

Funding Policy Capacity

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In the last decade, there have been two significant shifts in relationship between the government and the voluntary sector in Canada, as in most developed countries, which have had important implications on the funding environment of voluntary organizations as well as their ability to manage services and advocacy.¹ First, the restructuring of the welfare state and the context of fiscal constraint has given increased salience to the idea that social policy can be delivered in a more cost effective way by relying on volunteers and voluntary organizations.² Whereas the 1980s in Canada marked a rise of advocacy groups funded by the state, in the 1990s, these groups were pushed into primarily delivering services as funding was being cut back and partnerships encouraged or mandated.³ At the same time, a second shift was occurring. As the government's role was being transformed and its capacity reduced, it has also turned to the voluntary sector in order to rebuild its links to citizens and to community. Hence, the voluntary sector has become a vital resource for information and policy advice.⁴ Geared

¹ P. Leduc Browne, *Love in A Cold War?*, Canadian Centre for Policy Alternatives, 1996; S. Smith and M. Lipsky, *Nonprofits for Hire: The Welfare State in the Age of Contracting*, Boston, Harvard University Press, 1993; L. Salamon (ed.), *Partners in Public Service: Government – Nonprofit Relations in the Modern Welfare State*, Baltimore, The Johns Hopkins University Press, 1995.

² J. Rice and M. J. Prince, "Response to the Crisis: Retrenching the Welfare State and Changing Responsibilities for Social Provision," *Changing Politics of Canadian Social Policy*, Toronto, University of Toronto, 2000, pp. 110-129.

³ For an overview of the funding practices in the 1980s see Leslie A. Pal, *Interests of State: The Politics of Language, Multiculturalism, and Feminism in Canada*, Montreal, McGill-Queen's University Press, 1993; for a more recent account of government policy see Jane Jenson and Susan D. Phillips, "Regime Shift: New Citizenship Practices in Canada", *International Journal of Canadian Studies*, vol. XIV, 1996.

⁴ Clerk of the Privy Council, "Building a New Relationship with the Voluntary Sector", Speech to the Third Canadian Leaders' Forum on the Voluntary Sector, 31 May 1999; Privy Council Office, "Federal Government and Voluntary Sector Seek New Strategic Relationship", Press Release, 15 June 1999. For a discussion of governance practices G. Paquet, "Tectonic Changes in Canadian Governance", in L. Pal (ed.)

to strengthening the policy capacity of the sector, increased funding is now afforded to the development of policy-oriented projects in the areas of research, consultation, information dissemination and policy advocacy.

While the impact of the direct funding of voluntary organizations for service provision has been widely acknowledged⁵, the implications of funding practices to enhance the involvement of voluntary organizations in the policy process, in policy dialogue and in policy formulation are not well known. Yet, these very measures have an impact on representation, on advocacy and on social action. This paper examines this dimension of the relationship between the state and the voluntary sector by focusing on the interaction of funding practices and organizational strategy. Given the centrality of the capacity building rhetoric in the new governance agenda, voluntary organizations now face a number of key challenges and opportunities. As they are called upon to play a greater role in the policy process, organizations are redefining their advocacy role and this has an impact on the activities they pursue, the way they strategize in order to influence public policy and the nature of their relationship to the state.

The analysis is based on in-depth interviews with 12 national organizations in the field of children and family services. It focuses on the state's relations to one particular sub sector in Canada as a first step to enable some initial observations regarding the patterns of change and the rationale for managing services and advocacy. In addition, by

How Ottawa Spends 1999-2000 - Shape Shifting: Canadian Governance Toward the 21st Century, Toronto, Oxford University Press, 1999, pp. 75-111.

⁵ See for example Smith and Lipsky, 1993; K. Gronbjerg, *Understanding Nonprofit Funding*, San Francisco, Jossey-Bass Gronbjerg, 1993; J. Jenson and S. Phillips, "Regime Shift: New Citizenship Practices in Canada," *International Journal of Canadian Studies*, 1996, 14, pp. 111-36. 1996; L. Juillet, C. Andrew, T. Aubry and J. Mrenica, "The impact of changes in funding environment on nonprofit organizations", in K. Banting and K. Brock, *The Nonprofit Sector in Canada*, Kingston, Queen's-McGill University Press, 2001 (forthcoming); R. Kramer, "The future of the voluntary agency in a mixed economy," *The Journal of applied behavioral science*, 1985, 21,4, pp. 377-391.

