

Establishing an enabling environment for civil society organizations in Canada

Key issues affecting Canadian international development and humanitarian organizations

An analysis of survey results

A Report Prepared for



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Canadian Council for International Co-operation

450 Rideau Street, Suite 200
Ottawa, ON K1N 5Z4

Tel.: (613) 241-7007

E-mail: info@ccic.ca

Web site: www.ccic.ca

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Executive Summary

1.0 Introduction

In February 2012, the Canadian Council for International Co-operation (CCIC), in collaboration with the Inter-Council Network of Provincial and Regional Councils for International Cooperation (ICN), released a report entitled, “Putting Partnership back at the Heart of Development: Canadian Civil Society Experience with CIDA’s Call-for-Proposal Mechanism, Partnership with Canadians Branch.”¹ The report assessed the experience of Canadian civil society organizations (CSOs) with the new calls-for-proposals funding mechanism, provided a very detailed analysis of the experience of organizations with each of eight calls, identified a number of actual and emerging impacts on organizations, and made 12 recommendations to address these impacts.

It has been three years since the last major set of calls-for-proposals for under and over \$2 million from Partnership with Canadians Branch (PwCB), last launched in April 2011. There are now very few Canadian organizations that are not feeling some sort of impact on their work and on their organizations. This report builds upon the 2012 report, using many of those initial findings as a baseline upon which to assess the deepening issues and impacts arising from the changing funding modalities in PwCB (now Partnerships for Development Innovation Branch). The survey upon which this report is based has four goals:

1. To update the information on the impacts, which reduced funding from CIDA/DFATD has had on organizations in our sector (relative to the 2012 baseline);
2. To identify other issues that are hindering the ability of CSOs to act as independent development actors in their own right – an idea established in the Accra Agenda for Action and reaffirmed in subsequent meetings in Busan and Mexico;²
3. To map how organizations have responded to these impacts; and,
4. To identify organizations who would be willing to share this experience with others.

The analysis of this 2014 survey shows that the lack of any significant and predictable funding for the sector from the Canadian International Development Agency (CIDA)/Department of Foreign Affairs, Trade and Development (DFATD) since 2011 is having a profound and detrimental impact on Canadian CSOs’ capacity to deliver their programs on the ground – in terms of reduced staff, partnerships and activities. This in turn has had a negative knock-on effect on the millions of individuals with whom these organizations are working, both as partners and as beneficiaries. And ultimately, it also represents a loss for Canada’s global engagement given the tremendous missed opportunity for DFATD to work with a community that has decades of experience, expertise and

¹ “Putting Partnership back at the Heart of Development: Canadian Civil Society Experience with CIDA’s Call-for-Proposal Mechanism, Partnerships with Canadians Branch.” CCIC and the ICN, February 2012. Available on-line: http://www.ccic.ca/files/en/what_we_do/2012_03_Survey_Report_e.pdf

² For details, see Accra Agenda for Action, Third High Level Forum on Aid Effectiveness, September 2008. Available on line: <http://www.oecd.org/dac/effectiveness/parisdeclarationandaccraagendaforaction.htm>. Busan Partnership for Effective Development Cooperation, Fourth High-Level Forum on Aid Effectiveness, December 2011. Available on-line: <http://www.oecd.org/dac/effectiveness/busanpartnership.htm>. First High-Level Meeting of the Global Partnership for Effective Development Co-operation: Building Towards an Inclusive Post-2015 Development Agenda, Mexico High Level Meeting Communiqué, 16 April 2014. Available on-line: <http://effectivecooperation.org/wordpress/wp-content/uploads/2014/05/FinalConsensusMexicoHLMCommunique.pdf>

success in working in long-term partnerships and development outcomes overseas.

The resulting conclusions and recommendations point to the need for a new strategic partnership between the Canadian government and Canadian international development and humanitarian CSOs. Ultimately, such a partnership must support the capacity of a diversity of CSOs to engage effectively as independent actors in development cooperation and to contribute to positive sustainable development outcomes for the poorest and most marginalized – an outcome of benefit to the Canadian government and to Canadians.

