



SOCIAL PLANNING COUNCIL OF OTTAWA

Everything You Wanted to Know About
**Funding Diversification
and Program Evaluation**
But Were Afraid To Ask

2003 Annual Consultation

*Held June 12, 2003
Report Released November 2003*

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Everything You Wanted to Know About Funding Diversification and Evaluation But Were Afraid To Ask

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Introduction

On June 12, 2003, the Social Planning Council of Ottawa (SPC) held its Annual Consultation on issues affecting the non-profit sector in Ottawa. Entitled "**Everything You Wanted to Know About Funding Diversification and Program Evaluation But Were Afraid To Ask**", the event focussed on the impact of current funding and evaluation trends. The event brought together roughly 100 people from government, the not-for-profit sector, and funding agencies to hear about national trends, discuss the experience in Ottawa, and explore strategies to enhance the stability and capacity of Ottawa's non-profit sector. The purpose of the day was to identify the main challenges and potential strategies for improvement in Ottawa, to reach consensus on a strategy for moving forward collectively to strengthen the voluntary sector as a whole (especially health, social and community services), and to provide a series of skill building workshops related to the issues.

The consultation flowed from earlier work of the SPC which had identified significant stresses on the non-profit (or voluntary) sector which were negatively affecting the sector's ability to meet growing demands in the community.¹ New funding frameworks, particularly the loss of core funding, and more complex evaluation requirements were having substantial negative impacts on the stability and capacity of community organizations. At the same time, funders and governments were facing financial constraints and increasing pressure to explain the so-called "business case" for investment in services to people and the community. There was a sense that they must be successful in demonstrating improved quality of life, if they were to be successful in garnering resources for the sector as a whole.

We were privileged to begin the event with presentations by three keynote speakers who explained national trends which set the context for the experience in Ottawa:

- **Katherine Scott**, Canadian Council on Social Development;
- **John Shields**, Dept. of Politics and School of Public Administration, Ryerson University;
- **Sheherazade Hirji**, Royal LePage Shelter Foundation.

The group then broke into four workshops focussing on a different aspect of evaluation or funding structures. Each workshop group identified challenges and possible solutions, and prioritized the issues in order to make one recommendation for action which would have the greatest beneficial impact. The recommendations from the four workshops were brought back to the whole group for discussion. The final recommendation from the day was for the SPC to establish a joint funder / government / agency working group which would seek to put in place strategies to address the primary challenges identified in the workshops.

¹ See the following SPC reports: Community Inventory and Gap Analysis Study (2000); Community Agencies at a Crossroads: A Portrait of Competing Demands (2001); Advancing the Community by Strengthening the Voluntary Sector (2001); Keeping the Priority on People: A Special Consultation of the Development of Ottawa's Human Services Plan (July 2002); Consultations on Ottawa's Draft Human Services Plan (2003). Also the report by the Community Based Research Network of Ottawa, Research and Evaluation in a Learning Community: Report of the Symposium held April 18, 2002 (2002).

In the afternoon, four capacity building workshops were held on issues affecting voluntary organizations in Ottawa. We would like to thank the panelists for these workshops, specifically:

- Ethel Côté, L'Art de développement
For the workshop on "Defining Indicators and Outcome Measures"
- Wendy Watkins, Coordinator, Data Centre, Carleton University
- Marie Anderson, Account Executive, Statistics Reference Centre, Statistics Canada
- John Anderson, Vice President, Research, Canadian Council on Social Development
For the workshop on "Developing a Data Consortium"
- Ms. Aimée Britten, Briar International Business Resources (85) Inc.
For the workshop on "Managing Organizational Change"
- Mr. Boyd McBride, National Director of SOS Children's Villages Canada
For the workshop on "Funding Diversification"

We would like to thank the participants who attended the day and shared generously of their experience and suggestions.

We would further like to thank all the panelists, presenters, facilitators and notetakers for their contribution to the success of the Consultation.

The Social Planning Council of Ottawa
is grateful to
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for the resources to hold the consultation
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Funding Matters: Non-profit and Voluntary Organizations and Canada's New Funding Regime: A Warning and an Opportunity

Katherine Scott, Senior Researcher
Canadian Council on Social Development

The capacity of the non-profit and voluntary sector to fulfill its important role in Canadian society is being undermined and eroded by new funding strategies that are intended to increase accountability, self-sufficiency and competition. A study by the Canadian Council on Social Development (CCSD) in collaboration with the Coalition for National Voluntary Organizations (NVO) describes the emergence of a new funding regime for the non-profit and voluntary sector and warns of serious challenges for the sustainability of a cross-section of organizations. The instability of the sector threatens the future of a diverse range of social, health, cultural, recreational, environmental, and other not-for-profit community services for millions of Canadians.