bringing into focus a particular policy area, we can capture many trends associated to new governance such as the collapse of policy fields and the broader range of relevant actors involved in policy, which are important dimensions to understanding how the relationship between the voluntary sector and the state is being transformed.⁶

This analysis proceeds in three parts. First, it sets out the theoretical framework for the analysis. The second part explores how shifts in governance gave way in the 1990s to a 'new' thinking on relationship between the state and the voluntary sector. Consequently, the idea of downloading policy oriented services and of strengthening the policy capacity of voluntary organizations has formed an important feature of the funding regime since 1990 and underwrites the politics of representation. Finally, it presents the broader impact of this shift in funding practices on the nature of advocacy by national voluntary organizations, on their interaction with the state and with other voluntary organizations.

Funding matters

In a context of greater interdependence between the state and the voluntary sector, many researchers have questioned the ability of voluntary organizations to maintain their autonomy particularly when these same organizations rely on the state for resources. Numerous studies have already demonstrated that the funding of voluntary organizations can have an impact on their organizational structure leading to, among other things, a

⁶ L. A. Pal, "Civic Re-Alignment: NGOs and the Contemporary Welfare State," in *The Welfare State in Canada: Past, Present and Future*, edited by R. B. Blake, P. E. Bryden, and J. Frank Strain, Concord, Irwin Publishing, 1997, pp. 88-104.

greater professionalization and bureaucratization of voluntary organizations⁷; greater demands for accountability and performance measures⁸; and a displacement of power away from constituencies and the board of directors towards the funder⁹. However, these studies have tended to limit themselves to an examination of the interaction between funding environment and organizational characteristics. While the organizational effects of government financing are significant and should be acknowledged, very little is known about how funding affects the 'politics of representation', and more particularly the advocacy dimension.

Some authors have expressed concern regarding the impact of funding arrangements on the mission of voluntary organizations, and by the same token on their advocacy capacity. Weisbrod for example has shown that organizations who rely essentially on lucrative short-term contracts tend set aside their long-term goals in order to focus on these short-term objectives,¹⁰ whereas Reading has argued that increased competition for resources has pushed organizations towards delivering politically neutral programs.¹¹ Nevertheless, research tends to show that the impact of government financing on an organization's ability to pursue its mission is less than is commonly

⁷ D. Leat, "Funding Matters" in J. Smith, C. Rochester and R. Hedley (eds.), *An Introduction to the Voluntary Sector*, London, Routledge, 1995, pp. 157-189; Kramer, 1985; N. Hartogs and J. Weber, *Impact of Funding on the Management of Voluntary Agencies*, 1978; J. R. Saidel, "The Dynamics of Interdependence Between Public Agencies and Nonprofit Organizations," in *Research in Public Administration*, Vol. 3, J. L. Perry (ed.), Greenwich, JAI Press, 1994, pp. 201-230. M. Stone, "Competing Contexts: The Evolution of a Governance Structure in Multiple, Institutional Environments", *Administration and Society*, vol. 28, no 1, 1996, pp. 61-89.

⁸ M. E. Knapp, E. Robertson and C. Thomason, "Public Money, voluntary action: Whose welfare?", in H. Anheier and W. Seibel (eds.), *The Third Sector: Comparative Studies on Nonprofit Organizations*, Berlin, Walter de Gruyter, 1990, pp. 183-218.

⁹ S. Harlan and J. Saidel, "Nonprofit Boards of Directors in Third-Party Government," *Nonprofit Management and Leadership*, 5, 2, 1994, pp. 173-196; T. Mizrahi and B.B. Rosenthal, "Complexities of Coalition Building", *Social Work*, 46, 1, 2001, pp. 63-78; Smith and Lipsky, 1993; L. Sosin, "Cultures in Nonprofit organizations," *Nonprofit Management and Leadership*, 1, 2, 1990.

¹⁰ B. Weisbrod, *To Profit or Not To Profit*, Cambridge, Cambridge University Press, 1998.

believed.¹² Given that mission statements are generally vague, organizations are able to adapt their strategy to meet funding criteria while maintaining a certain latitude to pursue their goals.¹³ Hence, voluntary organizations have presumably been able to pursue their advocacy activities, despite greater reliance on project-based funding by diverting resources awarded to particular projects towards that end.

