



Funding Voluntary Associations in Rural Canada

Voluntary associations are crucial to the economic and social life of rural communities. Our research has revealed several impediments to their operation, however – often arising from the current structure of government funding. We provide here a brief summary of the nature of these impediments and suggestions for their elimination.

The current structure of funding does not reflect the strengths of voluntary associations. People establish and participate in such associations because they share interests with others. They willingly devote their time and energy to the group so long as those interests are met – whether that be in the specific objectives of the group or in the moral dedication of the members. The millions of people contributing their time and resources within the volunteer sector is impressive testimony to the power of this type of motivation.

The current focus on project funding is insensitive to this power, however. Narrowly defined products, salaried job creation, economic productivity, short time frames, progress reports, and fiscal control are all diversions from the strength of voluntary associations. To the extent that these are required in the funding conditions, they sidetrack the energy of the association and undermine its cohesion. Accountability is necessary for public funding, and voluntary associations that benefit from such support should be required to meet the criteria necessary for such evaluations. It should be recognized as a diversion for most members, however. For this reason, we propose the following principles for the administration of funding.

1. Funding for voluntary associations should cover 100% of the costs associated with accountability activities. This includes grant proposals, financial control, formal management structures, data collection for program evaluation, preparation of progress reports, and other requirements imposed by the structures of accountability. This principle recognizes that the accountability exercise serves the interests of the public institution and the people it represents but is not directly related to the interests and strengths of voluntary association. (continued overleaf)

“The current funding environment is not conducive to good funding relationships.”

1. It does not allow for the creation of mature and stable voluntary organisations able to take opportunities and make a full contribution.
2. It does not encourage transparency, but rather encourages complex renaming of activities, and restructuring of organisations in pursuit of funding.
3. In turn this does not facilitate a creative or mature relationship between the funders and the funded.
4. It is extremely expensive. Voluntary organisations lose staff as projects come to an end, and then need to re-recruit; funders receive applications for activities that have just come to the end of a period of funding.
5. It risks public sympathy and support for voluntary organisations. At a time when donations by members of the public are seen as having reached a plateau, it is dangerous to run a funding regime that assumes that backroom costs can be met by individual donations, while front line costs are met by the statutory sector.”

ACENVO, 1999

2. Funding to support the objectives of the association may be negotiated to levels less than 100%. This principle recognizes that voluntary associations need resources to further their objectives, but that these will be supplemented by the energy, resources, and time of the participants in the group. In most cases, voluntary associations will be providing their share in the form of services or in-kind contributions.

3. The criteria for accountability be modified to recognize the special characteristics of voluntary associations: especially their need to nurture membership participation. This implies that longer time frames to develop trust and commitment with members, flexible management arrangements, and support networks for meeting government regulations (see box below).

4. The evaluation for accountability be expanded to recognize the greatest contributions of voluntary associations. These include the objectives as defined by the participants, the development of human capital (not necessarily reflected in paid jobs), and the building of social capital and capacity. Based on this principle, evaluations of voluntary organizations might include such questions as:

- What are the objectives of the group? How well did they meet their objectives?
- What new skills did people learn? How many learned those skills?
- How many people were involved? How many new people were included?
- Who benefited? Who was excluded?
- What new resources were generated?

These principles are different from those expected for a profit-based organization. Since such organizations are organized with profit-generation as the primary motivating factor, the issues of membership attraction and maintenance are not crucial to the achievement of their objectives. They can be expected to meet the objectives of the funding agency, including the requirements for fiscal accountability, strictly determined time frames, and specific products.

Our research shows that voluntary associations make a significant contribution to the economic and social life of rural communities. It also shows, however, that the associative relations on which they are based are considerably different than the market relations of private enterprises. Both are necessary for a strong rural Canada. Governments and other funding agencies must recognize these differences and meet the special needs of each in order to build on their individual strengths.

ACENVO proposes three different models for core funding:

- Full project funding in which all reasonable associated costs are met as part of a funding package – this is referred to as “the business model”.
- Development funding through which the internal infrastructure costs of an organisation are met for a time in order to enable it to grow and develop.
- Strategic funding through which the funder recognises the need for an organisation to exist – in order to meet its own objectives – and is prepared to contribute over an agreed period of time.

ACENVO, 1999:3

ACENVO (Association of Chief Executives of National Voluntary Organizations), 1999
“Who Pays for Core Costs?”, Hyndburn Press: Lancashire.