Instability of the Sector

Participants in the study were generally supportive of the stated motives of funders to increase accountability, support partnerships, promote diversification of funding sources, and foster efficiency and innovation within the sector. However, the study found a major disconnect between the stated intent of funding reforms and the consequences of these changes for non-profit and voluntary sector organizations. Recognizing that organizations are coping with current realities in a variety of ways and with differing levels of success, the study has identified some worrisome trends:

- Volatility – As organizations struggle to diversify their funding sources, they can experience huge swings in revenue. This volatility undermines an organization's stability and its capacity to provide consistent, quality programs or services, to plan ahead, and to retain experienced staff.
- A tendency to mission "drift" – As organizations scramble to qualify for narrowly prescribed program funding or to win government contracts, some are being pulled away from their primary mission which is their long-term purpose and the source of their credibility in the community.
- Loss of infrastructure – With the move to project funding and the tightening of restrictions on administrative costs that are covered by funders, some organizations are losing their basic infrastructure. They are becoming a series of projects connected to a hollow foundation.
- Reporting overload – Many smaller organizations are losing heart as they face yet another round of short-term contracts, short-term hiring and letting-go of program staff, all the while pursued for multiple reports from multiple funders with multiple forms and requirements.

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- House of cards – Because funders now often require financial or in-kind contributions from other sources, the loss of one contract or the end of one partnership agreement can bring down the whole interlocking structure. A service that is thriving one year can collapse the next. Organizations despair of arrangements in which funders will not commit until other funding partners are on-side. Successful partnerships require time and effort but funders tend not to allow any funding for this.
 - Advocacy chill – When organizations must cobble together projects and partners to survive, being seen as an outspoken advocate on behalf of one's client group can be regarded as too risky, despite the justice of the cause. An organization does not want to have its' name in the media when the next funding submission comes up for approval. Advocacy has been effectively marginalized over the past 10 years.
 - Human resource fatigue – People, both paid and volunteer, are stretching themselves to the limit to meet the new challenges and remain faithful to their mission and to the citizens and communities to whom they feel responsible. How long can this go on?

Financial Capacity and Funding Trends

The changes that are happening in the non-profit and voluntary sector are part of a sweeping restructuring in the organization of modern societies. The private corporation has been reshaped by globalization, technology and a host of other factors. In the 1990s across Canada and around the world, governments launched major initiatives to balance their budgets and re-invent themselves for the new millennium. Non-profit and voluntary organizations have been struggling to shape a new course in the face of the social, economic and political forces buffeting their sector, and to sustain their ability to pursue their mission. Financial capacity (including relationships with funders and the institutions, mechanisms and practices that enable or hinder the ability of organizations to carry out their work) is an essential part of organizational capacity and sustainability.

In the 1990s governments cut direct financial support to the sector. As well, governments introduced a new relationship based on values associated with the private marketplace (competition, diversification, entrepreneurialism, innovation, focus on the bottom line) while retaining the more traditional public sector values of accountability, stability, responsiveness to clients and community, and serving the public interest. This has led to governments and private sector funders implementing the following mechanisms:

- Moving away from core funding for organizations;
- Providing funding for shorter periods of time and with increasingly unpredictability - avoiding long term financial commitments;
- Targeting funding to programs and projects that meet in the elected government's priorities (at that particular point in time) and focusing on the results to be achieved;
- Reducing support for administration;
- Monitoring contracts closely and increasing reporting requirements, including that the expected results have been achieved;

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- Encouraging groups to show how they can “do business” differently and do more/better with less;
 - Focussing on coordination of services and requiring collaboration and partnerships as the way to create holistic solutions to complex problems.

The Consequences of New Funding Approaches

There is huge variation in the relative ability of organizations to cope with the emerging funding regime. Larger organizations are much more likely to have the organizational infrastructure necessary to manage in the new, more unstable and competitive environment. Smaller organizations, including many advocacy groups, are being marginalized. Many organizations are as concerned about how they are funded (unpredictability, project/contract focus, etc.) as with the amount of funding. The funding approaches are having a detrimental effect on the sector.

What Does It Matter?

What does it matter if non-profit and voluntary sector organizations are at risk? Non-profit and voluntary sector organizations deliver many critical services in communities across this land. They represent a vital piece of our social and economic fabric. They have rightly been characterized as the third pillar of our society, alongside government and the private sector. This pillar is showing some serious cracks. This CCSD study suggests that action needs to be taken by governments, in concert with the non-profit and voluntary sector, to ensure that those cracks do not become major fractures.

The people working and volunteering in the sector continue to show great commitment. As well, many of the funding trends that have been identified were not intended to cause harm – the motives were positive. There is a real and timely opportunity to modify funding strategies and reverse some unintended consequences. If nothing is done, the sector will continue to suffer from increasing instability and for a significant cross-section of organizations, their capacity to achieve their mission and serve their clients and communities will continue to erode. In the end, all Canadians will be the losers.

For the full text, including references, please see the Social Planning Council website at www.spcottawa.on.ca or contact us for a hard copy, by phoning 613-236-9300 ext. 300.

Partnering with Non-profits in an Era of Contract Funding: Enhancing Non-Profit Sector Capacity and Democracy?

John Shields, Professor

Department of Politics and School of Public Administration, Ryerson University

Over the last number of decades governments have been restructuring their relationships with non-profit organizations. Under the inclusive title of ‘building partnerships’, the relationships have, in fact, generally been top down contractual ones. The contractual relationship that is being developed between the state and non-profit organizations is transforming the non-profit sector, moving it away from its core mission, commercializing the sector’s operations and compromising its autonomy.

