

# Intersections and Innovations

Change for Canada's Voluntary and Nonprofit Sector



The Muttart Foundation



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# Acknowledgements

For far too long, Canada has lacked a comprehensive resource examining Canada's charitable sector. That has now ended.

The Muttart Foundation has spent many years focusing on building the capacity of charities in this country. The publication of this collection is another contribution to that effort. By understanding more about itself, the sector can continue to develop and find new ways to serve Canadians and those in need outside our nation.

The authors of these essays bring different perspectives on the role and inner workings of Canada's charities. Collectively, they bring an unprecedented insight into the work of organizations whose diversity is exceeded only by their desire to serve.

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The work of all of these individuals has come together in this resource which we dedicate to all of those in, or interested in, Canada's charitable sector.

Malcolm Burrows, President

Bob Wyatt, Executive Director



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## Part III Innovation and Intersections

### Intersections with Governments: Services and Policy Engagement

## Chapter 29

# Policy Capacity: Building the Bricks and Mortar for Voluntary Sector Involvement in the Public Policy Process



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Contemporary governing continues to emphasize greater forms of collaboration between government and non-government actors such as the voluntary sector in the development of public policy. As an example of this collaborative spirit, we examine the co-creation of the Manitoba Social Enterprise Strategy (MSES) that involved both the Government of Manitoba and the Canadian Community Economic Development Network – Manitoba Region (CCEDNet). In 2012/2013, the Government of Manitoba initiated structural and policy changes with the goal of promoting jobs and training. Perhaps the most significant change occurred in 2012 when the Employment and Income Assistance Program, more commonly referred to as “welfare,” was moved into a new department that emphasized labour-market attachment. With this move, the message was clear: jobs and training are essential for moving citizens out of poverty. Recognizing the significance of this change, CCEDNet approached cabinet ministers and informed them of its policy resolution to grow the social enterprise sector in Manitoba. In the 2014 budget, the Government of Manitoba publicly committed to a partnership with CCEDNet to co-create a strategy to achieve these goals through social entrepreneurship. This partnership involved creating a steering committee, which contained equal representation between the Government of Manitoba and CCEDNet, followed by consultative workshops with social enterprises to identify their needs. Moreover, the steering committee consulted other experts in the field and conducted research to identify best practices for growing social enterprises. The MSES is a strategy that contains six pillars to grow the sector based on 38 recommendations.

Besides formal collaborative partnerships like the one described above, voluntary sector organizations shape public policy in other ways. For instance, the House of Commons Standing Committee on Human Resources, Skills and Social Development and the Status of Persons with Disabilities (HUMA) met in December 2018 to receive briefs and hear from witnesses



with the goal of providing legislative and public policy recommendations to improve the lives of Canadians living with episodic disabilities. Some disabilities are permanent and result in progressive deterioration, whereas others, such as inflammatory bowel disease (i.e. colitis and Crohn's disease), multiple sclerosis, arthritis, and epilepsy, are episodic, meaning that the person experiences a flare-up in their disability but will then go into remission. Some flares are mild and other flares are severe; some may last weeks, whereas others last several months; and most flares occur unexpectedly. The result for Canadians with this type of disability is very real: losses in wages from taking more sick time than the average worker. Yet most Canadian public policy related to disability is designed to provide income assistance when a worker leaves the workforce permanently because of a disability. At this meeting, HUMA heard from voluntary sector organizations that included Epilepsy Ontario, the Multiple Sclerosis Society of Canada, and Neurological Health Charities Canada, which is a coalition dedicated to brain diseases. Many of the briefs and witnesses emphasized how many aspects of Canada's social-safety net require policy change to better support people living with episodic disabilities, such as the Canada Pension Plan (CPP), which has a disability component but is not available for people with episodic disabilities.

These examples of voluntary sector organizations providing input into public policy are quite different. One example is provincial in nature; the other is federal. One involves the co-creation of a strategy in which both partners share power; the other focuses on changing current policy, but not through power-sharing. Despite these differences, there is one core theme: policy capacity. If voluntary sector organizations are expected to become more involved in working with government in the public policy process, their capacity to do so must be scrutinized, and this is where the concept of "policy capacity" emerges. How can charities and nonprofits build policy capacity and nurture meaningful relationships with government to contribute to public policy? To what degree should government nurture the policy capacity of the voluntary sector? This chapter provides answers to these questions and argues that building the policy capacity of the voluntary sector in Canada involves a dual approach. First, the voluntary sector must recognize its crucial role in public-policy development and commit to building policy capacity. Second, government institutions must also transform themselves to meaningfully accommodate voluntary sector organizations and provide opportunities for their participation in every stage of the public policy process. Moreover, government and other funders must better finance this important work.