These studies, however, have focused on organizational logics while downplaying the significance of their connections to public policy. What they fail to capture is that although voluntary organizations continue to exercise an advocacy role, the very nature of advocacy is being transformed just as the relationship between the state and the voluntary sector is redirected. The advocacy role of an organization extends well beyond the grasp of a mission statement and comprises more than the ability to define one's mission and to pursue these goals. Advocacy goes to the heart of political representation. It also involves articulating the interests of its constituency, giving meaning to one's action and situating oneself in relation to other actors, to the issues at hand, and in light of the opportunities for political action. Advocacy does not occur in a vacuum, it is based on an interaction between the state and the organization. For this reason, it is both dynamic and perceptual.

Institutional factors play two fundamental roles in determining the environment in which voluntary organizations advocate. On one hand, the state sets the institutional

¹¹ P. Reading, *Community Care and The Voluntary Sector: The Role of Voluntary Organizations in a Changing World*, Birmingham, Venture Press, 1994.

¹² Juillet et al. forthcoming; M. Stone, M. Hager, J. Griffin, "Organizational Characteristics and Funding Environments: A study of a population of United Way-affiliated nonprofits", *Public Administration Review*, vol. 61, 3, 2001, pp. 274-287; Kramer, 1989.

¹³ On Mission Vagueness see Weisbrod, 1998; E. James, "Sources of Charity Finance and Policy Implications", in N. Lee, *Sources of Charity Finance*, Tonbridge, Charities Aid Foundation, 1989; A. Ware, *Between Profit and State: Intermediate Organizations in Britain and the United States*, Cambridge, Polity Press, 1989.

parameters that structure the context for collective action. By delimitating spaces for political action and determining who has access to these spaces, ultimately privileging certain actors at the expense of others, the state affects the degree of power that they have in the policy process as well as the forms of representation through which interests are articulated.¹⁴ On the other hand, the position of an organization in the policy process bears an impact on its policy capacity. Not only does this influence the way the organization defines its own interests, it also directs its advocacy strategies.

The funding regime is an important institutional factor that shapes the relationship between the state and the voluntary sector. It provides organizations with the tools and the resources to fulfill their mission; it can also confer legitimacy and credibility to certain actors affording them access for representation. Hence, it can impact the way organizations structure themselves, their relative power in the policy process and how they access policymaking. Although resources alone cannot fully explain the strategies chosen by the organization or the routes of representation for which it opted, it is an important reality with which they must contend.

Policy choices ultimately fall upon the organizations themselves. Voluntary organizations set their goals and utilize strategy in light of their perception of their place in the policy process, their sense of involvement, and the opportunities that present themselves. In this perspective, the nature of the services that are funded by the state is as important as the funding relationship itself. When organizations undertake a project for the funding, they devote their energy and commit to that purpose. It is not a decision that

¹⁴ This conceptualization is from the work of Jane Jenson, "Gender or Reproduction or Babies and the State", *Studies in Political Economy*, vol. 20, 1986; Jane Jenson, "Paradigms and Political Discourse: Protective Legislation in France and the United States before 1914", *Canadian Journal of Political Science*, vol. 22, no 2, 1989.

is taken lightly because they necessarily have to adapt in some way to meet the new demands. It has a bearing on the alternatives that are available to the organizations, and ultimately, on the choices they will make.

Funding advocacy

In the 1970s and 1980s, the federal government provided operational funding to national voluntary organizations in support of advocacy in order to enhance the mobilization of collective action around diverse facets of Canadian identity, such as social action and official language minority groups, multicultural organizations, and women's groups.¹⁵ Over this period of time, advocacy organizations prospered as they gained institutional access through the Secretary of State programs. Nevertheless, by 1990 the federal government had deliberately begun to withdraw its funding of advocacy and many of these programs were dissolved.¹⁶ On one hand, the federal government had faced strong opposition from social critics during the process of welfare state restructuring and was no longer willing to finance these critics. The federal government initiated debate around the legitimacy of advocacy organizations in the policy process arguing that they were 'special interest groups' or stakeholder groups. It implied that they do not serve the public interest because they defend parochial interests and are motivated solely by their 'particularistic' goals. Such a term had a negative connotation and contributed to the delegitimization of the role of representation played by the advocacy

¹⁵ See Leslie A. Pal, *Interests of State: The Politics of Language, Multiculturalism and Feminism in Canada*, Montreal and Kingston, McGill-Queen's University Press, 1993, 75-6; Jenson and Phillips, "Regime Shifts...", *op.cit.*

organizations.¹⁷ On the other hand, having made major cuts in social programs, the federal government now counted on both the private and the voluntary sector to be involved in social welfare provision. Hence, resources had to be made available to help develop that service orientation. As a consequence, the federal government virtually eliminated core funding and elected to prioritize project based funding around service delivery, explicitly discouraging advocacy.