Social Service Oriented Non-Profits are Operating in a Significantly Changed Environment

Cities are seeing changes in the social and economic landscape including expanding societal needs and social problems associated with globalization and the politics of competitiveness. We are also seeing a shift in public policy and administrative frameworks, particularly a fundamental restructuring of social services provision (public policies and administrative practices). The general trend has been to shift responsibility downwards, with the municipalities experiencing the most negative impacts among government bodies (increased responsibilities without adequate tax base).

The issue of accountability has been pushed to the fore as the non-profit sector undergoes a process of structural adjustment. As more responsibility has come to be loaded on to the Third Sector, non-profits have come under “greater pressure to improve their organizational performance” (Light 2000: v). In spite of strong overall public respect for non-profit organizations, an impression remains that the sector is not as efficient as the private and government sectors. This is despite the obvious facts that voluntary organizations consistently deliver more outputs per dollar of input than either business or government, and consistently motivate workers to astonishing levels of effort for low compensation.

Accountability of the voluntary sector operates at a number of levels. There is a responsibility which non-profits owe to their beneficiaries or clients, members, volunteers, staff, partners and affiliates, donors and funders, and governments, as well as to the general public. But, they are accountable in different ways to these different constituencies and these various levels of accountability can rest uneasily together. For example, government demands for “efficiency and economy of service” may conflict with client desires for “quality service”. Such tensions are not easily resolvable. The concern is that accountability to the state has increasingly come to trump accountability to the community.

The Contracting Regime and the New Governance

The drive towards alternative service delivery (ASD) arrangements increasingly calls upon non-profits to enter into partnerships with the state. These arrangements are overwhelmingly focussed upon production of services. Advocacy has been actively discouraged (Laforest 2001: 8), and important roles filled by the third sector, such as research and advocacy, are marginalized. Restructuring of the non-profit sector is resulting in the commercialization of non-profit activities and the loss of autonomy of the sector, as non-profit organizations become ever more tied to government controlled service contracts.

Restructuring Non-Profit Sector Funding

Governments have not only cut back on their levels of funding but have changed the nature of funds they provide to the non-profit sector. Core / base funding has been replaced by “contract funding”. As well, there is often the requirement for non-profit organizations to come up with “matching contribution funding” (Eakin 2001: i). With contract funding there has been a deliberate built-in under-funding of non-profit organizations. The theory guiding this approach is “that under-funding would allow the public to choose which services to support with their donations”. Contract funding for defined services enable governments to specify outputs and closely control spending. This type of funding has tremendous appeal. It was seen as bringing the rigours of business to the perceived ‘inefficiencies’ of service provision among voluntary sector organizations” (Eakin 2001: 2)

It is estimated that current contract funding arrangements with non-profit organizations, after all real costs are factored in, “is from 7%-15% short of actual costs” (Eakin 2002: 8). Many voluntary sector organisations find themselves with little or no reserves, thereby reducing their capacity to manage cost changes while operating programs year after year that are routinely funded below cost recovery” (2002: 7). Funding stress can not be easily made up from other non-governmental sources because there is greatly increased non-profit competition for quite a limited pool of funds. It has been estimated that a 1% reduction in government funding would take an additional increase of 50% from the corporate sector to make up the difference (Shields and Evans 1998: 94). Many non-profit organizations simply lack the “capacity to sustain fund-raising efforts” (Eakin 2001).

Growing Sources of Stress

One of the greatest sources of stress for the non-profit sector is the result of both increased workloads and the changing nature of their work. The norm is increased demand, without an increase in staff to match. Generally, agencies are doing more for less (Reed and Howe 2000: 21-22). The provision of publicly provided social services in Canada has long been made possible though “the sacrifices of exploited staff” with low wages and poor benefits. With the movement toward intensified alternative service delivery of social provision through the non-profit sector, this tendency has been amplified. Given this situation

the problem of retention of quality staff in the sector will become increasingly significant and difficult in the future.

Concluding Observations: Implications for Democratic Governance

There has emerged a ‘democratic deficit’ as community-based organisations are restructured in ways that compromise their independence and diminish their ability to advocate on the behalf of their communities. The way that funding restructuring has taken place has served to throw the sector into a state of stress, if not crisis, and has extended the the state deep into the operations of non-profit organizations through project-based contract funding and new accountability mechanisms. This has intensified the workload of already heavily stretched organisations, compromised their autonomy, and worked against a vibrant independent civil society (Evans and Shields 2002).

The consequences of restructuring are resulting in the commercialisation of non-profit activities and the loss of autonomy for the sector, as non-profit organizations become ever more tied to government controlled service contracts. In the process the services offered by third sector organizations are being transformed. Increasingly fees for services are being introduced, as is ‘rationalization’ and ‘professionalization’ of services. Community involvement in the running of non-profits is being replaced by professional management with accountability to the state. Moreover, the diminishing of the advocacy role of the third sector is deterring access to the policy-making process, especially for the most marginal and under-represented in society. In this sense the third sector as a voice for society is under threat.