2.0 Main Highlights of the 2014 Survey³

A. An Overview of Responding Organizations

The survey captures a representative range of 138 CSOs involved in development cooperation in terms of scale (revenue), capacities (staffing), approach and regional diversity.

B. Changes in Organizations' Total Revenue since 2010

The survey identified some important shifts in revenue among Canadian CSOs since 2010:

- **A very significant number of organizations** (57 or 44% of the sample) **have experienced declining total revenue since 2010**, affecting their capacity to sustain their development programs.
- **Declining revenue affected small and medium sized organizations disproportionately** compared to large organizations.⁴
- **More than half the organizations (55%) identified the loss of CIDA/DFATD revenue as the primary reason for this decline in revenue**; when this loss is combined with declining donations, the proportion grows to 60%.
- **The most pronounced increase in revenue was among ten of 16 organizations with total revenue of more than \$10 million.**
- **Among groups with increasing revenue**, 48% cited improved **private fundraising** and 30% cited greater revenue from CIDA/DFATD as the **primary reason** for the increase in revenue.

C. The Relative Share of Different Sources of Revenue for Organizations

The survey asked each respondent to disaggregate their organizations' revenue sources according to three groupings:

- Private non-governmental contributions (individual, foundations, corporations);
- Provincial government funding; and
- CIDA/DFATD funding.

³ As with the 2012 report, the basis of this current report is an extensive survey of 69 questions (see Annex One) conducted through survey monkey in January and February 2014, and completed by 138 participating organizations. Participants were drawn from the membership of CCIC, Provincial and Regional Councils and other respondents to a similar Survey in 2012. A special effort was made to reach out to organizations that had completed the 2012 survey.

⁴ This analysis identifies small organizations as those with less than \$500,000 in total revenue, medium-sized organizations as those with between \$500,000 and \$5 million in total revenue, and large organizations as those with total revenue more than \$5 million.

What is the relative importance of each of these revenue sources?

- **Non-governmental (private) sources of funding represent a growing and significant** proportion of funding for more than 90% of all organizations in the survey. Almost half of the respondents receive more than 50% of their total revenue from private sources. Only medium-sized organizations received less than half of their revenues (at 43%) from private sources.
- **There is a wide variation in terms of how much funding different organizations get from DFATD.**⁵ For almost 60% of responding organizations, DFATD revenue makes up less than 25% of their current total revenue; for less than a third of all responding organizations, it makes up more than 50% of their revenue.
- **Broken down by organizational size** (see footnote 4), where funding from DFATD represents more than 50% of revenues:
 - **small organizations: 18%** (down from 21% in 2012);
 - **medium-sized organizations: 43%** (up from 37% in 2012);
 - **large organizations: 32%** (up from 27% in 2012); and
 - **very large organizations, with revenue over \$10 million: 42%** (up from 28% in 2012).
- **Very few responding organizations (9) rely on provincial revenue sources** for more than 25% of their current total revenue. Large organizations are somewhat more likely to receive funding from provincial sources (43% of large organizations, compared to 36% of medium sized, and 35% of small organizations).⁶

D. Analysis of Patterns in CIDA/DFATD Funding for Canadian CSOs

What is the experience of Canadian CSOs in their funding relationships with CIDA/DFATD? More than 80% (or 112) of responding organizations indicated that they had received CIDA/DFATD funding in the past (but may not necessarily be currently receiving funding).

