Democracy is Coming: The New Interest In NGOs, Civil Society and the Third Sector

KATHY L. BROCK
Associate Professor and Head of Public Policy and the Third Sector, School of Policy Studies, Queen's University, Kingston, Ontario

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In April 2001, political and corporate leaders gathered inside hotels, banquet halls and conference rooms at the Summit of the Americas in Quebec City to put the crowning touches on the North American Free Trade Agreement (NAFTA). Outside there were thousands of antiglobal-governance demonstrators engaging in an intended nonviolent protest against the signing of a document that represents one more step toward entrenching corporate capitalism. In "the Spirit of Seattle", the protestors once again attempted to interrupt the planned trade negotiations and to raise awareness of the movement against capitalism, imperialism, and the free trade agreement. Nongovernmental organizations, frustrated at their exclusion from the circles of high diplomacy, are now attempting to exert their power in the streets and in front of the cameras.

Is this a mere inconvenience or does it signify something more important at work? A dominant view among foreign-policy and trade experts is that it is the former. The people may be protesting in the streets but in the end, negotiations will continue behind closed doors. But to accept this argument is to ignore a more fundamental change in the relationship between government and society that has occurred in western liberal democracies like Canada, the United States and Britain in the last quarter century. In this transformation, the role of nongovernmental organizations is becoming more central to the very practice of democratic governance.

Why is this shift occurring? The increasing disparity between economic growth and the growth of the welfare state, spiralling national debts and heightening north-south tensions all contributed to the revamping and streamlining of government in many western liberal democracies. At the same time, the information revolution, rising education levels, and the mobilization of citizens with a growing consciousness of rights and entitlement created higher expectations for states. These trends have prompted citizens, disillusioned by the impotence and unwillingness of their own governments to address certain needs or problems, to turn to representative nongovernmental organizations to defend their interests, promote their rights and deliver needed services. Besieged and belittled governments have attempted to balance tightening fiscal constraints with growing citizen needs by establishing links and partnerships with private and nonprofit and voluntary organizations. While the third sector response has been mixed, owing to serious resource constraints, the pressures

from governments and citizen groups have raised the profile and influence of the sector as a whole.

Citizen organizations worldwide have existed for centuries but it is in the last decade of the twentieth century and the beginning of the twenty-first that governmental (NGOs) and nonprofit (NPOs) organizations have flourished. Recent articles have conservatively estimated that the number of international NGOs rose from 6,000 in 1990 to over 29,000 in 1999, that over 100,000 NGOs were created in Eastern Europe between 1988 and 1995, that 70 per cent of the two million NGOs in the United States developed in the past 30 years and that over 65,000 NGOs have been formed in Russia since the demise of communism. These international NGOs range from TINGOs (technical NGOs) and RINGOs (religious) to BINGOs (affiliated with business), GRINGOs (close relationships with governments) and beyond. More prominent activities of NGOs have included the women's rights agenda at the 1993 United Nations Vienna conference on human rights, the movement for a world crimes court, the landmines campaign, development projects including enhancement of the water supply in Africa, lobbies to end child labour and poor labour conditions, relief efforts in wartorn or disaster-afflicted areas, and anti-poverty and anti-hunger campaigns worldwide. NGOs worldwide are not just oppositional forces to governments, they are increasingly assuming government functions or working in concert with governments to achieve state-defined goals.

Canada has experienced a similar trend. While the third sector has always played an important role in the lives of Canadians, its increasing involvement in the policy process and all matters economic and social is captured by a few basic facts. For example, the third sector includes more than 175,000 voluntary, nonprofit, charitable and other citizen organizations, ranging from grassroots groups to highly sophisticated organizations like United Way or universities and hospitals. Charities have been increasing at a rate of three per cent each year since the late 1980s. The nonprofit or "voluntary" sector, as it is more popularly called, employs over 1,300,000 people, representing a growing portion of the GDP, currently estimated at between 10 and 13 per cent. The National Survey of Giving, Volunteering and Participating recorded that the number of Canadians participating in organized volunteer work rose from 26.4 per cent in 1987 to over 31 per cent in 1997. More than 66 per cent of Canadians have participated informally in the voluntary sector. Governments rely more than ever on voluntary organizations for research, information, advice, communications and service design and delivery.