Contractual relations and partnerships between governments and non-profit organisations can involve some benefits for both parties. However, while the emerging contract regime is useful to governments for political, ideological, economic and bureaucratic reasons, it is likely to prove most detrimental to voluntary organizations. Their autonomy and identity will be eclipsed as they are forced into the straightjacket of commercialized public sector’s managerial norms and procedures (1996: 69).

Developments at the Federal level offer a more promising scenario. The Voluntary Sector Initiative is developing codes of best practices (including those governing funding) for non-profit service providers and Federal Government contractors. If this initiative is taken seriously by Federal funders, an opportunity exists to transform one-sided controlling ‘partnership’ arrangements into more meaningful collaborative arrangements. By closely observing how partnership agreements evolve between Federal funders and non-profit sector organizations, we will be provided with an opportunity to assess and test the meaningfulness of the new Voluntary Sector Accord.

For the full text including references, please see the Social Planning Council website at www.spcottawa.on.ca or contact us for a hard copy, by phoning 613-236-9300 ext. 300.

Evaluation : The Elusive Frontier

Sheherazade Hirji, Executive Director
Royal LePage Shelter Foundation

Shifting roles, responsibilities and funding patterns has challenged everyone working in the not-for-profit sector and those funding it to ask new questions about the work that is being done. Many of these questions relate to the impact of this work. Much attention has been focused on impact, results, and outcomes. There is, perhaps, an expectation that focussing on these issues will help address some broader questions. We need some broad frameworks to give a context for evaluation in the current environment.

The Evolution of Evaluation

Some of the trends in the sector include: a devolution of responsibilities; a larger, more visible and professional charitable sector; increased demand shifted to individuals, foundations. This has led to the following questions:

- What difference will the funds make?
- How will we know if things are getting better?

In an effort to answer these, there has been an "outcomes mania" driven by *Reinventing Government* (David Osborne and Ted Gaebler). This approach is based on the following principles:

- What gets measured gets done
- If you don't measure success you can't reward it
- If you can't reward success, you are probably rewarding failure
- If you can't see success, you can't learn from it
- If you can't recognize failure, you can't correct it
- If you demonstrate success, you win public support

It equates outcomes with results. However, the applicability of this model to the not-for-profit sector is questionable.

It is important to make the distinction between accountability and evaluation, but often they are mixed together. Accountability is the administrative "check-in", i.e. "Did the money get spent as intended and were the activities completed?" Evaluation is the impact piece, i.e. "What is different for the target population?"

In the 1980's there was a new vision developed for evaluation, led by U.S. trends. Very simply the concept was: Ask good questions, gather information to answer the questions, and make decisions based on those answers (integrating the vision and values into the programs and decision-making). There was a strong emphasis on participatory models, but in fact, there was not good expertise on these models.

Current trends in evaluation are as follows:

- Evaluation must be appropriate to the activity funded (Connect the outcomes to your sphere of influence. For example, don't expect to see change in the community from limited project funding.)
- Balance qualitative / quantitative results (Story-telling is being revived as valuable.)
- The purpose is to improve, rather than to prove
- The focus is on learning, building capacity
- Evaluation is about rigorous thinking, not methodology
- It requires human and financial resources
- Evaluation is part of planning / management cycles and systems. It is not an add-on at the end. It should follow a continuous cycle of
 - External context and issue definition
 - Vision, mission, values
 - Goals and objectives
 - Program developed: inputs and outputs
 - Impact, short term results
 - Long term outcomes (then back to the top of the cycle)

Current Trends in Organizational Capacity, Programs and Services, Governments, Foundations

Organizations are having to learn, adapt and evolve. They must address change with respect to all elements of their organizational capacity (Vision, mission, values; Governance and management; Strategic thinking and planning; Human resources management; Fiscal management; Internal systems and processes; Communications systems).

Service delivery has changed. Organizations are expected to plan and develop programs differently. They are to create citizens, not clients. They must know who else is doing what? Project impact and results must be assessed and demonstrated. Further, they are expected to connect these project impacts to community impact / indicators. They are expected to evolve their programs and services.

Some of the trends in government that are affecting the not-for-profit sector are:

- Attempts to create vision, clearer program mandate for funding
- Project based funding
- Requirements not coordinated
- An accountability focus (which is not coordinated)

The Voluntary Sector Initiative is addressing the relationship between the sector and governments and their respective responsibilities. It is important to watch this initiative. As well, it is providing some resources to the sector, such as the Voluntary Sector Evaluation and Research Project (which provides evaluation tools and resources).

Within foundations there are also changes. Increasingly, they see themselves as the research and development arm of the sector. Many are becoming more focussed, establishing strategic programs and pro-active grant-making. There is a move toward increased professionalism (most do not have staff). Foundations are looking at capacity building and self-evaluation. As well, there are two trends within U.S. foundations which are important:

- Some are moving back to providing some core funding.
- Many are moving to a "social investing" model, which is problematic because it is driving charities into a business model of "return on investment". The problem is not "return on investment" but "return on involvement".

