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**Partenariat sur l'économie sociale et la durabilité**  
Bridging, Bonding, and Building / Renforcement des liens et des capacités

Working Paper 2007-01

# **Bridging Public Investment and Social Value**

**An examination of the supports for the Social Economy on  
Prince Edward Island**

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The Atlantic Social Economy and Sustainability Research Network, Sub-Node 2



Social Sciences and Humanities  
Research Council of Canada

Conseil de recherches en  
sciences humaines du Canada

Canada



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## About the Network

The Social Economy and Sustainability Research (SES/ESD) Network is the Atlantic Node of the Canadian Social Economy Research Partnerships (CSERP) – one of six regional research centres across Canada, funded by the Social Sciences and Humanities Research Council of Canada (SSHRC), 2005-2010. The Network has a wide variety of academic, community and government partners representing Nova Scotia, New Brunswick, Prince Edward Island and Newfoundland and Labrador. [www.msvu.ca/socialeconomyatlantic/](http://www.msvu.ca/socialeconomyatlantic/) For more information, contact us: Social Economy and Sustainability Research Network, c/o Research House, Mount Saint Vincent University, Halifax, Nova Scotia B3M 2J6

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# Bridging Public Investment and Social Value

## An examination of the supports for the Social Economy on Prince Edward Island

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## EXECUTIVE SUMMARY

When the news of the recent federal cutbacks to social programs reached the Prince Edward Island sub-node of the Social Economy and Sustainability Research Network, the precarious position of our social economy was obvious to all present. Community partners gathered around the table to discuss the impacts of this *fiscal reorganization*, often expressing a sense of frustration and powerlessness with the lack of public investment in their organizations and the citizens that they serve. It was then that the network realized that, aside from anecdotal evidence, there had been no formal measurement of the impacts of changes to government supports on Prince Edward Island's social economy, and this research project was conceived.

The intent of this project was to map the level of federal and provincial government funding and policy supports that exist for social economy organizations on Prince Edward Island and to inquire into the impact of any changes in this public investment. Between June and September 2007, representatives of thirty social organizations on Prince Edward Island generously donated their time to share their experiences. The interviews focused primarily on the funding relationship with the government, as the reality of social organizations is that funding is often of utmost urgency to organizational survival.

### Interview Highlights

- Prince Edward Island's social economy is situated within a funding and policy environment that is often volatile and insufficient.
- Prince Edward Island faces unique public policy challenges as a small island province.
- In addition to changes in the level of public investment, there are long-term support deficiencies that are becoming increasingly difficult for organizations to address.
- These deficiencies are often a result of a lack of public investment characterized by: unstable and inadequate funding; changing government priorities; bureaucratic inefficiencies; dysfunctional communication processes; a cost-cutting culture; and jurisdictional issues between the provincial and federal governments.
- The impacts of insufficient public investment for social organizations include: financial instability; an inability to plan for the long-term; a lack of organizational sustainability; reduced services; and unrealistic expectations of staff and volunteers, particularly in terms of the administrative burden associated with public funding practices.
- Social organizations have responded to the inadequate funding and policy supports through advocacy, network building, raising public awareness, and capitalizing on individual resourcefulness.
- Although the success of these responses has been limited, most of the organizations have persevered and have been able to adhere to their mandate.
- There is an increasing level of resignation as most organizations feel that they have very little influence in the public policy process, particularly at the federal level. This lack of access to decision-making processes is systemic and longstanding.

According to the findings of this study, there are numerous actions that could be taken to enhance Prince Edward Island's social economy in order to foster a healthy, vibrant and just society:

- Refocus funding criteria and public policy on the needs of the people that the social economy serves.
- Develop funding programs that are stable and reflective of the nature of the services they support. Streamline communication processes and develop institutional infrastructure that is consistent and flexible enough to meet citizens' needs.

- Ensure accountability on the part of all stakeholders involved in the provision of social programs. This includes the government.
- Use our islandness to enhance the social economy, through effective networks and our strong sense of community.
- Develop solutions to the problems identified in this study through partnerships and the collaborative efforts of social organizations, governments and communities.
- Most importantly, recognize the true value of the social economy and realize that social policy can only be truly informed when those who are most affected have an ongoing role in policy development.

These recommendations are not meant to be comprehensive, but rather to be used as a starting point for discussion. Further work was done by interested stakeholders to validate these recommendations and to collaborate on possible ways to put them into action at a learning event held in Charlottetown on November 27, 2007. The results of the workshops are included in an addendum to this report (see Appendix A).

This study illustrates that solutions to our collective problems are possible. They will be developed through the dedication, expertise and collective will of those who come together to build the bridges between our social economy, our governments and our Island's communities. Together, we can ensure that social value is the dividend of public investment in the social economy on Prince Edward Island.



## INTRODUCTION

The purpose of this project was to map the level of federal and provincial government funding and policy supports that exist for the social economy organizations on Prince Edward Island. The study also inquires into the impact of any changes in these levels of support in recent years, and provides preliminary recommendations on how the social sector, policy makers and the public can work together to improve the quality of life for all Islanders, and in particular the most vulnerable members of our communities.

The goal of this study is to raise awareness about the importance of informed social policy and adequate public investment in the social economy. The project culminates in this report, which will be shared with the participants of the study, with other organizations in the social sector, with public policy makers and with the public at large. The ultimate aim is to empower and strengthen the knowledge base of community organizations on Prince Edward Island and to provide an opportunity for the key players in the social economy to work together with government toward social policy that will benefit us all.

The study was initially designed to ask the following questions:

- What federal and provincial funding programs exist to support social economy organizations on Prince Edward Island, and especially for those involved in the empowerment and inclusion of marginalized members of society?
- What changes have occurred in the level of federal and provincial supports and what have been the effects of these changes on Prince Edward Island's social economy?

After the first interviews, it became apparent that organizations not only had valuable insights into their experiences, but could also provide meaningful suggestions as to how social policy and funding practices could be improved. Consequently, the study adopted a prescriptive dimension in addition to the descriptive approach originally proposed, and an appreciative inquiry into a vision of a healthy social economy on Prince Edward Island was launched. It is from the composite of the participants' experiences and their vision for the future that the recommendations in this report have been compiled. It is hoped that this study will be used to help bridge the gaps in public investment for our social economy.



## DEFINITION OF THE SOCIAL ECONOMY

Before delving into the funding and policy issues facing Prince Edward Island's social economy, it will be helpful to define what is meant by the term. The social economy is often referred to as the 'third sector' or 'civil society'; it is that portion of the economy that does not fall within the domains of either the public or private sectors. The CCEDNet National Policy Council has developed the following definition:

*The social economy consists of association-based economic initiatives founded on values of:*

- service to members of community rather than generating profits;
- autonomous management (not government or market controlled);
- democratic decision-making;
- primacy of persons and work over capital;
- based on principles of participation, empowerment.

*The Social Economy includes: social assets (housing, childcare, etc.), social enterprises including cooperatives, equity and debt capital for community investment, social purpose*

*businesses, community training and skills development, integrated social and economic planning, and capacity building and community empowerment. The social economy is a continuum that goes from the one end of totally voluntary organizations to the other end where the economic activity (social enterprise) blurs the line with the private sector (Social Economy Roundtable Consultation Briefing Notes, 2005).*

Organizations that make up the social economy include formal institutions such as nonprofit groups, non-governmental organizations, credit unions, cooperatives, churches, registered charities and universities. The social economy can also include informal organizations such as community support networks. This study examines a subset of formal community organizations that empower and provide services to marginalized groups. These organizations do not necessarily fulfill economic functions in the form of selling goods and services, but they do have economic as well as social impacts. They will be referred to in this report as *social organizations*.

The social economy fulfills an important role in society, using an inclusive approach to strengthen the capacity of communities and to address social needs. It is an increasingly significant sector in Canada's overall economy, with the rate of economic growth in the nonprofit realm surpassing that of the economy as a whole (Statistics Canada, 2006). The social economy holds a privileged position in addressing social issues:

*... governments do not have the same capacity as civil society actors to identify emerging needs and new practices to promote integrated development. For successful public policy to emerge, government must play a role in supporting and allowing social economy actors to define their priorities and to negotiate the nature and the scope of government interventions in the field of the social economy“ (Neamtan & Downing, 2005).*

## Trends in Social Economy Research

With an acknowledgement that “durable support institutions at the regional and national level are essential” (Carroll, 2000) to a healthy social economy, a considerable amount of research has been done in Canada with the purpose of shaping government supports and influencing public policy.

The government should have a vested interest in the social economy because “the quality of many government services is determined by the capacity, effectiveness and responsiveness of the voluntary sector” (Adams, 2005) and the social economy positively addresses the evolving social needs of society (Painter, 2005). In fact, “the non-profit sector is essential to the effective functioning of government” because it reduces the pressure on the government to provide direct socially-oriented services (Bradshaw, 2007).

Despite the important contribution that the social economy makes in providing services that both complement and fill the gaps in government services, there are glaring deficiencies in the level of support provided by the government. These include:

- Difficulties in obtaining government funding, which often deter social organizations from fulfilling their missions (Statistics Canada, 2003).
- Difficulties experienced by more than half of Canada's nonprofit and voluntary organizations in planning for the future, primarily due to a volatile funding environment (Imagine Canada, 2006b). A lack of financial sustainability in the social sector as a result of the shift to short-term project-based funding programs (Scott, 2003; Scott & Struthers, 2006; McTiernan, 2007; Imagine Canada, 2006a).
- A growing rift between government and the non-profit sector, wherein the balance of power is held by the government to the social sector's detriment (Bradshaw, 2007).

The body of research reveals that in Atlantic Canada, “organizations of all sizes are operating in a volatile environment marked by changing demographics, greater demand for their services and programs, and a host of challenges such as recruiting volunteers, shifting funding patterns and more rigorous reporting requirements without sufficient internal administrative and technical resources to enable them to adapt and cope well with transition” (Rowe, 2006).

The federal government itself has recognized that there are concerns about the policy and funding supports to Canada’s social economy. Consequently, the Independent Blue Ribbon Panel on Grant and Contribution Programs was commissioned to examine the accountability, accessibility and management of the government’s grant and contribution programs and practices. Two of the conclusions of the review were that:

- “There is a need for fundamental change in the way the federal government understands, designs, manages and accounts for its grant and contribution programs” and
- “Not only is it possible to simplify administration while strengthening accountability, it is absolutely necessary to do the first in order to ensure the latter” (Lankin & Clark, 2006).

The social economy has yet to see the recommendations of the Blue Ribbon Panel come to fruition.

“The services provide by social organizations are an incredibly cost efficient way for government to indirectly deliver services, but they are not valued in this way.”

## The Social Economy on Prince Edward Island

As a small island province, Prince Edward Island is situated within a unique public policy environment. There is the potential for Prince Edward Island’s social economy to capitalize on its *islandness*, with the strong sense of identity, close relationships between government and citizens, and tightly knit communities (Wynne, 2007). This *islandness* can also be disadvantageous when smallness and close social proximity breeds political elitism, patronage, and conformity (Simpson, 2006). Those working to further the goals of the social economy must do so within the limits and possibilities of the *island way of life*.

Prince Edward Island’s social economy strives to address a broad range of social issues including: economic equality, education, violence, health and wellness, housing, an aging population, cultural inclusion, employment, human rights, food security, transportation, gender equality, community development and childcare. Essentially all aspects of life that are not adequately addressed by the public and/or private sectors are a part of the social economy.

