



A Framework for Action for the Nonprofit Sector

June 2010

Working Draft – subject to revision and refinement

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FOREWORD

This framework for action document is intended to serve two purposes. First, in its role as convener of a national dialogue on how to strengthen the collective voice of the sector and develop a common agenda for action, Imagine Canada will use this draft framework to facilitate a nation-wide conversation about what is driving change in the sector and what actions must be taken to maximize the contributions of the sector to Canada and the world over the next decade. These conversations, supported by the Margery J. Warren Endowment of the Agora Foundation, will take place as part of the provincial engagement events and extended community conversations that Imagine Canada will co-host with local partners this year. Second, the draft framework will inform Imagine Canada's efforts, in consultation with its Board of Directors, Public Policy Committee and Advisory Council, to set a multi-year public policy agenda for the organization, complete with priorities for action.

This draft reflects what we have heard in preliminary discussions with Imagine Canada's Board of Directors, Public Policy Committee, Advisory Council, Sector Champions, working groups (Budget Task Force, Tax Measures Working Group, Disbursement Quota Working Group) and staff. It also reflects the tone and content of preliminary and on-going discussions with key partners in the sector and numerous "community conversations" with charitable and nonprofit organizations across the country held in collaboration with local partners from August through November of 2009.

It is important to note that the list of priorities for action identified in this framework is not exhaustive and has not been endorsed formally by either the Board of Imagine Canada or those whom we have consulted to date. Indeed, Imagine Canada looks forward to the opportunity to augment, refine and validate this draft framework for action in collaboration with an even wider range of charitable and nonprofit organizations and partners working to improve the quality of life of citizens and enhance civic engagement in communities across the country and around the world.

We anticipate and we will encourage lively and productive debate of the contents of this framework during the provincial events and extended community conversations across the country that will be co-hosted from May through December of 2010. Participants at these events and through broader electronic outreach will be invited to share their organization's experiences and their personal perspectives by commenting on the evolving context and the drivers of change and by prioritizing and revising or augmenting, where needed, the list of collective actions proposed. Input received from each event will be shared with participants at subsequent events and virtually and will inform the final revisions to the document that will be shepherded by Imagine Canada's Public Policy Committee and the Advisory Committee overseeing the National Engagement Strategy.

It is our hope that the framework for action which results from this rich process of engagement will provide a useful roadmap for Imagine Canada and organizations across the sector as we collectively pursue both actions where the sector can take leadership for and of itself, and those actions that will require charities and nonprofits to work constructively and in mutually accountable ways with various levels of government, with businesses and with communities. Charities and nonprofits are critical to the well-being of individuals and communities both at home and around the globe. The time is right for the sector to assume a leadership role in articulating and pursuing a plan that at its core is about building stronger, more vibrant and more resilient communities for the benefit of all.

A Framework for Action for the Nonprofit Sector

THE EVOLVING CONTEXT

- The global recession thrust many Canadians and their fellow citizens around the world into a period of great financial uncertainty with significant social consequences.
- Despite Canada's relatively strong economic performance among G8 countries, the intertwined nature of our economy with that of the US and the world meant that this country was also affected fundamentally by the global economic downturn.
- Many corporations, governments and organizations downsized their operations and/or scaled back their commitments to cope with the financial stresses of the downturn.
- Permanent shifts in public service delivery may well result as more responsibility is handed to the charitable and nonprofit sector and important corporate memory and experienced institutional partners within government are lost due to the elimination or reduction of programs and services.
- Such periods of economic uncertainty inevitably destabilize governments, businesses, charitable and nonprofit organizations, and communities as each seeks to ensure its sustainability or continued growth.
- At the same time, these financially and socially challenging periods of history create unprecedented opportunities for communities and organizations to re-invigorate themselves by re-defining their priorities and partnerships and by extension, by reconsidering their purposes, processes, policies, practices and behaviour.
- Unsettling times also encourage citizens and communities to reach out to one another across social, cultural, geographic and other divides to lend a helping hand, support common causes and unite voices in new and compelling ways.
- As Canada confronts the challenges of the decade ahead, charities and nonprofits across the country are asking important questions about how they can best contribute to long-term prosperity and quality of life for all.
- As a sector, charities and nonprofits recognize that they must determine how to sustain and enhance the programs and services that they offer even as governments seek to rein in deficits and as corporations and communities hardest hit by the recession struggle to adapt.
- Foundations working in partnership with charities and nonprofits are also considering what they can do beyond their grant giving to support the sector through periods of transition where funding may be constrained.

- As a country, we must also develop strategies and partnerships to address longer-term economic, social, cultural and environmental issues that will challenge us collectively and that will reverberate from local through global communities and back again in the decade ahead.
- Over the next ten years, Canada's charities and nonprofits must harness their strengths, define their common agenda, enhance their partnerships, and become more innovative to maximize their contributions to citizens at home and around the world.
- The sector needs to respond confidently and creatively to increased calls for strengthened cooperation among charitable and nonprofit organizations and more transformative partnerships with other sectors.
- The new technologies that underlie social media and other forms of human/cyber networking can be critical tools to help charities and nonprofits build this new cooperation and reach out more effectively and personally to those who share common purpose across geography both at home and abroad.
- The sector also has new motivation and a strong base upon which to build a nonpartisan, sustainable and pan-Canadian consensus on the importance of fully engaging Canada's charities and nonprofits in public policy decisions and supporting their capacity to do so.
- The time is right for the sector to raise its head above the immediate preoccupations of responding to increasing demand in an environment of constrained funding, to develop and communicate a new, compelling, multi-year agenda for charities and nonprofits.
- This agenda, which seeks to benefit the communities that charities and non-profits serve, should not only alleviate social problems, but also contribute to enhanced quality of life and improved economic conditions for Canadians and for those whom Canadians care about around the globe.
- Charities and nonprofits must harness their collective voice and strengths to help Canada lead the way internationally in demonstrating how caring and engaged citizens can build stronger communities in which people will want to live, work and invest, communities where economic prosperity and quality of life are sought for all.