The embedding of third sector organizations in both the domestic and global policy worlds is fraught with tensions. Accountability and autonomy collide, causing an uneasy relationship between states and voluntary organizations. Governments are concerned that their equity and efficiency goals and particular political objectives may not be met when they enter into partnerships with third sector agencies for the delivery of programs and services. In their turn, third

sector agencies are apprehensive of the impact of these accountability demands on their independence, mandates and identities. Although the sense of uneasiness with accountability to government may depend upon an organization's size and mandate, many worry that strict accountability measures might detract from an agency's goals or mission. Yet the funding opportunities may be too tempting to dismiss, particularly in areas where resources are very limited. Even when relationships forged between government and third sector agencies seem to be based on co-operation and respect, agencies may worry about co-option while government agencies may fret about the possibility of being captured by particular interests. These concerns, whether real or perceived, may ultimately undermine the relationship. While current research suggests that these concerns have been overstated in the past, problems persist in the relationships between the governing and third sectors.

Various means of resolving the tensions are being actively sought. In Britain, remedies have included the establishment of a national Charities Commission and, most recently in England, a Compact on Relations between Government and the Voluntary and Community Sector. U.S. solutions range from the Contract with America and the National Partnership for Reinventing Government to the White House Conference on Philanthropy held in October 1999. In Canada, the relationship between the federal government and the voluntary sector is undergoing a complete restructuring following the recommendations of two important commissions: the Panel on Accountability and Governance in the Voluntary Sector (PAGVS) which was struck by an unincorporated group of national voluntary organizations and reported in February 1999 under the chairmanship of Ed Broadbent, former leader of the NDP, and the Government of Canada and Voluntary Sector Joint Initiative, known as the Joint Tables which reported in August 1999.

In June 2000, the Canadian government, jointly with members of the voluntary sector, announced the Voluntary Sector Initiative. The VSI, as it has come to be known, is designed to act on the recommendations of the two commissions with the objective of improving the nonprofit sector for the benefit of all Canadians. This historic undertaking of unprecedented proportions, merits further comment.

The Voluntary Sector Initiative

At the time of the joint announcement, the federal government committed $94.6 million to the Voluntary Sector Initiative (VSI) five-year plan with the objective of enhancing the quality of life in Canada by improving service delivery and government programs through increased support to the sector and by increasing the capacity of the sector to meet increased demands. The VSI will advise on: relationship-building measures including the development of an accord between government and the sector ($10 million); capacity-building measures ($25 million), including information generation and Internet use in

the sector ($10 million), a triennial national survey of giving, volunteering and participating as well as specific measures to recruit and train volunteers and staff; and regulatory measures ($7 million) including making registration of charities fairer and more transparent, examining models for the reform of the regulatory institutions, and revisiting the restrictions on advocacy by the sector. The government has allocated $30 million to examine means of involving the voluntary sector more effectively in the development of government policies and programs.

The VSI is structured to ensure efficacy under the stewardship of a Reference Group of eight cabinet ministers including the President of the Treasury Board as its chair. This group will endeavour to co-ordinate government activities with respect to the voluntary sector and to advance dialogue with the sector. At the apex of the VSI, is the joint co-ordinating committee (JCC) of 16 members with eight being senior officials from the federal government and eight selected by an independent committee of sector representatives in an open process. This committee acts as a liaison and managing body by providing leadership and direction to the Joint Tables, overseeing the public consultation process, and providing feedback to the government and voluntary sector. The Joint Tables (working groups with co-chairs and members drawn equally from government and the sector) ensure maximum collaboration on issues relating to capacity-building in the sector, the legal and regulatory framework, the development of an accord, the National Volunteerism Initiative, research and information management, and public awareness. Working groups are formed as needed to address specific issues. The JCC and Joint Tables are meeting regularly now, and in plenary probably twice a year. To ensure that the initiative reaches people beyond the actual participants and is inclusive, individual volunteers, smaller organizations and other stakeholders and citizens can engage in the dialogue on the relationship through a website and phone line.

Three features of the VSI are particularly noteworthy. The accord between the voluntary sector and federal government may be one of the potentially most significant products of the Joint Tables and one of the earliest. Based on the recommendations from the Broadbent and Joint Tables reports, the accord will signify the start of a new collaborative relationship, offering a vision of that relationship and articulating principles to shape and guide the relationship in future. A second significant achievement will be the recasting of the federal regulatory framework for the sector. Central to this work is improving the registration process for charities but also investigating the possibility of creating a Charities Commission for Canada. A third feature of the VSI that merits comment is that the Initiative includes strong commitments to capacity-building in the sector and the promotion of volunteers but the commitment to reconciling the different perspectives of the government and third sector on advocacy and funding is less clear. This commitment will come as the VSI

progresses and will be important in establishing a new and healthier relationship that better serves Canadians.

