COMMUNITY NETWORKING EXPERIENCES WITH GOVERNMENT FUNDING PROGRAMS  Service Delivery Model or Sustainable Social Innovation?

Susan MacDonald, Graham Longford, Andrew Clement

For more than a decade, community networks and the federal government in Canada have been entwined in a relationship of mutual but asymmetrical dependence. In spite of their grassroots origins and nature, as well as the critical stance they tend to adopt toward the federal government’s vision for the information society, many community networks have over the last decade come to rely on the federal government for a majority of their funding. For its part, the federal government has offered varying degrees of support for community networking initiatives and, more recently, has relied heavily on community networking organizations to bridge the so-called digital divide by delivering ICT-related services on behalf of the federal government, allowing the latter to achieve its connectivity goals more generally. Since 1995, the federal government has invested roughly $900 million in its various connectivity programs, with community networks and other community-based organizations receiving substantial portions thereof (see table 19.1). As grassroots, community-based organizations, community networks (CNs) have limited resources and are heavily dependent upon volunteers to carry out their activities. Partnerships with the federal government have injected substantial resources into the CN sector and broadened the size and
scope of its activities, which benefits community networks and the communities they serve. Partnerships with community networks are also beneficial to government because they reduce overhead costs, while supporting connectivity initiatives in a climate of budgetary constraint, and represent alternative forms of service delivery for ICT access and training. But such partnerships have also had more ambivalent and unintended consequences, particularly for the community networks.

**Table 19.1 Federal programs in support of community networking, 1995–2007**

<table>
<thead>
<tr>
<th>Program name</th>
<th>Department</th>
<th>Duration</th>
<th>Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>Broadband for Rural and Northern</td>
<td>Industry Canada, Infrastructure Canada</td>
<td>2002–7</td>
<td>$90,000,000</td>
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<tr>
<td>Development (BRAND)</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Community Access Program (CAP)</td>
<td>Industry Canada</td>
<td>1995–2007</td>
<td>$337,000,000</td>
</tr>
<tr>
<td>CAP Youth Initiative (CAP YI)</td>
<td>Human Resources and Social Development Canada,</td>
<td>1996–2007</td>
<td>$41,000,000</td>
</tr>
<tr>
<td>Community Learning Networks CLN</td>
<td>Industry Canada</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initiative</td>
<td>Human Resources and Social Development Canada</td>
<td>1998–2005</td>
<td>$51,500,000*</td>
</tr>
<tr>
<td>Francommunautés virtuelles</td>
<td></td>
<td>1998–2005</td>
<td>$9,000,000</td>
</tr>
<tr>
<td>National Satellite Initiative (NSI)</td>
<td>Industry Canada, Infrastructure Canada,</td>
<td>2003</td>
<td>$155,000,000</td>
</tr>
<tr>
<td></td>
<td>Canadian Space Agency</td>
<td></td>
<td></td>
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<tr>
<td>SchoolNet</td>
<td>Industry Canada</td>
<td>1995–2007</td>
<td>$243,000,000</td>
</tr>
<tr>
<td>Smart Communities</td>
<td>Industry Canada</td>
<td>1999–2002</td>
<td>$60,000,000</td>
</tr>
<tr>
<td>VolNet</td>
<td>Industry Canada</td>
<td>1998–2002</td>
<td>$10,000,000*</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>$996,500,000</td>
</tr>
</tbody>
</table>

* This figure represents the Office of Learning Technologies program contribution budgets from 2002 to 2005. From 2003 to 2004, the majority of this funding was directed to the CLN program. In 2006, OLT was integrated into the new Adult Learning, Literacy and Essential Skills Program (ALESP). See Audit of the Office of Learning Technologies (OLT) Program, October 2006, http://www.hrsdc.gc.ca/eng/publications_resources/audit/2006/sp_664_10_06e/page03.shtml#_4.

b As reported in the Management and Financial Audit of Selected Programs in the IHAB Program (2000), contribution payments to VolNet were made in the amounts of $1.2 million and $4.9 million in 1998–99 and 1999–2000, respectively. The total figure reported here of $10 million for Volnet program spending is an estimate to the end of 2002.