THE SECTOR'S STRENGTHS

- As a country with one of the largest charitable and nonprofit sectors, Canada is well-positioned to become a global innovator in supporting the sector's contributions to citizens at home and around the world, and in heralding a new era of civic and community engagement.
- There are more than 161,000 charitable and nonprofit organizations in Canada which engage and empower citizens and contribute to improved quality of life and economic prosperity in communities across the country and around the globe.
- The sector's influence on citizens' engagement and well-being is far-reaching, extending from social, family and community service supports to self-expression and self-fulfillment through sports and recreation and arts and culture as well as engagement in educational, environmental, philanthropic and religious pursuits.
- Despite the great diversity of interests and activities that the sector promotes and supports, it shares a core belief in the importance of having places and spaces in which to discover and hone one's talents and voice and/or of being of service to others by engaging collectively for the greater good.
- The sector contributes significantly to Canada's productivity and prosperity. It employs more than 1.5 million people (full-time equivalents) and mobilizes the efforts of 12.5 million volunteers in rural, northern and urban communities across the country.
- The sector generated 100.7 billion dollars in economic activity in 2007, a contribution of 7 percent to Canada's GDP.
- Sector organizations are the partner of choice for the alternate delivery of programs and services initiated by governments at all levels, be they federal, provincial or territorial or municipal.
- In 2009, for the federal government alone, the sector delivered programs worth more than \$3 billion dollars in countless communities across Canada and internationally
- Nonprofits and charities also play an important role in funding and mobilizing university research on a wide array of social, cultural, economic and environmental topics.
- In 2007, the nonprofit sector funded more than \$880 million of university research related to the causes and missions the sector espouses and it is increasingly working to integrate the research conducted in universities with the lived experience of practitioners in communities across the country and around the world.

- Charities and nonprofits also have strong links to business both domestically and internationally and through their boards, volunteers and earned income activities, serve as integrators of cross-sector collaboration involving businesses, governments and communities.
- In 2009, the private sector participated in thousands of partnerships to mobilize money, time and people for the benefit of all.
- The sector also benefits from a core base of support from individual Canadians who collectively contributed more than \$8.6 billion of their after tax dollars to nonprofit and charitable organizations in 2007.
- If Canada works as well as it does as a country today it is in no small part due to the significant economic, social, cultural, educational and environmental contributions of Canada's charitable and nonprofit organizations.
- Collectively, these organizations, which are so intricately interwoven into the fabric of our communities, create and sustain citizens' community and civic engagement and provide vital societal supports that are in many ways the envy of the world.

THE DRIVERS OF CHANGE

- While Canada has a strong base of charitable and nonprofit organizations which individually and collectively contribute significantly to Canada and the world, there are at least seven major drivers of change which are expected to affect to some degree how the sector governs and finances its activities and defines and maximizes its contributions in the decade ahead.
- These drivers of change may also affect how governments, be they municipal, provincial, regional, national or international; businesses, both small- and medium- sized enterprises and large corporations; and communities, both local and international, work with charitable and nonprofit organizations to accomplish their respective missions and support each other's contributions to society and the economy.
- There are also larger, contextual, demographic changes that will influence the sector's ability to respond to the drivers of change that affect profoundly their ability to ensure access to its services, enhance its capacity to respond to emerging needs and expectations and deliver high-quality interactions and engagement.

Overarching Driver: The changing demographics of Canadian society

- Canada is experiencing significant demographic changes as our population ages, immigrants from around the globe make up an increasing portion of the population, citizens continue to move from rural to urban areas, and the population of Aboriginal youth grows.
- These overarching demographic changes have important implications for nonprofit and charitable organizations with respect to the makeup of their donors, volunteers, boards and staff, and the needs, expectations, and aspirations of the communities they serve.