It is important to note that the issues that social organizations are dealing with now are the same issues that have always been in existence. At the same time they face the constant challenge of confronting issues that emerge from current and future socioeconomic, demographic and environmental trends. The importance of the social economy to the well-being of all Islanders cannot be stressed enough.

“These people often do not have people in their lives they can turn to...”

The populations who are served by Prince Edward Island’s social economy are people of all ages and abilities, from all cultural and socioeconomic backgrounds, living in communities across the province. This study focuses primarily on the organizations that serve marginalized and vulnerable populations in

the province. By serving their needs, the social economy serves the needs of us all. This report is meant to be a tool that can be used to empower their position in the public policy process.



## METHODOLOGY

The first phase of the study involved a documentary review of the level of federal and provincial funding and policy supports in Prince Edward Island. This was done through a review of government documents and other publicly available sources, and through contact with government agencies.

The second phase of the study involved in-depth interviews with representatives of social organizations to obtain data on the level of government support that the organizations experienced. The study also inquired into any changes in these supports that may have affected the organizations' ability to deliver social goods and services, particularly in terms of the inclusion and empowerment of marginalized groups and individuals.

A list of potential interviewees was generated by referrals from the Social Economy & Sustainability Research Network, referrals from study participants and from the results of the documentary review. An invitation for participation was sent to the potential participants and every effort was made to obtain a sample that was reflective of the range of Island social organizations. Participants were assured that their participation and responses would remain anonymous.

- Interviews were conducted in a conversational format around the following general questions: What type of goods and services does your organization provide?
- What types of supports does your organization receive from the provincial and/or federal governments (e.g., programs, funding, resource sharing)?
- Have these supports changed over the past five years? What have been the effects of these changes?
- Was your organization a part of the decision making process regarding the changes in support levels? If so, how?
- What action, if any, has your organization taken in response to these changes and what was their effectiveness?

What changes would you make to the current funding and policy structures?

The interviews were taped and then analyzed for common themes and recommendations.



## DOCUMENTARY REVIEW

The first step in the study was to determine the types of organizations that would be included in the study. This began with a review of publicly available sources, government documents and contact with government agencies to compile a list of organizations that address social issues for vulnerable and marginalized populations, and who experience some level of publicly funded support.

## Description of Social Organizations and Services

Of the sixty Island organizations contacted, thirty were able to participate in the study. Twenty-nine of the thirty organizations interviewed were at least partially, if not wholly funded by government sources. Twenty-nine out of the thirty organizations interviewed were in operation at the time of the interview.

Participants were social organizations that had some sort of formal structure of governance; informal, impromptu groups, although integral to Prince Edward Island's social economy, were not included in this study for practical reasons.

The participating social organizations provide services in person, over the phone, via the Internet, and with written materials through workshops and forums. Human resources of these social organizations range from those who are all volunteer-based, to small organizations with one or few paid staff, to larger organizations of more than 50 paid staff. Paid staff are part-time, full-time and seasonal, with the majority of organizations run by a volunteer board.

The functions the participating social organizations provide are either direct services or expressive functions, and are designed to meet provincial needs or those of specific Island regions. Service functions are those that involve direct service delivery to persons or other community organizations. Expressive functions "involve activities that provide avenues of expression of cultural, spiritual, professional, or policy values, interests and beliefs" (Hall, 2005). Thousands of citizens receive direct services from Island social organizations, with all Islanders potentially benefiting from the expressive functions that these organizations provide for our communities.

*Service functions* include, but are not limited to:

- Direct support services that address an immediate need such as emergency relief of food, shelter, clothing, safety, and respite care;
- Prevention and outreach programs that address long-term support and ongoing needs such as: counselling; skills development; employment programs; social, physical and economic wellbeing; recreation; and childcare;
- Referrals and liaison for information and services in the community; and
- Services to assist other social organizations such as: resource sharing; human resource recruitment and development; technical and knowledge based services; and training and capacity building for community development.

*Expressive functions* include, but are not limited to:

- Public education, awareness and advocacy; Research and policy analysis;
- Formal and informal networking; and
- Advisory functions to government.

## Prince Edward Island's Policy and Funding Environment

The purpose of the documentary review was also to provide a map of the supports of the social economy on Prince Edward Island, and specifically to document changes in the level of federal and provincial funding, policies and programs in the past five years.

By way of contact with government officials and review of public documents such as funding program descriptions, budget statements and government department web pages, it became clear there was an overwhelming number of sources for information on how the public sector supports, or does not support,

social organizations. Through this review, a number of general themes emerged surrounding the volatility of supports to the social economy.

### *Governments in Transition*

Originally, this study was developed in response to anecdotal evidence of the changes that occurred after the federal government transition in 2005. According to many participants, although some political parties are more sympathetic to social issues, with every change in government, there is a period of transition.

When personnel and programs change in light of the new government's focus, the supports to the social economy are affected. This is evident at both the federal and provincial levels. Often the transition period involves redundancies in consultation, policy review and research regardless of the party in power. Social issues go in and out of fashion, and in an effort to demonstrate fiscal responsibility, new governments enact changes to public funding. The first cut is often to social programs.

### *Changes in Policy*

Regardless of whether there is a change in the political party in power, changes often occur in public policy. These changes can result in the discontinuation of funding to social programs or the creation of new programs, based on the changing priorities of the government. It is difficult to track the history of these changes by reviewing documents; the best sources of information on the effects of program discontinuation and the efficacy of new policy are the organizations affected.

### *Change in Program Delivery*

Even when the social programs themselves have continued to be in existence, the rules of the game can change. Modification to existing programs can include changes to criteria for funding eligibility, reporting requirements and the structure and scope of social programs. Often these changes are based on projected outcomes that cannot realistically be measured. These changes have both direct and indirect ramifications on social organizations and the citizens they serve.

“There is not much difference between one government and the other.

Sometimes I have to remind myself which party is in power.”

“There are always changes no matter what party is in place... [social programs] are at the whim of government, so if the next government does not want it...”



## INTERVIEW FINDINGS

In order to investigate the daily challenge of social organizations, their everyday experiences must be voiced. Between June and September 2007, representatives of thirty social organizations generously donated their time to sharing their experiences about publicly funded support and social policies. The interviews focused primarily on the funding relationship with the government, as the reality of non-profit organizations is that funding is often of utmost urgency to the organization's survival.

### Levels of Funding and Policy Supports

When asked what level of support the social organizations experienced, participants reported that organizational income came from a variety of sources, and from any combination of the following:

- Federal grants, contributions and subsidies through departments such as the Atlantic Canada Opportunities Agency; Canadian Heritage; Citizenship and Immigration Canada; Environment Canada; Health Canada; Human Resources and Social Development; Indian and Northern Affairs Canada; Department of Justice; Public Health Agency of Canada; and Status of Women Canada, as well as the numerous divisions within these departments
- Provincial grants, core or block funding, subsidies and discretionary funds through such as Social Services and Seniors; Development and Technology; Education; Health; and Community, Cultural Affairs and Labour;
- Funding filtered through national affiliates and umbrella organizations, who themselves are funded by government;
- Private and public contracts for services;
- Community foundations, endowments and charitable donations; Fundraising and community partnerships;
- Fees for services; Membership fees; Municipal contributions;
- In-kind donations such as office space, supplies and services; and
- Subsidies for services and resource sharing from other social organizations.

The participants learned about and accessed publicly available funds from a variety of venues and methods:

- Advertisement and calls from funders in local and national media; Longstanding agreements;
- Annual applications;
- Existing contracts;
- Budget submissions, highlighting funding gaps; Communications with national and provincial affiliates; Discussion with program staff;
- Dialogue with funders; and
- Common knowledge and word-of-mouth.

## Deficiencies in Funding and Supports

While some social organizations reported satisfactory arrangements for organizational income, many reported that there were long-term deficiencies that were becoming increasingly difficult for the organizations to address.

### *Core vs Project Funding*

One challenge relates to the nature of the funding agreement itself. *Core funding* enables the organization to pay for operation costs, to plan long term with a stable amount and to allocate funds to services in an autonomous manner. Where they exist, core funding contracts or letters of understanding outline key deliverables and expectations from public funders.

Organizations report that core funding provides the stability required to concentrate on service provision and enable long-term organizational planning, although the amount is often insufficient to meet all of the organization's financial needs, particularly in terms of cost of living increases and salary parity.

*Project funding*, on the other hand, covers only specific project-related costs, such as those associated with the development of new services. Operational and overhead costs are rarely eligible for project funding and there are finite time limits on eligible projects. Most projects involve the submission of a detailed proposal, with specific project outcome measurement and reporting requirements. Project funding contribution agreements often assume that organizational infrastructure is in place to perform the work, without making any provisions in the funding agreement for this infrastructure.

“Right now we are not an organization, but a series of projects.”

Only a fraction of the organizations interviewed experience a core funding arrangement. While core funding still occurs at the provincial level, it is almost extinct at the federal funding level, despite consistent feedback from the social organizations sector that core funding is required for the development and continuity of vital services.

### *Bridge Funding*

Participants report that when there have been occasions when funding is insufficient to meet program needs, provisional government funding can be requested. This bridge funding occurs predominantly at the provincial level, although on rare occasions it has been made available through federal funders to assist organizations in transition. Bridge funding is not part of a formal funding program, but is available through discretionary funds by making pleas with funding and network contacts. While the assistance is not substantial or intended to last longer than a few months, it can assist in the transition between more stable funding sources or projects.

Unfortunately, organizations “receiving transition funding don’t know what they are transitioning to.”

### *Funding Priorities and Criteria*

The participants reported that there is always a balance between trying to meet public funding program criteria and providing services to community. This is because where funding programs exist, they are

often not based on client needs or the financial realities of the organizations, but on political priorities and outcomes.

Findings from the interviews are that:

- Program criteria can be confusing and applicants are not always certain whether their proposals will fit the funding criteria.
- Even when programs are established on valid principles, they are not always backed up by adequate funding and therefore they do not service the needs of the client.
- Often, funding programs that are designed to meet client needs are too rigid in their eligibility criteria to meet the varied needs of the clients.
- Arbitrary caps on the amount of eligible funding can hamper service delivery. For example, the regulated expenditure model for charitable organizations, that no more than 10% of resources can be allocated to advocacy, has an impact on an organization's expressive functions.
- When only 25% of funds can be used for salary, as is the case with some federal funding programs, small volunteer service organizations, whose costs of business are primarily the adequate salary of the paid staff, are unable to function.
- Organizations need to be strategic when applying for funding because being eligible for certain funding
- programs means that the organization may not apply for others.

Participants noted that *if* the mandate of the social organization matches a transient government priority, funding is more easily accessed and partnerships between the social and public sector are more easily facilitated.

### ***A Focus on the 'New'***

Social organizations often provide services that address long-term needs of their clients, but this ongoing service requirement is not recognized in project funding models. There is a focus on project funding to develop *new* projects that address *new* needs or *different* clients. This means that services that are long-term in duration may not be eligible for funding if they are not considered novel enough to meet funding program criteria.

Managing the requirement for 'new' means trying to develop new services or to engage new clients. Participants agree that while these are worthy pursuits, new services should not displace proven services that have public value.

### ***Relationships with Funders***

Relationships with funders are reported to have both positive and negative aspects. On the positive side, communication is often fluid with funding program staff, and although more funding would be preferable, "there is a reasonable amount of support in the bureaucracy." Relationships with program staff are characterized favourably, although it is noted that staff are often powerless in terms of policy making and funding decisions on a macro level.

