel engagement procedures especially with regard to compatibility in a team (as recently noted in a Financial Times article with respect to corporations). Given the advantages of such relationships, at what point does this become dysfunctional?

**Representativity:** It is useful to recognize that within the framework of the UN system, the concern with accountability has in effect substituted for, or refined, a concern with "representativity". This was the main challenge made to NGOs throughout the Cold War period. Following the relaxation of criteria for association of "NGOs" with the UN system at the 1992 Earth Summit, NGOs were increasingly valued more for their effectiveness, whether as sources of expertise, field-level capacity, documentation, media skills, or funding capacity. In the light of this earlier concern, the question is the degree to which the accountability issue is being used as a weapon to threaten a sector in which some bodies have indeed proved to be powerful players -- according to the criteria of business.

Again, in the light of Machiavellian techniques, it is a useful weapon for those in the corporate world required to explain the dramatic challenges of accountability (Enron, etc) or in the intergovernmental world (EU, etc) with similar unresolved problems -- despite supposedly stringent accounting and auditing in both cases.

The other aspect of accountability, relating to representativity, is the relationship of the NGO with its membership or constituency. The government and business sectors are irritated by the unchecked capacity of some NGOs to speak freely and effectively on a wide range of matters. Hence George Bush's interest in ensuring that NGOs receiving funds from the US government should reflect government policy or suffer sanction following the pattern of "NGOs" in the Soviet Bloc. It might be argued however that it is less the number or quality of members that empowers many NGOs but rather the quality of insight, questions, and field-level evidence that guides or challenges the initiatives of intergovernmental organizations or multinational corporations.

**Dysfunctional accountability constraints:** The irony in the case of the majority of NGOs is that they operate on such low budgets that stricter accounting and accountability controls are of questionable value. As it is, the committees within the UN system that periodically review the accounting and other reports, from hundreds of NGOs in consultative relations with the UN, are unable to do more than give them a cursory examination -- unless special issues arise.

It is worth noting the impact of inappropriate accountability procedures on a sector that can have unfortunate consequences:

- a study by Hernando de Soto (The Other Path, 1989) regarding establishment of a small sewing business in Peru determined that some 100 administrative forms had to be completed by people who might well be illiterate.
- in developing countries over-regulation (for example regarding building safety or hygiene) inhibits the population in responding to immediate needs at costs they can afford. Similarly NGOs may be well aware of what it would be appropriate to do but without the resources may be faced with the choice of whether to abandon any initiative or to await the arrival of resources already proven to be scarce.
- in the UK, within the health service, the dysfunctionalities of new performance "targets" to ensure the accountability of individual health trusts has become only too apparent, especially in terms of the effects on patient care.
- excessive regulation directly encourages the emergence of an informal (black) economy, as is so evident in Italy. It is worth speculating on the nature of a NGO analogue -- of which criminal and terrorist groups are only the most extreme form.

Although the executive summary recognizes the technical sophistication of some NGOs in the internet environment, it fails to recognize that this environment has effectively completely reframed the possibility of international non-governmental action. For many purposes it is now a waste of time and resources to seek to store transactions for several years and the freedom given to security agencies to troll through them. Plans by neoconservatives to ensure "control of the internet" are already foreseen or partially implemented [more]

There are some particularly pernicious implications of calls to accountability in the case of international NGOs, that derive from inappropriate imposition of models from the less resource constrained multinationals or intergovernmental bodies. They include:

