

This issue snapshot is excerpted from [Unmasking the Future](#) (2021), a scan of major current socio-economic trends and developments, at local, provincial, national and international scales, authored by James Stauch of the Institute for Community Prosperity, commissioned by the Calgary Foundation.



A CIVIL SOCIETY FORECAST: Stepping Up and Stepping Out

“COVID-19 has ripped the Band-Aid off, exposing the glaring inequalities in income, job security, housing, access to technology, and access to justice in Canadian communities. These inequalities are structural, and not fixable by the philanthropic sector functioning with its established practices. The philanthropic sector risks becoming a provider of emergency supports while it fails to push leaders in the public and the private sectors to address the fundamental challenges. These emergency supports can, under some circumstances, perpetuate rather than ameliorate these structural inequalities.”

I would ask: How are the programs that we support providing breakout opportunities from deeply established and long-standing patterns of structural inequality? Who has voice in shaping these programs? How much agency do community members and leaders really have in making the critical decisions about what will work within their own communities?”

Janice Stein
(Interview with *The Philanthropist*, November 9, 2020)⁷⁶

This is a scary time for civil society, where, on the one hand, it is called on to embrace all manner of new opportunities and challenges that lie at society's feet. According to Imagine Canada, 42% of Canadian charities have had to create new programs in response to COVID-19.⁷⁷ On the other hand, revenue is way down, volunteering is down, staff have been laid off by the tens of thousands, and potentially thousands of organizations across Canada are expected to fold over the coming months. Imagine Canada's estimated impact to charities alone (not including other nonprofits) is \$15.6 billion in lost revenue and 194,000 lost jobs.⁷⁸ The Calgary Chamber of Voluntary Organizations (CCVO) estimates that up to 20% of Alberta's charities could disappear as a result of the financial and human resources hardship of the pandemic.⁷⁹ Charities have seen the most precipitous drop in *earned revenue*, which has a particularly profound effect on the arts and culture sector.⁸⁰ Donations are also down: Two in five Canadians have cut back on their giving over the past year (although many actually boosted their holiday giving as compared with 2019, with most also prefer to focus on giving locally) and thousands of fundraising drives and events have been cancelled.⁸¹

Not surprising, but certainly not encouraging, is the finding that donors would give less to a given charity in the event of a federal grant program to support charities through the pandemic.⁸² While many have appealed, for decades now, that nonprofits "should be run more like business", this is a moment to highlight how out of step societal expectations and the regulatory framework actually are with the ability to "be run more like a business", or for that matter, to model resiliency: Nonprofits are discouraged from building reserves or owning capital assets against which they can borrow, and they employ a workforce largely starved of the perks and benefits enjoyed in other sectors. The most COVID-vulnerable groups – older adults – are also the most frequent volunteers, especially at charities like food banks and

community kitchens, services that are ironically in greater demand. As the CCVO argues, community prosperity will suffer as a consequence of the cumulative effect of these factors.

It may surprise some to learn that the nonprofit sector in Alberta employs more people than oil and gas. Per dollar invested, it generates extraordinary returns on creating employment, quite aside from the purposeful, socially-productive nature of so many of the jobs in the sector. Serial social entrepreneur and Ashoka Fellow Shaun Loney, often speaks of the need for the nonprofit sector to "step away from the kids' table."⁸³ By this, he means our default mode should not be cap-in-hand, hoping for some scraps of acknowledgement from funders, but rather that it must find its voice, that it must get better at capturing and demonstrating its value, and that civil society organizations should be at every table, of every issue, of any import to the common good. As Philanthropy thought-leader Dr. Janice Stein urges,

"the most pressing problem, for a large part of the sector, is dependence, directly or indirectly, upon government funding that supports overhead and enables growth. The language of "partnering" obscures a dysfunctional relationship that is corrosive of the capacity to provide critical feedback to government and puts the sector in the untenable position of intermediating between vulnerable citizens and their governments."⁸⁵

The sector might even be so bold as to demand places on boards of directors – why does that dynamic only seem to flow in one direction? Economist Mariana Mazzucato similarly urges civil society organizations to break the state-market dichotomy by stepping up and asserting their legitimate role in economic discussions.⁸⁴ And as NGOs are expected to weigh in more frequently on economic matters, we will see more and more businesses weigh in on social issues, far beyond the "corporate social responsibility" of previous decades. We have seen large companies and corporate CEOs make bold statements on systemic racism, for example.