At the provincial level, organizations report that they are sometimes able to effectively educate bureaucrats on social issues. Federally, this direct line of communication is notably absent.

it is in the best interests of the government to invest in the organizations who can help them meet their mandates."

"You have to always come up with new services. Doing what you already do is not good enough."

Participants also noted that government staff and officials can be out of touch with the reality of social organizations with respect to limited time and resources.

Organizations generally reported a closer, more stable working relationship with the provincial funders, who had fewer reporting requirements than their federal counterparts, although this closeness can have its cost. One organization reported that it does not “go to the province for funding - it is too close to home - it gives up too much power to go to them - would rather keep the province out of it.” Keeping the level of public funds as low as possible can offer a certain amount of freedom, when a social organization must operate within the *islandness* of Prince Edward Island’s funding environment. The hands-off nature of federal government in this way is advantageous, although it is harder to connect to initiate the relationship.

Participants report that effective relationships with funders involve transparency in program administration on the part of the funder and the service provider. This negates the requirement to constantly justify activities, as communication has been proactive.

### ***Individual Influence***

Access to funding is often influenced by the individuals involved in the process - the executive director, government staff and policy makers. This can be both positive and negative, depending on the people involved.

Staff turnover was mentioned as one factor that can be negative; when an organization continuously has a different, sometimes unknown point of contact, communication suffers and knowledge and history can be lost.

On the positive side, when a person in power, particularly at the provincial level, takes on a social issue, the social organization can benefit.

The skill set and communication style of the organizational players, such as the executive director or chair person, also make a difference. An individual’s assertiveness, for example, can facilitate proactive communication and secure the organization’s autonomy, and previous experience can inform the dialogue and the processes.

### ***Cost-cutting Culture***

Participants reported that *doing more for less* seems to be the mantra for public funding programs. Many organizations observed that funding programs are not designed for service sustainability. Programs that are supposed to meet the needs of long term clients, for example, are designed to provide initial assistance with the expectation of eventual independence. The fact is that some clients will never have the capability to become fully independent.

Even when the cost-cutting culture is not evident for service delivery, there is a blatant discrepancy in salary expectations in the public versus the social sectors. Although social organizations often provide

“I lose patience with government staff that are getting paid to sit in meetings that may be unproductive. If I am participating in a meeting, it takes away from more productive uses of time.”

“It all depends on who is listening and skill set of people at the table.”

“The system seems to be set up to not give the money out.”

services that meet gaps in the public service, these organizations are undervalued. Wage parity with public service employees is unattainable under funding agreements.

### ***Bureaucratic Pitfalls***

Most organizations noted that the reality of a social organization's dependence upon government funding is that bureaucratic requirements must be satisfied, often at the cost of service provision.

#### **Accountability**

According to many participants, effective reporting relationships occur when there are clear and realistic expectations for accountability on the part of the social organization and the funder, and when there are opportunities for dialogue throughout the process. These aspects are not often reflected in funding arrangements, and the disparity between provincial and federal accountability practices is noteworthy.

Federal funders are very directive in terms of reporting requirements and these requirements can be unclear, unrealistic and out of proportion with the funding amounts.

Provincially, there may be very little formal accountability required on the part of the organizations, beyond a signed contract stating what services will be provided. Funds are often allocated based on longstanding service provision and it is up to the organization how to provide the services. This allows for the autonomy and flexibility to determine how best to set up services. As noted by one interviewee, this can also put the organization in a precarious position without a paper trail.

Organizations consistently report that they do not have a problem with transparency, documentation of finances, and accountability. In fact, they encourage accountability, but justification of funding should not be the organization's primary purpose.

#### **Delays in Decision Making**

The majority of participants noted concerns about the bureaucratic process resulting in undue delays in decision-making and communication. It is often months before the organization will be informed about their application, and this often after the money is supposed to be spent and well into the associated fiscal year.

#### **Red Tape**

Other bureaucratic inefficiencies that organizations observed include:

- The provision of funding to organizations simply because they exist and not because they have the capacity to provide service
- Funding programs that are based on the fiscal year, to meet federal staffing needs
- Inconsistencies for funding models across departments and levels of government

“I often wonder who reads the reports. There have been cases where five financial officers are doing an audit on one program. So, who is reading reports and how do they understand the realities of what is happening on PEI?”

“Our proposal was hit and miss and we did not get the cheque until a year later.”

“The box cannot think outside itself.”

The duplication of effort associated with dealing with multiple points of government contact to access funding

The consumption of the financial resources by the bureaucracy, disproportionate to the services it is supposed to fund

### ***Regional Perspectives***

Many participants that receive federal funding noted that program criteria are often based on very specific national or regional priorities that do not always reflect the Island's needs.

When government services flowing from Atlantic regional offices are of touch with the Island's priorities, initiatives can flounder as a result. If funds are allocated for the Maritimes as a region, Prince Edward Island must compete with the other provinces for funding.

With its relatively small population, Prince Edward Island can fall victim to the 'numbers game'; federal funding that is based on national ratios does not reflect the demographic realities of a small province. The minimum number of clients required to fund a program may not meet be met, regardless of the needs of clients who actually fit the criteria.

### ***Federal vs Provincial Jurisdiction***

Because social organizations address a variety of needs, often these needs cross boundaries between federal and provincial jurisdictions. Participants point out that this has pragmatic funding implications when responsibility is offloaded between levels of government.

Where funding requirements do not meet the federal criteria, federally funded organizations sometimes turn to the province for assistance. This funding relationship is reported as successful if the province assumes some jurisdiction and the organization has exhausted other funding sources.

**“The pot for the Atlantic region is not getting bigger.”**

**“The province realizes that the organization is coming as a last resort with the minimum amount possible, so there is no argument. They recognize that the organization has done its best and that the province has a responsibility.”**

## **Instability of Funding and Policy Supports**

Organizations were asked to describe any changes in the level of funding and/or policy supports that they experienced within the last five years. Responses ranged from a relatively static funding model, to some funding instability, to cases where funds had been completely discontinued. The major changes are described below.

### ***Project vs Core Funding***

Although the changes occurred longer than five years ago, the majority of organizations who receive federal funding commented that the transition from core funding to project- based funding models has been a primary source of organizational instability and financial inefficiency. Continuity in service provision and organizational sustainability are jeopardized by the limitations of project funds and the

administrative requirements associated with application and reporting. This is particularly true for smaller organizations.

### ***Contribution vs grants***

In addition to the shift from core to project funding, federal programs are eliminating grants and replacing them with contribution agreements. Whereas grants allowed more freedom with allocation and fewer reporting requirements, contributions agreements are more conditional and cumbersome with respect to outcomes and accountability.

Contribution agreements are also set up on a deficit funding model, wherein the funds often have to be spent and accounted for before they are allocated. Given the limited resources and frequent inability for organizations to accrue a budget surplus, organizations are put at a financial disadvantage.

“It’s a pain to try to track down receipts for services that have not been done yet to meet the requirements of the contribution agreement.”

### ***Changes in Government***

When government changes, most interviewees reported that there is always a transition period for staff and officials to become knowledgeable on social issues. Often this transition results in a freeze on budgets and programs. A change in government can mean that relationships established with funders are lost, as well as any progress made as a result of these relationships.

The resulting instability is a systemic problem and is not necessarily a partisan process according to some participants, although some administrations are considered to be more sympathetic than others to social issues. Many participants noted that the transition associated with the 2005 change in federal government has been particularly unstable.

“There is so much waste involved when a new government comes in to put their own spin on things.”

### **Political Shifts**

Observations made by the participants on the political turnovers at the federal level in 2005 and the provincial level in 2007 include:

#### *Federally:*

“In the previous administration, you still had to apply for project funding, but it was treated it like core funding.” There has been funding instability with changes in administration as new governments set their own political priorities. Funding stability is affected by what is considered to be politically advantageous.

“Federally, social issues go in and out of fashion.”

#### *Provincially:*

Pre-election budget promises were made, and when the government changed, organizations had to wait for the October budget to find out if they would be honoured.

Many organizations reported optimism in making inroads with policy makers, because the new government is considered to be more socially oriented.

A few organizations were leery that continuity in programming might not continue in the new government.

### **Program Staff**

Participants noted that when a government changes, it is not only the officials that are different. Often government departments and staff are reorganized, resulting in a lack of continuity. Participants noted that:

Reporting protocols, policy interpretations, and communication processes can change with the change in funding staff.

Changes in staff seem to occur as a system of checks and balances within government departments.

Positive change can also be effected when there is staff turnover. One organization reported that it does not see changes when there is a turnover in government, but rather when there is change in the bureaucracy itself and fresh minds are hired.

### ***Changes in Program Criteria and Priorities***

According to the study participants, pragmatic implications of the change in priorities and program criteria associated with a change in government have included:

A tendency to move away from capacity building to direct outcome measurement.

A focus on accountability and a demonstrable, measurable change in the population served within a finite period, often as little as one year.

A requirement to develop diverse private and public sector funding partnerships.

A re-examination of the populations served, with a refocus on serving new clients.

Arbitrary decisions on whether social programs fit into government priorities.

More service-based activities, with the discontinuation of funding for advocacy efforts.

One organization recounted a story that is typical of the negative effects of the change in federal funding criteria and procedures:

*A proposal was submitted based on the known program criteria. When the government changed, the proposal no longer fit the new government's priorities. When the new guidelines were in place, another proposal was submitted. The organization asked if there is any news program staff can share, and we were informed that the minister had subsequently put a freeze on letters of intent, but that staff would get back to us. The staff later advised that there was funding available and recommended developing a full proposal. The proposal was successful at the first round of vetting- in fact the proposal was favoured so much that the budget was approved and the funds allocated were increased. This was all done verbally, however, and without a formal contribution agreement, the organization was leery of proceeding. After numerous communications that the contribution agreements were on the minister's desk just waiting to be signed, and the recommendation by government staff was that the money must be spent within a certain timeline,*

“Continuity in people that we deal with, especially when progress has been made, is crucial.”

“But with social issues, there is no way to evaluate a change within one year.”

“It is ironic because the discontinuation of advocacy eliminates the check and balance required for government accountability.”

*according to program officer. The organization, against its better judgement started spending the project money it did not have. Then, after numerous promises to the contrary, the organization was advised that the minister would not be signing and “tough if you started spending before you had the money.” The letter was not that blatant, but that was the point.*

On a positive side, participants observed:

A lift on the restriction on funding from other sources.

A change in federal funding that recognizes some overhead costs.

Opportunities that have arisen with change in policies, where funding has become available that was not available previously.

### ***Changes in Process***

Participants also noted that there have been changes in the processes involved in accessing funds, which include:

An increased difficulty in accessing funds, with the accountability requirements much more stringent.

A change in proposal and report templates resulting in a duplication of effort.

A change in the approval process at the federal level, adding an additional layer to the bureaucratic process.

Changes in communication processes making it more difficult to contact program staff.

On the positive side, one participant noted that some government funders are moving toward a more multi-disciplinary, multi-functional team approach, which is much easier to deal with and more reflective of the complex realities of the services and citizens.

“What bothers you the most is that you can do one thing one year and then the next year, you have to do something completely different.”

### ***Changes in Timelines***

Interview findings illustrate that supports to the social economy are also affected by changes in timelines related to the application, decision making and eligible duration of funding programs. Observations include:

“Government may continue funding programs, but they make cuts by decreasing contract durations.”

Review of programs at the federal level have delayed decision-making on applications, resulting in the need to apply for interim funding and “serious cash flow problems”.