- Seniors constitute the fastest growing population group in Canada, increasing from one in twenty Canadians in 1921, to one in eight in 2001, to an anticipated one in five by 2026.
- An aging Canadian population will require more concerted efforts to improve health, well-being and independence in later life; facilitate the participation of older Canadians in all aspects of society; strengthen the supportive environments within communities; and, sustain government programs benefiting Canadians of all ages.
- Canada's population is also becoming increasingly diverse, with more than 240,000 newcomers arriving annually.
- In 2006, 20 percent of Canada's population was foreign-born – one in two residents of Toronto, one in three residents of Montreal, and three in five residents of Richmond, BC.
- This diversity builds on Canada's already rich multicultural fabric, established first by Canada's Aboriginal populations, then English and French populations and the broad range of ethno-cultural communities through later waves of migration.
- This growth has overwhelmingly been concentrated in urban Canada with 68 percent of Canadians now living in a census metropolitan area and 45 percent living in the six largest areas — Toronto, Montreal, Vancouver, Ottawa–Gatineau, Calgary and Edmonton.
- Conversely, most rural areas are experiencing a decline in population and increasing aging as younger people leave to seek opportunity in urban areas, a migration which raises important issues for the sustainability of rural and remote communities and for the nonprofit and charitable organizations that serve them.
- In addition, Canada's fastest growing population is that of Aboriginal youth, who as a cohort present unique educational, cultural and social needs that must be addressed if Canada is to harness fully the potential of these citizens' contributions.
- Each of these overarching contextual factors of increased aging of the Canadian population, growing diversity in the make-up of Canada's cultural landscape, ongoing migration to urban areas and growth in Aboriginal populations, both informs and challenges charities' and nonprofits' engagement of staff and volunteers, board members and funders and the broader community.
- As they confront the seven drivers of change that follow – each of which is anticipated to have a direct and lasting impact on the sector's organizational, financial and governance structures in the decade ahead – charities and nonprofits will need to consider each one through the lens of aging, diversity, urbanization and Aboriginal population growth.

Driver 1: The increasing importance and influence of social innovation in Canada

- Over the last twenty years, political and community leaders, government officials and business people have recognized increasingly the importance of innovation to ensure the competitiveness and well-being of the nation.

- Much of the focus, however, has been on technological innovation, or the commercialization of research, to develop new products and services for the marketplace.
- Far less attention has been paid by decision-makers in Canada to *social* innovation, that is to say, the development and implementation of new products, services, processes, systems and behaviours to meet social needs.
- As a result of their deep rootedness in communities across Canada and around the world, charitable and nonprofit organizations have had a privileged role in both pioneering and implementing social innovations though often with little public recognition for the services, processes and practices they have put in place.
- Given their experience with social innovation and their in-depth knowledge of many of the key issues and actors, charitable and nonprofit organizations are crucial contributors to this discussion now that government and business have increasingly recognized the value of this form of innovation.
- In particular, charities and nonprofits can play a leadership role in both mobilizing knowledge and in facilitating inter-sector discussions and on-the-ground experimentation that will promote new policies and processes where social innovation can flourish and take root.
- The extent to which charities and nonprofits can help create and sustain environments in which individuals, communities and the country can continuously learn and adapt to new forms of social innovation, may define, in large part, their contributions to the quality of life and prosperity of Canadians and citizens around the world in the decade ahead.
- The sector's ability to model and mobilize social innovation may also motivate government and other funders to adopt policies and practices that reward and promote learning, experimentation and adaptation that lead to new ways of thinking and behaving, as well as new ways of supporting individuals and communities.

Driver 2: Structural shifts in the revenue base which supports the work of charitable and nonprofit organizations

- Historically, charitable and nonprofit organizations have relied on one or more of three main sources of revenues to support their activities: government funding, earned income and fundraising.
- Charitable and nonprofit organizations' relative reliance on each source of revenue differs considerably with some organizations receiving substantial support from government for their activities, others relying primarily or exclusively on charitable donations to support their efforts, and some pursuing aggressively earned income.
- Over the next decade, however, it is anticipated that a growing number of organizations will explore innovative or new ways to acquire earned income to support their activities or engage in new forms of social enterprise to fulfill their missions.

- This new reality stems, in part, from a new generation of leaders who are entering the sector and who have an interest in doing business differently or who are less inclined to feel constrained by the traditional expectations of, or limits placed on, the sector.
- It also reflects a growing recognition that there may be more limited public funding available as all levels of government confront serious deficits and the realities of an aging population — and this at a time when the sector is already experiencing increased demand for its services and supports.
- For some organizations, this new trend marks a growing desire to achieve increased self-sufficiency and control over their financing to ensure the sustainability of their operations, enhance their capacity for long-term planning and resource management and support experimentation that does not easily attract government or other funding.
- These trends, combined with the fact that philanthropic support has decreased or stagnated in the wake of the recession, are leading the sector to educate itself about and actively explore its options for generating more or different forms of earned income, increase its access to capital and seek to eliminate real or perceived barriers to social enterprise for public benefit.
- These activities can result in a blurring of the lines between public, private and nonprofit activities and enterprises in ways that may require a rethinking of the policies and structures that affect the ability of charities to engage productively in these forms of revenue generation.
- Over the next decade, the emergence of innovative approaches and governance structures may require equally innovative public policies to facilitate the success and growth of these new models, including new means of access to capital and shared infrastructure and services.
- This diversification of the sector's revenue base may also lead to some significant rethinking of the expectations of both mutual benefit and mutual accountability when charities and nonprofits engage in partnerships with governments and businesses — rather than the traditional funder/grantee relationship.

Driver 3: Shortage of talent to strengthen and lead charitable and nonprofit organizations

- Many of today's employees and leaders of charities and nonprofits, motivated by a sense of mission, accepted positions with their respective organizations recognizing that the individual monetary rewards, job security or professional development opportunities that they might enjoy in government or in business, might be less certain in the nonprofit sector.
- While the next generation of staff and leaders of charitable and nonprofit organizations likely share their predecessors' strong sense of mission and desire to bring about positive change, they may be less inclined to sacrifice their individual well-being or that of the families they support, to remain within the sector.

