



ENGOF

European NGO Futures

A study of Europe's leading NGOs and their contribution to policymaking in Brussels

Executive Summary

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Executive Summary

Foreword

Europe's NGOs are not only richer than ever before, they are far more influential. Since the beginning of the decade all the major NGOs have moved inside the political magic circle. Governments seek their counsel (they no longer have to rely on proxies like the Green parties). They make policy as well as advocating it (Oxfam's work with third world governments), they act like politicians to bring together stakeholders (WWF on forest protection and over-fishing), they develop their own technologies (Greenpeace and CFC-free refrigeration). Rich countries hire NGOs to deliver aid and carry out environmental programmes. Business competes for NGO imprimaturs on their CSR initiatives. NGOs even constitute an exclusive self-governing profession: witness their preference to recruit from each other rather than from traditional sources such as journalism and politics. In the UK and France, the flow has reversed – NGO executives now go into journalism and politics.

Nonetheless this study suggests that NGOs will probably not continue on this upward trajectory. They are entering a more difficult period where money is tighter yet demands and ambitions are greater. They will become less dependent on public support (and their donations) and more dependent on coalitions with other “non-governmental” forces such as trade unions, municipalities – even big business.

Challenges and responses

Historical financial data for NGOs is difficult to obtain,¹ but it does seem that for the environmental groups particularly, growth may have stopped or at least become unreliable (Greenpeace Germany laid off 10% of its staff in 2007 and cut the pay of the rest). Even before the current economic crisis, senior NGO managers were worrying that donations were drying up just as the global groups were investing in Asia and the BRIC economies and the European groups were re-organising to follow the EU's recent eastwards expansion.

At the same time, many NGOs believe they can no longer rely on Europe's political tide, which had been running their way since the mid-1980s. Not only do they expect the European Parliament to become more hostile, they sense that voter enthusiasm has peaked and may retreat as the recession bites. The climate change debate has proved that positive poll figures do not always translate into a willingness to pay the price in higher energy costs or meaningful low-carbon behaviour.

¹ Greenpeace is the only NGO that publishes a full decade of financial reports online. These show that worldwide income minus fundraising rose consistently between 1999 and 2005 by around 7% per annum but in 2006, the last reported year, donations fell. During 1997-99 Greenpeace income plateaued after steady growth, prompting some critics to conclude that Greenpeace's GMO campaign, which kicked off during this period, was manufactured in part to rebuild its funding base.



This study has revealed three main strands in how NGOs intend to respond to these challenges:

First, NGOs realise they can no longer rely on their own resources to win campaigns in an expanded European theatre, let alone a global one. The consequence will be broader NGO to NGO coalitions, and also multi-stakeholder alliances where NGOs have to engage, and compromise with, actors with vested economic interests such as unions, municipal and regional governments. Some of these alliances may include businesses, but this does not mean they will be pro-business. They can and will be used against business, as U.S. NGOs have done so often to out-manoeuvre investment projects and pursue project-stopping litigation against public agencies. Meanwhile public opinion will become less important for NGOs. Indeed, there is already a sense that campaigning NGOs no longer seek public opinion change as an objective in itself, preferring where possible to persuade powerful institutional players like retailers and OEM customers to exert economic leverage on their behalf.

Second, the big NGOs are supremely confident about their legitimacy and their ability to project influence and engage with governments and business globally. They are not waiting for multinational institutions like the UN to establish the necessary structures but forging ahead with their own regional and global networks, consultation bodies and intergovernmental fora. WWF is being particularly creative. Having pioneered industry sector roundtables, it is now establishing 'policy embassies' (its own term) in key political centres. Although they would doubtless shy away from the term, it seems some NGOs are seeking to acquire the gravitas of nation states, and will soon be demanding equivalent respect. This will surely widen the gap between the big NGOs and traditional grassroots, geographically-tied NGOs.

Third, NGOs know they need business to achieve their aims. They believe industry has the power to make things better as well as worse, and can do so more quickly than public opinion and more effectively than governments. However they want business to embrace a much wider definition of its social and environmental responsibilities, derived from human rights principles. There is despondency about how serious businesses really is about CSR. Some NGOs fear business will never do more than pay lip service. Others think engagement carries more risks than gains, while some seem to be on the verge of giving up or at least only engaging superficially to satisfy their own sponsors and stakeholders. But NGOs will need to change too. There is a feeling in industry that NGOs are "institutionally anti-capitalist" and some NGO leaders accept that their staff often exhibit unfriendly and ignorant attitudes to business. If business and NGOs are to work together, there is work to be done by both sides.



