

NGOs: Chasing the Corporate Dollar

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THE media have long been concerned about corporate funding of conservative think-tanks. Indeed, over the last month, the *Sydney Morning Herald* has run at least three articles on the issue—all concluding that funding had led to us becoming 'guns for hire'.

The media overlooked the fact that many of our opponents in the non-government organization sector (NGOs) are either receiving significant corporate funding or are making plans to pursue corporate funding.

But no sector better exemplifies this burgeoning interest in corporate cash than environmental NGOs. Corporate coffers are the newly-found treasure for the global Greens.

Though Green groups constantly invoke anti-corporate rhetoric to endear them to their radical base and some sections of the media, their anti-corporate rhetoric often melts away when it comes to receiving money from business.

The Greens' quest for corporate cash has been driven by a number of factors. First and foremost is the fact that traditional Green scaremongering is failing to reap dividends among individual donors. Most Green groups have a business model built on fear of global environmental cataclysm. The sector has pursued one scare story after another in order to activate their donor base. The problem is that the public is starting to get wise, or immune, to this tactic. As a result, raising funds from individuals is getting harder. Moreover, in an age of terrorism, environmental horror scenarios are sounding a touch trite.

Greenpeace Australia Pacific is a good example. Last year, Greenpeace Australia Pacific raised \$1,888,000 from new supporters. The problem is that it cost \$3,287,000 to raise these funds—yielding a loss of 42 per cent for each dollar invested. Clearly, things are getting harder.

This is not simply confined to Australia. A few years ago, Greenpeace USA collapsed financially, requiring it to engage in some significant corporate downsizing of its own and a bailout by Greenpeace International.

Greenpeace's market research among its key 25–35 year old target audience is also telling them that the old tactics of confrontation and negativity are not popular, with a more positive, solutions-orientated approach being preferred.

The environmentally-friendly messages and activities of businesses and governments have also taken the urgency and sting out of the doomsday scenarios of environmentalists. Not to mention the fact that the environment is actually improving in developed countries—a fact that is readily obvious to many potential donors.

Data compiled by Capital Research Center in Washington DC show that membership among Green groups in the United States has been relatively static for almost two decades. Despite this, the American environmental movement has witnessed a dramatic increase both in the number of NGOs and in total funding. This growth has not been grassroots-driven, but driven by the largesse of US philanthropic, corporate and government interests.

In Australia, membership of environmental NGOs has also been relatively static. So much so that, in a recent *Sydney Morning Herald* article, environmentalists lamented the lack of a major crisis to galvanize support. This is indeed an odd thing for supposedly committed environmentalists to wish for, and further buttresses the claim that the interests of the environment and environmental NGOs are not necessarily the same.

Another factor in the drive for corporate cash is that after the best part of a decade attacking corporations, these same corporations are ready to pay environmentalists either to go away or, at least, hold their tongues. Some businesses have already moved to 'monitize' (a term used in Enron memos to describe funding of Green NGOs) their relationships with activists and many NGOs are happy to take the money.

The media has been slow to look at the corporate–NGO funding nexus—primarily, I suspect, because environmentalists have emphasized the 'business is taking notice of us' aspect of the relationship, rather than the donations of money.

Some groups, it must be said, are fairly up-front about their growing corporate funding base. The Australian Conservation Foundation (ACF) is reasonably open about the names of the businesses funding it. It has received funding from companies such as Berri, Coles, Kyocera, Microsoft, National Australia Bank, Pacific Hydro, BHP-Billiton and Southcorp.

Sometimes, however, the exact terms of these financial relationships aren't clearly explained. For example, ACF's relationship with Southcorp ▶

(for which it received \$250,000) was portrayed on the ACF's Website as 'an alliance to raise awareness and develop strategies to combat salinity'. Southcorp, on the other hand, viewed it somewhat differently. It declared that its donation was intended 'to get a good PR profile'.

In *The Age/Sydney Morning Herald* 'Good Reputation Index 2002', this appeared to pay off. ACF ranked Southcorp as the fourth best corporate performer on the environment, while the EPA of Victoria ranked it 82nd.

No environmental NGO is as comfortable with corporate money as World Wildlife Fund (WWF). WWF isn't fussy—it takes money from any business willing to offer it. WWF shares none of the inhibitions displayed by other environmental NGOs about corporate money and has devised a slew of innovative ideas to relieve corporations of their shareholders' money, ranging from donations and licensing agreements to merchandizing and partnerships.

WWF's corporate funders include Alcoa, Johnson & Johnson, Eastman Kodak Company, Kubota, SE Gobe Unit, BHP-Billiton, Rio Tinto, Chevron, Japan PNG Petroleum, Mobil, Oil Search, Orogen Minerals, Petroleum Resources, Santos, Cue, Mountains West, Motorola, Philip Morris, Bank of America, Citigroup, Du Pont, Gap, The Home Depot, IBM, J.P. Morgan, Morgan Stanley Dean Witter, Oracle, Procter and Gamble and The Walt Disney Company. The reality is that just about every major corporation in the world is giving money to WWF.

Last year, WWF and two other environmental NGOs signed a five-year US\$50 million partnership deal with HSBC. To put this into perspective, the annual budget of a conservative think-tank in Australia is about \$1 million to \$1.5 million.

Why would HSBC give WWF and the other NGOs US\$50 million to undertake work on water in China and elsewhere? The official reason, as stated by HSBC Chairman Sir

John Bond, is that 'Companies as well as individuals have a responsibility for the stewardship of this planet, which we hold in trust for the future'. The fact that HSBC is also one of the leading financiers of the Three Gorges Dam in China, and therefore a target of many NGOs, may also have a bearing on the issue.

WWF has enjoyed even greater success in convincing the World Bank to give it money. As of 1998,

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WWF had received (often in conjunction with other NGOs) a staggering US\$199 million from the World Bank's Global Environment Facility.

The question is: why do corporations (and the World Bank for that matter) hand over such large sums of money to WWF? In a word, 'protection'. Corporations have increasingly sought to protect their reputations from attack by the likes of Friends of the Earth and Greenpeace by getting an environmental NGO 'on board' to sign off on its projects and defend them in public debate. Businesses believe that having the 'seal of approval' of a major Green group reduces the risk to its reputation.

Thus, environmental groups operate largely in a 'good cop, bad cop' mode—although within the environmental movement, some prefer to think of this as 'insiders' and 'outsiders'.

One environmental NGO which has traditionally been prepared to be the 'bad cop' and which has staked its reputation on not receiving corporate money is Greenpeace. It has stated quite clearly that it does not accept money from business—although there have been signs that this may be about to change.

A few years ago, Greenpeace International called in consultants to conduct a brand valuation exercise. According to the former head of international fundraising marketing for Greenpeace International, Daryl Upsall, this was done with a view to licensing agreements for the use of Greenpeace's brand. These plans were reportedly shelved, although franchises such as Greenpeace Brazil have already engaged in the licensing of some 500 products with the Greenpeace brand name.

Although Greenpeace will strongly deny any suggestion of change, the days of Greenpeace's refusal to take corporate money are probably coming to an end.

Amnesty International is another NGO which has previously made a policy of not accepting corporate money. This has now changed—Amnesty's Annual Report lists a large number of corporations providing 'Pro bono and financial support'.

Conservative think-tanks such as the Institute of Public Affairs have become accustomed to having the credibility of their arguments questioned purely on the basis of their corporate funding. The broader trends of corporate funding within the NGO sector mean that this line of attack now raises more questions about the IPA's opponents than about the IPA.

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