- Anecdotal evidence suggests that they rightly expect to be fairly compensated for the skills they bring to the sector and to acquire, through their own contributions and those of their employers, professional development opportunities, salary increases commensurate with experience and a pension that will enable them to work and eventually retire without fear of being unable to support themselves or their families.
- As Canada's baby boomers retire leaving fewer employees to replenish their ranks, charities and nonprofits that wish to recruit and retain the best and brightest talent both from Canada and abroad, must respond to these changing expectations and must compete for employer-of-choice status in a market where highly skilled employees will increasingly have their pick of jobs.
- Though changing expectations of the sector require it to attract and retain even more highly qualified talent with strong management, financial, information technology and/or legal skills, the vast majority of organizations are not well-positioned given the lower pay and limited salary increases they typically offer as well as the absence of well-funded professional development opportunities and pension plans.
- While all sectors are confronting the global race for talent as innovative, skilled professionals become a pre-requisite to success, this is a particularly serious problem for charitable and nonprofit organizations which enter the race at a competitive disadvantage and often nowhere on the radar screen of young graduates both from Canada and around the world.
- It is also a serious challenge for society as a whole not only to ensure high caliber talent to lead a sector which generates almost seven percent of GDP and mobilizes more than 12 million volunteers, but also to avert the looming crisis for federal and provincial governments as a growing number of employees in this and other sectors move towards retirement age without the appropriate financial and pension support.

Driver 4: Lack of growth in the number of volunteers to govern, support and promote civic and community organizations

- One of the fundamental strengths of charitable and nonprofit organizations is their ability to harness voluntary, unpaid donations of time, expertise and resources in the fulfillment of their mission.
- In fact, more than half of Canada's 161,000 charitable and nonprofit organizations are managed and governed entirely by volunteers.
- Those who volunteer their time and expertise are often motivated by a strong desire for community and civic engagement and are rewarded for their efforts with personal growth, professional development and/or strong satisfaction for their contributions.
- Even as 46 percent of Canadians surveyed in 2007 reported that they volunteered their time, Canada has traditionally relied on a loyal core of 25 percent of its citizens who together have provided 78 percent of all volunteer hours in Canada.

- There are growing signs, however, that this volunteer core is being taxed to its limit as the demand for volunteer hours grows in the wake of the recession and with an aging society, but without a concurrent increase in the overall number of volunteers.
- Charities and nonprofits are increasingly discovering that new volunteer recruits, particularly those who are highly skilled and those who volunteer intending to upgrade their skills to re-enter the job market, have different expectations about the kind of experience that will be afforded to them and the effective coordination and oversight of their efforts.
- In the decade ahead, charities and nonprofits will be confronted with the need to provide a better overall experience for new and returning recruits, one that maximizes their time, contribution and skills development and motivates them to continue and grow their volunteering activities.
- In all likelihood, there also will be heightened expectations to customize and personalize the volunteer experience to reflect the time, priorities and preferences of both new recruits and the steadfast core of volunteers who provide the sustainable base of support.
- More volunteer brokering initiatives, better identification of access points to engagement and more finely tuned programs to recruit, develop and retain volunteers, particularly board volunteers will be required — all of which may require charities and nonprofits to invest significant time and/or money in training and supporting personnel who will facilitate the productive engagement of the volunteer corps.
- Charities and nonprofits will also confront growing public expectations that volunteers who are placed in positions of trust, be it in processing donations solicited or in working with vulnerable populations such as children, will be appropriately screened and scrutinized.
- This evolution in expectations of volunteers and in volunteers' own expectations will require charities and nonprofits to balance the need to make the volunteer experience as accessible and as rewarding as possible with the need to ensure that this volunteer personnel complies with both the organizations' and the funders' requirements regarding safety, compliance and ethical behaviour.

Driver 5: Heightened demand for transparency, accountability, communication of impact and public policy engagement

- As resources become more constrained and as governments, donors and the media increase their scrutiny of funds invested in the sector, charitable and nonprofit organizations have to demonstrate more than ever both to the public at large and to their funders that the resources entrusted to them are spent efficiently, effectively and ethically.
- This growing trend towards increased transparency, heightened public accountability and more comprehensive communication of impact in the conduct of charitable or nonprofit organizations' activities has multiple implications for the sector.

- One implication is the need for both employees and governing boards of organizations in the sector to become far more knowledgeable about reporting and accountability requirements and more systematically organized and vigilant in the oversight and communication of impact of the resources invested by donors and funders.
- To be able to keep pace with escalating expectations, charities and nonprofits have to invest more time and money to upgrade the skills of the current cadre of employees, complement current staff with new colleagues who bring the required expertise (see Driver 2) and recruit board members who have high levels of financial literacy, legal and communication skills and/or political acumen to ensure appropriate oversight.
- These same employees and boards have to give greater thought to how they will document and measure the impact of their efforts and how they will communicate to a broad range of stakeholders that the support received is not only being used for its intended purposes but is achieving its stated objectives and having the desired impact.
- Charities' and nonprofits' ability to fully communicate the impact of their efforts and their connectedness with communities will also influence their access to, and legitimacy in, public policy dialogues on issues of direct relevance to the communities they serve.
- If charities and nonprofits want to engage more fully in public policy decision-making they need to deepen their evidence and knowledge base in order to participate more fully in the policy dialogue while at the same time raise awareness among policy makers of the relevance and importance of the knowledge they bring to the table.
- The end result is a requirement for greater investment of human and monetary resources to ensure that the appropriate financial and evaluation systems as well as the communication and organizational strategies are created and maintained to respond to these growing expectations for public reporting, accountability and public policy engagement.
- The challenge is that these supplementary costs of fulfilling a charitable or nonprofit mission are escalating without, in many instances, concurrent commitments from funders to cover the full costs of project and program reporting, evaluations and audits, and communication of results that the sector undertakes for government or other partners.
- Rigorous outcome measurement and successful public reporting, public policy engagement and knowledge mobilization, however, entail significant incremental costs, both for the specialized expertise and training involved and the actual research, analysis and discussion of results required to capture outcomes, communicate impact, and inform policy decisions.
- The significant expenditures entailed are increasingly pre-requisites to attracting support and funding without which the required investments in measurement, evaluation and engagement cannot be made — a serious challenge for charities and nonprofits.
- More open and up-front dialogue between funders and grantees and improved collaboration across projects and programs will be required in the decade ahead to facilitate the capture of more multi-purpose information that can fulfill legitimate expectations of accountability