Silent leadership

In this study we were struck by the low profile of NGO leaders. Compared to Brussels' politicians, NGO chiefs are virtually invisible. We found no equivalents to Fred Krupp and Carl Pope, the well known chiefs of America's two biggest environmental NGOs, Environmental Defense and Sierra Club. Whatever the reasons – perhaps NGOs are culturally inhibited from pushing forward individuals – it is surely a presentational weakness. There is also a reluctance by NGOs, in contrast to industry and governments, to debate policy as opposed to assert it. (Whereas one cannot help falling over energy company advertisements inviting people to discuss climate change.) This constitutes a curious failure of leadership about problems which the NGOs themselves admit are extraordinarily complex and plagued with uncertainties.

Eurocentricity

But looking beyond the scope of this report, it is clear that many NGOs are trapped in a Eurocentric mindset. By pulling levers in Brussels, which they see as the world's cockpit for business regulation and progressive politics, NGOs honestly believe they are making not just European but global policy. Yet even with the environmental groups' apparent global success story, GM crops, failed to achieve this in the long term. GM soy has continued to flow into the EU for animal feed almost unimpeded, while global GM output has never stopped rising since farmers adopted the technology nonetheless and found alternative markets in Asia and elsewhere. Similarly, campaigns to enforce global CSR standards on European businesses are likely to fail in their wider objectives. As NGOs pressure EU and Swiss companies and banks to drop controversial mega projects, these projects do not stop, they just proceed with Chinese contractors funded by Chinese banks, over which the NGOs have zero influence.²

Some NGOs have admitted the strategic flaw in their approach, but they have not yet come to realise the solution. That, faced with the common problem of muscular BRIC governments and multinationals, a curious paradox has emerged: NGOs need EU businesses involved in the projects they don't like in order to get global business standards established and really destructive developments ended.

Price for continued political access?

Researching this study has shown that NGOs are often opaque in their financial reporting. Rarely are major donors declared (something which their U.S. counterparts do as a matter of course). Income from the European Commission may be admitted but the amounts are not always reported (the Commission has just started publishing these figures itself). Money spent on political lobbying and contacts is never revealed although this is something NGOs demand of businesses.

² Greenpeace's current campaign against coal-fired power generation is similarly conflicted. It is currently launching direct actions against coal power plants across Europe and Asia, but not in China, which is reportedly building a new coal-fired unit every week.



Another Achilles' heel for NGOs is a general lack of demonstrable democracy. The big groups regularly justify their positions on the numbers of their supporters (usually defined by paying members, though some also counting everyone who has signed an e-petition from their website - "Democracy Lite"). Yet our study found that these members are rarely consulted by NGO leaderships, let alone allowed to influence policy decisions.

Friends of the Earth, with a structure of hundreds of albeit very small local groups who meet and report upwards, comes closest to operating on acknowledged democratic principles. Oxfam too has tried to engage its membership through annual meetings but in practice its staff and in-country clients have far more influence. Yet many NGOs, being funded by other NGOs or by foundations or governments, have no claim to mass public support at all, or the claim may be spurious (the UK's National Trust claims its 3.5million members makes it more important than all Britain's political parties combined, but clearly most people are joining to get free access to the Trust's 40,000 historic properties, not out of enthusiasm for its campaigning work).

Does any of this matter? Perhaps not if the trend continues for NGOs to be legitimatised more by their professionalism and perspective ("the poor have no one else to speak for them") than by the size of their memberships. But in a Europe which is becoming less instinctively sympathetic to NGOs, institutions may be inclined to favour groups with large and involved memberships. It is also dangerous for the NGOs and ultimately for democracy to ignore its members. NGOs like to argue their large memberships makes them democratically important but will these stay strong if members are not engaged (it is well known that NGO memberships suffer a high rate of churn). Given the endemic problem of falling voter turnouts and party memberships, NGO neglect of their own memberships could leave electorates even more disenchanted with civic engagement.

