

## 21<sup>st</sup> Century NGO: playing the game or selling out?

### *International study reveals that more NGOs are shifting from confrontation to collaboration*

**26 June, Washington, D.C.** – An international study released today reveals that increasing numbers of non-governmental organisations (NGOs) are making strategic decisions to engage with business and governments in an effort to reform market systems – in sharp contrast to the confrontational posture that has characterised previous years.

This is one of the key conclusions from a new study by SustainAbility and the United Nations. At the same time, however, there is concern that such a move could compromise the independence of NGOs and draw criticism that they are ‘selling out’. In addition the report shows that NGOs are facing three new challenges around **accountability**, **financing** and **partnerships**.

The report titled –‘The 21st Century NGO: In the Market for Change’ – involved a global study of the NGO landscape, with over 200 NGOs and opinion formers involved in identifying what challenges these organisations face in the new millennium. While the report acknowledges that these are early tremors, it predicts they are the start of a seismic shift.

“The good news for NGOs is that they are emerging as vital ingredients in the health and vitality of markets,” said John Elkington, chair of SustainAbility and one of the report’s authors. “They are also highly trusted, far more so than business or governments. The bad news is that unless they recognise and address growing financial, competitive and accountability pressures, their impact will be significantly reduced. For those that respond intelligently and in time, the prize is to be amongst the most influential institutions of the 21<sup>st</sup> century.”

Gavin Power, Public Affairs Director of the UN Global Compact and a partner in the research said: “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.”

To help NGOs handle the three new challenges, the report recommends that they:

- Ensure higher levels of transparency and disclosure around funding and effectiveness, to address the **accountability squeeze**. Despite being key advocates of corporate accountability few NGOs have adopted the same rules as their business counterparts, maintaining it compromises their flexibility. The report predicts that additional transparency and accountability will become prerequisites for NGO success in entering the mainstream and crucial for retaining their position of trust – indeed some critics are beginning to accuse them of enjoying a free ride.
- Innovate in the area of branding and promotional practice to establish themselves as ‘good investments’, rather than relying on funding fuelled by public anger and guilt. This is essential if they are to combat the **financial pressures** driven by stock market falls and increased competition from growing numbers of organisations that tout their ability to solve social and environmental problems including ‘socially-responsible’ businesses and other NGOs.
- Develop greater commercial understanding so that they can work in **partnership** with businesses and governments towards the development of market-based solutions. The report concludes that only through doing so, will they be able to truly engage and shape markets effectively.

Also included in the survey is the first benchmark study of reports produced by NGOs demonstrating their own accountability and transparency. The top reports, SustainAbility concludes, are those by CERES, Oxfam and WWF.

The report 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.

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**NOTES TO EDITORS:**

1. Founded in 1987, SustainAbility is the longest established international consultancy specializing in business strategy and sustainable development – environmental improvement, social equity and economic development. [www.sustainability.com](http://www.sustainability.com)
2. Details from *The 21<sup>st</sup> Century NGO: In the Market for Change* are available from [www.sustainability.com/pressurefront](http://www.sustainability.com/pressurefront)

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