Arguably, these measures left national advocacy organizations in a particularly vulnerable position. Not only did they rely essentially on governmental financing in order to sustain their representational activities, for the most part, they were not in a position to move into service delivery given that they did not have a direct link to clients and constituencies. By the same token, advocacy organizations had lost access to the state. Their role in public policy forums and public consultation was discredited as the federal government started to encourage the democratization of public policy and praise the contribution of the "ordinary citizen" in the policy process.¹⁸ More weight was given, in the policy discourse, to the voices of individuals as opposed to that of intermediary organizations.¹⁹

By the mid 1990s, many national organizations were finding it difficult to survive and their relationship with the federal government had become antagonistic. They had to look towards alternative sources of funding. Yet, these discourses made it increasingly

¹⁶Susan D. Phillips. "From Charity to Clarity: Reinventing Federal Government - Voluntary Sector Relationships," in Leslie A. Pal, ed., *How Ottawa Spends 2001-2002*, Toronto, Oxford University Press, 2001; Jenson and Susan Phillips, "Regime Shifts...", *op.cit.*

¹⁷ This issue was first raised by Jenson and Phillips, 1996; and recently by A. Dobrowolsky in reference to the women's movement, "Of 'Special Interest': Interest, Identity and Feminist Constitutional Activism in Canada", *Canadian Journal of Political Science*, XXXI: 4 (1998).

¹⁸ Jenson and Phillips, 1996; Dobrowolsky, 1998; and J. Brodie, "Politics on the Margins-- Restructuring and the Canadian Women's Movement, Halifax, Fernwood Publishing, 1995.

difficult to secure financial support for advocacy based on private donations and fundraising activities, particularly in a context of increased competition for funds. National voluntary organizations faced a number of key challenges. Given their diminishing resources, voluntary organizations have attempted to change their relationship with the state and with society, including their clients and constituencies. In doing so, they have adapted to a new funding environment and have had to rethink their practices of representation. These new politics of representation are occurring amidst a transition in governance practices.

New Governance

In recent years, the nature of governance has shifted from traditional hierarchical command and control governing towards greater collaboration and partnerships.²⁰ Governments are called to play an ever diminishing role and the voluntary sector an even greater role as the responsibility for the provision of services is being delegated to them. Greater reliance on new governance arrangements, partnerships and collaboration -- requiring trust and a stronger policy capacity -- has come at a time when the government faces a crisis of diminished capacity to develop and implement policy.

The federal government has come under increasing strain during the past decade. Some of these tensions have been the result of the declining confidence of the population in politicians and political institutions, which have brought increasing pressure for a more

¹⁹ Katherine Graham and Susan D. Phillips, "Citizen Engagement, Beyond the Customer Revolution," *Canadian Public Administration*, 40, 1997.

²⁰ Paquet, "Tectonic Shifts", *op.cit.*

transparent and inclusive process of decision-making.²¹ By opening access to the policy process however, the government faces a conundrum. Greater consultation around policy matters can improve its credibility, legitimize its action and increase acceptance of public policies. Yet, as the government faces a wider range of relevant stakeholders, it becomes more difficult to consider and aggregate competing demands. Not only are social problems increasingly complex, so is the political environment in which it must govern. In addition, the intricate nature of policy issues arising also means that they are harder to resolve. If the government is seen to be unresponsive to the recommendations emerging from the consultation, it runs the risk of alienating those who participate and drive further the level of distrust.²²

In order to avoid being in this delicate position, the federal government has increasingly been funding voluntary organizations in order to lead consultations within their community of interest around public policy issues. The rationale for delegating consultation practices is that it will help develop capacity within the sector by facilitating networking among voluntary organizations. Once the consultation is over, alliances and connections that were made remain within the community. Nevertheless, voluntary organizations are put in the position of mediating policy. They have the responsibility of disseminating information, aggregating interests and coming up with recommendations.

²¹ For an extensive analysis of this phenomenon, see Neil Nevitte, *The Decline of Deference*, Peterborough, Broadview Press, 1996.