For the first time in Canadian history, the government is reaching beyond the department level of interaction to engage the voluntary sector community at a more strategic level. While the two sides are not quite equals in the VSI since the government retains primary control over areas such as the functioning of the Reference Group of Ministers and the development of legislation, this bold initiative places the voluntary sector in a position to affect policy development and government design substantively. However, two conditions may affect the operation and effectiveness of the VSI. First, the commitment of the federal government to the initiative must remain strong and the VSI must become a regular feature of the Cabinet agenda. Second, the provincial governments are not represented within the VSI but have primary constitutional authority for the sector. The ability of the federal government to redefine the relationship is constrained as a result; however, the provinces are being kept informed at all stages of the VSI and may be brought into the process at a later date.

The provincial governments have been awakening to the importance of the voluntary sector. The government of British Columbia has been the boldest, creating the Ministry of Community Development, Cooperatives and Volunteers in 1999 to support efforts that build healthy and stronger communities. A prominent aspect of its mandate is to recognize and encourage the role of the voluntary sector. As part of this strategy, the government announced InVOLve BC, a funding program that enables voluntary organizations to develop their organizational capacity by improving training, developing and sharing "best practice" models, and engaging in research. In January 2000 over 120 organizations were funded under this program and in January 2001 a further 70 received $1.1 million to better serve and to strengthen BC communities. The government is committed to developing screening and training programs to assist the sector in obtaining the best qualified volunteers. The Ministry is committed to recognizing and promoting diversity within the voluntary organizations and communities.

Other provinces and territories do not have departments dedicated to the voluntary sector but some have been developing structures to deal with the voluntary sector as a whole rather than just at the specific department level. For example, Alberta established the Volunteer Services Branch within the Ministry of Community Development to support the sector.

What is striking about the voluntary sector culture in Alberta is the mix of private, nonprofit and government relations. The strategy for the sector is part of the community development business plan which sets targets for volunteer rates. The government is committed to promoting relations between the three sectors. As in Ontario, Saskatchewan and BC, the Alberta government channels gambling revenues to the sector. Four foundations also provide support to the

voluntary sector. Alberta arguably has the most well-developed regulatory framework for its voluntary sector. The government is working with the sector to ensure that the legacy from the International Year of the Volunteer will be lasting.

The Ontario government is also aggressively promoting the voluntary sector under the umbrella of the Ministry of Citizenship, Culture and Recreation. Significant measures include assistance to develop partnerships that enhance the use of technology by volunteer organizations ($7.5 million); an online support program ($6 million); a screening and training initiative for volunteers; a grants program; and creation of Community Round Tables to advise on strengthening volunteerism. In addition, the government is looking to the long-term health of the sector by introducing a community service requirement in secondary schools with the objective of introducing students to lifelong volunteering. These initiatives are an important component of the government's restructuring plans in the province. The underlying assumption is that these measures will strengthen community organizations and communities enabling them to assume more functions as the administrative branch of government is streamlined.

In contrast, the government of the Northwest Territories is following the model set by the British Government under Prime Minister Tony Blair and engaging in a volunteer strategy that promotes a genuine partnership between the government and voluntary sector. In developing this strategy, it has been ahead of the Canadian federal government. The centrepiece of the strategy is a draft accord between the sector and government. The draft accord envisions the voluntary sector as a partner in legislative, policy, planning, program and funding decisions. In addition, the accord speaks of a relationship which respects the autonomy, diversity and capacity of the sector while promoting its accountability and potential.

The other provinces and territories are also committed to promoting the voluntary sector and volunteerism to varying degrees. Quebec is notable for the strength of its commitment to "le secteur bénévole", i.e., the social economy and community organizations. Manitoba interacts largely at the departmental level and is interested in innovation in the voluntary sector. With one of the highest rates of volunteering in Canada, the sense of community organization is strong. Prince Edward Island has a Cabinet committee to determine provincial funding for the sector. In the International Year of the Volunteer, the provincial and territorial governments were committed to supporting volunteerism in many ways and most had volunteer recognition programs.

Corporations are not escaping scrutiny in this period of change. When investigating the issues of accountability and governance in the voluntary sector, the Broadbent Panel forged a strong link between corporate self-interest and a concern for civil society: "A lively and strong civil society that is built on the

trust and cooperation created by citizens helping each other and working together has been shown to be linked to stronger economic performance". To this end, the PAGVS recommended that the corporate sector should be encouraged to donate a percentage of its income to voluntary organizations, lend expertise to the sector, provide support for training programs, enter into genuine partnerships with voluntary organizations, and conduct model social audits.