- **Large and medium-sized organizations are much more likely to have a long history of funding with CIDA/DFATD than small organizations**, and these funding relationships have been relatively stable for many CSOs over a long period.
- **This stability has been undermined in recent years.** Fully 40% of the organizations with a history of funding from CIDA/DFATD currently are receiving no funding. For small organizations, this proportion grows to more than 70%.
- **Current funding status with DFATD is a critical indicator of trends in organizational revenue since 2010.** Among organizations with past funding from CIDA and declining revenue since 2010, more than half are not currently receiving DFATD funding. On the other hand, 70% of organizations with a history of CIDA funding and increasing revenue since 2010 are currently receiving DFATD funding.
- **Funding from PwCB has also become less important (although still significant)** in the current

⁵ While CCIC and the ICN encourage their members to diversify their funding, the share of revenues represented by CIDA/DFATD funding (even when more than 50%) should not necessarily be seen as creating a relationship of "dependency". Up until 2010, the relationship between the Canadian international development sector and CIDA was characterized as one of partnership that, amongst many other dimensions, included regular and long-term funding from CIDA for a variety of trusted partners, based on long-term experience and good performance.

⁶ The results only reflect a small pool of organizations that responded to this question. In reality, many more members of the Provincial and Regional Councils are reliant on provincial funding.

profile of DFATD funding for Canadian CSOs relative to 2012, with a decline in the number of organizations receiving more than 50% from PwCB (from 63% of organizations in 2012 to 56% in 2014) – likely as a result of the absence of calls and expiring contribution agreements.

- Of the 25 organizations receiving funding from either Multilateral or Geographic Branches, 20 are large, only four are medium-sized, and one is small.

E. Issues arising from the changing funding modalities in CIDA/DFATD Partnership with Canadians Branch (PwCB)

In June 2010 the Minister for International Cooperation announced that CIDA would implement call-for-proposals as the exclusive funding modality by PwCB for Canadian CSOs. General calls (for under and over \$2 million) were issued in April 2011, and there have been no new general calls-for-proposals since then. The 28 organizations in the sample with expiring contributions agreements with PwCB since 2011 have had few alternative avenues for CIDA/DFATD funding.

- More than **40% of the organizations with increasing overall revenue since 2010** and with existing contribution agreements (not related to calls-for-proposals since 2010), **have those agreements expiring in 2013 and 2014**. With few alternatives for these organizations within DFATD, expiring agreements may reverse their trend of increasing revenue after 2014.
- **Timely responses to proposals submitted to DFATD remain a serious challenge**. More than half of the responding organizations reported wait times for assessment of proposals submitted to CIDA/DFATD of more than 12 months.
- **Successful proposals in the various calls since 2010 showed a bias in their outcomes towards larger organizations, to the detriment of small and medium-sized groups**. While more than half the large organizations and about a third of the medium-sized organizations were successful, only six small organizations indicated that they were successful in a call-for-proposal. Close to two-thirds (61%) of those with increasing revenue also reported success in a call-for-proposal.
- **Still 46% of organizations with decreasing revenue during this period also reported a success in a call-for-proposals**. Clearly, revenue from these calls for these organizations was not sufficient to replace lost private or previous CIDA/DFATD revenue.
- **Contracts were negotiated within a reasonable timeframe for two thirds of successful organizations**.

F. Implementing the Call-for-Proposals Mechanism in 2010: Impact of changing CIDA/DFATD funding modalities on CSO operations

What have been the main impacts on the capacities and development work of Canadian CSOs since the implementation of the PwCB competitive call-for-proposals' modality?

The PwCB shift in funding modalities, the absence of general calls, and the expiration of existing contribution agreements, has had deep and profoundly negative impacts on many Canadian CSOs. It has affected their capacities to sustain programs, reduced and artificially changed their activities in many developing countries where they have had a long history of involvement, and challenged partnerships that have been central to their work. In the words of one respondent, "this new system has been a colossal failure in every way for the development sector in Canada, and has devastated partnerships with civil society overseas."

Impacts over the past three years are particularly severe in three areas:

- Through actual or planned **cuts in long-standing partnerships** for almost half of the organizations surveyed (46%);
- Through **major reductions in the diversity of Canadian CSO activities** on the ground for more than half (53%) of the organizations surveyed; and,
- Through a **significant reduction in staffing**, reported by 43% of the organizations surveyed.