One organization relayed their experience associated with the delays in timeliness:

*We usually submitted an annual proposal in February, with allocation usually done at the end of May. This past year, we were encouraged to submit a three year proposal when the previous government was in power. We submitted in February and then were advised in June that this was not acceptable- the three years should be two and there had to be other significant changes. We then had to rewrite the proposal to meet the criteria that we hadn't been aware of.*

### ***Changes in Funding Amounts***

According to the interview findings, changes to funding amounts come in three forms: cuts to funding, increases to funding and changes in the amount requested .

### Decreased Funding

Organizations reported experiencing funding decreases in the following ways:

Gradual, sliding scale decreases in the amount of eligible funding at both the provincial and federal levels, despite signed agreements to the contrary.

Generalized sweeping cuts, or the *fiscal reorganization* of funding programs.

Cuts to certain aspects of program funding, such as administrative costs and advocacy efforts.

Elimination of entire programs.

Decrease to the percentage of funding subsidies and ratios.

A freeze to program funding, which essentially translates into a decreased level of funding because cost-of-living increases are not considered.

A perceived decrease as more services are incorporated into ongoing contract requirements without a corresponding increase in funding.

“The cost-cutting culture means cutting services for people.”

### Increased Funding

Some organizations noted increases to funding levels. Observations included:

While there has been a federal shift away from funding expressive and administrative functions, there have been increased investments in direct service delivery.

The provincial government has instigated several major increases after a period of program freezes.

There has been a provincial recognition that some services were being lost amongst other priorities, and while there was not a net increase, funding has been restored to the previous level.

In some cases, while an increase is not reported, there has been an improvement to the stability of the funding, particularly at the provincial level.

Although the budgets for overall funding programs may be increased, the funding for the individual organization has not, because the funds must be allocated to more organizations.

Increases, like many other aspects of funding, are unpredictable.

“This year we have done well. In past years we have struggled. It varies each year.”

### Changes in the Clients' Needs

Participants noted that funding levels are affected by changes in client needs, and consequently the amount that must be requested by the organization is variable. The change in the level of client needs may result from:

Policy changes in other areas, resulting in a strain on the clients' resources.

An increase in the number of clients requiring service when programs expand or new services are added.

Funding cuts in other social organizations, resulting in a reduction in services and a need for clients to seek service with other providers.

Changes to funding allocations at the government level, the program level, in one program or from private sources result in an increased request from other areas.

“Where clients' needs increase, costs increase.”

### *Standardized Contracts*

At the provincial funding level, organizations have reported a change in funding parameters with the introduction of standardized contracts in some departments. The introduction of standardized funding contracts has provided clarity and consistency in service and reporting expectations. The associated funds are ‘guaranteed’ for one year, although the contract does state that the government can pull out at any time.

For organizations whose fund parameters are not defined with standardized contracts, there may be some ambiguity in the service expectations. Some organizations described situations where they had been allocated a portion of the funds that they had requested, without an explanation as to how the government expected the funds to be used.

“We have been given money but are not at liberty to spend it.”

### **Impact of the Level and Stability of Supports**

The original purpose of this study was to inquire into the impacts of unstable supports to Prince Edward Island’s social economy. As the interviews progressed, however, it became clear that the issue was not only the instability of the supports, but also the long-standing deficiencies. This section describes the common impacts that insufficient and unstable policy and funding supports have on social organizations, their programs and the citizens they serve.

#### *Accessing Public Funding*

To the detriment of service provision, most of the organizations interviewed often find themselves in the position of spending valuable resources ‘chasing funds’ to meet their clients’ needs. As a result of the time consuming and often confusing process of applying for public funding, organizations report that they:

Will apply for funding only if there is a program that *may* fit their needs and there is sufficient manpower to prepare a proposal.

Have to play *catch up* with the finances with the deficit funding model created by contribution agreements.

Are required to submit interim financial reports before ever receiving any money.

Are unable to seek other sources of funding without having an impact on services because they are stretched so thin.

Are always in a state of application, spending a disproportion amount of time either raising money or protecting the funding they have by submitting and resubmitting proposals to numerous potential sources. Access funding whenever they can to get the money to make programs continue, pitching funding ideas based on the priorities of government as opposed to the needs of citizens.

“It is not just a matter of putting in a proposal, they always come back wanting more information, always have to defend project two or three times before getting funding. Then there are the reporting requirements...”

“So you twist yourself into a fancy pretzel changing language to government terms and end up changing attitudes.”

Juggle funds to ensure programs can be provided because funding programs do not meet reality of costs to run organizations.

Find themselves changing directions, terminology, and sometimes purpose, while *spinning their wheels* trying meet application requirements.

Sometimes have to make the difficult decision to pursue funding for the sake of funding, which can mean putting services in peril.

Are reluctant to invest time into writing proposals that end up going nowhere.

Must find alternate sources to make up the difference.

The impact of the slippery slope of public funding was described aptly by one organization:

*You have to jump through hoops to get funding and nonprofits are used to doing that. But the hoops are getting smaller though and there is less time to react, so the fastest way to get funding is to jump through. Reacting negatively means that it will take more time to get funding.*

### ***Private Funding Sources***

When public sources are not adequate, organizations must look to alternate sources to ensure sustainability. Where time, resources, and expertise permit, organizations find themselves in a position of accessing private sources. Some coping mechanisms include:

Tapping the community and private sector in order to keep programs going.

Cutting operation costs, which are already *bone thin*.

Fundraising as a response to funding instability.

Operating as if public funding was received, while relying on fundraising to bridge the gap.

Changing internal board structures and creating separate entities specifically for fundraising.

Accessing endowment funds to address deficits.

Setting up additional services on a fee for service revenue model to bridge funding gaps in other programs.

Charging clients fees when subsidies run out.

“Fundraising is the F-word.”

The problem is that many social organizations are not equipped to dedicate the resources required to access funds and still maintain their service standards.

### ***Service Delivery***

Ultimately, when funding is inadequate or unstable, there is an impact on the services that social organizations are able to provide.

#### **Diversification**

One result is that programs must diversify, either as a result of shifting program criteria, or as a response to the need to maintain organizational revenue and sustainability. Participants provide the following observations on program diversification:

One reason for diversification can be the threat of discontinuation of funding, and the associated contingency planning.

An organization has to feel that services can be expanded, in order to expand expertise.

“It is not just the demand side of services, it is supply side of services that is important. You have to grow the supply side.”

Diversification can have positive implications:

Diversification in programming can mean diversification of revenue sources, increasing the potential for organizational survival. “Since the government funding became vulnerable, it has been important to have the back-up.”

If not for the requirement to come up with new services, valuable programs might not have been initiated.

Service diversification can also have negative implications, as illustrated in the following observations:

Diversification is rejected if new services cannot be sustained.

Often organizations have to develop new programs to access funds, which may be detracting from their core programs.

Funding models that force organizations to look beyond their area of expertise can cause them to lose focus.

The challenge in diversification driven by government program criteria is to provide the services that the client needs within the program criteria.

### **Prioritizing Services**

Restrictions on available funds can also mean re-examining existing services and having to determine which are the most important. Organizations report that this can result in partial or complete reduction of services that are already in existence. Participants provided the following comments about forced prioritization and reduction:

“Although the organization will survive in some capacity, new projects cannot be developed when services must be reduced.”

Services that are discontinued may not exist elsewhere. Some Boards have had to decide if it would be more fair to cut all services rather than pick or choose which clients are eligible.

The organization is managing the numerous expectations by providing core services and letting other things slide off the plate and clients have noticed the reduction in service.

Secondary services, such as networking and advocacy often take a lesser priority to direct services.

If all services can be maintained during periods of funding instability, the quality of the service may suffer during the leaner times. Projects are sometimes modified and reduced to a fraction of what was originally intended to meet fiscal reality.

When funding is adequate, however, most organizations report that service standards exceed expectations. “Service that is provided works out for everyone when properly funded, but the new criteria do not meet these needs.”

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“You don’t want to start what you cannot continue.”

“You are often trying to fit a square peg into a round hole, and then trying to report on it.”

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“You basically rob Peter to keep Paul going, or you let Paul go. But when you let Paul go, you are not serving the community.”

“Short term solutions are worse for the clients in the long run than no solution at all.”

“You end up dealing with angry people who are not getting the services they require.”

“‘Can’t you do it cheaper?’ is not a fair question.”

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### *Expectations of Staff*

Social organizations are known for the dedication of their staff and most organizations reported that their staff always ensure that services somehow continue, regardless of the challenges faced. If funding insufficiencies are not absorbed at the service level, it is the staff and Board that must absorb the brunt of the blow.

Organizations reported the following effects on their staff:

Staffing levels are directly affected by changes to public funding and are often not sustainable. Staff have often received lay-off notices when funds are unstable.

Staff are often unable to take time off without having an impact on services.

Part time staff are expected to be as productive as full time.

Salaries are inadequate, benefits are minimal and there is no job security, which has an impact on the ability to attract and retain staff.

With the stress of having to provide more services with less money, workload becomes an issue for staff. Workload and time management falls upon the shoulders of staff to juggle front line services.

When staff turnover occurs, organizational memory is lost. This knowledge may exist in a report, but there is no continuity to carry that knowledge forward. Despite this, many organizations report that staff turnover is surprisingly low. This is attributed to the passion that people working in social organizations have for their cause. The reality is that organizations are often able to continue to provide services only because of the continuity and dedication of staff, in spite of insufficient funding.

### *Reliance on Volunteer Service*

While the social sector has always relied on the generosity and dedication of its volunteers, the dependence on their service becomes greater during times of organizational instability.

According to the study participants, impacts on volunteer service include:

Volunteer boards having to assume a more hands-on role and take over the duties of paid staff when salary resources are not available.

Fundraising becoming the role of the volunteer board.

Organizations having to operate on a strictly volunteer basis, which often means that previously paid staff donate their time and service continuity is jeopardized.

Expressive functions, like advocacy, depending entirely on volunteer service and not being able to function effectively as a result.

There are systemic trends both provincially and federally to relegate social programming away from the public sector and onto under-funded social organizations.

**“You do not get into not-for-profits for money or job security, which is why there is a huge burnout factor. There is a point where you just can’t do it anymore. The irony is that the non-caregiving realm is more valued with benefits and liveable wages.”**

**“With one year funding agreements and having to always turn on a dime, it does not work and you lose a lot of good people.”**

## ***Organizational Sustainability***

With impacts felt at the service, staff and volunteer levels, it is inevitable that instability in funding will have an impact on organizational sustainability itself. Organizations had the following to say about their future:

The biggest challenge with government funding is sustainability. Some organizations are facing closure and financial deficits.

Some organizations are going through a strategic planning or restructuring process to look at survival of the organization.

Organizational futures are dependent on whether project funding comes through.

Although social organizations “will sustain themselves, they always have even at the worst of times”, there is always uncertainty about what may happen next year.

“But you eliminate people that way because not everyone likes fundraising.”

## ***Indirect Effects of Changes to Supports***

Not all changes to supports have a direct impact on funding levels, service delivery or organizational health. The level and stability of public support for social issues can have ripple effects within the social sector, on the demand for services and on the relationships with the funders and the public.

“The federal and provincial governments have, over the last years, slowly been offloading responsibility onto the volunteer sector, so volunteers are overworked.”

## **Competition and Protectionism**

With reductions in the public and private sector funds available, there are more organizations competing for the same dollars. This results in a culture of competition and protectionism, the antithesis of the spirit of cooperation and collaboration that should be evident in the social sector. Interviewees described this atmosphere as follows:

Organizations end up questioning the rationale for funding that other organizations receive.