²² This issue was raised during the last vast public consultation campaign organized by the federal government around its Social Security Review in 1994, the first major reconsideration of Canada's social policy programs since the Canada Assistance Plan was enacted in 1966. The social security review was one of the most extensive public consultation exercises organized by the federal government to date. The commission conducted consultations in 22 cities across Canada over 5 weeks. 1200 briefs were submitted and 637 groups presented before the commission. Nevertheless, process was in vain as the recommendations of the consultations ended up sitting on the shelves as the government when the federal government opted to transfer social payments to the provinces. See K. Banting "The Social Policy Review: Policy making in a semi-sovereign society", *Canadian public administration*, vol. 38, no 2, 1995.

However, the federal government has no formal obligation to act upon these recommendations.

Another tension arises from the changes in the relationship between government and the voluntary sector. Paradoxically, the federal government needs to enhance the role of intermediary organizations in order to serve as a link to community and provide input on a range of social issues, just as it has dismissed their advocacy role and undermined their capacity. The relationship between the federal government and the voluntary sector has to be rebuilt. In the 1999 Speech from the Throne, the government stated that it recognized "the need to build partnerships with communities and to renew its relationship with the voluntary organizations that serve and sustain them. The Government will enter into a national accord with the voluntary sector, laying a new foundation for active partnership with voluntary organizations in the service of Canadians."²³ Such an accord -- a moral contract-- is broad framework policy meant to guide the relationship between the federal government and the voluntary sector in the future.

In an effort to resolve these tensions, the federal government has come to recognize the powerful contribution of voluntary organizations to public policy, both as an expression of the collective interest and a valuable actor in solving community problems.²⁴ The federal government has deliberately tried to engage the voluntary sector in these capacities. While policy advice was traditionally the safeguard of public servants, governments are increasingly turning to the voluntary sector in developing, designing, and implementing policy. In fact, a greater portion of projects that are funded are intended to assist voluntary organizations in strengthening their policy capacity by

²³ http://www.pco-bcp.gc.ca/sft-ddt/doc/fulltext_e.htm

supporting the development of tools and skills, by expanding research and intensifying networking within the sector.²⁵

In June 2000, the *Voluntary Sector Initiative*, a secretariat for the voluntary sector, was created in order to support the involvement of voluntary organizations in public policy. The federal government also announced that the secretariat would receive \$94.6 million over five years, of which \$35 million would be dedicated to strengthening the capacity of the voluntary sector and \$28.5 million to support its involvement in departmental policy development. In addition, the federal government announced in August 2001 an additional \$11,6 million to fund projects that contribute to federal policy development. Lucienne Robillard, President of the Treasury Board of Canada, Minister responsible for Infrastructure and Chair of the Reference Group of Ministers for the Voluntary Sector, stated that, "These projects are instrumental in building the voluntary sector's capacity to influence Government of Canada policy-making. This is an important step towards realizing our long term vision to fully engage the voluntary sector in the day-to-day business of government."²⁶

Making sense of advocacy in a new funding environment

These initiatives have come at a pivotal time for national voluntary organizations as they face a number of challenges and opportunities. The funding of advocacy has been curtailed and their legitimacy questioned by the very same government that now wants to implicate them in the policy process. National advocacy organizations have lost

²⁴ The Liberal Party produced its second "Red Book" which made a commitment to increasing the capacity of the voluntary sector to contribute to Canadian life. See also throne speech 1999.

²⁵ Phillips, "From Charity to Clarity...", *op. cit.*

privileged access to the state, their credibility has been undermined and their organizational capacity has been reduced. Along with the changes in the policies and practices of governmental funding, the very nature of advocacy seems to have undergone a significant process of transformation. Advocacy, the act of voicing the concerns and needs of the constituency, conveying their opinion and representing their interest to the state, is an important role that national voluntary organizations fulfill.