While all sizes of organizations have been affected, **medium-sized organizations have been the most affected by the policy and funding changes in PwCB**, with 54% of these organizations reporting that they have had to reduce the size of their organization, reduce activities on the ground, and reduce their partnerships. Large organizations with greater access to a diversity of DFATD funding windows were less affected, but a significant portion (40%) of them still reported negative impacts. Survey respondents from small organizations seemed to be least affected, likely due to relatively low levels of funding from PwCB prior to the changes in 2010.

Canadian CSOs have been adversely affected by many changes in their working environment, both overseas and in Canada, but there can be no doubt about **the main cause of these dramatic changes since 2010 – the shift away from institutional funding relationships**, to the call-for-proposals mechanism, **and the absence of timely and predictable new funding opportunities** for organizations to replace former CIDA funding.

- Among all the organizations that reported reductions in their organization's staff and program, the following proportions indicated that these different types of reductions were the direct result of the shift to the call-for-proposals mechanism:
 - 73% of those that reduced the number of partnerships;
 - 62% of those that reduced activities on the ground; and,
 - 48% of those that reduced staff.

Many respondents, whether affected directly or not, raised a range of impacts on the quality of their programs. These include:

- **Heightened uncertainty** related to predictability in DFATD funding opportunities;
- **Lack of direct engagement and dialogue** with DFATD for shared programming;
- **Unexpected increased programming and fundraising costs**, and the need to work with partners to identify alternatives to bridge reduced support, and to seek other funds;
- **Artificial shifts in organizational priorities** and phasing out of partnerships due to shifts in CIDA/DFATD call-for-proposals themes;
- **Need to redesign longer-term projects**, with reduced ability to plan for outcomes in a complex development environment where change happens over time;
- More **single country-focused projects**, and less capacity and resources to support multi-country programming and sharing of lessons across countries;
- **Difficulty identifying alternative revenue sources** that will support the basic infrastructure of the Canadian organization; and,
- **Difficulty sustaining work with partners**, building on the positive outcomes from one phase of a program through innovation and extension into a further phase.

G. Revenue Diversification Strategies

The 2012 survey asked respondents how they planned to make up for any lost revenue due to the shift to the call-for-proposals funding modality. Three years later, **more than two-thirds of respondents indicated they have developed a revenue diversification strategy. However, only half of the organizations that receive 50% or more of their revenue from CIDA/DFATD, are carrying out a revenue diversification strategy.** The outcomes of revenue diversification strategies have been either moderately successful to date (41%) or successful (22.7%).

- The top four sources of (non-PwCB) institutional finance for Canadian CSOs since 2012 have been 1) private foundations; 2) the private sector; 3) provincial governments; and 4) other NGOs. Access to private sector revenue has been growing over the past decade for 60% of the respondents and is spread equally across all size categories of organizations.

H. Spending on public engagement

The role of Canadian organizations in engaging the public is an important dimension of international cooperation. The 2014 survey asked how responding organizations are working in public engagement (PE), and explored the consequences of changing funding on PE.

- **There is a wealth of experience in PE in the community**, with three quarters of the 105 respondents to this section indicating they have been implementing PE for more than 20 years, and more than 90% for more than 10 years. But the majority of organizations engaged in PE devote less than 10% of their resources to these activities, with small organizations much more likely to allocate larger shares of their revenue to PE.
- **More than two-thirds of organizations indicated that they replaced the PwCB allowable allocation of 10% to PE with their own resources.** The top three sources of finance for PE activities are 1) private individual donations; 2) CIDA/DFATD;⁷ and 3) corporate donors.
- **Spending on PE has been somewhat stable over the past five years for the 25 organizations devoting more than 20% of their revenue to these activities.** However, allocations to PE activities have been **less stable for the 80 organizations devoting less than 20% on PE** (the majority of organizations working with PE), with close to 40% of these organizations reducing this investment.
- **Public engagement is still focused on an array of objectives.** The most popular PE objectives identified by respondents are “raising awareness about particular issues,” “information sharing about organizational programs,” and “changing broad attitudes.” The lowest ranked objective is “advocacy,” followed by “empowering target populations.”
- Among responding organizations, **about a third (34%) ranked “fundraising” among their top three PE objectives, and about a third (36%) ranked it as their least important objective.**