Some organizations opt not to compete for funds, either to allow other organizations a greater chance to be successful, or because they do not think it is worth the effort to submit a proposal.

Those who are funded often experience survivor guilt amongst their under-funded affiliates.

Ideas are not shared between organizations for fear that this knowledge might be used elsewhere, to the organization’s financial detriment.

“If the clients do not have the services through the social sector, they may have to access these services through the public sector, which would be the government’s problem.”

## **Increased Need for Service**

When reductions are made in one area, they are often felt in another. This can take the form of increased demand for services both *on* the social organization and *by* the organization, as described in the interviews.

When clients have to make a financial decision between basic needs, they are forced to choose one and turn to social organizations for the other.

When social organizations are cut, then the others in the social sector have to pick up the slack.

A reduction in government staffing means decreased services to social organizations, in areas such as proposal development.

Conversely, when there is a positive change in programs, citizens and organizations are in a better position to help themselves and others.

### **Relationships with Clients, Funders and the Community**

The instability of a social organization has an effect on its relationships with both the public and the public funding bodies.

When the sustainability of services is uncertain, relationships with clients and the community are affected. As described by one organization,

*When programs are established, and clients start coming, discontinuing the program negates the trust and service expectations that have been set up. It ends up being one more way to be let down by society.*

**“It’s difficult to not be cynical.”**

Rather than feeling like equal partners with funders, instability in funding can damage the relationship between government and social organizations. The participants provided the following observations:

They feel betrayed by the government, which is seen as “very unsupportive and uncaring as far as I am concerned, and it is not just our organization.”

Organizations spend more time justifying themselves to government than government does justifying the current funding levels.

When advisory groups and policy committees fold, the conversation and opportunity to collaborate is lost.

Organizations feel like they are at the whim of the government who hold all the power in the relationship.

Elections themselves are anxiety inducing, as funding is put on hold and then there is a post election review.

**“The government is the funder, so you can’t bite the hand that feeds you - the more desperate you are, the more likely you are to compromise.”**

Even positive changes in funding can have indirect negative impacts in relationships with other funders. For example, one participant noted that there was a worry that the provincial government might notice a federal grant and want to subsequently deduct this from the provincial contribution.

When the funding is adequate and secure, however, true partnerships can be formed as illustrated in the following examples:

“The relationship with provinces is way better than it was – centralized services can be piggybacked, there is more consistent application, and we are at the table with provincial networks.”

“The new process is working out better than it was – it is better that contracts are in writing, there is more dialogue and this has built some trust with the government.”

## **Organizations’ Responses to Instability**

With the numerous changes and insufficiencies noted in the supports to the social economy, the next question that this study probed was how the organizations responded to these changes.

## *Lobbying and Advocacy*

One response was to lobby directly to government and to advocate for change. Organizations with the capacity to do so, acted in the following ways:

- Letter writing campaigns from staff, volunteers and public;
- Dialogue with government staff and politicians;
- Presentations to ministerial committees;
- Bureaucratic lobbying with program staff ;
- Escalation to media involvement ;
- Attendance at national events;
- Public campaigning;
- Public forums, inviting government officials to respond; and
- Pre-election questionnaires to raise awareness of social issues on party platforms.

When organizations reported that lobbying and advocacy efforts were successful, it was in instances that included:

- Protests from organizations not directly affected by the cuts and those who had the freedom to voice an opinion without fear of losing funding.
- Collaboration with other organizations at regional and national levels.
- Relentless campaigning.
- The effective use of the media. Some organizations noted that media exposure was only used as a last resort, as they would prefer to work collaboratively with government.

Unfortunately, many organizations are either uncomfortable or not equipped to advocate effectively. Factors that affect advocacy efforts include:

- A lack of resources, particularly time, money and human resources.
- A historical lack of results from advocacy efforts.
- Ineffective or nascent networks to provide a united voice.

The overwhelming response to why organizations did not put forward a concentrated advocacy effort, however, was fear of retribution.

Participants stated that:

- Formal advocacy work cannot be funded and if you are seen to do advocacy then funds can be in jeopardy
- Organizations who have been seen to advocate strongly seem to be most affected by subsequent cuts
- Extreme caution should be used when advocating and lobbying. This is particularly true in a small province with close connections and a long memory:

“We have been as brave as we thought we could be without being foolish or taking too much of a risk of experiencing backlash.”

“You’ll end up with a volunteer revolution... except that the volunteers are too busy for this type of action.”

“You don’t want to rattle the old cash box...all it takes is one person who takes a dislike to you and it can have detrimental effects.”

“The last time I checked this is a democracy. There should not be a punitive approach to advocacy.”

*This fear of retribution is telling in the fact that participation in this study has been the cause of apprehension for some organizations. Many participants voiced concern that by sharing their experiences, they might be putting their organization's funding in peril. It is hoped that this report, with its composite and anonymous format, can assist in the advocacy effort by sharing the collective experience without identifying any particular respondent.*

### **Networks**

Another way in which social organizations have responded to the challenges presented by instability in supports is through their networks within the social economy. While the cut to funding has also been detrimental to the development and maintenance of formal networks, the resiliency and resourcefulness of social organizations has not been entirely hampered, as illustrated in the following activities:

- Affiliated organizations have joined together to lead advocacy efforts.
- Associations have been created to present a consistent voice with government.
- Organizations continue to communicate with each other to keep each other informed and to provide mutual support.
- Collaboration on projects occurs between organizations.
- Organizations take advantage of the networking opportunities when they convene for other reasons.
- Networking opportunities are mined through affiliation with regional and national organizations.

**“If we don’t stand together, we are going to get picked off.”**

### **Public Awareness and Community Involvement**

In addition to building networks within the social economy, organizations have worked to raise awareness and involve the community in their efforts.

- Relationship building is occurring in unexpected places. For example, secular organizations are joining forces with faith-based groups.
- Boards and clients are using skills and networks to develop community partnerships for funding and support.
- The public has been enlisted in lobbying and advocacy efforts.

**“Families were outraged. Then the entire community was enraged. This was the final straw for cuts, and the community drew the line and said no.”**

### **Individual Contributions**

Within the organization itself, astute organizations have capitalized on the particular skill sets and experience of the individuals in their organizations in response to the challenges faced. Examples include:

- The proactive and assertive communication styles of Board members and staff in dialogue with funders and solicitation of feedback.
- Taking advantage of previous successful relationships among officials, funders and staff. Accessing the individual’s knowledge of both government processes and the community perspective in dialogue with policy makers.

### **Organizational Resourcefulness**

Social organizations are accustomed to working on a shoestring budget, with limited resources in an unpredictable environment. With this experience comes a certain amount of requisite resourcefulness. Organizations have displayed this resourcefulness by responding in the following ways:

Proposal terminology is shifted to meet program criteria.

Research on best practices is used as leverage between departments and levels of government to effect change.

Multiple funding sources, both traditional and novel have been pursued .

Sometimes being resourceful is a matter of knowing how to ‘play the game’ with government funders. Some organizations stated that:

“The trump card that you don’t want to have to play is to shut down a service that the government knows is vital, because it will cost the government both money and political points.”

“You have to play the game, to keep the lines of communication open so that next proposal might be accepted.”

“You have to jump through hoops to get funding.”

### ***Presence at the Policy Table***

Social organizations are aware that to respond effectively to policy changes that affect their services, there must be a consistent presence at the policy table. Organizations have attempted to assert their presence in the following ways:

Discussions with program staff, although it has been noted that this can be effectively useless.

Presentations and recommendations to government committees, although this does not always translate into action at the public policy level.

Direct dialogue with politicians.

Raising awareness of social issues by sitting on formal and informal committees, although the efficacy of committee work is nebulous and inconsistent.

Participating in consultations, even if the recommendations are not always heard.

“If we don’t participate, we accept status quo. Someone has to tell government what the impact is. That it is not good enough.”

Despite significant obstacles and limited success influencing policy decisions, participants described the need for ongoing perseverance.

### ***Resignation***

Of course, there are certain challenges that if not overcome, can reduce the energy and desire of the organizations to continue the fight. Over time, an atmosphere of resignation can result. This acceptance of the status quo can manifest itself in subtle ways that may not even be conscious on the part of the organization. Statements from the participants that are indicative of the state of disempowerment include:

“The government is listening, but they can only do what they can do.”

“I don’t see any way that you can change indifference.”

“We did not want to invest too much time and effort this point in the game when the rules seem to be able to change based at the minister’s whim.”

“We could not see what actions could be taken that would have any impact on reversing this decision.”

“There has to be a change in mindset of Board, in that funding will not be 100% anymore and that this is the way it is.”

“There is no dialogue with government when the budget is not granted in full. It’s just the way it is.”

“Expect nothing and everything’s a bonus.”

### *Adhering to the Mandate*

An overwhelming majority of the organizations reported that regardless of the stability in funding, they always try to guide their activities by adhering to their mandates and the principles that underpin their organizations. This integrity is indicative in statements like:

“We always maintain our core entity, but how we meet our mandate changes with the ways in which we can be funded.”

“All projects are applied for in service of organizational goals, working hard not to sway from our mandate.”

“There is a concerted effort on the part of the Board that we will not pursue funding for the sake of funding.”

“We have been more assertive, submitting our budget to government and saying, ‘This is how much the services cost.’ The board refused to create a slippery slope by undercutting services to what is needed.”

“We cannot take the pittance for doing the work. It is not responsible.”

## **Involvement in the Decision Making Process**

Finally, organizations were asked how empowered they feel in the decision making processes for public policy. The influence is described in the consultation, development and communication stages, with a comparison of federal and provincial contexts.

### *Consultations*

General perceptions about the consultation process, when there is one in place, range from apathy to uncertainty of whether recommendations are heard. Participants reported that:

“There were consultations, but it was basically lip service. The results from the discussions were ‘you are doing a great job’, but there was no financial backup.”

“We have not seen a lot of movement on the issues, so you wonder if they are paying attention to priorities identified by service organizations.”

There is a perception that the recommendations that were taken up were the ones that matched government priorities.

“The response from government was window dressing. They knew that they were not going to change their minds about funding but let people make their case anyway.”

“Our partnership with the government is good, although power always is on the side of government”

“You participate in all of these consultations and when it goes back to Ottawa, it is just another report on the shelf.”

Often there is no consultation in the decision making process. One organization reported that it was as surprising to be cut off as it was to be reinstated.

There have, however, been instances where the consultation process seems to have been taken seriously by the funders. For example, a funding model was modified to recognize operational costs as a result of a

voluntary sector initiative. **Organizations reported the most satisfactory and empowered positions in the decision making process when they were able to be involved early in the process.**

### ***Policy Development and Collaboration***

Organizations have reported that they continually try to build collaborative relationships with government, although they do not have as much influence as they would like and involvement in policy development is affected by the resources they have available. Organizations describe their influence as follows:

- There is uncertainty about the level of influence, but the organization was included in the process.
- Organizations have more influence at a micro level, such as specific service delivery programs, than at the policy level.
- Influence is often in terms of sharing information, generating interest, and prioritizing issues rather than actual policy development.
- Organizations have been included in advisory committees to policy makers.
- Government tends to involve organizations when their cooperation and expertise is needed.

“Of course we have power, but we’ll never be able to say concretely that because we said this, things changed.”