When questioned on their advocacy role, national organizations in the field of children and family services all stated that advocacy had remained a central part of their work since the 1990s. Nevertheless, 10 out of the 12 organizations maintained that while they continued to exercise that role, the way they advocate has evolved in response to the changing nature of their dealings with the state. One group described its advocacy strategy as follows, "after 1995 things became more reactive. You no longer had the mechanisms to advocate for programs. You had to find doors... A lot of organizations do the tango, meet with government and are energized at being at the table... The advocacy effort is really dynamic. We haven't given up the idea, at the table we can continue to challenge them."²⁷ Another group stated that advocacy, "...changes when one gets to the policy engagement stage, making it a policy issue rather than a political issue. We're getting to the real action stage. Our relationship with government is fairly open.... advocacy is a combination of methods depending at where we are with government."²⁸

In fact, most organizations mentioned their greater involvement in policy as an important facet of their advocacy role since 1990. They argued that it created

²⁶ News release, see http://www.tbs-sct.gc.ca/media/nr-cp/2001/0808_e.html

²⁷ Based on an interview with a representative of Campaign 2000.

opportunities for influence in the policy process and helped restore the credibility of national organizations. As they gained legitimacy by being "partners" in public services, they also gained access to the state in this capacity. Their voice is backed by their newfound credibility as policy agents. They get themselves heard and their position is respected, which is the ultimately the goal of advocacy. It is important to note that not all national organizations have accepted to engage with the state in policy deliberations. Although it was not the focus of our study, we noted the virtual absence of women's group in the field of Children and Family services since the 1990s.

Nevertheless, the advocacy strategy of voluntary organizations has been transformed. By participating in policy development and implementation, many national organizations mentioned that they have opted to use cooperative rather than adversarial policy strategies and instruments in order to influence government. One group recalls that their advocacy strategy "is based on developing positive working relationship with government, not sending confrontational messages. We work together despite the fact that we have had the cuts...since the early 1990s, we are more involved with policy formulation prior to this government priority was different... now it is more amenable to partner for policy formulation."²⁹ A major consequence has been that as organizations play an increased role in public policy and governance, it steers their activities towards a greater focus on public policy making and governmental priorities, away from traditional forms of advocacy.

²⁸ Based on an interview with a representative of Family Service Canada.

²⁹ Based on an interview with a representative of Canadian Association of Family Resource Programs.

Greater participation in policy requires that organizations become politically and socially aware of the stakes and engage in a collective reflection. In this context, one group asserts that, "Having a big vision, but taking small steps that build momentum is a useful strategy." Short-term, issue specific and very focused coalitions no longer yield better results. Rather, organizations have come to centre their action on securing long-term gains. This facilitates collaboration among groups rather than fostering competition. National organizations coordinate their activities through networks, which allows them to go beyond their particular claims in order to defend common substantive goals. They exchange information and resources, form bonds and solidarities, which are essential to building social cohesion. In the field of Children and family services, the National Children's Alliance has been a valuable actor through which collaboration has taken place. National organizations have been able to work across silos and sub-sectors in order to push forward the National Children's Agenda³⁰. For example, health and childcare organizations are increasingly working together and exchanging, which had not been the case before. The Canadian Teachers' Federation and the Canadian School Boards Association have also formed bonds with organizations in the field of early childhood development with whom they had not worked with prior to this initiative.

While it has helped support a broader vision at a sectoral level, it has also created some tensions within organizations, as the local and provincial members would rather see their national umbrella groups concentrate their advocacy work around specific issues of interest to them. This problem is becoming even more acute as local chapters are increasingly relying on their national representatives to advocate on their behalf because

³⁰ The National Children's Agenda is focused on tracking children's well-being and their progress in four

they no longer have the resources to manage both advocacy and services. One group noted that they "are more overstretched, trying to stay on top with little staff and resources. They are almost relying on you to do the advocacy and just attach the name of the organization without having to stretch. They wouldn't be able to do it themselves or would only do very sectorally based advocacy for funds, not policy."³¹ The provincial members of three other national organizations have also questioned the involvement of their representatives in the National Children's Agenda. For example, while youth organizations hope to secure long-term gains by participating in this coalition, their provincial counterparts do not see the direct relatedness of the early childhood development agenda.

Moreover, as national organizations engage in policy debates, they become involved on multiple fronts and advocate on many issues. This requires policy analysis in order to articulate issues into a broader vision. Advocacy organizations necessarily become less political and rely increasingly on their expertise and knowledge. Gathering knowledge and information, as well as developing these skills, nevertheless can become part of a long-term strategy in order to shift the balance of power vis-à-vis the government. In fact, the majority of organizations have reported a greater emphasis on research-oriented projects. This is further driven by the federal government's shift towards funding projects that support research, information development and dissemination. One group recalls, "We don't have any ongoing money to meet our full objectives... we received a Health Canada grant where we did policy work and project funded child care visions by Human Resources and Development Canada and that

areas: health; safety and security; success at learning; and social engagement and responsibility.