Challenges of Evaluation

- Evaluation can be misguided by the nature of the funder / grantee relationship.
- Evaluation is fraught with assumptions, and the different stakeholders may have different assumptions (funder, evaluator, program, grantees).
- There is a tendency to out-source evaluation, but evaluation requires that you think strategically in your organization and this is not a function that should be out-sourced.
- Substantive changes and impact take time.
- Funders usually expect results overnight.
- There is often a missing link: utilization and dissemination. How can the evaluation / planning circle be connected back so that things can change?
- Evaluation is a balance between art and science: often an interpretive process
- There is an emphasis on individual grants while missing the link to the bigger picture. For example, child poverty is getting worse but there is a focus on evaluating projects.
- Organizations have limited capacity, skills and resources
- Terminology is confusing
- Evaluation / capacity building are a journey, not a destination

Food for Thought

- Know your funder, and the differences for government, community, corporate, private foundation funders
- Ask for specific information re: evaluation
- Access available resources²:
- Manage expectations: individual projects don't lead to improved community health
- Be clear in your proposals. Specify population, system, organizational change. Identify the intended result. Use measurable statements (e.g. increase, decrease...). Define indicators (How will you know?). Specify the activity / intervention. Be cautious about causal links: Is the result within the project's sphere of influence? Define realistic short term results and expected longer term results.

² Canadian Evaluation Society (www.evaluationcanada.ca); United Way Toronto / Trillium website (www.uwgt.org/PEOD/index.html); Voluntary Sector Initiative website (www.vsi-isbc.ca); Voluntary Sector Evaluation and Research Project website (www.vserp.ca); U.S. foundation websites (e.g. www.wkcf.org).

Working Together To Address The Challenges

Morning Workshop #1 : Looking at Outcome Evaluation

This workshop focussed on high level (overview) issues related to outcome evaluation.

Challenges in Ottawa with Respect to Outcome Evaluation

1. The challenge of demonstrating outputs and outcomes in the long and short term
 - Governments and funders need to be able to let general public, politicians and donors know the difference that is being made.
 - Outcome measures are usually very quantitative, but "What difference has been made" is very qualitative. Most funders favour quantitative information gathering (viewed as "real" research) rather than qualitative information.
 - The shift from outputs to outcomes is not simple. Among other things it requires a shift in mentality regarding the relationship of program success to outcomes. The link between "micro" interventions and "macro" trends is complex.
 - Many projects will not be able to demonstrate short term outcomes. It takes longitudinal research (quantitative and qualitative) to establish the impact of much of the work, especially community development, empowerment, preventative initiatives. Our organizations do not have the infrastructure for this type of work, there is little funding for this, and it does not fit in with the funding agencies' timelines.
 - It is not clear what the baselines and benchmarks are across the different sectors.
 - These evaluation frameworks are culturally based and are not necessarily responding to the issues of particular communities (e.g. Aboriginal communities).
2. The negative impact of funding frameworks on evaluation
 - Funding unpredictability leads to difficulty in planning and affects the quality of the service which in turn affects the planning, implementation and results of evaluation. For example, proposals must be made before organization has the pertinent information, service may not be consistent because of delayed or inadequate funding, staff may have to be let go and therefore are not available for the evaluation.
 - Funders demand that we demonstrate long term impact but they fund a project for 6 months or a year.
 - Funders cut the budgets but still expect complete results plus evaluation.
 - With the loss of core funding, evaluation results and their use affect the future funding of the organization rather than the delivery of the service (i.e. using the evaluation to improve the program is too risky when the evaluation can equally be used to "punish / sanction" the organization). Agencies are very afraid of more cuts.
 - There is a sense that funders will fund more if they see quantitative evaluations.
 - Agencies have to make the service delivery fit the funding rather than a broader vision or plan. In some cases grants may not be in the best interests of the constituents or the community. For example, the situation of whole sectors of the population (for example, people with disabilities) may not get considered at all.

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3. Lack of understanding / agreement
 - There is a lack of clarity in the words used and even a cultural gap with respect to what funders and agencies mean when they use terms (especially evaluation versus accountability, impact model, community building, partnership).
 - There is an onus on the funders to help agencies determine the outline of evaluations, and for there to be some agreement of expectations from the start.
 - What is the organizational structure and staff level which is needed for an organization to decide evaluation is important?
 4. Lack of resources
 - Excessive reporting requirements (often including interim or phased reports) are a major challenge
 - Time and resources are needed to put an evaluation together, but it is often not funded. Doing evaluation should not cost or cause money to be lost. Due to lack of resources:
 - evaluation may be "added on" at the end of the project and cannot demonstrate results because the information was not gathered along the way;
 - evaluations may be undertaken with more than one purpose in mind. For example, program evaluations are tied directly to employee performance assessment. How do you respond to conflicting issues (e.g. of morale etc.)?
 - evaluation is not meaningful;
 - there are rarely resources to explain the factors that led to the results, to clarify variables, to explain what does not immediately stand out, or to identify differential impacts on different populations.
 5. The use and mis-use of evaluations
 - The lack of balance between quantitative and qualitative information places organizations in the mode of "proving" rather than "improving".
 - Evaluations which measure project related outcomes are used improperly to indicate the capacity of the organization.
 - Agencies are frustrated that their evaluation reports often sit on the funders' shelf, with no feedback coming to the organization and no impact on the the funder.
 - There is poor understanding of proper participatory approaches - it is not just including people. There are power issues which must be addressed.
 - Need to start embracing concept of continuous improvement, but this doesn't fit in with project management.
 - In partnerships there can be a dilemma of how to report the role of partners.
 - Community boards have to run the agencies, not just the E.D., but this is increasingly difficult. Part of the evaluation must be on the organization, with Board participation.
 6. Lack of trust between funders and organizations
 - There is a need to find ways to relate to the funders.
 - Cultural differences may lead to higher levels of distrust with respect to some NGOs.