**Source:** Various Industry Canada, program websites, and news releases.
Like many other organizations in the non-profit and voluntary sector, community networks’ dependency on federal government funding has imposed new pressures and obligations, such as performance targets, additional accountability and reporting requirements, and partnerships with the private sector or other community or government agencies. These new pressures put considerable strain on the organizational development, human resources, autonomy, and governance of community networks. In this respect, the experience of community networking organizations mirrors that of others in the non-profit sector (Scott 2003).

In this chapter we explore the nature and extent of federal government support for community networking initiatives in Canada over the decade of the 2000s and shed light on community networks’ experiences with federal funding programs in terms of the latter’s impact on their activities, accomplishments, and organizational development. Focusing on the experience of six of the CRACIN case study organizations, the findings presented here are largely based on a series of semi-structured interviews with key informants in senior administration positions in community networking organizations who have had significant experience with federal ICT funding programs as well as in partnering with the federal government to deliver ICT services in community settings.

**Under Stress: The Emerging Importance and Increasing Precariousness of the Voluntary and Non-Profit Sector in Canada**

Community networking organizations are part of Canada’s broader voluntary and non-profit sector, the growing economic and social importance of which has only recently been recognized. The sector comprises roughly 160,000 charitable and non-profit organizations that together employ over one million Canadians, mobilize hundreds of thousands of volunteers, and generate $77 billion in revenue (Goldenberg 2006). Until recently, however, little was known about the importance of the non-profit sector and its impact on communities. The sector creates employment and delivers programs and services that contribute to community economic and social development, encourage civic participation, and enhance local quality of life and well-being. Furthermore, in the context of the past decade of government program cuts and downloading of costs onto local governments, the non-profit sector plays an increasingly important role in the delivery of public services, providing innovative and locally sensitive solutions to problems faced by communities (Goldenberg 2006). Yet the sector’s increasing role in delivering public services has been accompanied by increasing accountability and responsibilities.
that have taxed the resources and jeopardized the sustainability of community organizations.

The rising importance of the community non-profit and voluntary sector has been due in part to a significant restructuring of government programs and services along neoliberal lines. Under growing fiscal pressure in the early 1990s, the federal government began to look for ways to control costs and reduce its chronic deficit. As part of a major restructuring of public administration and the civil service in Canada, the federal government began to experiment with alternative models of service delivery, including contracting out to both the private and non-profit sectors (Tupper 2001). In the case of the latter, governments at both the federal and provincial levels sought to off-load the delivery of employment, social, and health care services (Evans and Shields 1998). Alternative service delivery was promoted by Treasury Board of Canada Secretariat (2002) as a means of controlling the costs of government, but it was also seen as a way to make service delivery more responsive to the needs of clients and communities, while also increasing Canadians’ engagement with and involvement in addressing social problems (Ford and Zussman 1997).

For the non-profit sector, the attendant shift in the nature of government spending and the new roles and responsibilities attached to it have been a double-edged sword. While public sector restructuring has in some ways elevated the profile and importance of the sector as a partner in the delivery of services valued by communities, it has at the same time subjected the sector to new and growing pressures and strains. The sector’s growing importance to and role within communities as an agent of government services is seldom matched by funding levels or administrative systems and rules that meet its need for long-term stability, cover the true costs of delivering the services they do, and match the organizational resources of typical community organizations (Gibson, O’Donnell, and Rideout 2007; Goldenberg 2006). The nature of funding itself has undergone a significant shift away from core funding and toward shorter-term and more narrowly focused contribution agreements, which involve conditional transfer payments subject to accountability and audit. Increasingly, project funding is in the form of competitive purchase of service agreements, a type of contribution allotted through competitive application processes and designed to fund specific services (Scott 2003).