These recommendations, and Broadbent's subsequent work, inspired the creation of the Canadian Democracy and Corporate Accountability Project, with the support of the Atkinson Foundation. The commissioners on the project were drawn from the corporate sector, labour, nonprofits and public life. After holding consultations with leaders from the private, public and nonprofit sectors, the commission conducted public hearings and reported on its findings late in 2001. The work of the commission was organized around a series of themes, including information disclosure, corporate social responsibility, non-shareholder stakeholders, corporate democracy, electoral democracy and the global economy. Running throughout these themes are the twin concerns of ethical behaviour and accountability. Democracy and citizen voices are echoing in the halls of corporate power.

The Corporate Democracy project has implications for the voluntary sector. For example, it investigates issues like social audits and partnerships for corporations. Social audits could include requirements for financial or in-kind service donations to the voluntary sector as well as for community service. Corporate partnerships with third sector agencies could be arranged to achieve public policy goals.

While the ultimate effects of the project are indeterminable at this point, the existence of the project is significant. It is one aspect of the new public demands for accountability and social responsibility that also inspire citizen movements protesting global corporatism.

What do these developments portend for civil society? Three sets of interrelated questions are especially important for citizens.

First, is it the responsibility of governments to encourage civic engagement through the voluntary sector? Should governments fund programs to encourage the creation of nonprofit and voluntary organizations that will assume previously government-run services or will serve as advocates for disempowered segments of society? Should governments be promoting volunteerism through programs which require community service on the part of particular classes of citizens such as students, prisoners or social assistance recipients? Should governments be legislating the appropriate levels of corporate donations whether financial or in-kind? Do these activities undermine public spiritedness and volunteerism? What is the desirable mix of government-directed and spontaneous activities?

Second, are partnerships healthy for democracy? Do they build stronger communities? The third sector has traditionally been home to voices of dissent within society. As governments reach out to these organizations and engage them in the policy process, to what extent will this critical perspective on government, whether global governance or domestic governments, be suppressed, weakened or lost? If policies are publicly vetted or developed between government and key organizations, will third sector voices that are critical of the outcome be marginalized or silenced without significant changes in policies occurring? Do alliances between private corporations and voluntary organizations preserve or challenge the status quo? For the better or worse? For whom? These alliances, whether nonprofit public or private nonprofit, do create shared interest in the outcomes. In particularly contentious areas such as poverty and welfare, environment, trade and human rights, a tension within the membership of organizations or between organizations might arise if one group believes the other has compromised essential principles. If a debate over the issue arises, then democracy is served but if voices are stifled, then a process meant to enrich democracy may become the very means of impoverishing it. Clarifying the extent of the government obligation to fund organizations and to permit advocacy by charitable organizations becomes more important.

Third, does the quest for more accountability in the sector serve the interests of citizens? Just as the public has become more cynical about government as it has been subjected to greater scrutiny, is the growing attention being paid to the third sector emblematic of a breakdown of civic trust? Are agencies once thought of as altruistic, now in danger of being viewed as self-interested organizations with little concern for the broader wellbeing of society? As organizations strive to meet the requirements set by governments and corporations in partnerships, will many lose their appeal to locally involved citizens and increasingly be seen as impersonal bureaucracies? Will government standards replace community bonds and norms that have defined these agencies? Will accountability just translate into more work for lawyers, accountants and consultants with no measurable benefit to citizens? Will partnerships between the third sector and governments restore the lustre to government or just serve to tarnish the third sector? Will Canadian corporations see the benefits of adopting social audits and community responsibility practices or will they fear the effects on their international competitiveness?

These are tough questions. The answers lie in the future but one thing is certain: a significant cultural shift has occurred in the past quarter century whose effects are only beginning to be felt. As governments have shifted the burden for services, citizens have become more aware of and more vocal about their needs. As governments and the private sector are becoming more engaged with the voluntary sector and building its capacity, voluntary organizations are mobilizing citizens. As organizations have multiplied and represent a greater array of voices, they have become more embedded in the policy world. As commu-

nities have grown stronger, the calls for corporate accountability have become louder. Whether as oppositional forces to governance as in Quebec City in 2001 or in Seattle in 2000, or as collaborators and allies with governments on a daily basis, citizen organizations promise a richer and more complex policy environment which may serve citizens better both in Canada and worldwide. In 1992, Leonard Cohen wrote that "Democracy is coming ... from the sorrow on the streets", and not just to the USA.