while improving program impact, building organizational capacity and fostering learning organizations.

- The vicious cycle of not having enough resources and expertise to meet reporting expectations and fully capture the impact that will attract more support and funding must be replaced with a virtuous cycle of mutual investment in, and learning from, efforts to ensure better oversight, accountability and mobilization of knowledge.

Driver 6: Growing need for transformative partnerships among charities and nonprofits and with other sectors

- All sectors routinely and somewhat rhetorically talk about the importance of collaboration, but few mobilize partnerships with other sectors and serve to connect and integrate the efforts of all sectors as effectively and as often as does the charitable and nonprofit sector.
- For charities and nonprofits whose fulfillment of their respective missions relies to a great extent on the personal generosity and professional engagement of citizens from all walks of life as well as the steadfast support of corporations, communities and governments, partnerships are a pre-requisite to success.
- Over the years, charities and nonprofits have become increasingly adept at initiating, nurturing and mobilizing partnerships with other sectors for fundraising events, awareness-building, and mission-related projects and as such have a rich body of experience to share now that governments and corporations too are increasingly emphasizing cross-sectoral partnerships as their preferred path to innovation, competitiveness and social responsibility.
- In particular, what those charities and nonprofits who have been at the forefront of the collaboration movement bring to the table is a growing recognition of the need for partnerships to evolve from transactional, one-off requests for event or activity funding to transformative relationships that are beneficial for charities *and* their partners and that establish long-term engagement, high-levels of trust that facilitate risk-taking and innovation, as well as joint commitment and mutual accountability.
- Where charities and nonprofits have, in general terms, been less inclined to partner in transformational as opposed to transactional ways, however, is among themselves.
- This is perhaps not surprising given the extent to which organizations in the sector pride themselves on the distinctiveness of their respective missions and the extent to which the stiff competition for donor, corporate and government dollars and for attention in the public sphere routinely pits them against one another.
- Nevertheless, it is precisely this incessant competition for mindshare and dollars that, in the years ahead, may increasingly lead to conversations, pilots and eventually full-fledged initiatives, to partner in more transformational ways.
- In some instances, these conversations are already leading to new forms of collaboration and new partnerships based on shared governance, coordinated financial and HR services, joint

fundraising events, co-location, cross-marketing or co-ventures for earned income, to name but a few possibilities currently being considered or implemented.

- In other instances, these will not be easy discussions or decisions given that they may lead organizations to conclude that the fulfillment of their mission or mandate is best achieved by foregoing their own existence or brand to achieve their ends through mergers traditionally the purview of the private sector.
- Many of these proposed mergers, however well-intentioned or urgently required, will confront major impediments as a result of intrinsically different cultures, legal and historical constraints, board, volunteer and/or staff resistance to change, or an inability to define and communicate the vision and steps required to successfully implement the transformation.
- In the best case scenarios, the outcomes will not lead to consolidation of the sector simply to keep it afloat, but rather innovative new ways of jointly funding, administering, communicating and achieving related or multiple missions which will lead to enhanced sustainability and growth and further the missions of all organizations involved in the transformational initiatives.
- Funders also need to assess whether the partnerships they require as precursors to financial support encourage genuine collaboration and whether their funding models provide appropriate risk-assessment support and transition funding to promote and finance truly transformational change among charities and nonprofits.
- From these discussions may also emerge new models, in addition to those already being envisaged or implemented, for shorter-term charitable projects that do not require or inevitably lead to a request for charitable status and/or the perpetuity of a registered charity if the program/activity for which it was created has a finite duration or is no longer viable.
- The time is equally ripe to explore new models of governance that encourage pooling of Board members' services and expertise for use by multiple organizations and/or alternatives to traditional Boards of Directors to provide the necessary oversight and accountability for charities and nonprofits' operations without recourse to as many volunteers or resources.
- The charitable and nonprofit sector's capacity to leverage its considerable experience and success in partnering with other sectors and to harness to its advantage the inherent tension between competition and collaboration *within* the sector will be a bellwether indicator of the sector's adaptability in the decade ahead.

Driver 7: Increased use of social media and new technologies for community engagement, outreach to youth and networking

- Charitable and nonprofit organizations have long been recognized for their skillful use of networking practices to generate financial and in-kind support for their missions, raise awareness of their causes and to engage people at the grassroots level across the country and around the world.

