

STRENGTHENING THE NON-PROFIT
AND CHARITABLE SECTOR EXTERNAL
ADVISORY COMMITTEE

FINAL REPORT

Purpose Statement

The Strengthening the Non-Profit and Charitable Sector Advisory Committee (the Committee) was established to provide independent advice and recommendations to the Government of the Northwest Territories (GNWT) for strengthening the non-profit and charitable sector in the Northwest Territories (NWT).

Committee members

- Sophia Kirby, Chair
- Ryan Fequet
- Lyda Fuller
- Dr. Candice Lys
- Kathryn Barry Paddock
- Craig Scott

Background

The non-profit sector in the NWT is a wide-spread and impactful vehicle for providing essential services and innovative programs to the public and particularly to those in need. While non-profit organizations work hard to address key issues in our society today, they are also faced with funding and relationship challenges that detract from their important work and in some cases, creates conditions where they can no longer continue to operate. The Committee was disheartened to realize that a significant amount of work has been completed over the past two decades to identify best practices for supporting non-profit organizations in the NWT,^{1,2,3} but that most of that work is not being properly implemented. The impact of non-profit organizations could be increased if they were supported with decreased administration and effective and trusting relationships with GNWT staff administering funding agreements. Relationships between people and organizations are especially important in such a small territory because of the frequent turnover of staff and volunteers and the loss of institutional knowledge.

The Committee also recognizes that the term ‘volunteer’ or ‘voluntary’ has been used historically but believes it is important to reframe the conversation towards the term ‘non-

¹ The Northwest Territories Volunteer Support Initiative, 2005

² Government of the Northwest Territories Volunteer Support Initiative 2005-2008 Action Plan

³ Toward New Voluntary Sector-Government of the NWT Relationships and Funding Arrangements – Final Report

profit' organizations. Non-profit organizations deliver essential programs and services that the GNWT would be responsible to deliver in their absence. The term volunteer is also affiliated with the notion of something being free, when in fact the non-profit sector in the Northwest Territories contributes 11.1% and \$487 million in impact to the total economy,⁴ as well as employs around 4000 individuals across the territory. As these organizations provide additional capacity and expertise in delivering programs and services, they often do so at a cost much less than the GNWT would incur. As the non-profit sector is a major contributor to the economy of the Northwest Territories and an important partner in delivering essential services to the public, there is a strong business case for the GNWT to ensure it is effectively supporting and maintaining meaningful relationships with the non-profit sector.

In January 2023, the Government of the Northwest Territories' Department of Executive and Indigenous Affairs put out a call for residents to join the "Strengthening the Non-profit and Charitable Sector External Advisory Committee" to provide advice and recommendations to the Government of the Northwest Territories to help strengthen the non-profit and charitable sector. Six residents with experience in the non-profit sector in the Northwest Territories were invited to join the committee. This report provides three recommendations from the external advisory committee (see Recommendations section below).

Recommendations:

1. Implement the full suite of tools included in the Government of the Northwest Territories Program Manager's Guide for Funding NGOs (2014) and incorporate this Guide as a mandatory element of orientation for all GNWT staff who work with non-profit organizations.

The Department of Finance issued a Program Managers' Guide for Funding NGOs that outlines practices and approaches that are intended to "establish reasonable and consistent funding arrangements with transparency for both the GNWT program manager and the NGO being funded" (p. 1).

"The Government of the Northwest Territories (GNWT) funds some non-government organizations (NGOs) to provide programs and services that support its goals and objectives. The GNWT attempts to make reasonable and consistent funding arrangements

⁴ Statistics Canada, 2023. Table 36-10-0616-01. Gross domestic product (GDP) of non-profit institutions by sub-sector (x 1,000,000). Government of Canada. <https://doi.org/10.25318/3610061601-eng>

for these programs.

This Program Managers' Guide helps GNWT staff manage funding agreements with NGOs. It clarifies considerations and determining factors for these agreements. It describes how to establish funding agreements with NGOs and outlines conditions for those agreements. This guide is based on the GNWT's financial management framework and reflects existing funding policies and practices.

The Guide explains the guiding principles for the GNWT's relationship with NGOs and describes the program managers' role. It outlines how to determine who should deliver the program and describes different types of funding agreements and when each is appropriate. It includes information on how to handle funding requirement changes, eligible expenses, and administration fees. The Guide deals with reporting requirements before wrapping up with how funds are disbursed to NGOs."

The Committee believes that implementation of this Guide would address the following issues that are placing unnecessary pressure on the non-profit sector:

- A lack of trust and respect between the GNWT and the non-profit sector ("Respect, trust and transparency shall characterize the relationship between GNWT and NGOs" (p. 2))
- The ongoing struggle to build capacity and be a sustainable organization ("the GNWT recognizes the importance of sustainable capacity of NGOs; funding arrangements should not have a negative impact on NGOs" (p. 3))
- A failure to effectively and efficiently allocate funds ("the GNWT understands allocating funds effectively and efficiently is important to NGOs; funding must reflect the needs of the users of the program funded" (p. 3))
- A lack of effective and transparent communication ("program managers maintain regular communication with NGOs to obtain or provide information related to the program they administer" (p. 4))
- A resistance for multi-year funding to be the default approach ("a multi-year agreement should be used if a program or service is on-going; if the NGO is in good standing; and if the GNWT requires regular detailed reports; if the NGO can meet the criteria for multi-year agreement, the GNWT should not use a one-time contribution agreement" (p. 10))
- A lack of timely payments ("program managers are responsible for disbursing funds to the NGO on time" (p. 18))

2. Recommendation 2: The GNWT complete an update of the Program

Manager's Guide for Funding NGOs (2014) in the next 12 months that addresses the following items.