- **Equality of member representation:** With members distributed around the world, any requirements for the physical presence of members at meetings from distant locations may have costs that are impossible for an NGO to carry. Suggestions that funds should be set up to ensure such representation fail to address the roots of the problem.
- **Recording of meetings:** Any requirement to record (and transcribe) and interpret meetings for distribution to all members has similarly ill-thought out cost implications. Even intergovernmental bodies make judgements on the appropriateness of recording, transcription and translation that may be considered discriminatory.
- **Recruitment procedure:** Requirements that staff positions should be advertised in all member countries and be open to people from all member countries if appropriately qualified are completely naïve in the case of NGOs -- given the costs and challenges of conducting interviews under such circumstances, providing for relocation costs, and overcoming work permits constraints (notably at a time when employment in NGOs has been abused as a channel for economic immigration by asylum seekers). The resulting recruitment may indeed be regretfully drawn from an exclusive group of nations or members. Hence the merits of shifting to internet-based organizations. Suitability to some tasks may not lend itself to immediate determination in an interview, creating the further risk of costs for dismissal and relocation during the trial period.
- **Personnel policy:** Such policies may be far from ideal in practice because of shortage of funds and the nature of the relationship.
with staff employed at relatively low salaries, especially when the tasks involve a significant period of learning. NGOs may have to
depend on such inappropriateness in order to make best use of their resources in relation to their mission.

- **Periodic independent evaluations**: Again, whilst desirable, the challenge is what proportion of resources should be allocated to
this function. And, given the vagaries in the quality of evaluations by consultants in relation to the NGOs mission, the question is
how many "second opinions" should be sought? A further tragedy of such evaluations is that the resources may be totally lacking
to implement the recommendations.

- **Equitable and effective stakeholder participation**: Again this raises issues of costs of ensuring such participation, especially
when it is desirable to ensure equitability between North and South, linguistic groups, and areas of expertise relevant to the
mission. Furthermore, at a time when even corporations are challenged to ensure appropriate representation on their boards, the
task for NGOs is even more problematic.

- **International standards**: Whilst it is desirable to assess all major decisions in the light of international standards on human
rights, sustainable development and international law, the priority given to such requirements must take into consideration practical
constraints.

All such considerations need to be evaluated against the capacity of an NGO to perform its mission with best use of its resources. There
is little point in having an NGO which devotes 80% of its resources to meeting such desiderata, then leaving only 20% for its mission --
as is the case of an unfortunate number of intergovernmental bodies. In the case of an organization concerned with sustainable
development should this be considered an appropriate use of resources?

On the other hand, it might be asked at what point response to accountability constraints, according to the ideals reflected in international
sets of principles, becomes incompatible with the ability to act. In the game-playing environment of the market for change, as envisaged
by the report, to what extent is accountability incompatible with sustainability for any organization aiming to make an "impact"? And, by
analogy, in interpersonal relationships and courtship?

**Wider challenges**: Corporate scandals have focused questions on the accountability of multinationals corporations and the challenges
faced by boards of directors -- even if they are motivated to act with total rectitude. The United Nations has long been confronted with
challenges concerning the need for its own institutional reform, especially in the light of the control of the Security Council and the
undemocratic representation of "we the peoples" in its General Assembly. It might be argued that both sectors face much larger
challenges than the NGO sector.

Because of the effective focus of the report on a particular cluster of NGOs, it fails to recognize the special challenge with respect to
other types of "international non-for-profit, non-governmental organizations" which technically should be understood as NGOs and may
give rise to investigations that distort the image of other varieties of NGO as does this report. Examples include:

- business alliances, including price-fixing rings, shipping conferences and cartels (which may be both legal and not-for-profit per
  se)
- "coordination centres" as not-for-profit administrative centres for multinational corporations (notably in the case of Belgium)
- sects with which many conventional NGOs may be easily confused in investigative studies with a view to restrictive legislation (as
  in the case of Belgium)
- secret societies, such as the Freemasons or Opus Dei, with which executives of intergovernmental, business and NGO bodies
  may be intimately involved -- which may be successfully excluded from any investigation either as "sects" or as "NGOs"
- foundations, notably in the case of the special provisions in the Netherlands, which may be included or separated from
  consideration of "NGOs"
- international trade associations and chambers of commerce which are typically aligned with business priorities
- secretive elite clubs such as the Club of Rome, Bilderberg Group, Trilateral Commission, etc -- which, as in the case of the Club
  of Rome, may perceive themselves to be "non-NGOs"

A number of these sub-groups attract much attention from conspiracy theorists on the web.