### ***Communication of Decisions***

When it comes to communicating policy and funding decisions there is a marked disconnect between the government and social sector. Communication dysfunction is the general theme of the following statements made by participants:

- “We knew the money was there but no parameters were given as to what to do with it – we are still waiting to see what will come of it with the new government.”
- “We often have to place numerous calls to program staff before getting an answer.”
- “Information is one way – you do not hear feedback from government until decision made.”
- “Decisions would be communicated after the budget is approved. It is supposed to be all secret.”
- “The government never responds in writing to budget submission; you submit an invoice and then they deposit the funds. That is how we find out how much we are getting.”

“When someone writes the cheque, they have a significant amount of influence.”

One organization provided anecdotal evidence of their experience in the process:

*We met with the national network one weekend and federal government reps were there, reporting that everything was going wonderfully with our program. The next day, it was announced on the news that the program was axed. The federal reps must have known, but our national affiliate was blindsided.*

When organizations are advised of decisions, often it can be without explanation or rationale. Communication of decisions is often through networks, rumours, media, press conferences and releases, or in budget speeches rather than from government officials. **Very few organizations reported a**

**satisfactory level of communication with funders, and if so, it was typically with the program staff and not the policy makers themselves.**

### ***Provincial Processes***

Most organizations, and particularly those who experience funding and policy supports at both the federal and provincial levels note that there are distinct differences in the processes and relationship. Provincially, funding relationships are characterized by the close connections between the players involved, the ability to access policy makers directly and the level of influence that organizations are able to exert, all associated with the *islandness* of our culture.

### **Influence**

In our tightly knit society, social organizations are able to exert influence as a result of their unique areas of expertise and the multiple roles that individual players assume. This influence is described by the participants as follows:

Organizations are often invited to be on advisory committees, as they are often the only organization that offers a service on PEI.

Organizations can have a bigger impact with the provincial government because they are closer at hand.

Organizations can inform and educate policy makers, which has resulted in officials spearheading initiatives for social causes.

There is significant overlap of key staff and volunteer players in social organizations and in political positions.

### **Access**

In a small province, access to policy makers is more direct. Consequently, participants report that they:

Are able to meet directly with ministers and other politicians.

Have good working relationships with many departments and agencies in the province, particularly at the program level.

Have been able to accomplish things that even national organizations have not been able to do because there is an assumption here that you can go talk to people.

Experience less complicated relationships with policy makers because of the access.

### **Connectedness**

The inter-connectedness of our society has been an advantage in the public policy processes, as discussed in the following examples:

Connections with government officials and program staff outside of the context of the social organization can lead to improved relationships within the organizational context. It should be noted that if the connection is not positive, this can result in diminished relationships.

Relationships are often built on mutual goodwill as opposed to structured processes, and consequently the involvement of the government in operations is often very hands-off or not defined formally.

Organizations are on first name relationships with funders.

In a small area, there are inherent connections among people which creates the opportunity for dialogue and the chance to demonstrate service excellence.

Our Islandness involves a strong sense of community and the opportunity for change is there with the close connections. It is important to understand the culture here and know how connections are formed and used.

**“Who you know  
and who can  
move your  
application along  
is important.”**

Overall, organizations report success in accessing provincial funding when advantageous connections exist and specific, justifiable requests are made.

### ***Federal Processes***

In federal processes, however, our small size can have the opposite effect. In addition to the reduced influence associated with being a smaller province, communication with the federal policy makers is less accessible and at the mercy of the bureaucracy.

#### **Dialogue with Program Staff**

Generally, organizations reported a good relationship with program staff, although the influence of these staff in the public policy and decision making is limited.

One participant stated that the organization has one of the best working relationships with a funder that the Executive Director had experienced.

Program staff are reported to be helpful in identifying priorities for proposals, exhibit open communication when they are able and can be very supportive.

Working relationships with the organizations can be negatively affected by staffing level reductions and changes in personnel.

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“He was operating in the spirit of open communication, but his words had no authority. He was left in the dark.”

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#### **Dialogue with Policy Makers**

The level of dialogue with federal policy makers is either nonexistent or ineffective for the majority of organizations interviewed. They stated that:

There is often no voice in federal government; letters to members of parliament fall on deaf ears.

Their organization has been able to present to federal committees but seldom does this have an impact.

The senate can be very supportive but there have been no practical results or changes in policy.

Atlantic Canada is typically under represented in national discussions.

#### **Internal Disconnect**

In addition to the limited ability to access federal policy makers, there is also a notable internal disconnect between staff and government officials. Participants reported that:

The government does not keep its people informed.

They received assistance from program staff, but those higher up would not answer calls or email.

#### **Impact of Being a Small Player**

The communication deficit with the federal policy makers is compounded by the fact that Prince Edward Island is a small player on the federal field. Organizations who experienced this power imbalance stated that:

The federal government might not notice backlash from this small province.

They are not a high enough priority to meet with federal policy makers.

The organization feels powerless in influencing government.



## RECOMMENDATIONS

Prince Edward Island's social economy is situated within a funding and policy environment that is often volatile and insufficient. According to the suggestions of the study participants, an analysis of successful measures that they have employed, and a composite of findings from research done nationally and in other provinces, there are many actions that could be taken to enhance the Island's social economy.

The following recommendations are designed to strengthen the social economy through actions taken by the government, by the social organizations and through strategic collaboration of all community partners involved. The recommendations are not meant to be comprehensive, but rather to be used as a starting point for discussion. Further work was done by interested stakeholders to validate these recommendations and to collaborate on possible ways to put them into action at a learning event held in Charlottetown on November 27, 2007. A summary of the results of the workshop can be found in Appendix A.

### Valuing the Social Economy

Of primary importance to motivate adequate public investment is the recognition of the value of the social economy. While financial support is a critical component, meaningful public investment involves more than just economics. It must also include a recognition of the importance of the social economy in the lives of all Islanders, and a realization that public policy can only be truly informed when those who are most affected have an ongoing role in policy development. In order to value the social economy,

#### Government could:

Recognize the responsibility it has in ensuring that all people have access to social programs that ensure our health and well-being and acknowledge the role that the social economy plays in providing these services.

Dedicate adequate financial and human resources to strengthen the capacity of the social economy.

Eliminate the cost-cutting culture by seeing the investment, as opposed to only the expenditures, it can make in the social economy (Bradshaw, 2007).

Re-examine social policies that perpetuate rather than solve social problems.

Consult with service providers in public policy development, implementation, and evaluation.

Strengthen the capacity of social organizations through human resource initiatives for volunteers and paid staff.

Recognize the value of volunteer service in the social economy and invest in initiatives to support volunteerism.

#### Social organizations could:

Place social issues on the political agenda through advocacy and public engagement.

Remind the government and the public of the value of the social economy as a cost-effective way to deliver public services.

Emphasize the all-encompassing effects of social issues both now and in the future.

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**“The sector needs to do a better job of communicating the value and importance of its work to governments, businesses, and the general public.”**

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Insist on being present at the public policy table.

Be confident in the integrity and the value of services in funding proposals and be assertive about the real costs.

Avoid mission drift by submitting proposals that fulfil the organization's mandate.

Together, we could:

Examine the assumptions that underpin our social problems and the ways in which we address them. Challenge the power structures that currently make up the funder/recipient relationships between the government and the social economy.

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**“If nonprofits are not there, then where are you going to turn? Government will have to pick up the slack.”**

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## Setting Priorities Based on Social Needs

It is clear from the interviews that public policy and funding programs are based on the priorities of government. In order to adequately meet society's social needs, policy and programs must develop from the priorities of the people. In order to reach solutions that meet the needs of its citizens, governments must:

Develop client-based programs that emerge from dialogue with clients and their service providers.

Work with the grassroots to capitalize on local expertise that can deploy local solutions for local problems.

Develop a holistic, team-based approach that takes into account the fact that the complexities of social needs often transcend government department boundaries.

Create social policy and programs that are designed to serve the people first and the bureaucracy second.

Recognize the social, economic and demographic realities on Prince Edward Island with flexible funding models and negotiable program criteria.

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**“The current federal government has really cut itself off from its grassroots, from its roots, and anything without roots will die.”**

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## Funding for Sustainability

There is a common theme in the research surrounding the social economy in Canada and that is that the current funding models are inadequate to sustain a healthy and vibrant social economy. If this report does nothing else, it reinforces the fact that government funding structures must be re-examined in order to support current and future social programs. Nevertheless, we will contribute to the body of research by reiterating that:

Funding levels should reflect the full cost of the services provided. This includes competitive salaries, operational costs, and cost of living increases.

Multi-year projects should be supported by multi-year funding agreements.

Ongoing core services should be supported with core funding, with project funding used for services of a finite nature.

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**“What needs to be done—simply, clearly—is to reinstate core funding and let projects take care of themselves.”**

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Organizations that have demonstrated success in service provision should be given the latitude to shift funding as necessary to meet needs.

Funding should reflect the costs of expanded services and increased numbers of clients.

Cookie-cutter funding models do not necessarily meet the regional needs of Prince Edward Island. Funding programs must be flexible to meet the needs of Islanders.

Funding should not only be in support of new programs, but should maintain valued existing services.

The possibilities and processes for bridge funding to fill the gaps in standard funding programs should be transparent and accessible.

Given that this universal message of inadequate funding has not yet been heard by policy makers, there are measures that social organizations should take to avoid the vulnerability that is often associated with a dependency on government funding. Tactics that have been successful with the study participants include: A

diversification of funding sources, including multiple levels of government, multiple funding programs, fundraising and private funders.

Development of fee-for-service programs to subsidize existing services.

A strategic decision to by-pass or limit government funding.

Contingency planning for the possibility that government funding might be reduced or discontinued.

## Developing the Infrastructure for Continuity

In addition to funding insufficiencies, there are infrastructure changes that could be established in government programs to foster the continuity required in the relationship between public bodies and social organizations. These changes include:

Improving communication processes so that they are open and timely. Funding decisions in particular should be communicated in a reasonable time frame with appropriate rationale.

Program criteria should be consistent and clearly defined, with changes occurring only when driven by client-based needs.

Funding negotiations should be proactive and involve service providers and government decision makers.

Appropriate mechanisms should be in place to facilitate dialogue and feedback among policy makers, government staff and social organizations.

Processes for funding applications should be streamlined and standardized.

Communication should be streamlined through the use of single points of contact. Best practice examples include assigned government staff to be a liaison with non-profit groups and the creation of a community service development agency (Bradshaw, 2007).

Program and communication infrastructures should be formalized so that processes remain stable regardless of changes in personnel or government.

**“We plan to do what is in our proposal, and to do it well to prove fiscal responsibility.”**

## Being Accountable

Accountability is an issue that is important to both social organizations and governments. From the perspective of the study participants, however, accountability should be more meaningful

than satisfying arbitrary outcomes developed to serve the bureaucracy. Being truly accountable means providing a valuable, client-based service in an effective and transparent manner. Both government and social organizations have a responsibility in achieving and maintaining accountability.

Organizations can demonstrate accountability and overall organizational health by setting and achieving service goals.

Public and government confidence can be instilled by a social organization that is united behind its mission and values, and that demonstrates a willingness to be fiscally transparent.

Funding requirements for auditing and reporting should be reflective of the amount and type of funding, and should be based on realistic outcomes and service objectives.

Reporting and accountability processes should be simplified and serve a meaningful purpose for both the funder and the recipient.

Accountability must be demonstrated by government in more than a financial sense. The government has a responsibility to the public to support the services that address social needs, through informed public policy and comprehensive funding programs.

Accountability is in part achieved through advocacy. The government must support advocacy initiatives as a necessary check and balance; social organizations must continue advocacy initiatives as a way to bring attention to important social issues.