- Traditionally known both as consummate networkers and welcomed integrators across geography, cultures and sectors, many charities and nonprofits are concerned nevertheless about their ability to build the organizational capacity to harness new forms of social media and new technologies to fully capitalize on their need to strategically engage their stakeholders and reach out to youth in an electronic world.
- While networking is both critical to their success and one of the charitable and nonprofit sector's real value-added contributions, increasingly the sector feels challenged to fully capitalize on the opportunities that new technologies offer and to fulfill the growing expectations that they will be ubiquitous in their online presence.
- As both the current and next generation of donors, funders and supporters migrate to these new platforms, the ability to engage them effectively through new media and new forms of social networking can no longer be considered a luxury, but rather a strategic necessity.
- Charities and nonprofits recognize that these new technologies are forcing organizations to question the very way they structure themselves and to seriously consider how best to enhance their capacity to communicate with and engage stakeholders in real time, where and when they congregate online, most particularly youth, to secure and reaffirm their commitments as donors, volunteers, board members and supporters.
- New technologies also provide significant opportunities for charities and nonprofits that operate internationally to both stay connected domestically and to reach out to their target groups internationally, more rapidly and effectively, both in moments of crisis and in daily operations.
- Yet while new technologies can provide opportunities for Canadian organizations to deliver services and connect globally, they also enable competitors who defy geographic boundaries to parachute into Canada without incurring any significant overhead to compete for dollars and mind space.
- The disruptive powers (both positive and negative) of these new technologies and new forms of social media will need to be further assessed by charities and nonprofits, individually and collectively, to fully harness this ever evolving environment to their advantage.
- The front-end costs of paying for external guidance, developing internal capacity, assessing how to choose and tailor platforms and approaches that best reflect the organizational mission and culture, and communicate and market effectively one's presence will be significant, and in certain cases prohibitive, for some charities and nonprofits.
- Opportunities to learn from early adopters and to experiment and innovate with the security of a safety net will be critical therefore to ensure that all charities and nonprofits can benefit from new technologies' promises of greater accessibility, lower transaction costs and more timely and personalized engagement with stakeholders.

- Those charities and nonprofits, be they large or small, urban, rural or remote, or domestically or internationally-based, that combine most effectively traditional and electronic forms of networking and outreach are likely those who will be best positioned in the decade ahead to attract and retain a new generation of donors, funders and supporters.

ACTIONS TO CONSIDER

- From these drivers of change emanate a number of ideas for actions for charitable and nonprofit organizations to pursue individually, collectively and/or in collaboration with partners in government, business and communities to ensure that charities and nonprofits maximize their benefits to Canada and the world in the decade ahead.
- While many of these ideas for action stem predominantly from one of the seven drivers described above or the overarching contextual driver of changing demographics, all may be influenced or informed by one or more of the other drivers, if only in how the actions proposed need to be addressed or implemented.
- The areas of actions for consideration that follow are not intended to be exhaustive, are not ones that can be tackled easily or effectively by any one organization operating in isolation, nor are they prioritized.
- Instead, they provide a number of possible entry points for organizations across the sector and for key partners in government, business and communities to participate in the process of generating new structures, policies, practices and behaviour that will contribute to the long-term sustainability, growth and vitality of the sector for the benefit of all.
- Imagine Canada hopes that its role as a convener and facilitator of a national dialogue on this proposed framework for action will encourage other organizations and sectors, both individually and collectively, to identify the ways and means that they can best contribute to maximizing the sector's contributions to Canada and the world and to work collaboratively to implement positive change and promote innovation.
- Based on what we learn as we listen to discussions about this framework and augment and refine it in light of insights received as we cross the country in 2010, Imagine Canada, as the national umbrella organization which speaks in concert with more than 1300 charities and nonprofits from across Canada, will develop a multi-year public policy agenda to guide our own organizational efforts.
- We invite our members, other organizations in the sector and our partners in government, business and communities across the country to work with us or to show leadership of their own on action items that resonate forcefully within their own constituencies and where they believe their expertise, experience and knowledge can best be brought to bear for the benefit of all.
- Many of the ideas for action that follow are already being discussed, researched, promoted, pursued or implemented within the sector – what this framework may provide of value is a

series of lenses through which to coordinate and prioritize collectively a common agenda for the sector.

- Imagine Canada welcomes the involvement of all not just in validating this proposed framework for action, but in building it, confirming its continued relevance in years to come and most importantly, in ensuring that the actions proposed are pursued strategically, collaboratively and effectively through shared leadership, shared commitment and shared accountability.

1. Solidify our funding base

What the nonprofit and charitable sector can do:

- Undertake research to determine the implications of Canada's changing demographic profile, new technologies, and other major drivers which affect charitable giving in Canada and develop strategies to address both emerging challenges and new opportunities – including new ways to connect to donors through social networking media and the increasing need to fundraise or pursue earned income activities including social enterprise to offset government fiscal constraints in the short- to medium- term.
- Convene sector leaders to provide public reference points which define new forms of philanthropy and social enterprise and identify and begin to put in place the organizational structures required to engage successfully in activities of earned income and social enterprise for public benefit.
- Continue to work on developing principles for a modernized approach to the definition and regulation of charities that better reflects the realities of 21st century society and permits a broader range of activities and organizations to qualify as charities.
- Develop tools and resources aimed at strengthening knowledge and capacity in nonprofits and charities with respect to earned income activities including resources that boards can use to determine whether earned income activities are appropriate avenues for their organization, and training, implementation resources, and mentoring support for organizations that do choose to pursue these opportunities.
- Continue to pursue advocacy to encourage governments to address real or perceived barriers to earned income activities, and help organizations to build their capacity to benefit from these possibilities, where appropriate.