Suggested Strategies to Address the Challenges

- Discuss more with the funders about the terminology and expectations.
- Be clear in the proposals on a range of items.
- Clearly define the sphere of influence (and funders accept realistic outcomes).
- Some value to standard evaluation frameworks but requires a "tailored approach". (One-size does not fit all.) More assistance with standard evaluation techniques.
- Standardized approach may be appropriate for funding applications / forms.
- There is a need for "a place to park our stories".
- Communicate more with the funders, and funders be more flexible.
- Not necessary to have a full scope evaluation for small projects.
- Consider peer review processes across / between agencies.
- Investigate other evaluation models (e.g. United Way of Halifax model, Success by Six evaluation framework, Ottawa 20/20 annual report cards).
- Funders should not impose anything on agencies they aren't imposing on themselves.
- Need to re-inforce the feedback loop, including what happens to the evaluation when it arrives at the funder.
- More information from funders on the reasons they turn down a particular application.
- Community organizations take the initiative to shift understanding of capacity building.

Most Important to Address

Participants identified the lack of trust between funders / governments and agencies as the highest priority for action. A meaningful dialogue must start with a recognition that both the agencies and funders / governments have legitimate issues. It is in the best interests of the sector for the agencies and funders / governments to work together to demonstrate the value and effectiveness of the work being done.

Recommendation to the Plenary for Next Steps

1. Establish a joint working group (involving organizations, governments, and funders) to work towards collective solutions to the problems identified, based on today's input:
 - Keep perspective: Do not build a new bureaucracy or "one size fits all"
 - Need to respect the resources of participants and tailor participation appropriately. Be clear that those who cannot be active will not be left out. Would need to resolve the fact that organizations are not funded for and do not have the time for such initiatives.
 - This effort needs more research, as we need to work from a research base, not just our own experience.

Morning Workshop #2 : Improving Evaluation Frameworks For Funders and Organizations

This workshop focussed on operational issues such as defining units of services, the effect on staff workload and utilizing evaluation data in a useful way.

Challenges in Ottawa with Respect to Putting Evaluation Processes into Place

- “Cadillac expectations for Volkswagon projects”: staff and volunteer time and resources are limited in smaller community-based organizations
- skill sets of individuals in various roles of organizations: ie. front-line service staff may not be adequately trained for data collection
- funds needed for staff/community volunteers to attend training workshops to properly carry out evaluation, write proposals based upon evaluation data
- evaluation framework must be driven by respective communities, not a top-down process
- time and resources needed to build evaluation skills among volunteers/within community
- time needed to reach various populations – many people don’t relate to paper – need understanding as to how to reach diverse communities
- awareness of the cultural context in which evaluation is taking place is essential – not appropriate/effective for evaluation to be viewed as policing
- many organizations have a variety of funders with differing criteria – onus is on these small organizations to prove they meet criteria
- shorter term time frames for funding, yet benefits of services provision often realized in much longer term
- holistic measurement of success vs. “component data”

Suggested Strategies to Address the Challenges

- consider evaluation as a unit of service – build into project budget
- must be expressed today to funders – make reporting/evaluation commensurate with the size of grants
- some of the responsibility should be placed on the funder to carry out/support evaluation process (eg. initial site visit as part of funding proposal) but evaluation assumptions/criteria must be clearly laid out and agreed upon at beginning, appropriately skilled evaluators used
- funders should provide resources for workshops to help build capacity within community organizations for effective evaluation, proposal writing
- need accessible information re myriad of evaluation frameworks that exist and their applicability to various types of programs, strengths and weaknesses
- SPC could play an important role – steering mechanism – developing this body of information

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- need inventory of community resources that can be tapped for support, e.g, educational institutions, CHC Evaluators' Network, Aboriginal Healing and Wellness Strategy of Ontario
 - need to understand what type of data can be collected
 - SPC could take lead role in developing the cultural framework/context that must be added to existing evaluation frameworks
 - must establish a reasonable timeframe by which to integrate formal evaluation into program planning process

Most Important to Address

- Build evaluation costs into funding proposals / grants (ie 10 – 20% of total budgets).
- Count time spent on evaluation as part of a deliverable – preparation for (eg. surveys, questionnaires, etc.), implementation and analysis of evaluation. Educate funders as to time/resources needed.
- Develop an inventory of evaluation frameworks, indicate appropriateness of various models to different programs. Also develop inventory of current support resources available within community.
- Organizations build in more formalized “quality improvement orientation”, based upon own basic, appropriate evaluation skills.