I. Participation in Dialogue with Government since 2012

An important dimension of an enabling environment for CSOs is regular and institutionalized opportunities for policy dialogue with government. The survey sought information from respondents on their experience since 2012 with various forms of policy dialogue with the government, including departments outside of CIDA/DFATD.

⁷ These were two separate questions. People did not say that they replaced the 10% money with other CIDA/DFATD money (since the 10% allocable to PE funding would no longer have been allowable). Nevertheless, when asked what the main sources of funding they used to replace former PE funding, they did identify CIDA/DFATD, but with no explanations.

- **Very few (24% or 33 of 138 respondents) Canadian CSOs have had an opportunity to participate in a dialogue process with government** (Federal or Provincial) since 2012. But large organizations were much more likely to be invited to engage in *ad hoc* dialogue processes than medium-sized or small organizations.
- The vast majority of the opportunities for dialogue have been in CIDA/DFATD official policy roundtables and other CIDA/DFATD dialogue or policy/learning events.
- While a few members of Provincial and Regional Councils outside of Ontario and Quebec did participate in dialogue, almost all of the participants were national organizations.

J. Impacts of Regulatory Processes on Canadian Not-for-Profit Organizations

Since 2012 Canadian CSOs have been impacted in a number of non-financial areas. All federally incorporated not-for-profits must apply for “continuance” under the new Not-for-profit Corporations Act. In addition, all registered charities must provide the Canada Revenue Agency (CRA) with the new by-laws and articles of continuance, once accepted by Industry Canada, and other documentation, including objects, if revised. Has the continuance process, and particularly the steps with CRA, affected the operations of the responding organizations? What has been the experience with audits by the CRA and audits by CIDA/DFATD?

- The **federally incorporated respondents**, who had completed the requirements of the new Not-for-Profit Corporations Act, **indicated that they had no issues with Corporations Canada, part of Industry Canada, in receiving their certificate of compliance.**⁸ But three out of eight organizations indicated that the CRA raised questions about their charitable objects when they were completing the compliance process. All questions were resolved.
- A **relatively high proportion of organizations** (one fifth of the sample) **have undergone an audit with CRA since 2010.** An **even higher** portion, 46%, **have undergone a CIDA/DFATD audit** as part of their program cycle.
- While a **small number of those who underwent a CRA audit identified a more exacting and time consuming process, the majority found their audit was “helpful” or “thorough but fair.”** Among survey respondents, most CIDA/ DFATD audits occurred with medium-sized organizations, and to a lesser extent with large organizations.

3.0 Conclusion and Recommendations

The CSO international development and humanitarian community in Canada has been impacted by a series of significant changes over the past several years. These impacts are directly attributable to the changing – and lack of – funding and policy environments at the Federal level. This survey has helped identify some of those impacts on the capacity and programs of Canadian CSOs.

To address the implications of these changes on the capacity of Canadian CSOs to realize their full potential as independent development actors in their own right, this report has identified the following set of recommendations, which need to be addressed by Canadian CSOs themselves, in government policies as they relate to the activities of registered charities and not-for-profits, and by a DFATD policy or strategy that sets out the Department’s framework for engaging CSOs in development cooperation.

⁸ Readers should note that only 30 organizations had completed the compliance process with CRA out of the 138 respondents to the survey, and only eight of these responded to the question about CRA. This is a relatively recent development, and since few organizations responded to this section, it is hard to know how representative these results are of the immediate impacts on CSOs or of the longer term impacts of these changes.