## Reconstructing the Government's Role

The study findings reveal a distinct power imbalance in the relationship between funder and recipient, wherein the government enacts a 'command and control' style of management of its programs and policies. In order to effectively support a client-centred social economy, this role of the government must be re-examined.

The federal government must eliminate its practice of micromanagement and empower service providers to fulfil their role autonomously and with enough flexibility to offer services that best meet their clients' needs.

The government must recognize the knowledge and expertise that service providers can bring to the policy table.

The government should contribute to, rather than inhibit, a learning environment where social organizations can develop innovative solutions to address social issues. Organizations should be encouraged to take risks in service of a healthy social future without fear of retribution.

Government should learn from best practices demonstrated both within government and externally.

Political resources should be dedicated to the social economy that are indicative of its importance in society. The recent appointment of Tom Hedderson in Newfoundland and Labrador as the minister responsible for the volunteer and non-profit sector sets a good example.

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“Obviously you have to be accountable, you can't just put something in place and never look at it again... but I think it could be done better.”

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“The public service has become more of a protector of the public purse as opposed to an avenue by which the public accesses the purse.”

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## Making Our *Islandness* Work for the Social Economy

Operating within the social economy in a small island jurisdiction has both challenges and benefits. Social organizations must be resourceful in using our islandness to their advantage, through effective use of networks and our strong sense of community.

Organizations could draw on their personal networks to enlist supporters that may have access to government policy makers, or those people who may have some influence.

Organizations need to be self-aware of both the positive and negative social and political structures that may exist. Satisfactory relationships can be capitalized upon, and conversely, historical differences may need to be recognized in order to move forward.

In fulfilling community commitments, individuals may hold many roles and be a part of numerous spheres of influence. Organizations would benefit from an assessment of individual skill sets and experience to determine how to best use these resources to their advantage.

## Acting Collectively

Given the numerous systemic inefficiencies and power imbalances associated with the bureaucracy, it would be simple, even justifiable, to assign blame to the government for the problems that plague Prince Edward Island's social economy. The interview participants noted however, that our collective problems can only be effectively addressed through collective action. This means that solutions will be best generated and implemented through the partnerships and collaborative efforts of social organizations, governments and communities.

Social organizations must overcome the competitive funding environment and join forces to strengthen the social economy's capacity, to identify priorities and to present a united voice to government. This collaboration must preserve and reflect the diversity of the people served within the social economy.

Strategic partnerships between government and social organizations must be established. The partnerships must involve mutual consultations; define agreed upon objectives, roles and responsibilities; and be flexible enough to adapt to the changing priorities within the social economy.

A better connection between levels of government must be established to ensure that jurisdiction is not a barrier in addressing social issues.

Communication between government departments must be improved, and policy makers must empower government staff so that the limitations of the bureaucracy do not hinder social progress.

Public awareness of social issues and the importance of the social economy must be raised so that communities can be engaged in finding solutions.

**“If we don't start  
working together  
we are all  
screwed.”**



## CONCLUSION

There are many challenges facing Prince Edward Island's social economy. Resources are limited; funding and policy structures are inadequate; and there are insufficient opportunities to voice regional and collective needs with policy makers. Perhaps the most disturbing finding of this study, however, is the increasing acceptance that the current level of public investment in the social economy is "as good as it gets".

This is not meant to imply that social organizations are unjustified in their sense of resignation. The systemic trend of increasingly inaccessible funding within an incommunicative policy environment naturally takes a toll on social organizations struggling to survive. With the lack of adequate investment by government, despite the same issues being repeatedly raised in studies, and considering the demonstrated value of the social economy in filling the gaps in government services, it is no wonder that social organizations often feel that their voices are not heard. What is surprising is that an acceptance of the status quo is not more pervasive.

Amid the sentiment that the social economy may never be truly valued, that governments may never listen and that public investment may never be adequate, there exists a stubborn persistence and cautious optimism. As evidenced by their willingness to share their stories and to expel a "collective groan" as one participant put it, the organizations that make up the social economy are striving to both work within the current levels of support and to attempt to effect changes to make the system work better for us all.

This study does not purport to have the answers to the problems that face Prince Edward Island's social economy. The data were gathered from one perspective, that of social organizations, which means that the viewpoints of other community organizations, the government and the public at large have not been included in this report. This study does, however, reflect the composite experiences of the thirty Island organizations that participated and we hope that by sharing this perspective, we may inspire further inquiry into the state of our social economy.

This study also illustrates that the solutions to our collective problems will only be found through the dedication and expertise of the stakeholders who are willing to come to the table to build bridges between our social organizations, our governments and our Island's communities. Together, we can ensure that social value is the dividend of public investment in the social economy on Prince Edward Island.



## Appendix A. Summary of the ‘Bridging Public Investment and Social Value’ Learning Event

On November 27, 2007, members of the social economy, politicians, government staff, researchers and interested citizens were invited to attend a learning event to discuss the funding and policy support challenges that face Prince Edward Island’s social economy as described in the report, *Bridging Public Investment and Social Value*. The participatory seminar was held in Charlottetown with thirty people in attendance. The event was divided into two parts. The first section included a presentation of the study’s purpose, design and findings, followed by a plenary brainstorming session to expand upon each area for action. After a networking lunch, the remainder of the event was spent in small group workshops to discuss the factors and possible strategies involved in bringing selected recommendations to fruition.

### Plenary Session

The presentation included a brief summary of the interview findings with a focus on the eight main recommendations, or *areas for action*, contained in the report:

- Funding for sustainability;
- Developing the infrastructure for continuity;
- Setting priorities based on social need;
- Reconstructing the government’s role;
- Being accountable;
- Making our *islandness* work for the social economy;
- Acting collectively; and
- Valuing the social economy.

Each area for action, with its associated recommendations, was discussed in plenary and then the group was asked to generate additional strategies that could further each goal. Many of the suggestions mirrored and validated the research findings, and reflected the interdependent nature of the potential strategies to establish adequate public investment in the social economy. The group made the following recommendations:

#### **Developing infrastructure for continuity**

- Discourage the pressure to create partnerships that neutralize the ability to work towards change in public policy.
- Examine the necessity and implications of applying for more funding than is needed, a practice which is pervasive and taken for granted.
- Eliminate inappropriate micromanagement.
- Restructure time allotments for funding applications.

### **Setting priorities based on social need**

Avoid competition among social economy service groups for funding and concentrate on the value of loyalty and healthier principles.

Increase funding for research on social needs and innovation.

Base priorities on evidence and research results.

Support research on the public value of social organizations and how the government can benefit.

### **Reconstructing government's role**

Inspire a change in mindset regarding public funding, in terms of its being an investment as opposed to an expenditure.

Re-examine government initiatives that have worked well in the past but that have been discontinued for various reasons (e.g. shifts in government priorities, changes in government, the perception that a finite initiative could adequately address the need, etc.)

Explore meaningful solutions, beyond 'Band-Aid' tactics, for the lack of connection between front-end social economy services and the government bureaucracy.

### **Being accountable**

Extend accountability beyond the financial accountability of service organizations, to include a meaningful assessment of the impacts of services and programs.

View accountability through a social economic development lens, to recognize that social issues are complex, multi-factorial and long-term in nature.

Emphasize that measurement criteria should not focus on short-term reductions in the number of people in need of a service, which can lead to the erroneous assumption that funding for the service need not continue.

Request funding that reflects the reality of increasing needs rather than trying to please funders by shouldering heavier work loads with the same level of support.

Ensure that funding is available to do meaningful evaluation of a funded service or program.

Question the assumptions that underpin evaluation. Evaluations should be done in order to assess the 'value' of what has been done. There is currently a focus to show successful short term results as opposed to building social value for long term positive change.

### **Making our islandness work for the social economy**

Communicate effectively with the media. This included using the media positively, training organizations on how to use the media, and exploring non-traditional media to disseminate messages.

Capitalize on access to Island politicians, particularly in terms of how relationships with the province may assist social organizations collaborate with the federal government.

### **Acting collectively**

Improve communications among social organizations.

Create a central agency for volunteer organizations, as described in the New Brunswick model.

Improve the knowledge about what public investment is accomplishing, on the part of both the public and politicians, and think beyond economic terms.

### Valuing the social economy

Raise awareness that social organizations may be in a better position to provide services at an arms length to government. There were some concerns noted about modeling social organizations on government.

Look at new ways of engaging the public. The public environment has changed and the Island's social economy must have an impact at the federal level.

Consider more than just the economic return of the social economy.

## Small Group Workshops

The purpose of the learning event was not only to discuss the issues described in *Bridging Public Investment and Social Value*, but to provide an opportunity to work collaboratively on the recommendations arising from the research. To that end, space was set aside in the room for each of the areas for action, and the event participants were asked to congregate around the topic that held the most interest for them. Each small group was asked to workshop potential strategies for their area for action and the following prompts were provided to guide the discussion:

1. Discuss possible strategies to move this area for action forward.
2. Who needs to be engaged to move the recommended actions forward?
3. Identify potential challenges and barriers with possible solutions and supports. Identify areas needing further research
4. Is there anyone in this discussion willing to provide leadership in moving this area for action forward?

Participants were advised that the discussion would take place in two rounds. For the second round, participants could choose to workshop another action area, or they could continue the discussion already in progress. In the first round, the small groups focused on four topics (percentage of total participants in parentheses): making our *islandness* work (35%); reconstructing the government's role (35%); valuing the social economy (18%); and acting collectively (12%). For the second round of discussion, participants were divided equally among the topics of making our *islandness* work, reconstructing the government's role, acting collectively, and setting priorities based on social need.

The groups were asked to document their results using either the paper provided or an audio recorder. The breadth of ideas that was generated from these short discussions is indicative of the power and potential to collaboratively develop strategies for a vibrant and healthy social economy. Notes from these discussions are summarized below, with the exception of the 'making our *islandness* work' group, as there was no record of that discussion. In subsequent conversation with one participant from the *islandness* group, the author was advised that the group purposefully chose not to document their ideas, noting that the ways in which *islandness* is employed through personal connections is not necessarily something that should be publicly recorded.

### Reconstructing the Government's role

The group suggested that there be a minister for the social economy sector. This minister would have to be a champion for the social economy, effectively represent of various sectors and work collaboratively. The goal would be to recruit someone with this type of outlook. A government champion for the social economy must leave a legacy of policies and legislation, so that a system is built that is not dependent upon the specific person in the position of power. There must be continuity and consistency regardless of the individual.

Not everyone in the group agreed with the recommendation that there be a specific ministry. The opposition explained that decisions should be made by community experts and not by government. Rather than creating a minister, service providers should be empowered to make policy decisions that affect the social economy. It was suggested that an agency of representatives from all sectors be created, such as that recommended by Bradshaw (2007).

Regardless of whether there is a specific ministry, the group agreed that the civil service and bureaucrats need to understand social economic values. As one participant put it, we must “inoculate the ministries with a social economic perspective”. The silos that exist within government must be broken down so that government can explore useful ideas that come both from within various agencies and from outside of government. Positions within government should be examined to ensure that they support social goals. The group noted that the individual bureaucrats may be well intentioned and well educated, but their job descriptions may not include the consideration of social factors in decision-making processes.

The importance of collaborative strategies and eliminating the ‘we vs. they’ approach was emphasized. It should be recognized that the problem of unproductive conflict is everyone’s responsibility and that there is a need to change not only public policy but also community attitudes. We must overcome the culture of blame, noting that many social problems are not simply the government’s fault.