allowed us to reassert ourselves. You have to reframe the language, the programme in order to compete for a finite number of money and this process is reinforced by governments promise to work together and to build stronger communities... You have no choice to do that... Only certain things will go through that's the filtering process."³²

Most organizations perceived access to project funding for building policy capacity as a route to redistributing power. Yet, consolidating knowledge and information in the voluntary sector has also become a valuable policy resource for the government in developing policy. The federal government clearly supports activities that are relevant to the priorities and mandate of its departments.³³ As a result, the lines of communication between upper level management and voluntary organizations have been opened. Organizations reported that they are frequently contacted by public servants in order to provide policy advice and expertise. It has become a common occurrence to the point where some organizations have begun to set boundaries. One group even said that it now charges government officials for each *consultation*. While some organizations find this new responsibility burdensome, others see it as an acknowledgement of their expertise.

In fact, the majority of groups have viewed their increased involvement in policy as a positive shift. Nevertheless greater involvement in policymaking carries certain responsibilities not just to one's constituency, but to the state and the general public as well. This is evident in the delegating of consultation and research. National organizations have become mediators between the state and community. As such, they occupy a strategic position in the policy process.

³¹ Based on an interview with a representative of Campaign 2000.

³² Based on an interview with the Canadian Coalition for the Rights of Children.

The influence of state

The shift towards a policy oriented funding regime has also had an impact on the structuring of the voluntary sector. Through the funding arrangements, the federal government sets the parameters of political representation. Not only do these practices have an impact on the policy process, but they also have an impact on the choice of actors who shape policy and on the forms of representation through which interests are articulated. Although this influence is more subtle, we can capture its dynamic through an analysis of case studies. For our purpose here, we have opted to examine two case studies, each exploring a different component of the new funding regime: the funding of consultation and the funding of research activities.

By funding certain particular organizations to consult within their constituencies, it has an impact on the channels through which networking will occur. Moreover, government has had an impact on the representativity of the sector by picking who would be present at the table, who would speak in the name of the sector and who would be able to influence the policy process. For example, the National Children's Alliance received federal funding in order to hold forums across Canada in the spring 2000 on policies regarding the National Children's Agenda. The objective of this consultation was to build consensus within the Children and family services sector and to make recommendations to the federal government of possible changes that should be made to the policy. The

³³ See for example the list of funding projects at http://www.vsi-isbc.ca/eng/policy_projects_annexd.cfm.

National Children's Alliance is a conservative and professional coalition. It is a loose coalition of over 30 voluntary organizations, without any formal structure or leadership. By funding the National Children's Alliance, the federal government chose to deal with the voluntary sector through this representative of the sector in the policy debate rather than with Campaign 2000, a more radical organization. This initiative afforded legitimacy to the first coalition, despite the fact that Campaign 2000 had traditionally intervened on issues regarding children.³⁴

Supporting knowledge development and dissemination activities is also intended to increase voluntary sector involvement in the departmental policy process. Enabling them to acquire the necessary tools to enrich their knowledge of relevant issues, namely through research and the development of their capabilities. I will use a brief overview of a particular organization's experience in dealing with the changes in funding policy in order to highlight the impact it has had on its advocacy role.

The Canadian Council on Social Development: a case study

The CCSD has been a leading actor in social development and social services since 1920.³⁵ Its mandate is to “develop and promote progressive social policies inspired by social justice, equality and the empowerment of individuals and communities through

³⁴ R. Mahon and S. Phillips (forthcoming) “Dual-Earner Families Caught in a Liberal Welfare Regime: The Politics of Child Care Policy in Canada” *Gender and Welfare State Restructuring: Through the Lens of Child Care* R. Mahon and S. Michel eds. New York, Routledge.

³⁵ This case study is based on a review of the archival material of the organization from 1970-1999 and interviews with past executive directors as well as members of the Board of Governors.

research, consultation, public education and advocacy.”³⁶ The CCSD is an established organization and well reputed in the field of social policy. In the 1970s and early 1980s, CCSD received core funding from the federal government in order to sustain their operations. Given that there were no obligations attached to the funds, the organization felt that it would not undermine its independence vis-à-vis government. Moreover, the security of core funding gave the organization a lot of liberty to determine the issues it wished to tackle and the direction it wanted to pursue. This allowed the CCSD to successfully affirm its position as an important advocate in the field of social policy through various interventions in policy debates. For example, it took some high profile stances in regard to the federal budgets and in relation to the federal government, which allowed the organization to establish its independence. This did not, however, help to improve the funding relation with government but it did establish the CCSD as a social critic and reinforce its advocacy role. There was a shared sense among members of the Board of governors that the organization needed to manage these two aspects of its work in relationship with government, which sometimes came in conflict with each other.