What the sector can do in collaboration with other partners:

- Increase the number of Canadians who give, and the amount they give, by establishing a “stretch” tax credit of 39 percent on amounts donated up to \$10,000, that exceed a donor's previous highest giving level.

- Obtain federal commitment to an accelerated modernization of federal grants and contributions (push for a one-year timetable for change), giving priority to expedited timelines for funding decisions and full cost recovery for all organizations engaged in delivering federal programs.
- Work with the Canada Revenue Agency to determine whether changes are required to legislative structures to permit and facilitate charities and nonprofits' efforts to diversify their financing through increased engagement in earned income activities.
- Create a more supportive environment for earned income activities by: addressing real or perceived regulatory barriers to engaging in these activities; helping to build capacity in public benefit organizations to participate in earned income; creating an effective social capital marketplace; expanding access to capital, investment and market opportunities; offering incentives for investors to participate; and providing a locus for ongoing policy dialogue and development regarding earned income activities and finance.

2. Invest in our human resources

What the nonprofit and charitable sector can do:

- Evaluate existing research and data sources to ensure the sector has the information it needs to undertake effective human resource planning and development for the sector and develop a plan to fill priority data and research gaps.
- Identify and validate through consultation critical human resource challenges and opportunities facing the sector and, where appropriate, develop a segmented analysis to identify the particular needs of small, medium and large organizations as well organizations operating rurally and/or remotely.
- Analyze the challenges and opportunities arising from the aging and increasing diversity of Canada's population with respect to volunteer and professional recruitment, development and retention.
- Develop practical advice for organizations on how to address the challenges and opportunities that diversity presents, in particular in the recruitment of volunteers and staff who reflect the community and governance and workplace practices that respect and capitalize on this diversity.
- Develop practical advice for organizations on how to address the challenges and opportunities that the aging of Canada's society presents, in particular how to recruit, develop and retain younger volunteers and employees, and to recruit, support, and deploy a growing pool of highly skilled older volunteers.
- Investigate, develop and disseminate best practices for local, regional and national level programs to mentor emerging young leaders and to support succession planning at the organizational and sectoral level.

- Investigate ways to establish pooled pension and benefit plans to make these important supports available to all employees in charitable and nonprofit organizations of all sizes.
- Develop sectoral initiatives where cross-cutting responses are needed – e.g. national communications campaigns, data collection, knowledge dissemination platforms, etc. to promote the value of a career and/or of volunteering in the sector.

What the sector can do in collaboration with other partners:

- Help support research on the human resource challenges facing the sector over the longer term and participate actively in planning and implementing initiatives to address these, to ensure continuing capacity in the sector to deliver critical government services to Canadians.
- Invest in the development and dissemination of best practice resources for sector organizations to enable them to replenish their volunteers and professional staff, embrace Canada's ethno-cultural diversity, engage young people as volunteers and in longer term career opportunities, and effectively tap into the deep well of expertise and skills in Canada's growing retiree population.
- Fund training initiatives to enable Canadians working in the nonprofit and charitable sector to upgrade their skills through professional development programs or continuing education or higher education programs.

3. Introduce more sustainable operating models

What the nonprofit and charitable sector can do:

- Develop and share risk-management tools that will heighten the resilience of nonprofit and charitable organizations and their ability to deliver essential services in the face of fiscal crises, natural disasters, public health emergencies, and other periods of high social and economic volatility.
- Develop a national procurement mechanism for the charitable and nonprofit sector that would leverage the collective purchasing power of the sector to provide discounted rates on hotel accommodation and meeting space, travel, office supplies and furniture, etc.
- Investigate, document and disseminate models, best practices and resources for sharing or outsourcing finance, information technology, and administrative functions to reduce overhead costs in small organizations; combining research, policy development and advocacy functions across organizations with related mandates to reduce costs and increase policy impact; co-locating organizations as a method to reduce costs, foster greater synergy among organizations with related mandates, and improve client service; and sharing training resources and programs for the continuing education and development of nonprofit frontline, professional, and volunteer personnel.
- Collaborate with existing and emerging associations that can build up leadership capacity and technical know-how of emergent forms of earned income strategies.

- Continue to advocate for improved business practices and full cost recovery in government grant and contribution programs to reduce contract delays, unnecessary staff turnover, and program deficits that undermine the fundamental sustainability of nonprofit and charitable organizations.

What the sector can do in collaboration with other partners:

- Review and, where necessary, revise grant and contribution rules and administration to ensure full cost funding for government programs delivered by nonprofit organizations and prohibit harmful business practices such as failing to process funding requests, to renew or conclude contracts and flow payments within reasonable and predictable timeframes.
- Provide for projects with sound business plans and a reliable future earned income stream to guarantee repayment security for loans to enable nonprofits to purchase land, facilities, and other capital equipment to make their operations more sustainable in the medium- to long-term.
- Revise administration of grant and contribution programs to offer multi-year funding to nonprofit and charitable organizations with established track records and reliable performance records.
- Redirect resources saved through improved grant and contribution program management to capacity building and supports for developing organizations that are meeting a clear and identifiable community need, but have work to do before attaining a consistently high standard of performance.