A. Funding mechanisms

KEY FINDINGS

The once stable institutional funding relationship between CIDA/DFATD and civil society has been seriously undermined for all organizations, including those with a long historical relationship. This is evident in the general decline in the overall number of organizations receiving DFATD funding, the unpredictability of funding opportunities, and the expiry of existing contribution agreements secured by organizations under the old funding window, with no alternative funding sources in DFATD. Timely responses to proposals submitted to DFATD also remain a serious issue. The deterioration in the funding relationship has had a significant and detrimental impact on efficient and effective development programming of a wide number of Canadian CSOs, and on their ability to engage with the Canadian public. These impacts have affected the capacities of organizations to maintain staff and sustain often long-standing programs and partnerships on the ground, with significant cuts all around.

RECOMMENDATIONS

- **DFATD should support a diversity of CSOs – something which will maximize CSO contributions to development outcomes.** While larger, well-established CSOs have important strategic capabilities to offer, there are numerous smaller and medium-sized CSOs that have established a specialized geographic or thematic niche that allows them to be highly effective. A proven track record, regardless of the size of the organization, should go a long way to identifying future partners. The diversity of CSOs is a valuable Canadian asset that should be sustained and nurtured by CSOs themselves, as well as DFATD.
- **Supporting a diversity of CSOs requires flexible and diverse funding mechanisms that are both responsive and directive to different organizational needs and capacities.** Different types of civil society programs, and the diverse roles that CSOs play, including through public engagement, require different types of funding mechanisms – a best practice recognized by the Organization for Economic Cooperation and Development.⁹ DFATD could make substantial progress with a wider range of transparent and diverse funding mechanisms to address different types of programming relationships, as noted above. An improved calls-for-proposals mechanism could be one among many mechanisms for funding CSOs.
- **To be effective, these funding mechanisms also need to be predictable.** Funding predictability is a fundamental principle of aid and development effectiveness. As the OECD notes, “unpredictable finance, lack of funds for management and program oversight, one-off project funding, unclear guidelines and inconsistent processes, and complex and overly detailed requirements,”¹⁰ pose significant challenges to CSOs, and ultimately impact the effectiveness of both donors and recipients. Being able to anticipate what resources are coming when, for what, for whom and how often, is a key to effective programming. DFATD should establish a clear timetable of current and future funding for CSOs for each of their funding mechanisms.

B. Revenue Diversification.

KEY FINDINGS

In response to changing funding modalities at CIDA/DFATD, many organizations have developed revenue diversification strategies, although the evidence suggests that these efforts are just starting and are still not enough. The survey findings indicate that organizations with constant revenue streams since 2012, or who receive 50% or more of their revenues from

⁹ “Partnering with Civil Society: Twelve Lessons from DAC Peer Reviews,” OECD DAC, 2012. Available on-line: http://www.oecd.org/dac/peer-reviews/12_Lessons_Partnering_with_Civil_Society.pdf

¹⁰ Ibid, p. 31.

CIDA/DFATD, have been slower to respond. Private sources of funding from individuals, foundations and the private sector are a top source of financial support for Canadian CSOs. While direct government funding has been essential for many CSOs, charities that work on international aid and development reported a total of \$1.2 billion in tax-receipted gifts in 2011.¹¹

RECOMMENDATIONS

- **Promote a more robust philanthropic culture in Canada.** CCIC, working with the ICN and DFATD, should convene a roundtable discussion with Canadian Philanthropic foundations, and international foundations that support international development work by Canadian organizations, to establish how to generate a more enabling environment for foundations in Canada to support the work of the international development community.
- **Support the Canadian public to give more – and benefit more from this giving.** The Government of Canada should fully adopt initiatives like the “[Stretch Tax Credit for Charitable Giving](#),” that encourage an already generous Canadian public to give even more.
- **Support the development of revenue diversification strategies.** CCIC and the ICN, as well as the new Partnership for Development Innovation Branch, should support members in the development of revenue diversification strategies through initiatives such as documentation and sharing of successes and lessons learned, and through capacity building opportunities that encourage peer learning and that bring relevant expertise to the community.
- **Support the identification, and encourage the development, of alternative funding sources for CSOs.** DFATD should support Canadian CSOs to access funding from other bilateral and multi-lateral donors through increased exposure, references, co-funding and other promotional activities.