**Trustworthiness**

The *Financial Times* (page 1) review of the report was entitled: "NGOs told to be more open to retain trust". The piece opens with the statement: "International non-governmental organisations (NGOs) must become more accountable if they are to retain their influence and
position of trust, says a United Nations report out today."

One difficulty with this statement is that to a very large extent NGOs have operated for many decades without being allowed to
"influence" policy-making of any kind (as noted above in the extreme case of terrorism). Within the UN system, the procedures that
purport to provide for such influence may be questioned on grounds of: costs of lobbying, access, secretariat overload, rigid agendas,
etc. It has long been recognized that government delegates leave meeting rooms when NGO representatives are scheduled to speak.
These procedures could then indeed be seen as cynical exercises in tokenism to placate those who can buy into the level of recognition
and influence they appear to achieve. In communication terms, and from a purely mathematical point of view, at what point does a
consultative meeting between a UN official and a group of NGOs cease to allow for meaningful engagement -- when there are 10 in the
group, 100, 1,000, 10,000? The number of NGOs in consultative status exceeds 1,000. Who is to be trusted under such circumstances?

It is certainly the case that NGOs have played valued roles in assisting some government delegates to build cases in international
gatherings. In part this is because such delegates may be ill-equipped to assemble such briefs themselves.

But in a period of increasing levels of spin by government policy-makers and corporate public relations officers, it has become clear from
surveys that the confidence of people in either the government or the corporate sector is being eroded fast. SustainAbility itself produces
a report with the title *Trust Us: The Global Reporters 2002 Survey of Corporate Sustainability Reporting* (2002) that is indicative of the
problem. Whether or not NGOs retain any trust from such sectors, there is little likelihood that the trust of individuals in NGOs with which they choose to be associated will be significantly eroded. After all, they can always create another in which they have greater confidence! This is the great strength of NGO governance -- especially in an internet environment. But this is a much more challenging task for an electorate faced with dubious governments or intergovernmental institutions that supposedly represent their interests.

**Engagement vs Criticism and confrontation**

The complaint of the business world (exemplified by multinational corporations associated with the Global Compact, the World Economic Forum, and the International Chamber of Commerce, or various business alliances) is that NGOs should "engage" with business rather than criticize it in a spirit of confrontation. This perspective is central to the report and to SustainAbility's own philosophy.

The challenge of this argument for NGOs is perhaps best illustrated by a metaphor. If pedestrians are endeavouring to cross a busy highway with high speed traffic, there is a real difficulty for a pedestrian to "engage" effectively with the drivers of vehicles -- especially if one is young, old or suffering from some disadvantage. One can signal a desire to cross, but this may well be ignored -- as with pathetic attempts to shout at drivers. One can start to cross, and this may be fatal -- or one may be shouted at! One can complain and criticize to appropriate authorities if one has the skills and energy to do so, and this too may well be ignored or subject to tokenistic procedures with that effect. The very volume of traffic, and the resources invested in its movement at speeds much greater than the pedestrian, creates a situation in which the suggestion to "engage" is a cynical displacement of the pedestrian's opportunities.

There is a fundamental problem of disparity which is similar to that experienced when confronted with a column of tanks or encroachment of armed settlers on the lands of the unarmed. It is understandable that some activist pedestrians -- the "shock troops of civil society" -- then demonstrate in various ways -- whether peacefully with picket lines, or by obstructing the traffic, or by throwing fruit (or possibly rocks, or petrol bombs in the most extreme situations). Some may engage in hunger strikes -- or even self-immolation [more].