A chorus but not singing in harmony

Finally, this study has found that Europe's NGO sector is far from homogenous. They range widely in opinion and approaches (some say chaotically so). Only rarely did we find even majority opinions, let alone a true consensus. In fact one of the difficulties of writing this report was trying to find any kind of unifying thread. This is why we chose to emphasise the colour and variety of the NGOs' responses rather than reduce their views into simple all-encompassing statements. We suggest there is a lesson here for thinking about and engaging with NGOs: that in this complexity and variety, business will always be able find NGOs with which they can work, if they really want to.

Robert Blood SIGWatch
October 2008



Main findings

This report is based on a three part research project comprising a detailed analysis of 26 of the most significant NGOs influencing Brussels policymaking, supported by extended telephone interviews with 12 of the groups. Additional data was gathered from an online attitudinal survey of public affairs professionals working in European industry. All the fieldwork was carried out between May and July 2008.

How Europe's NGOs function

Of the 26 NGOs studied, half are not standalone NGOs but coalitions of other NGOs, usually comprising national groups from EU member states. Although they can claim some political legitimacy from their members, this structure probably makes them under-resourced and bureaucratic. In campaigning they are often "outgunned" by the more integrated NGOs such as Greenpeace, Amnesty, WWF and Oxfam.

A third of the NGOs acknowledge funding from foundations and governments but contrary to what some critics of NGOs claim, relatively few (15%) receive grants from the European Commission. That said, some of those NGOs that get EU money rely on the Commission for as much as 50% of their costs.

The most commonly used campaigning tactics are building coalitions, media advocacy and political lobbying. Mobilising public concern is often used only by 40%, whereas partnerships with governments and multinational agencies are sometimes or often used by 60%. Direct actions are used by only a quarter and litigation by less than a fifth of the NGOs studied. NGOs are more likely to partner with governments and multinational agencies than corporations.

In terms of awareness amongst public affairs professionals in industry, Greenpeace, WWF, Friends of the Earth (FoE), Oxfam, Amnesty International and Medicins Sans Frontières (MSF) – the "Big Six" – are by far the strongest. Many NGOs, perhaps because they operate in narrow issues, appear to be known only to specialists. In general, familiarity also equates with how industry perceives effectiveness, although Oxfam and FoE are perceived to be rather less effective than the other Big Six groups. On the whole, environmental, human rights are perceived as most effective and health and animal welfare groups less effective, but industry expects non-environmental groups to become more important in the future.

What concerns Europe's NGOs

Protecting the environment is the dominant concern for Europe's NGOs, followed by CSR (eg. mandating corporate social responsibility standards and reporting) and health matters. Environment, health, human rights and CSR issues all have major NGOs campaigning for them, whereas consumer protection and animal welfare are restricted to medium sized and small NGOs.



Of nearly 60 issues we identified, global environmental and social reporting for corporations, higher CSR standards for corporations and investors, investment ethics and regulation of corporations overseas are all concerns of at least half the NGOs. This is probably not surprising since they are all general concerns that straddle many economic sectors. Amongst sector-specific issues, oil and gas, persistent pollutants, chemicals, toxicity and biodiversity and energy issues are very high on NGO action lists.

In agriculture, the most active issues are pesticides, biodiversity impacts and biotech. Animal welfare is a minority issue for the NGO community as a whole, as is nutritional content in the food sector, where safety and consumer rights are the top issues.

In the chemicals sector, pollutants, toxicity and the precautionary principle dominate but in Pharma it is drug safety, followed by access to medicines and research ethics. Again, animal testing is a narrow concern within the NGO community as a whole.

NGOs are more active on banking sector and CSR issues than on any industrial sector except energy. Investment ethics concerns half the NGOs studied, equal to climate change, oil and gas and persistent pollutants.

NGOs expect climate change to remain the big issue for some years yet. They see this “meta issue” driving new, broader coalitions of NGOs, reaching well beyond traditional environmentalists, and sparking new campaigns as each area of economic activity is analysed for its carbon footprint. It will also generate spin-off issues such as biodiversity offsets (mirroring carbon offsets).

In the longer term, many NGOs see human rights as the platform on which NGO campaigning will become increasingly unified. They also expect this to transform the way business thinks about corporate social responsibility and accountability.

What NGOs and industry think about each other

Industry thinks NGOs are more influential than “big business” in European policy-making. NGOs think the opposite - they reckon they are at a disadvantage to big business and reckon Brussels “has too many secret doors” (one reason many NGOs have joined the campaign to make business lobbying more transparent). However industry considers NGOs no more or less influential than national parliaments, EU agencies and trade associations.

