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# Signals of Transformation: What Will 2017 Bring for Canada's Non-profit Sector?

By Joanne Cave

In many ways, 2016 was a year of flux for Canada's non-profit sector. Our lagging economy put pressure on non-profit organizations and charities to deliver essential services, creating a "structural deficit" along with new fiscal challenges for provincial governments (Emmett, 2016). Meanwhile, the Fort McMurray wildfire in May demonstrated the sector's critical role in times of crisis – mobilizing more than \$300 million in financial contributions from donors across the country for families in need (Canadian Red Cross, 2016). Despite this, 52% of those surveyed from non-profit organizations in Fort McMurray-Wood Buffalo expressed concern about the future of their organization six months after the wildfire, while 63% said they had introduced new programs or services to respond to emergent community needs (FuseSocial, 2016). The Edmonton Chamber of Voluntary Organizations offered temporary office space for displaced non-profit organizations from Fort McMurray – just one of many displays of the sector's resilience and solidarity in a time of great uncertainty.

It was also an important year to reaffirm the sector's role in contributing to a healthy democracy. Sector leaders convened at multiple tables, such as the Max Bell Foundation's forum in Calgary, to clarify priorities and identify opportunities for coordinated advocacy. In the fall, the Canada Revenue Agency (CRA) launched a long-awaited consultation process to clarify the rules for charities' participation in political activities, with actions and next steps expected in 2017 (Canada Revenue Agency, 2016). Some organizations continued to advocate for changes to how CRA defines "political activity," including Canada Without Poverty, which filed a constitutional challenge of the *Income Tax Act* in August (CBC, 2016). This issue will undoubtedly remain in the headlines in 2017.

## Reflecting on predictions for 2016

In January 2016, I predicted some of the emerging trends I saw for the sector at that time, including (1) the emergence of new leadership development and capacity-building opportunities; (2) increased emphasis on "decent work" and human resource best practices; (3) a "tipping point" for social innovation and social finance; and (4) increased reliance on shared platforms and administrative outsourcing. While some of these trends gained traction, others remained more stagnant than I anticipated.

### ***Investment in leadership development and capacity-building***

While only a handful of new non-profit leadership and capacity-building opportunities emerged in 2016, they demonstrate a shift from conventional training and professional development opportunities. The new Social Innovation Extension Certificate (a partnership between Mount Royal and MacEwan universities) is just one example: a made-in-Alberta approach to educating social innovation practitioners. However, in some regions of Canada, professional development opportunities for sector leaders have started to wane. One such example is the closure of Dalhousie College of Continuing Education's non-profit sector leadership courses and programs, effective January 2016.

Non-profit professionals have reported limited opportunities for professional development within their organization (Van Ymeren and Lalande, 2015). Leadership development and capacity-building in the sector is both a demand and supply-side challenge – educational institutions can develop new programs and innovative curricula, but if organizations have limited capacity to invest in their employees, the impact may be limited. While Community Foundations of Canada has developed some excellent resources for labour market information and career exploration in the sector to follow the legacy of the HR Council, in 2017 it may be time to reignite the dialogue on a broader non-profit labour force strategy to more adequately address the sector's professional development needs.

### ***Increased emphasis on “decent work” and best practices in human resources***

Van Ymeren and Lalande's (2015) paper about decent work in the non-profit sector catalyzed a series of discussions about the issue. The Ontario Nonprofit Network (ONN) started assembling decent work case studies and “promising practices,” including a charter and checklist for organizations. In addition, the ONN created a Pensions Task Force, which is currently assessing the feasibility of rolling out a multi-employer pension plan in Ontario. ONN's research indicated that 51% of survey respondents working in the sector in Ontario have no workplace pension plan or group RRSP (ONN, 2016), demonstrating the magnitude of the issue. The decent work movement continues to gain traction and will likely remain on the agenda in 2017 as the “freelance economy” grows in size and scale (Bernholz, 2015).

### ***The social innovation and social finance tipping point***

Social finance and social innovation are starting to reach a “tipping point” in Canada due to several important developments. In 2016, stakeholders in the sector announced two new social impact bonds (SIBs). The first is a health-focused partnership between the Public Health Agency of Canada and MaRS Centre for Impact Investing focused on hypertension (Government of Canada, 2016a). The second is a partnership between the Government of Saskatchewan and the Mosaic Company Foundation to improve graduation rates for youth from low-income families (Government of Saskatchewan, 2016). The Government of Ontario also committed to explore social impact bonds in its 2016-2021 Social Enterprise Strategy, and the Government of Manitoba is doing the same through its Department of Families and Department of Justice (Government of Manitoba 2016a, 2016b). The federal government also announced a national social innovation and social finance strategy (Government of Canada, 2016b).

Ontario's abovementioned strategy, launched in June, included \$4 million for a Social Enterprise Demonstration Fund and a social impact voucher pilot project. Similarly, Manitoba established a \$10 million social enterprise loan fund (Government of Manitoba, 2016c) and New Brunswick amended its

small business investor tax credit regulation to include community economic development (CED) corporations and co-operatives (Government of New Brunswick, 2016). These developments indicate that federal and provincial governments are increasingly open to using creative tools to expand Canada's social innovation and social finance ecosystem.

### ***Shared platforms and administrative outsourcing***

Several organizations and foundations, including the ONN, Laidlaw Foundation, and Metcalf Foundation, have paved the way for shared platforms. In 2016, a few important examples gained momentum. The ONN's Shared Platforms Guidebook, published in March 2016, has already proven to be a valuable resource. Shared platforms in the arts sector have also started to explode since the release of Marsland's (2013) research on the subject. The Riser Project, Platform A, and Children's Peace Theatre are just a few examples of thriving smaller shared platforms in the arts sector.