# Policy Capacity in the Voluntary Sector

Policy capacity can be defined as “providing policy analysis and advice, participating effectively, and exerting influence in policy development” (Phillips, 2007: 505) and as such relies on appropriate governance, human, and funding resources.

Governance resources include a commitment from the board to actively engage in public policy. How does a board decide that it is ready for engaging in the public policy process? A starting point relates to the level of involvement. If the board is interested in joining a coalition so that its involvement is more passive, this will require fewer resources than if the board wants to directly spearhead a change in public policy through more direct, active involvement. If it is the latter, the reality is that the process of policy change is a long-term endeavour, particularly when new legislation or new funding are required. Given this reality, the board must allocate resources to this end.

Who will be responsible for this new task? In a recent survey of nonprofit organizations in Manitoba, 41% of respondents indicated that engaging in public policy is the responsibility of the most senior staff person (Levasseur & Rounce, 2018).<sup>1</sup> If the board decides to add this task to the responsibilities of the most senior staff person, the board has to assess whether that person has the necessary skills and knowledge and can realistically achieve this, knowing that it adds to an already demanding workload. Or, will the board reallocate funding to hire a new staff person on a contractual, part-time, or full-time basis, and identify what skills are necessary for a new position? If there are no funds available, the board may opt to establish a new sub-committee charged with this responsibility to interact with government and other partners on public policy matters.

Whichever option is selected, the board must also carefully assess the strengths it can bring to the public policy process. For example, does the organization have in-depth knowledge of the community and legitimacy to raise issues with government? Does it have data that are reliable and useful to public policy conversations? Lumley (2018: 2) argues that the voluntary sector must build better evidence, but this also requires funders to financially support this endeavour: “While individual boards need to prioritize data capacity building ... we cannot underestimate the size of the sector’s data challenge. Poor data literacy and a lack of technical skillsets limit opportunities for organizations to engage with data-related issues in a strategic way ... [F]unders are therefore needed to help [them] offset the[se] costs.” The board must also consider its relationship with government, particularly if the organization receives government funding, which can make it challenging to speak out on certain issues.

Once these questions have been considered, the board has to embed this commitment into the culture of the organization, usually in the mission statement or strategic framework. By doing so, it sends a crucial message to staff, clients, volunteers, partners, funders, and others that public policy is just as essential as fundraising, marketing, human resources, and programming. Boards then need to develop policies to guide staff and volunteers in areas of public policy and set limits (for example, the board may approve a policy that prohibits partisanship engagement).

To further build policy capacity, the board must ensure there are learning opportunities for staff, volunteers, and “clients” to gain the skills and knowledge necessary to effectively engage in



public policy, including an understanding of the institutions and processes of a Westminster-style government in Canada, how government decisions are made, and which actors to approach. It is then important to discern the government's agenda, which has been articulated through election promises, the Speech from the Throne, mandate letters, and budget; undertake research as needed; and develop a government-relations strategy that frames the policy issue accordingly. Policy capacity also includes the ability to work in coalitions to advance collective public policy goals.

The policy capacity for the sector has been underdeveloped (Phillips, 2007; Carter, 2011; Mulholland, 2010), but certain subsectors have reported more difficulty than most in participating (Statistics Canada, 2004: 47; Voice in Health Policy, 2003). The most extensive research related to policy capacity in Canada's voluntary sector stems from Evans and Wellstead (2014). They surveyed 603 policy analysts working in the voluntary sector in Ontario, Saskatchewan, and British Columbia across four policy fields, including environment, health, immigration, and labour. Their findings give some hope that voluntary sector organizations are making progress in developing their policy capacities: 43% of respondents perceive a high level of policy capacity in their organizations, and 69% indicate that their boards/senior management are actively committed to engaging directly in the public policy process. These are optimistic findings, but Evans and Wellstead (2014: 19) raise some red flags. For instance, they conclude that "only a third of respondents thought their organization's commitment to staffing or training were adequate. Another third indicate that their organization is not doing enough" to build policy capacity.

## Policy Capacity in Government

Given that this edited volume is dedicated to the voluntary sector, readers may scratch their heads and wonder why a discussion related to the policy capacity in government is needed. The answer, quite simply, is that policy capacity is needed within government to drive the public policy process – from identifying and defining public problems, setting goals, reviewing options, selecting a policy response, implementing the response, and selecting a policy instrument for evaluation. At the very least, stronger policy capacity within government is needed to "avert policy failure" (Wellstead & Stedman, 2010: 906).