Industry sees NGOs to be especially effective tackling agricultural biotechnology, climate change, consumer protection, chemical regulation and lobbying transparency, but somewhat ineffective on eco-taxation (despite their success at promoting carbon taxes and related climate change economic measures), financial services regulation, and transport infrastructure investment.



Industry admires NGOs for their ability to get media coverage although many put this down to journalists' underlying sympathy for NGOs. NGOs themselves acknowledge their capacity for "making a lot of noise" but claim this is actually much less effective in driving policy change than it seems.

Engagement with industry

Industry accepts that business must take NGOs more seriously. Principally, this is to manage criticism that could limit freedom to operate, but also because NGOs are considered to have valuable knowledge and expertise. Industry believes customers and politicians expect business to engage and indeed, NGOs agree with this. They too see engagement as desirable and want to do more, if only to show that they are being open and impartial (and perhaps to satisfy their own stakeholders and sponsors).

However industry sees difficulties in getting closer to NGOs. Business observers cite a high level of distrust and lack of mutual understanding, and a wide culture gap. Many think NGOs are fundamentally hostile to business.

NGOs acknowledge there is a clear culture gap between themselves and business. They accept that they need to work harder to educate business people about the issues that agitate NGOs before they can expect action. They also accept that some of their staffers are woefully ignorant about how business works.

On the whole, industry considers large NGOs to be more approachable than small ones, although there are some notable exceptions, for example, Greenpeace and Friends of the Earth. Contradicting this perception, of the twelve NGOs we personally interviewed, which also represent half the sample and range widely in size and focus, all considered themselves either approachable or very approachable.

Many NGOs insist that they want and need businesses to help them tackle the world's big problems and appear saddened that they are obliged to use force or threats to change their behaviour. For this reason, many have decided that their most effective strategy, at least for the time being, is to concentrate their fire on the leading firms in problem industries until they capitulate.

When asked about priority industries for future campaigns, several NGOs mentioned the energy sector. The general view was that energy firms are not only acting dangerously but are being dishonest in their dealings with NGOs and the public. On the other hand, several global giants, including Toyota, Skanska, HSBC and Coca Cola, were cited by the NGOs we interviewed as role models for engagement.



How NGOs see themselves, now and in the future

NGOs have no doubt about the legitimacy of their status in European policy-making. They see themselves providing an essential component of the democratic process, forcing Europe's established institutions to take note of the concerns of the public and acting as the public's watchdog to prevent abuses by politicians and big business.

NGOs value Europe as a global standards setter on environmental and social policy which in turn has boosted the influence of Europe's NGOs overseas. That said, many NGOs are worried that the 2009 European elections will produce a more conservative, less eco-friendly parliament. They also know that they are institutionally weak in the new accession states.

NGOs do not expect to remain as they are (indeed, some reckon they have reached the limit of influence in their current form). While they express no interest in big structural changes such as mergers, NGOs do expect to engage more in more coalitions and alliances, particularly in the limited objective coalitions of NGOs, unions and business already common in U.S. campaigning (a classic example is the Apollo Alliance created by Sierra Club, the United Steelworkers union and the renewable energy industry to fight for federal funding to phase out coal-fired power generation).

The recession is worrying some NGOs, the smaller groups especially. The global groups, currently heavily dependent on U.S. and European donations, expect to see a bigger share of their income come from the new economies, which in turn will oblige a shift in campaigning resources away from the developed world.

Some of the biggest NGOs are planning global reorganisations to increase their effectiveness. One idea which at least one major NGO is already implementing is "policy embassies", combining policy development, lobbying and advocacy in a single point of representation to multigovernmental institutions such as Brussels.



About ENGOF

Methodology

The ENGOF (European NGO Futures) project - studied 26 NGOs in detail. These NGOs – see Table 1 below for the full list - represent the largest and/or most active advocacy groups working to influence policy development in Europe.

The object of ENGOF was to understand how leading NGOs work and how they influence European policymaking, *with particular emphasis on how they contribute to pan-European politics made in Brussels.*

To this end, we triangulated on the topic from three directions:

1. Detailed profiling of each NGO, using their own published data plus SIGWatch's database and NGO news archives, to extract and quantify on a 3 point scale a range of pertinent parameters such as organisational structure, resources, preferred tactics and strategy, modus operandi, and campaigning foci.
2. An online opinion poll of European public affairs and corporate social responsibility professionals to measure perceptions of NGO influence. This poll was conducted during July 2008 and 83 people, nearly all based in substantial manufacturing and financial services businesses, consultancies and industry associations, participated.
3. Interviews with a senior representative of each NGO to get their personal views and insights on how they, and NGOs generally, contribute to policy development and how they see their role evolving. Twelve NGOs, approximately half of our target list and well representative of the target group, agreed to participate.³ Interviews were conducted June-July 2008.