As if the pandemic wasn't bad enough, the charitable sector witnessed blow-back from the WE charity scandal, which in fact was a government procurement scandal, not a scandal endemic in some way to the operation of either WE or the charitable sector in general. Nonetheless, because the public expectation of the charitable sector's ethics is at such a high bar, and reasonably so, trust starts crumbling at the first visible crack. While trust in NGOs remains high (though no longer as high as trust in government), according to an Angus Reid Institute poll, "a majority of donors are of the opinion that the scandal is one that raises questions about governance, transparency, and management that are relevant for the whole charitable sector, while significant segments of donors say it has changed the way they feel about donating to charity overall." WE charity founders Craig and Marc Keilburger, in describing their approach as 'social enterprise', may well have unwittingly dealt the momentum around social enterprise development a major setback. The federal government still has not rolled out their social finance fund (aside from the first \$50 million 'readiness' portion), intended to be a transformative investment in the social enterprise movement. Perhaps most damaging of all, the WE scandal has undermined their legacy of turning young Canadians on to social change work, something they can take legitimate credit for in the past. This may have been one reason that other charities, and charity oversight bodies, were historically silent about criticizing WE's approach until it was safe to do so (and in their business interest to distance themselves from this sinking ship). In international development and philanthropic circles, WE's approach – particularly the 'voluntourism' aspect – has been highly controversial for years.⁸⁵



In turn, this speaks to a broader issue: The historic inability of the charitable sector to critique itself openly. The business sector has long done this. Read any business section of a major newspaper or any industry magazine, and there is open, detailed and nuanced evaluation of a given firm's approach or decisions, from branding decisions, to CEO choice, to its investment in R&D. No such parallel exists for civil society organizations, so our criticisms remain hidden, tired brands and approaches linger far longer than they should, and feel-good assumptions about efficacy or impact take the place of research and informed insight. This may be about to change. As the business and nonprofit sectors come closer and closer together, whether by way of social enterprise, venture philanthropy, next-level corporate social responsibility, or systems-wide collaboration, there are many other revelations coming to light about what commercial and public good enterprises can learn from each other. In a recent book review on "The Corporate Social Mind", well-known Canadian philanthropic leader Hilary Pearson observes that the traits that leading socially responsible global firms like Danone, Levi Strauss and Salesforce exhibit, mirror those of leading innovative nonprofits: "Articulated and lived values, a focus on benefit to society, a willingness to get proximate or listen to beneficiaries, a willingness to work collaboratively, the courage to advocate, the commitment to measurement of impact, an openness to innovation."⁸⁶

Charities are also increasingly grappling with variations on the question of why there so many organizations concerned about the public good, yet so much of the public realm is profoundly unwell? We have many downstream charities helping to provide relief, but not enough working upstream, or too few with the capacity or interest to dig into root causes. And in the short term we've even seen instances of so-called "pandemic washing" - where social finance or community investment dollars are being deployed to "business as usual" approaches, reinforcing rather than reducing inequalities on the ground.⁸⁷ The whole point of social innovation is to not merely do good better, but to change the underlying patterns, conditions and norms. There has rarely, if ever, been a better time to meet this challenge. As we recover from the pandemic, and especially as we reconfigure our social contract, we

can expect ever louder calls for civil society organizations (nonprofits, charities, social enterprises, co-operatives, community and faith groups, labour organizations and so on) to be showing up, visibly and vocally, at decision-making tables at all levels. The Calgary Alliance for the Common Good is one such example of a coalition of (mainly) faith organizations exercising its voice in progressive municipal affairs.

Calgary Chamber of Voluntary Organizations (CCVO) Policy Analyst Marokh Yousifshahi contends in a recent blogpost calling for a community-wide *community prosperity strategy*, "it is imperative that the sector not go back to the status quo but continue on a path to be more innovative, equitable, inclusive, and digital savvy."⁸⁸ And as Dr. Alina Turner and I point out in a recent *Philanthropist* article on the subject of AI, "the sector can no longer afford to be the "clean up crew" for the market and systemic failings of macro-economic convulsions, as we enter this fourth industrial revolution."⁸⁹ Indeed, speaking with students in post-secondary today, the entire social construct of "charity" seems grafted onto the modern world from

another time entirely, and certainly not seen as the driver of social change. Prepare for civil society's collective voice to become orders of magnitude stronger than it currently is, not merely on questions of social, cultural or environmental policy, but also on questions of economic policy, industrial strategy, international diplomacy, and technological development.