4. Foster knowledge mobilization and social innovation

What the nonprofit and charitable sector can do:

- Organize regional and national symposia on a bi-annual basis to enable charitable and nonprofit organizations to meet, to learn from one another, and integrate innovative and high-impact practices into their future planning and activities.
- Research, develop and disseminate best practices with respect to developing a learning culture within organizations with a particular focus on monitoring and evaluation to build knowledge and expertise within organizations and continuously improve the impact of programs and services.
- Examine ways to combine resources within sub-sectors to support systematic literature reviews and knowledge translation and mobilization initiatives aimed at providing front line organizations with evidence and practical advice they can use to select the most effective program and service models and implement them effectively.

- Promote actively a culture of inquiry and innovation in our nonprofit/charitable sector and showcase proven examples of social innovation (originating from any sector) through learned society gatherings and a sector supported journal.
- Develop a strategy to facilitate the engagement of universities and colleges with other charitable and nonprofit organizations as these institutions of higher learning seek to enhance their community research presence and civic engagement.
- Monitor systematically charitable and nonprofit sector policy, regulatory and innovation initiatives in key jurisdictions, like the US and UK, to inform domestic development, policy and advocacy efforts and establish ongoing dialogue with these jurisdictions to facilitate shared learning and knowledge exchange.

What the sector can do in collaboration with other partners:

- Invest in, and work with charitable and nonprofit organizations to create knowledge mobilization processes and platforms to capture new knowledge and get it into the hands of national, regional and local charitable and nonprofit organizations seeking innovative ways to improve the quality, reach and impact of their programs – and into the hands of funders seeking to increase the impact of their funding.
- Revise accountability frameworks for grants and contributions to encourage learning and innovation, as well as financial accountability.
- Incorporate costs for effective monitoring and evaluation into program and project funding.
- Create more national awards that recognize outstanding leadership in the charitable and nonprofit sector and provide cash prizes to scale up innovative, high-impact practices developed by the recipients in collaboration with colleagues.
- Invest in a Social Innovation Fund which would provide opportunities for charitable and nonprofit organizations to try new approaches to governance, financing and community engagement with the protection of a safety net.
- Work with charitable and nonprofit organizations and academic leaders to ensure social innovation is a clearly integrated plank in provincial and national innovation strategies.

5. Strengthen governance, transparency, accountability and public policy engagement

What the charitable and nonprofit sector can do:

- Uphold high standards of financial and fundraising accountability through the promotion of and adherence to a national Ethical Code.

- Promote the widespread support of organizations for a standards initiative through voluntary adherence to a charitable and nonprofit standards program and contribution to the development of these standards.
- Provide regional, local and sub-sector snapshots of national trends, where feasible, to inform the grass roots' efforts to communicate impact and assess performance against a national backdrop.
- Mobilize knowledge and tools that will provide better orientation and professional development opportunities for new and current Board members of charitable and nonprofit organizations.

What the sector can do in collaboration with other partners:

- Ensure that the federal government continues to balance public accountability for tax expenditures and flexibility for donors and charities to effectively advance their charitable work now that the 80-20 rule governing the disbursement quota regime has been repealed.
- Consult with the public and the charitable and nonprofit sector on a new definition of charity that reflects our shared understanding of what it means to be a charitable organization in Canada's highly diverse, pluralistic and wired society, and on a new regulatory approach that takes into account the diverse needs and capacities of charities while upholding transparency and accountability to Canadians.
- Implement streamlined accountability measures that actively support greater effectiveness, continuous improvement, and innovation.
- Recommend and work towards a reform of the registration and revocation appeal process that would see appeals of registration decisions be heard in the first instance by the Tax Court of Canada instead of the Federal Court of Appeal.

6. Develop greater awareness of the sector's contributions and impact

What the charitable and nonprofit sector can do:

- Survey the sector on a regular basis to capture and analyze empirical data that will document the contributions of the sector and the challenges that it faces and provide a strong evidence base for the sector's value proposition and expectations of partners.
- Provide regional, local and sub-sector snapshots of national trends, where feasible, to inform the grass roots' efforts to communicate impact and assess performance against a national backdrop.
- Inaugurate a centre of excellence network to build and sustain capacity across the sector and promote the mobilization of knowledge and research about the sector.

What the sector can do in collaboration with other partners:

- Ensure a government and business presence as part of the National Summit so that partners are attuned to the sector's efforts to innovate and can augment this learning by sharing their innovations and lessons learned from failed experiments.
- Identify and engage champions in government and business as well as community leaders who are prepared to speak publicly of the value of charitable and nonprofit organizations, through op eds, speaking engagements or other interventions.
- Convene a national roundtable to discuss how the three sectors (nonprofit/business/government) can work together and in parallel more effectively to address key social, cultural, economic and/or environmental issues affecting Canada and our engagement internationally.
- Appoint a federal Minister Responsible for the Charitable and Nonprofit Sector, and establish a central Secretariat for the Charitable and Nonprofit Sector. The Secretariat would support the Minister and serve as the lead department on all federal government strategies, policies, legislation, regulation and programs aimed at the sector as a whole, and as an active interlocutor on government initiatives and issues affecting nonprofit organizations more generally, as needed.
- Create mechanisms to facilitate dialogue between individual federal government departments and charitable and nonprofit organizations on public policy issues that would benefit from the sector's perspective and/or that affect the ability of organizations in the sector to fulfill their respective missions.