Stolk (2015) noted that shared platforms are largely funder-driven; a significant resource gap is constraining future projects. Ideally, they will gain more traction in 2017 in more remote geographic areas, or in subsectors other than arts and culture.

One exciting development in 2016 was the opening of Foundation House in Toronto. It provides a shared space and additional opportunities for collaboration between a number of foundations and other organizations, including the ONN (Lauzière, 2016). Foundation House takes after similar co-working spaces (e.g. the Centre for Social Innovation) and is a clever model that could be replicated in other cities in 2017.

### **Signals of transformation: looking ahead to 2017**

The year 2017 marks the 150th anniversary of Confederation, presenting an exciting opportunity to reflect on the sector's past, present, and future. I predict that the following "signals of transformation" will be particularly prominent in 2017.

#### ***(Re)centring Indigenous reconciliation***

It will be a landmark year for Indigenous reconciliation efforts in Canada as many organizations act upon the Truth and Reconciliation Commission calls to action. Reconciliation is a significant pillar of the Community Foundations of Canada (CFC)'s Community Fund for Canada's 150th, and CFC is actively supporting the work of the 4Rs Youth Movement to promote dialogue between Indigenous and non-Indigenous youth (Berveots, 2016). In addition, the second Indigenous Innovation Summit (hosted by the National Association of Friendship Centres, with support from the McConnell Foundation) occurred in November 2016, celebrating innovative contributions of Indigenous communities across Canada.

These initiatives lay the groundwork for non-profits and philanthropic organizations to centre Indigenous perspectives and lived experiences, celebrate Indigenous leaders, and encourage dialogue and reflection on their role in the reconciliation process. The Philanthropic Community's Declaration of Action (2015) is just one example of the many opportunities for non-profit sector leaders to build bridges with Indigenous communities.

### ***Renewing the sector's participation in policy advocacy***

With the findings of the CRA's consultation on charitable political activities forthcoming, 2017 will also be an important year for clarifying the sector's role in policy advocacy. A new legislative framework is one possible outcome of the consultation, which would require a significant investment in training and education for staff at non-profits so they understand how to comply with the new rules. This year will also present an exciting opportunity to reframe the debate on the CRA's political activity audits and to focus on empowering and educating organizations to participate in the policy development process and contribute to a healthy democracy.

As Gibbins (2016) described, policy advocacy is a moral imperative, in which there is an "obligation to ensure that the programs charities help deliver are as good as they can be, that clients are defended and promoted within the political system, and that the sector brings its program delivery experience to bear on debates about policy design and options" (p.2). Thus, 2017 will certainly be the year for renewing the sector's commitment to, and enthusiastic participation in, policy advocacy activities.

### ***Situating the sector in systems change efforts***

It will also be a significant year for mainstreaming systemic design in the non-profit sector. This process combines a design approach that focuses on the end user with multi-stakeholder service systems with the goal of prototyping innovative solutions to social issues. Systemic design approaches can help organizations or groups identify relationships between systems, understand possible unintended consequences, develop new pilot projects, and adapt to increasingly complex environments. While provincial governments have largely been the early adopters of systemic design principles in the policy development process (e.g. the Government of Alberta's CoLab, a design team based permanently out of the Department of Energy), non-profit organizations are slowly acclimatizing to these new tools.

The organization InWithForward has introduced systemic design principles to Canadian non-profit organizations through pilot projects, including with the West Neighbourhood House in Toronto, the Community Opportunity and Innovation Network in Peterborough, and three community living associations in Burnaby that work with individuals with cognitive disabilities. The Edmonton-based Skills Society is another example of a Canadian leader in systemic design – it uses social innovation labs to co-design solutions to complex social issues (e.g. the racialization of poverty), coordinates a citywide "community of practice," and trains others to apply systemic design facilitation techniques in their organization.

Systemic design is a useful framework to promote collaboration between governments, philanthropic organizations, and non-profits. In 2017, look for more non-profits to adopt systemic design tools and methodologies to address complex challenges and share their promising practices with other organizations (Rajasekaran, 2016).

### ***Mobilizing research, data, and evidence across sectors***

The shift from output- to outcomes-based program evaluation for funders has prompted many non-profit organizations to incorporate more sophisticated data collection and impact measurement, as well as demonstrate "value for money" (Laforest, 2010). However, few tools and resources exist for non-profit organizations, particularly those with limited capacity, to improve their research and evaluation

tools and share their data with the public as “open by default.”

Governments are facing similar challenges with research and knowledge mobilization and looking to models such as “centres of excellence,” or What Works Centres in the UK, to create central data repositories. The current federal government has demonstrated a strong commitment to innovation, open data, and evidence-based and results-oriented policymaking (Curran, 2016). In 2017, non-profit organizations in Canada will be important allies in their research and knowledge mobilization efforts.

These trends, taken together, signal a significant opportunity for broader renewal and transformation in the non-profit sector. Forthcoming events like Transform the Sector in Toronto will help shift the sector narrative to one that is adaptive and future-oriented. Improving role clarity for the non-profit sector in the broader social change ecosystem is an important first step. It will help articulate a clearer vision for how the non-profit sector can thrive in the future – just in time for the nation’s 150th birthday.

*What do you think were the most significant milestones for the sector in 2016? What other signals of transformation do you anticipate for 2017?*

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