³ Participating NGOs that agreed to be identified by name included Amnesty International, ChemSec, Climate Action Network Europe, Consumers International, Earthwatch, ECEAE, Global Witness, and IUCN.



Who we studied

Table 1: The 26 NGOs studied for this report

	<i>Structure</i>	<i>Annual EU-wide campaigning budget (Euros)</i>	<i>Main EU office</i>	<i>Brussels office?</i>	<i>Capacity across Europe?</i>
Amnesty International	Federation	50m (est)	UK	Yes	Yes
BEUC	Vertical coalition	3m (est)	Brussels	Yes	Yes (through member NGOs)
CEE BankWatch	Horizontal coalition	1.6m	Czech Rep.		Eastern Europe only
ChemSec	Horizontal coalition	0.5m	Sweden	Yes	
Climate Action Network (CAN) Europe	Matrix coalition	0.1m	Germany	Yes	Yes (through member NGOs)
Consumers International	Vertical coalition	0.3m (est)	UK		Yes (through member NGOs)
Earthwatch	Unified	0.5m	UK*		
European Coalition to End Animal Experiments (ECEAE)	Vertical coalition	3m (est)	UK		Yes (through member NGOs)
European Environmental Bureau (EEB)	Matrix coalition	2m	Brussels	Yes	Yes (through member NGOs)
EuroGroup for Animals	Vertical coalition	0.2m (est)	Brussels	Yes	Yes (through member NGOs)
Friends of the Earth (FoE)	Federation	75m (est)	Netherlands	Yes	Yes
Global Witness	Unified	3m	UK		
Greenpeace	Unified	120m (est)	Netherlands	Yes	Yes
Health & Environment Alliance (HEAL)	Matrix coalition	0.5m	Brussels	Yes	Yes (through member NGOs)
Health Action International (HAI) Europe	Federation + matrix coalition	1.2m	Netherlands		Yes (through member NGOs)



	<i>Structure</i>	<i>Annual EU-wide campaigning budget (Euros)</i>	<i>Main EU office</i>	<i>Brussels office?</i>	<i>Capacity across Europe?</i>
Healthcare Without Harm Europe	Matrix coalition	0.5m	Czech Rep.*		Yes (through member NGOs)
Human Rights Watch (HRW)	Unified	0.4m (est)	Brussels*	Yes	Major countries only
International Society of Doctors for the Environment (ISDE)	Vertical coalition	0.2m (est)	Switzerland		Yes (through member NGOs)
IUCN/World Conservation Union	Unified + Matrix coalition	3m (est)	Switzerland	Yes	Yes (through member NGOs)
Medicins Sans Frontières (MSF)	Federation	1m (est)	Switzerland		Yes
Netwerk Vlaanderen	Unified	0.8m	Brussels	Yes	
Oxfam	Federation	10m (est)	UK	Yes	Yes
Pesticides Action Network (PAN) Europe	Vertical coalition	2m	UK	Yes	Yes (through member NGOs)
Transparency International	Federation	8.5m	Germany	Yes	Major countries only
Transport & Environment (T&E)	Matrix coalition	0.2m (est)	Brussels	Yes	Yes (through member NGOs)
WWF	Federation	20m (est)	Switzerland	Yes	Yes

Notes to Table 1

Blank field means 'No'. * = global HQ is in the U.S. **est** = estimated.

EU-wide campaigning budget includes office admin costs but excludes practical activities, eg. conservation and aid programmes.

Federations: networks of branches operating under a single global brand, although often branches have a high degree of autonomy over fundraising and priority setting.

Unifieds operate a 'holding company' structure with funds allocated and priorities controlled from the centre.

Coalitions represent and are controlled by their NGO members. **Horizontal coalitions:** members are other pan-EU campaign groups. **Vertical coalitions:** members are national or sub-national (regional) NGOs. **Matrix coalitions:** a mixture of horizontal and vertical.



Credits

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