This metaphor illustrates that there is a real challenge in enabling non-confrontational engagement between differently resourced parties having very different priorities. Within the metaphor, sustainable development would suggest a reconciliation by constructing a footbridge or underpass (appropriate for the physically challenged), use of traffic lights, or diversion of high volume traffic. None of these addresses the immediate challenge for the pedestrian -- needing food located on the other side of the roadway, for example.

The report's recommended solution is that NGOs use better business models -- namely that the "pedestrian" get an "automobile" and get on the "highway" of change. This solution is typical of the situation created in many American neighbourhoods where using an automobile is often the quickest and safest way to cross the highway. It does not address the condition of those who do not have the resources to get or operate an automobile -- nor does it reflect concern about progressive depletion of resources to operate vehicles, nor about their cumulative effect on the the quality of life -- especially if one just wants to walk the dog in the field on the other side of the highway!

The irony of the above metaphor is that, to some degree, it is the volume of popular protest against globalization, articulated through some NGOs, that has come to represent the "traffic", and business -- like the "pedestrians" -- is now having difficulty crossing the "highway". And criticizing the "drivers" does not help!

It takes two to get "engaged" -- but with the glass-ceiling mentality of concern to feminists in many corporations, is it possible there may also be a "glass wall" mentality inhibiting meaningful engagement appropriate to partnership in the 21st century?

**References**


Anthony Judge:

- Tank-thoughts from Think-tanks: constraining metaphors on developing global governance. 2003 [text]
- Global Civil Society: strategic comments on the path ahead. 2003 [text]
- "Globalization": the UN's "Safe Haven" for the World's Marginalized -- the Global Compact with Multinational Corporations as the UN's "Final Solution". 2001 [text]
- Undermining Open Civil Society: Reinforcing unsustainable restrictive initiatives. 1999 [text]
- Sustainable Occupation beyond the Economic Rationale: Reframing employment, non-profit-making and voluntary. 1998 [text]
- Sustaining a pattern of alternative community initiatives: based on their differences from the conventional economic rationale. 1998 [text]
- Interacting Fruitfully with Un-Civil Society: the dilemma for non-civil society organizations. 1996 [text]
- Legal status of international NGOs: overview and options. 1996 [text]
- Evaluation of the Cooperation between UNESCO and Non-Governmental OrganizationsBrussels, Union of Internation Associations, 1995 (draft)
- NGOs and Civil Society: Realities and Distortions. 1994 [text]
- Policy Options for Civil Society through Complementary Contrasts. 1994 [text]
- Through Metaphor to a Sustainable Ecology of Development Policies. 1989 [text]
- Enhancing Policy Forums through Ecological Metaphors. 1988 [text]
Types of International Organization. 1984 [text]
Classification Categories [text]
Problems Hindering Action of International Nongovernmental Organizations. 1980 [text]
Assessing the Impact of International Associations. 1978 [text]
Principles of Transnational Action: an attempt at a set of guidelines. 1973 [text]
Comparative Evaluation of Different Types of International Organization. 1972 [text]

Naomi Klein. Now Bush wants to buy the complicity of aid workers: Relief groups have been told they must be an "arm of the US government". Guardian, 23 June 2003 [text]
David C. Korten, Nicanor Perlas and Vandana Shiva. Global Civil Society: the path ahead. 2002 [text | comment]
Caroline Neligan. Accountability Matters for INGOs. 2003 [text]
Chris Rumford. Confronting 'Uncivil Society' and the 'Dark Side of Globalization': are sociological concepts up to the task? Sociological Research Online, vol 6, no. 3 [text]
Union of International Associations. Yearbook of International Organizations: Guide to Global Civil Society Networks (5 vols, annual), 2003-4, 40th edition [hardcopy | CD | online]
Union of International Associations. Encyclopedia of World Problems and Human Potential. K G Saur Verlag, 4th edition [hardcopy | online]

This work is licensed under a Creative Commons Attribution-NonCommercial 4.0 International License.
For further updates on this site, subscribe here