Recommendation to the Plenary for Next Steps

- Develop mechanism/facilitation process that allows for balanced representation of all stakeholders, ie. front-line staff to funder
- responsibility for having clear and transparent evaluation criteria at level of both organization and funder
- Some participants volunteered to help develop inventory of evaluation frameworks/community resources and support capacity-building within community (workshops on evaluation training)
- Need for commitment of SPC, funders and community organizations for development of evaluation framework, tools for capacity-building
- Explore HRDC as “community champion” and / or funding source

Morning Workshop #3: Ensuring Stability of Supports for the Community

This workshop focussed on issues such as the core funding / project funding dilemma and balancing "pilot" and "innovative" projects with existing programs.

Challenges in Ottawa with Respect to Ensuring Stability of Supports for the Community

- having adequate core funding to support projects and organizations
- requirements for evaluation without related financial resources and expertise
- requirements for partnerships
- expectations of having volunteer staffing
- short terms of funding do not allow for accomplishments
- expectations of doing more with less
- inefficient funding competitions - cost to pursuing funding
- re-defining relationships between community and the funder (funder wanting more power)
- limit of advocacy - can't educate the city
- non-profit sectors are having to offer "profit" sector type services
- profit sectors "cherry picking" what they want to do, leaving the non-profit to do accomplish the harder tasks
- assumptions on all sides of funding model - lack of clarity on what the relationships are between funder and community
- communities ability to meet expectations of funder (eg. Evaluation with little to no resources)
- lack of dialogue between funder and community
- adjustment period to implement new conditions from funder much too short
- target dollars are too low

Suggested Strategies to Address the Challenges

- make sure proposals fit with mission
- build in % of core administrative and evaluation costs in proposal
- Encourage research and advocacy (by organizations such as CCSD and SPC)
- popularize the notions to educate our boards and community (such as research from CCSD)
- reform the structure - defragment the funding
- "Know your funder" is much more challenging than it is made out to be. Funders must make themselves known, allow community to build relationships with them.
- non-profits are a resource that are essential to the funders - responsibility of the non-profits to make their needs clear and stand their ground. Funders and non-profits need each other equally
- have RFPs in 2 stages: 1. Idea; 2. Action plan. This would save a lot of work
- develop more linkages to community (sponsorship)

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- non-profits should work collectively to change the funding system - “these are our requirements to receive your funding”
 - Collective actions - more community assemblies to discuss these issues

Participants identified the biggest challenge as the lack of core funding for non-profits, specifically the refusal of funders to accept the lack of core funding as a legitimate obstacle to meeting community needs (such as the need for administration support staff).

- If we had core funding we could focus on our programming and clients instead of where our financing will come from.
- Community doesn’t understand collaboration - there is a challenge of working together.
- Lack of awareness at all levels. The obstacles and issues faced by non-profit needs to be known at the private, governmental and funding levels
- Difficulty of working in partnerships with other non-profits - competitive model of funding
- It is a challenge to develop a collective voice to bring significant changes and reclaim advocacy
- Difficulty of including funders - create a system of collaborations. Inviting stakeholders to be involved.
- Funders do not advocate on behalf of the needs of the community agencies (changes need to be done at the political levels - difficulty in bringing in the funder to support and “buy into” the agency’s mission)

Some participants identified that funders have been placed in a dichotomy. We imagine what funders are like. What are the things that I am thinking that are systemically discriminating against funders”. “Funders want to help agencies. We are conflicted in what is meddling and what is supporting. We want to call you up and see how you are doing but we don’t want give the impression that we are meddling”.

Most Important to Address

1. Get more support from the public
 - Advocate as a group (funders and agencies) to the federal level and ask for a larger tax deduction. Educate the public about the benefits of giving donations.
 - Find a way to show how the community is addressing things and show the public how their tax dollars and donations impact on their community.
 - Everyone needs to be involved. You need to have communities well educated by their agencies so there is always a positive impact so the funder will see that it is a unified community that makes a difference. (Ownership, investment).
 - Agencies must work collectively to go to the community and show how they can help the community. Collaboration breaks down the competitive situation that exists between agencies.
 - Change the political process by bringing the community together. Put the emphasis on the need for collective fundraising.
 - Have a board of social services which approves community wide funding decisions.

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2. Agencies put forward minimum requirements
 - Similar agencies need to get together and put THEIR minimum requirements on the proposals. If all the agencies state the same demands, funders will eventually need to accept the requirements.

 3. Plenary process to address the issues
 - Funding should be rationalized
 - Funding should be adequate to complete the required targets - Receive the amount of funding for the expected outcomes (funders often expect that agencies will receive or provide free services)
 - Agencies need to have a focus - reduce multiple / similar services in one area. Reduce the need for competition amongst agencies.
 - Educate the local population - making information on services available to all
 - Believe in quality services.
 - Respect for the professionals in the fields. Offer front line workers an adequate salary.
 - The cost of collaboration is high - make partnership worthwhile. Agencies don't have core resources to develop relationships between each other. Create partnerships with funders.
 - Concentrate on the effectiveness of the program rather than its shortcomings.

Recommendation to the Plenary for Next Steps

Participants agreed on the following as the appropriate next step to address this issue:

- Ongoing dialogue such as organized today by the SPC: assemblies and forums including key partners (agencies, funders, community, service providers, etc.).
- Agencies to educate the funders
- Ask the service providers to submit in the proposals a reasonable amount to cover administrative and evaluation costs. (Service providers need to be honest about the costs.)