The challenge with assessing the policy capacity of government is the fact that government is not monolithic. That is to say, governments exist at different levels (i.e. municipal, provincial, federal, Indigenous), and even within one level there are multiple departments and programs, all of which can have different levels of policy capacity (Levasseur, 2014a; 2017). That said, the literature suggests there has been a decline in the policy capacity amongst Canadian governments in recent years. Some scholars cite the influence of administrative reforms such as "new public management" (NPM) that repositioned public servants away from providing policy advice toward the administration of policy decisions (Rasmussen, 1999: 332; Peters, 1996). The preference for smaller, leaner governments under NPM, coupled with fiscal restraint, further contributed to a decline in policy capacity (Bakvis, 2000: 71).



Governments must work to build their policy capacity. However, they also have a responsibility to help build policy capacity among their partners. As noted earlier, collaborative governance<sup>2</sup> recognizes the growing interdependencies among governing partners (Osborne, 2006; Rhodes, 1996; Salamon, 2002). In this model, governments must “work across boundaries within the public sector or between the public sector and private or voluntary sector ... [and] ... focus attention on a set of actors that are drawn from, but also beyond, the formal institutions of government” (Stoker, 1998: 93). Collaboration involves working relationships between equals, where partners share authority and responsibility for public policy, in contrast to command-and-control relationships associated with more traditional forms of governing (Aucoin & Jarvis, 2005). Under collaborative governance, we would expect to see governments working with partners, including voluntary sector organizations, to address complex public policy problems.

But what does this mean, exactly, for governments? In short, it means that governments must recognize there is a power differential when working with voluntary sector organizations. When a government department provides funding to a voluntary sector organization, government has the proverbial upper hand in this relationship. My examination (Levasseur, 2014b) of the engagement of health charities in Manitoba during the 2011 provincial election revealed that receipt of government funding is both a blessing and a curse. A reliance on government funding may undermine the independence of the organization to speak out on public policy matters. As one respondent indicated, “[Our] independence is constrained and the withdrawal of [government] funding would be painful ... To date, we have been selling our soul for the funding dollar” (Levasseur, 2014b: 279). While receipt of government funding may have an influence, it is not the determining factor in whether a voluntary sector organization builds policy capacity and engages in the public policy process (Pross & Webb, 2003). Rather, Pross and Webb argue that organizations are likely to turn to their core values to decide if engagement is a priority, rather than let government funding influence their decision. To that end, government must work through this power differential and ensure that it is welcoming of all public policy input, including input that may be unfavourable to the government of the day.

Given the sheer size of Canada’s voluntary sector, government must also seriously consider which organizations to work with on policy matters. Perhaps the government has an opportunity to work with coalitions, or perhaps it prefers to work individually with a diverse group of organizations. Government must then assess *how* it wants to partner on public policy matters with the voluntary sector. This is a critical point because, as Wanna (2008) notes, there is a continuum of collaborative arrangements that governments can use to engage with voluntary sector organizations. Wanna describes “consultation” as a low level of collaboration that seeks input but keeps power firmly entrenched in the hands of government as it alone decides the policy response. At the highest end of collaboration, we see the building of supportive relationships where governments share power with voluntary sector organizations to collectively decide the policy response.<sup>3</sup> Ansell and Gash (2008) argue that inclusivity of partners, including those beyond government, is essential to meaningful collaboration. At a minimum, we would expect to see governments working with voluntary sector organizations to mutually develop rules and protocols that open up the public policy process. In addition, we would expect to see face-to-face meetings between government and sector leaders on a regular basis to better promote dialogue on public policy issues (Ansell & Gash, 2008). There may also be the opportunity for joint decision-making between government and voluntary sector organizations



on certain issues. Regardless of which approach is taken, governments must open up the process to ensure there are meaningful opportunities for voluntary sector organizations to contribute to policy discussions, rather than merely being agents of service delivery.

Finally, government must think through how it will finance this important work and how funding-reform governments can provide greater opportunities for voluntary sector organizations to develop their policy capacity. For nearly two decades, there has been an increase in contract funding (Scott, 2003) that involves purchasing services with pre-defined goals, activities, outcomes, and reporting requirements. This shift away from core funding to contract funding has had negative impacts for voluntary sector organizations (Phillips & Levasseur, 2004; Scott, 2003). Contract funding undermines the capacity of the sector to support non-contract-related tasks, including engagement in public policy. As Forest et al. (2015: 265) remind us, “Without financial resources, there can be no hiring of analysts, no background research, no policy advice, no communication strategy, no mentoring and no evaluation.” Moreover, there is limited funding provided to umbrella organizations, on the premise that they do not provide services directly to citizens. Yet they may be in the best position to build policy capacity and engage in the public policy process on behalf of their member organizations, as well as build much-needed “connective tissue for collective action” (Smith & Phillips, 2015: 68). In contrast, “core” funding supports the entire operation without predetermined budgetary allocations, allowing voluntary sector organizations to have discretion over use of the funding to support their activities, including public policy engagement. To that end, if governments want more involvement from voluntary sector organizations in the public policy process, they will need to rebalance funding to include more core funding and funding to umbrella organizations.