Accountability is a balance between opening the public purse and answering to the public; there is a need to consider both the needs of society and the limitations of government capacity. Social impact assessment mechanisms are needed, similar to the environmental impact assessments that are used to examine public projects. A revised tax system would be beneficial, with a more flexible classification system for non-profits, as not every social economy enterprise can be classified as strictly not-for-profit under the current system. A pre-requisite for this restructuring is the need to think beyond either cash generation or cash consumption, in that some organizations will do both in service of social goals.

The group noted that it is important for social organizations to have a good business plan when asking for funds and to know the client base. There must also be strong leadership from within the social economy. Inter-sectoral conflict within the social economy was noted; what is needed are true partnerships, true collaborations and transparency. It was suggested that we need to think more broadly than simply always asking for government money. We need to investigate the possibility of the sector sustaining itself by other means.

Several questions were raised in discussion: How can accountability be maintained? How can community input be integrated? How can communities be engaged? How do we make sure that public policy is coherent and holistic?

### **Acting collectively**

Strategies generated from the discussions on acting collectively included the need to have an overall facilitator for the sector, such as the role that the Volunteer Initiative served. The Initiative was eliminated by the federal cutbacks in 2006, but while it existed the staff provided workshops as well as opportunities to collaborate and to disseminate information.

A collaborative approach is required wherein non-profits, co-operatives and the labour movement can all work together; there is a latent synergy waiting to be tapped. There should be an effort to find out which groups want to work together and to identify sources of flexible funding that accommodates innovation. If the social economy network was developed first it could then reach out to other sectors, to build the collective effort one step at a time. The community needs to be educated about and engaged in such collaborations, and provincial and federal governments involved at a basic level.

The social economy must be a coherent movement that has leverage. This can be achieved through organized public effort that brings to the forefront the continued relevance of social issues. There must be a willingness of government to work with social economy groups and to be informed by the front line service providers on what issues are critical on the ground. It would be helpful for government agencies to be linked in a horizontal effort. The Seniors Secretariat was offered as an example.

Several barriers to working collectively were noted. One group mentioned that we must examine our own research biases and think outside standard assumptions in order to progress. There are also structural problems and limitations, not the least of which are financial. There is some reluctance on the part of larger organizations to partner with smaller ones; the benefits of working collectively are not realized. We need to recognize that although not all necessary social services are available on the Island, there are instances of overlapping services, which creates an inadvertent environment of competition. Because groups do not know what the others are doing, we end up with both gaps and redundancies.

### **Valuing the social economy**

The main strategies described for valuing the social economy were related to advocacy and the raising of public awareness. The social economy needs to communicate the value of its work in tangible ways. Museum outreach programs were offered as an example in this regard. In order to overcome the selective hearing of the government, needs assessments could examine cost effectiveness of community based service delivery and how future costs can be avoided. That said, there is also a need to complicate the view of the world that is based on monetary value alone. The social economy must learn to evaluate economic spin off, but there is a danger of bean counting and discontinuing services after a short term decrease in numbers of persons requiring a service. The right things to measure, report and value must be established and criteria for measuring the success of social economy organizations must be developed. One essential message to be conveyed is that adequate compensation for workers, reasonable workloads and enhanced human resources are required in the social service sector.

The value accorded to sports in our society and the ways in which sports organizations deliver their messages was raised as a contrast to the way that social organizations work and are perceived. The value of sports is never questioned, and the sport sector is comfortable in emphasizing its economic spin-offs, whereas the social economy is naturally critical of creating an economic argument. Sport is apolitical, but social issues are not because we live in a culture that blames the victim.

The value of the social economy can be demonstrated through research, but funds are needed to support research and skills development. Social economy organizations are challenged to find ways to secure funding while focusing on their mandates, with limited resources left for research. We need to engage university researchers in social economy work and divert them from more academic pursuits. Instead of external consultants, the government should commission local experts, such as the Institute of Island Studies, to conduct research. Not only is this more cost effective, but it brings in a component of public consultation and a social perspective. This method concentrates on the value of engaging citizens.

We need to examine the language used when discussing the social economy and find new ways to deliver messages, such as through drama and creative arts. The social economy must be valued both by the public and by government. Our work needs greater visibility and we want people to understand not only 'what' the social economy does but also 'why'.

The Government often says that private dollars should fill the funding gap experienced by social organizations, but private funds generally go to large mainstream organizations with fundraising capacity, not to groups working for social action or on controversial issues. The more controversial an issue is, the more complicated the relationship is with funding structures.

Questions that arose from this discussion included: What are the unquestioned priorities? How can we reframe the value system? How do we instill corporate responsibility? How do we adjust to the governments' ideological filter? Should we make this adjustment?

### **Setting priorities based on social need**

Social priorities must be demonstrated through stable funding for core needs related to social justice, e.g. care giving; shelter; women's equality and equality of under represented groups; basic needs such as food; and adequate resources to live in health and dignity. There will always be needs that stem from, and are caused by, social injustice. Better processes and structures must be put into place to consider the satisfaction of social needs as a priority, and these should be inclusive of a variety of groups and consider a variety of strategies.

There is a need to assess the types of groups and services that exist and to come up with strategies that create networks, reduce isolation of marginalized people and increase public empathy and compassion. Communities need to be inspired to prioritize the meeting of social needs. Strategies must give voice to marginalized individuals and groups.

There is a need for research to re-examine whether universal programs function more effectively to meet needs as compared to programs based on measures or criteria (this is related to meeting citizens' needs first and bureaucratic needs second). Often the founding agency/funder 'decides' what the social needs are. There has to be flexibility to create new solutions and to take risks and move in new directions. Not all social needs can be satisfied by money, so increased funding is not always the solution. Social needs should be assessed not only by counting the numbers of people requiring a service; assessment should also address the quality of planned services and whether they are an effective response to actual social needs.

There needs to be a greater awareness and understanding of social issues, including those that people do not want to face. The importance of social support for building inclusive communities that cultivate health and well-being must be emphasized. The challenge of an aging population is looming and the implication of this demographic trend on the social economy and social organizations, particularly in terms of self renewal, is unknown. What happens when a social organization disintegrates for any reason? (Other than when the social need no longer exists.)

We must challenge the mindset that the people served by and involved in the social economy are 'clients'; they are first and foremost citizens. The terminology used should reflect this inclusiveness and universality. There is also a need to challenge the criteria used to set priorities and examine who is being excluded, noting that respect for individuals is key.



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## Appendix C. Research Study Information Letter

### INFORMATION LETTER

Dear Potential Participant,

You have been invited to participate in the *Mapping Supports for the Social Economy on Prince Edward Island* research project, conducted by researcher Barbara Wynne, under the direction of Dr. Irene Novaczek of the Social Economy & Sustainability Research Network

The purpose of this project is to map the level of federal and provincial government funding and policy supports that exist for social economy organizations on Prince Edward Island. The project will also measure the impact of any changes in these levels of support in the past five years. Your participation has been requested because, as a member of a non-profit organization on PEI, your account of your organization's experiences with provincial and federal supports and any changes will provide valuable insight into this study.

The project will culminate in a final report which will be shared with the participants of the study, with other organizations in the social sector, with public policy makers and the public at large. The project goal is to raise awareness about the supports that exist for the social economy and about the importance of informed social policy. The ultimate aim is to empower and strengthen the knowledge base of social economic institutions both on Prince Edward Island and other jurisdictions.

The study method will be a face-to-face interview with you and other interested members of your organization, conducted by the researcher, at a time and location of your choice. Interviews are tentatively scheduled for July and August 2007. The interview will take up to one hour and will be tape recorded. The researcher will also take notes during the interview. The researcher will have a list of questions that can be made available in advance at your request. You may refuse to answer any questions and can discontinue the interview and/or recording at any time without reason. Neither your name nor the name of your organization will be disclosed or cited in the final report. Organizations will be referenced in the report only by the general category of goods or services they provide. The researcher will keep all individual interview results anonymous and confidential, and will take every effort to ensure anonymity and confidentiality of group interviews by requesting that all participants sign a pledge form. Interview tapes and documents will be stored in a locked filing cabinet and will be labelled with codes that can only be identified by the researcher and principal investigators.

Dr. Irene Novaczek of the University of Prince Edward Island's Institute of Island Studies is responsible for the administration of this research, and you are welcome to contact her (902 566-0386 or [inovaczek@upei.ca](mailto:inovaczek@upei.ca)) or Barbara Wynne at (902-566-9974 or [blgroome@pei.sympatico.ca](mailto:blgroome@pei.sympatico.ca)), if you have any questions.

Thank you for considering this request to participate in this research project. A copy of the research proposal is available at your request.

*This research is being conducted as part of The Social Economy and Sustainability Research Network, a group of researchers from universities, government and community agencies across Atlantic Canada. This Research Network is based at Mount Saint Vincent University (MSVU), under the direction of Dr. Leslie Brown, and is funded by the Social Sciences and Humanities Research Council of Canada. The University Research Ethics Board (UREB) of MSVU reviews and approves the ethical components of each project conducted as part of the Network's research.*

*If you have any questions about how this study is being conducted, you may contact the Lynne MacPhee at the UPEI Research Ethics Board ( 902-566-0673 or [lmacphee@upei.ca](mailto:lmacphee@upei.ca)). You may also contact the Chair of the UREB at MSVU Research and International Office, who is not directly involved in this study, at 902-457-6350 or via e-mail at [research@msvu.ca](mailto:research@msvu.ca).*

## Working Paper Feedback

Public Investment, Social Value

A. Please let us know what you found helpful in this Working Paper.

Include Paper # \_\_\_\_\_

B. How could the Working Paper Series be improved?

C. Is there anything that needs to be changed in this Working Paper?

D. Your name and contact info (optional)

### **Send to:**

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## SES/ESD Network Research Goals

- . Contributing to the theory and practice of social economy in the Atlantic region
- . Internal bridging, bonding, mentoring & capacity building
- . Encouraging use of the “social economy” as a framing concept in the region
- . Linking Atlantic partners with other parts of Canada and the world

## SES/ESD Network Research Themes and Questions

### *Conceptualizing & describing the social economy in Atlantic Canada*

- . What does the social economy look like? What needs does it address?
- . How can we best capture this sector conceptually?
- . What, if anything, makes it distinctive or innovative? How interconnected are its facets, & to what effect?
- . What are the characteristics of social economy organizations?
- . What are the implications for government policy?

### *Policy inventory and analysis*

- . How are different understandings of “social economy” reflected in government policy?
- . What needs are not being met, & what changes are needed in regulatory environment?
- . What indicators can we develop to aid in policy development?

### *Community mobilization around issues of common concern (natural resources; food security; inclusion and empowerment)*

- . Do social economy organizations contribute to social inclusion, the democratization of the economy, & empowerment?
- . What inputs are needed to overcome obstacles & build capacity?
- . What can we learn from research on mobilization around food security, empowerment & inclusion, community management of natural resources & energy?

### *Measuring and Financing the Social Economy*

- . What can social accounting, co-operative accounting, social auditing, & other techniques contribute towards a better understanding of the work and contributions of social economy organizations?
- . Where do social economy organizations obtain the financing that they need?
- . What do social economy organizations contribute toward financing the social economy?

### *Modeling & researching innovative, traditional, & IT-based communication and dissemination processes*

- . How can social economy actors best communicate?
- . What can our Network team members contribute by developing & modeling processes and techniques?
- . What can be gained from exploring technology as an equalizer vs. technology as a barrier?



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## **Network Co-Directors:**

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- . Ms. Penelope Rowe, Chief Executive Officer, Community Services Council Newfoundland and Labrador
- . Dr. Luc Thériault, Professor, Sociology, University of New Brunswick

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