Morning Workshop #4: Finding a Less Competitive Funding Model

This workshop focussed on competition and collaboration in funding structures.

Challenges

It is difficult to set up a less competitive funding model because:

- There is a lack of trust between funders and funding applicants.
- There is a lack of linkage between funders and funding applicants.
- The government increasingly considers volunteer services to be government services—there is shift from non-governmental organizations (NGO) to service provider organizations (SPO).
- The current funding model creates competition among the various agencies and organizations—the business model is a sizeable challenge.

It is difficult for agencies to work under this model for several reasons. The challenges they face are:

- There is a problem of structure—the funding structure is inflexible, and the agencies are encumbered by project-specific types of funding.
- Non-profit organizations are forced to operate without funding—there is a perception that “volunteer” = “no costs.”
- The people at the grassroots level are devoted to their causes. This funding model, however, forces them increasingly to shift their energy away from serving their cause and toward meeting the requirements of the funders.
- The diversity of funding is a very huge problem that makes everything more difficult for agencies.
- Changes in the programs.
- The uncertainty of project survivability because of the limited funding offered by the funders. The commitments of funders in projects is very limited in duration.

The most significant challenge to be addressed (the priority)

- The business model and the competition it incites. This model prevents agencies and organizations from working together. It does not foster a spirit of cooperation.
- Participants felt the following challenges were almost as important:
 - The energy being expended just to meet the requirements of the funders. This is a common yet very significant problem because it prevents the agencies from doing their real work in the community among those they serve.
 - The diversity of funding. This challenge ties in with the problem of redirecting energy to meeting the many requirements of the funders—their requirements differ.

Strategies for addressing these challenges

- Create relationships with the funders and get to know them better.

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- Make the funding schemes more flexible and negotiable between the parties.
 - The agencies must take a more active role in negotiations. There must be a more egalitarian relationship between funders and NGOs.
 - Increase cooperation and partnerships among the agencies in order to reduce the feeling of competition. The agencies have similar needs in the areas of training, assessment and administration. There is therefore room for sharing skills, knowledge and the costs of meeting shared needs.
 - The funders should offer longer-term funding so agencies can better plan their projects and activities.
 - Create a council or task force comprised of funders and community agencies whose purpose is to draw up agreements and weigh the pros and cons for each party so that the agencies can focus their strengths and energy on their respective causes instead of meeting the various requirements of the funders. The group noted a few obstacles to creating this kind of council:
 - The difficulty of encouraging funders to take part. The funders are currently in control. It will therefore be difficult to equalize control.
 - Politics is an obstacle. The small agencies do not necessarily have a voice in decision-making.
 - It would be difficult to create a council that is representative of the agencies and funders.
 - It would be difficult to determine how much influence the council could really have among the funders in project management. How can one keep the council linked to what is happening in the field?
 - The group noted that there already is a committee representing the agencies, that this committee does not meet very often, and that there have not always been good relationships among the agencies because of the competition between them. Moreover, there is a committee representing the funders. The problem is that these two committees do not speak to each other. There is no communication between the two committees. It would be important to have a joint committee.
 - The workshop group emphasized the importance of this communication if priorities and decisions are to reflect the reality of the agencies. Additionally, the agencies must work more together in order to find solutions and help each other.

Most Important to Address

The strategy preferred by the group is that of creating a task force or committee. A joint committee has the advantage of providing a macro-level perspective, without focussing on a single problem area or micro-level issue.

Guidelines for the joint committee

- All members must commit to being transparent and open in order to minimize politics and competition.
- Impartiality; no preference shall be given to any one group.

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- Develop a common goal.
 - Encourage the participation of the groups.
 - Both large and small agencies are represented.
 - Everyone has an equal vote.
 - The committee would be structured by area of service (sector). There could be subcommittees for each sector, with a representative from each subcommittee sitting on the joint committee.

Final recommendation from the group

That a joint committee be created, comprised of funders and agencies, and that it be given the mandate of reconciling the requirements of the funders and the priorities of the agencies.

Conclusions: An Agenda For Action

Participants reconvened in a plenary session to consider the recommendation coming from each of the four groups. A consensus was reached that the Social Planning Council should take the lead in forming a joint working group, made up of a cross-section of agencies, sectors, funders, and government representatives. The working group would take the suggestions from today and move forward to reconcile the needs of funders and agencies to achieve an improved framework for evaluation and funding for the voluntary sector in Ottawa.

This initiative should not seek to create a one-size fits all evaluation framework. It should find ways to implement some of the strategies identified for addressing the challenges identified throughout the day. In particular, it should start by addressing the issue of mistrust between agencies and funders, should support capacity building of all organizations in the sector respecting their diversity, and should seek solutions to the priority issues identified. Further, the initiative should respect that most of the community organizations and some of the funders/government departments no longer have resources to participate in activities of this nature. For this reason, the SPC should investigate resources for the work and to enable participation. More research is needed to inform the working group's activities, including research into different evaluation and funding models and cultural issues with respect to evaluation.

The afternoon workshops were skill building workshops, and therefore, are not reported here.