## Conclusion: Opportunities to Build Policy Capacity and Nurture Relationships with Governments

In the US, BoardSource, along with its partners, recently developed a campaign called Stand for Your Mission<sup>4</sup> to establish “advocacy” as a core competency of board leadership. This campaign contains three discussion guides — one for voluntary sector organizations, one for museums, and one for foundations — all aimed at helping organizations ground public policy engagement in their missions. The campaign provides templates for boards (such as public policy job descriptions), features success stories of organizations engaging in public policy, and offers an annual US\$5,000 award for boards that have embedded advocacy within their organizations and provided strong leadership to support advocacy efforts. In Canada, we lack decently funded institutions that can prepare boards as they begin to engage in the public policy process. Canadian funders of all stripes – private, public, and government – must begin to fund the building of policy capacity within the voluntary sector.

What about those boards that have already committed themselves to building policy capacity? What training is available? Across Canada, there are a growing number of training opportunities. One example includes workshops in Manitoba provided by the United Way of Winnipeg in partnership with CCEDNet and two academics who teach public administration and public



policy.<sup>5</sup> One series involves three days of training with the goal of developing a government-relations strategy. There are also stand-alone workshops specific to the political developments in Manitoba. For example, a stand-alone workshop was facilitated shortly after the Progressive Conservative government of Brian Pallister came to power in April 2016 after 17 years of New Democratic Party rule. This workshop recognized that new relationships would need to be built with new cabinet ministers and members of the Legislative Assembly. Given the small political community in Manitoba, senior government officials (for example, deputy ministers) frequently present at these workshops to help voluntary sector organizations understand the public policy so they become more involved and more effective in the public policy process. A formal evaluation is currently in progress to identify the impacts of this training (for example, how voluntary sector organizations make use of what they learned when engaging in the public policy process and whether this training makes a difference in terms of their relationship with government). Anecdotally, participants have indicated that learning about “mandate letters”<sup>6</sup> and “transition binders” has helped them better understand government priorities and find opportunities to advance their policy solutions.

Sandy Houston’s chapter in this volume speaks to other opportunities for the voluntary sector to nurture policy capacity, such as Maytree’s Policy School, and Allan Northcott demonstrates that advocacy can indeed be taught, as shown by the success of the Max Bell Public Policy Training Institute. The chapter by Marcel Lauzière assesses how foundations have stepped up to enhance policy capacity in the sector. All are optimistic that momentum toward nurturing policy capacity is headed in the right direction. Given that the federal government has eliminated the restriction on non-partisan “political activities” under the old “10 percent rule” (see Chapter 4 by Bob Wyatt), charities may opt to build more policy capacity through training and use it to engage in policy development without fear of running afoul of the regulator. I agree with the optimistic assessment of others in this volume, but governments still need to step up to the table and rethink how funding is allocated to voluntary sector organizations, particularly umbrella organizations, and allow more meaningful opportunities for involvement at every stage of the public policy cycle. Training is essential to nurturing policy capacity, but without more meaningful engagement by governments and better funding, training can take the sector only part of the way to effective advocacy and policy participation.



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# Notes

- <sup>1</sup> In the 2018 survey, the sample size was 441. Nearly 17% of respondents indicated that someone other than the most senior staff person is responsible for engaging in the public policy process.
- <sup>2</sup> This model goes by a variety of names, including “collaborative governance,” “network governance,” “distributed governance,” and “horizontal governance.”
- <sup>3</sup> Governments may publicly frame the partnership with non-government actors as collaboration, but the partnership may actually share little power, such that it is an “illusory collaboration,” according to MacDonald and Levasseur (2014).
- <sup>4</sup> This campaign is available at <https://boardsource.org/research-critical-issues/stand-mission-advocacy/>
- <sup>5</sup> In the interest of full disclosure, Dr. Levasseur is one of the co-facilitators for these workshops.
- <sup>6</sup> Mandate letters are letters prepared by the first minister (premier or prime minister) for each cabinet minister that outline the expectations of what must be achieved during their tenure. Transition binders are prepared whenever there is a new appointed cabinet minister or a new incoming government and contain numerous briefing notes to identify the key issues, challenges, and opportunities for the department. Upon the election of the Pallister government in Manitoba in 2016, the mandate letters and transition binders were publicly disclosed.



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