In the late 1980s, it was under increasing pressure due to the changes in government policies and to cuts in funding of national organizations. At the time inflation was high, therefore a decrease in funding was very difficult to absorb. CCSD was facing some significant dette. It had run a number of annual deficits and it was in financial turmoil. As the federal government started to privileged project-based funding, the CCSD had to decide which direction the organization would pursue and which strategy it would chose in interacting with the federal government. The organization had always participated in projects that were funded by government but over this period it became

³⁶ <http://www.ccsd.ca/mission.html>

increasingly reliant on governmental funding. The option available to the organization was to work within the parameters of project-based funding or develop other sources of revenues. Hence, it had to determine whether it wanted to maintain a clear advocacy role and independence with respect to the federal government, knowing that this could undermine its chances at receiving project funding.

There were two schools of thought within the organization. Certain members thought that the organization should cut back on its operation and centre its work on antipoverty and income related issues given the restrictions in funding available. Others believed that the organization should become more expanded by working on social development in its broadest sense by getting into issues of human rights, self-help, and family violence initiatives. Throughout a number of debates, the board of governors explicitly wanted to avoid representing “specific interests”.³⁷ Finally, the CCSD came to define itself as a space to where different interests in social policy come together. In early 1990s, they hired a consulting firm to help reformulate their mandate and establish a future direction for the organization. This led the organization to diversify its projects and work on many fronts. Members of the Board made the decision to choose which projects to take-on when applying for funding, while being careful of respecting the original mandate of its members. They went into project funding deliberately knowing that they would always have to balance and find a project that would fit within their program in a strategic way.

By opting for project-based funding, a greater proportion of which was now dedicated to developing research, CCSD elected to move towards a stronger policy and

³⁷ This was a deliberate attempt to move away from negative connotations associated with "special interest groups".

research orientated strategy, in order to maintain its position as major social policy critic.³⁸ Rather than opting for more radical or oppositional advocacy routes, the CCSD tended to act as “professional” critics in its dealing with the state. The decision to apply for particular project funding remained an important issue within the organization and did not occur without some dissension. In fact, in 1994 the Quebec chapter decided to leave the organization in order to create a separate organization, the Conseil Québécois de Développement Social (CQDS). While part of this move was motivated by linguistic and cultural tensions, the reorientation of CCSD activities towards research was also an important variable in their decision. Quebec members wanted their strategy to be rooted in social action. They felt that the CCSD was no longer a vehicle through which this was possible.

The experience of the Canadian Council of Social Development (CCSD) is indicative of a broader trend that is developing within the sector in the field of family and social services as organizations are moving away from more action oriented advocacy towards research based advocacy.

Conclusion

The funding regime that emerged in the 1990s was based on the idea of strengthening the policy capacity of voluntary organizations. The major finding of the paper is that, contrary to most analyses who argue that the impact of governmental funding on advocacy is much less than is commonly believed, new funding practices

³⁸ Over this period, the percentage of revenues generated by research based funding passed from 46% in 1993 to 70% in 1998. See Juillet et al., *op. cit.*

have enabled voluntary sector organizations to reposition themselves with respect to the state and the very nature of advocacy has been redefined to encompass the greater extent of their role in the public policy process. The funding of policy-oriented services has created opportunities for voluntary sector organizations to build policy capacity, to acquire power and to enhance their role in the policy process. So far, this is evident in three main trends: the reassignment of tasks that fall onto voluntary organizations; the development of expertise within the sector and the external validation of policy by the sector.

By downloading services in the area of research and consultation, the federal government encouraged involvement of voluntary organizations on the basis of their knowledge and skills. Rather than simply supporting an issue or speaking in favor of a particular constituency, voluntary sector organizations are now called upon to provide policy advice, research, to consult and to mediate policy to the general public. As such, many have opted to play a less adversarial role and to incorporate themselves into the mainstream of politics. Conversely, some organizations have become radicalized and refused to engage with the state, marking their absence in policy debates.