C. Public engagement

KEY FINDINGS

A majority of organizations still emphasize the importance of public engagement, despite declining resources to do so. While most CSOs spend less than 10% of their revenue on PE, this investment has been sustained despite the abandonment by CIDA of the 10% allowable allocation to PE. This underscores the importance groups still place on PE, and that it remains a vital component of engaging Canadians in development cooperation and supporting the creation of global citizens that understand the importance of Canada’s role in the world.

RECOMMENDATIONS

- **DFATD should develop responsive funding modalities that support the active involvement of Canadians in development cooperation through the full spectrum of opportunities for PE, including advocacy for effective development policies and practices.** In Canada, CSOs are the principal mechanism through which Canadians engage as global citizens to combat poverty, learn about development issues, and satisfy their aspirations to make the world a better place. The diversity of CSOs in Canada means that every Canadian can find a CSO that fits their vision of the world. Accordingly, DFATD’s forthcoming civil society policy should put forward a whole-of-Department policy that outlines the objectives and directives for the government’s public engagement funding, and should reinstate or launch responsive funding mechanisms that support CSOs in this work.

¹¹ “Strength in Numbers - Metrics on the international development community in Canada,” A report prepared by Steven Ayer, Common Good Strategies, for CCIC, October 2013.

D. Multi-stakeholder Dialogue

KEY FINDINGS

A few, mainly large national organizations, have had access to government and opportunities for dialogue in recent years, although overall this dialogue has been ad hoc, driven by the government's agenda, and irregular. Since the 1970s, public policy has been enriched through CSO engagement in policy debate and dialogue with the government. This was possible, in part, because the government supported the establishment of a vibrant community of policy and research networks, and promoted regular dialogue on crucial public policy issues. Unfortunately, over the last decade, government policy development processes have not taken advantage of CSO expertise.

RECOMMENDATIONS

- **The Canadian government should establish regular institutionalized, multi-stakeholder dialogue to generate more effective development cooperation, and which is inclusive of a range of different CSOs.** Multi-stakeholder dialogue provides opportunities to tap into the combined wisdom and experience of different stakeholders around shared objectives.

E. Regulatory challenges for civil society

KEY FINDINGS

Albeit drawing from a small sample size, new regulations under the Canada Revenue Agency requiring charities to file new by-laws have generally been satisfactory, although some organizations have identified issues in revising their charitable purposes to reflect current development challenges.¹² While the survey did not necessarily identify issues related to new CRA regulations, there are emerging rules that challenge the ability of organizations to work effectively overseas, as captured in numerous concerns raised by organizations in special trainings and discussions on the issue.

RECOMMENDATIONS

- **The Canadian government should promote regular meetings between DFATD, Finance Canada, the Canada Revenue Agency (CRA) and Canadian charities operating overseas.** The development and application of CRA rules requires a thorough understanding of the specific nature and practical realities that organizations face in working in developing country and humanitarian emergency contexts, and with a range of different partner organizations.
- **CCIC should lead the sector in identifying capacity building and opportunities for dialogue with the government on the rules and regulations that apply to charities and not-for-profits, and how they impact on the work of international development organizations.**

¹² Though the number of survey respondents was very small (only eight organizations responded to the more detailed questions on the CRA process), we know from anecdotal evidence that organizations are spending enormous time and resources in the re-incorporation process and that they are concerned about the focus on political activities of recent audits and interactions with CRA, and around new associated reporting requirements.