Other sections of this scan have spoken of the widened window of opportunity afforded by the pandemic. In some ways, it may be all the moreso in Alberta, although it is difficult to get an accurate read on how the government perceives the sector. On the one hand, the Premier's Council on Charities and Civil Society signals the desire for a renewed and positive relationship. And indeed, the conservative preference for nonprofit organizations to serve as service providers in lieu of government remains genuine. In general, community organizations are closer to the ground, closer to the people, and conservatives buy into this. On the other hand, the ethical duty to represent and amplify the voices of those who have been disproportionately impacted by COVID, by government policies, or market decisions, will test the degree to which nonprofits can serve as legitimate advocates, or whether - alternatively - they should "know their place" and keep quiet about matters of public policy. The public inquiry into the activities of environmental NGOs and foundations, and the combined effect of fiscal austerity measures and economic stimulus, which seem surgically designed to uplift commercial sectors and starve the caring and learning economies, suggest that the civil society-government relationship may be deeply fraught when it comes to questions of voice and public policy advocacy.

Regardless, nonprofit organizations are absolutely essential to recovery and to supporting Albertans resilience in the face of hardship. A recent article in the *Harvard Business Review* notes how non-profits have much to offer the private sector in their post-pandemic re-building and re-sharing efforts.⁹⁰ At the federal level, far less of historic importance as a funder to the sector, but important to charities as a regulator, there will be many, many new opportunities by way of new funding pots and sector-partnered strategies, both on the resilience and recovery front, and the green-recovery / *BuildBackBetter* front. But the sector's approaches to each level of government will be more discreet and distinct than in the past. One example: To obtain grants from the federal government, you must understand and demonstrate a gender-informed and intersectional lens to your work. But these same concepts may be the equivalent of "trigger words" for the Province: Witness Premier Kenney's derision of "kooky intersectionality" in a recent speech.⁹¹

The most significant areas of new capacity that social impact organizations require, in no particular order, are public advocacy help (government relations especially), tech capacity

(discussed elsewhere in this scan) and data capacity. Volunteer Alberta recently undertook a *Challenge Dialogue* process, a deep, months-long consultation with nonprofits (or, in the language of the *challenge*, 'social profit' organizations). It revealed that the pandemic provides an opportunity to profoundly transform the sector: "This included the notion that now is the time that social profit organizations conduct a review of their relevancy and entertain different ways to serve the sector, which may include: expansions, mergers, collaborations, closures."⁹²

There are far too many social and fiscal pressures to ignore the drumbeat from donors, community members and the sector itself, of some version of the opinion "there are just too many organizations doing the same kind of work." The closure option is more or less a legal question of dissolution, but the other options are rich with potential, yet starved of capacity (both technical and financial).

Scaling organizations and programs is difficult, partly due to the limitations of the grants economy, but also to cultural, technical and jurisdictional factors (not to mention the absence of natural incentives to scaling that are present in the private sector). The work of collective impact and systems-focused social innovation initiatives like labs is long, time-demanding, and often frustratingly ambiguous work. But it is necessary, and can be extraordinarily fruitful: The collective impact of Calgary's affordable housing sector is more robust and powerful than in decades past, and the work of the Energy Futures Lab is feeding into the array of new and exciting directions for Alberta energy described elsewhere in this scan. If collaboration was a desire before the pandemic, it will be all the more necessary going forward. Those organizations with an ear to the ground - collaborating and co-creating with people with lived experience - will thrive. Those with a 'brand' or a time-honoured program, but lacking the collaboration or inclusion gene, will perish.

The third path - amalgamation, also known as mergers or acquisitions - has been an exceedingly rare phenomenon in the sector, with no more than a handful per decade province-wide. Yet, there is substantial interest from donors, funders and growing number of community organizations. Even the Premier's Council has surfaced mergers as a topic of interest.⁹³ The most high-profile merger of late, is the amalgamation of Aspen Family and Community Services Society with the Boys and Girls Clubs of Calgary into a rebranded merged entity *Trellis*. The Institute for Community Prosperity has been chronicling this merger in two phases⁹⁴, and will produce a final document in the coming weeks that distills learning from this experience (and past mergers) into a tool that other nonprofits can refer to as they consider a merger.