- An adjustment of the funding application cycle so that there is ample time between application submission, application review, notification of application status, and the development and signing of contracts/contribution agreements/grants so that activities can start on April 1st (start of new fiscal year) and the funding can flow-through to non-profits prior to the start of activities;
- A funding agreement must abide by use of advancement payment to ensure activities can start/continue during the funding agreement and to not put more financial pressure on non-profit organizations;
- A stronger directive in the Guide to use a grant agreement rather than a contribution agreement wherever possible;
- A directive to recognize and build trusting relationships with long-standing non-profits that have demonstrated consistent performance in reporting and outcomes;
- A directive to reduce the application and reporting burden to be commensurate of the program/activities that is being applied for;
- A directive that if the GNWT is requesting non-profit organizations to provide their expertise or advice on documents, new legislation, etc., that appropriate participant funding is provided;
- A clearer direction on incorporating forced growth into agreements:
 - The Program Manager's Guide for Funding NGOs states that "if forced growth is considered, a GNWT department is encouraged to fund it from within their existing budgets; if a department cannot do so, a request can be made to the Financial Management Board; forced growth is subject to approval and availability of funding" (p. 15).

In various GNWT policies, annual increases are considered as part of the planning and budgeting process. It is inappropriate for the same recognition of increasing costs related to salaries, program and service delivery, asset management, etc. to be excluded from funding agreements with non-profit organizations. Non-profit organizations that depend on paid staff to deliver programs and services in communities cannot survive or thrive with the same funding year after year. Static funding leads to static pay, which then leads to loss of staff and erosion of program quality. This issue was recently highlighted when a shelter in Inuvik – that cost the GNWT \$2,000,000.00 to operate – issued a proposal for operating

the shelter to the non-profit sector and only offered \$560,000. While the Program Manager's Guide for Funding NGOs does recognize that "cost of living increases and staff development costs should be considered and adjusted for in multi-year agreements" (p. 23), in practice non-profit organizations are often forced to produce budgets that match the static revenue available from the funder and not the actual costs for effective and safe program and service delivery.

Such a review will also contribute to increased awareness of this Guide and the tools and expectations within it.

3. Recommendation 3: The GNWT provide additional support to increase the capacity of the non-profit sector in the NWT.

Non-profit capacity refers to a non-profit organization's ability to deliver programs and services to satisfy its customer and member's expectations. Capacity also refers to non-profit's ability to anticipate future needs and opportunities, and to mobilize resources to maximize both the quality and timeliness of program and service delivery at the lowest cost. Increasing the capacity of the non-profit sector needs a culture, mindset, and strategy shift to continue to deliver essential, innovative, and impactful programs and services while creating resilience in the sector.

The following examples are three ways that the GNWT could provide additional support to increase capacity to the sector:

- Providing a dedicated pathfinder position similar to the Department of ITI;
- Providing funding for an existing organization to provide coordination and advocacy for the non-profit and charitable sector. This will ensure that non-profit organizations:
 - Receive communication for relevant funding and training opportunities;
 - Become aware of existing program and policy templates;
 - Have the support to capitalize on partnerships and cross-sector collaboration;
 - Help the sector build resilience by providing training to diversify revenue, strengthen human resources within the sector, and organizational capacity

Capacity building activities that would benefit the non-profit sector include: training staff and Board members in the areas of leadership, governance, strategy, financial literacy and resilience, risk management; upgrading management systems; investing in program development; and supporting regular evaluations of program and services. There is also

the opportunity for the GNWT to share its existing training resources (e.g., leadership development) and make space during training events with the non-profit sector. We applaud the recent construction of a website that allows a single point of access to GNWT funding sources and suggest that expanding the current non-profit registry to make it more user friendly to see what non-profits are in existence, what communities they serve, and what their needs are, would also be useful to the sector and those supporting it.

The Committee suggests this recommendation could be implemented as a multi-year pilot project that could identify the highest value to the sector in building its capacity and impact to communities.

Closing

While the non-profit sector delivers programs and services that address communities' most challenging problems, there is a need to strengthen relationships, work in partnerships, and reinforce the impact the sector can have on residents in the NWT. Non-profits have an in-depth and integrated understanding of the community's needs and need additional support in order to implement the multitude of grass-roots solutions on the front lines. It is time to trust in their work and invest in their resilience. We strongly recommend the GNWT publicly respond to and action these recommendations, while improving the celebration of the accomplishments of non-profit organizations.