The shift to short-term, project-based funding has placed significant pressure on the sector and its member organizations, who struggle with the strategic planning and human resources challenges of such an unstable funding and revenue environment (McMullen and Brisbois 2003; McMullen and Shellenberg 2002). Furthermore, organizations face a variety of funding gaps, such as the ineligibility of overhead, maintenance, or training expenses, which
leave resource-poor organizations struggling to cover the true but unfunded costs of delivering services. Moreover, at the same time that funding has been reduced or made more tenuous, pressure to meet government-mandated performance targets and accountability requirements have placed additional administrative demands on community organizations. A seminal study of the non-profit sector found that “at a time when it faces increased insecurity about its own funding, the non-profit sector is facing pressures to meet an expanding range of needs and to generally contribute to the strengthening of civic values. The sector is being called on to undertake these tasks in a way that will satisfy public expectations for high standards of accountability” (Canadian Policy Research Networks 1998, 25).

In recognition of the difficulties that the non-profit and voluntary sector faces in responding to the expectations of government and the public, An Accord Between the Government of Canada and the Voluntary Sector was signed in 2001. The principles underlying the accord (Canada 2001) acknowledge the value of the voluntary sector to the economy and society by recognizing the importance of building sustainable capacity in these organizations; facilitating close co-operation and collaboration with government; fostering innovation in government and the voluntary sector; providing diverse and equitable access to funding; and promoting accountability, transparency, consistency, efficiency, and effectiveness. Two codes of good practice followed in 2002 as part of the Voluntary Sector Initiative under Chrétien’s Liberal government (Canada 2002). Despite such initiatives, however, the non-profit sector continues to be plagued with many of the same difficulties.

Two recent studies in particular confirm the ongoing plight of the non-profit sector in Canada. In the 2003 report Funding Matters: The Impact of Canada’s New Funding Regime on Nonprofit and Voluntary Organizations, Katherine Scott documents and analyzes the impact of government funding trends over the past decade on the non-profit sector, particularly with regard to the “capacity of organizations to pursue their missions and achieve their sustainability” (Scott 2003, 3). Paradigmatic changes on the funding side include the replacement of core funding for organizations by project-based funding with shorter time horizons, increased reporting requirements, interorganizational competition for service contracts, and the increasing requirement that funding recipients seek out partnerships or submit joint applications. Scott’s study (2003, xiv–xv) identified seven major impacts or implications for the health, success, and long-term sustainability of the community-based, non-profit, and voluntary sector as a result of these trends:

Volatility—a situation in which need to diversify funding sources as a result of the withdrawal or absence of core funding produces swings in revenue
that affect organizational stability, including the ability to plan and retain experienced staff

**Mission drift**—a tendency on the part of organizations to adapt organizational missions and goals to conform to narrowly defined funding parameters and government policy objectives, which can lead to loss of credibility in the community

**Loss of infrastructure**—the frequent result of non-program based, overhead, or administrative costs being insufficiently covered by project-based funding

**Reporting overload**—the situation in which organizations do not have the administrative infrastructure they need to handle different funder or multiple reporting requirements, which vary in terms of frequency and format

**House of cards**—the situation in which required partnerships produce interdependencies that are susceptible to collapse if one partner withdraws

**Advocacy chill**—the situation in which organizations avoid being outspoken so as not to risk negative media attention that could influence funder decisions

**Human resource fatigue**—a common situation in the non-profit sector in which employees are typically underpaid (in relation to both government and private sector employees), overworked, and stressed because of the precariousness of employment that results from project-based funding with short time horizons.

Scott’s findings illustrate the disturbing implications of the neoliberal funding regime for community organizations, in which government funding requirements have increased their burdens of accountability and the challenges of sustainability. The specific implications of and experiences with the new funding regime for community networking organizations in Canada are discussed at length below, in the section “The Funding Experiences of Community Networks.”

The second study of relevance is the 2006 report of the federally appointed Independent Blue Ribbon Panel on Grants and Contributions Programs titled *From Red Tape to Clear Results*, written by Frances Lankin and Ian Clark. This study, commissioned by the Treasury Board Secretariat of Canada, made thirty-two recommendations about the federal government’s grants and contributions budget, calling broadly for fundamental change in the way government funding programs are designed, managed, and held to account. The report asserts that administration can be simplified and accountability can be increased and that sustained leadership is needed at the political and public service levels. However, Lankin and Clark (2006, 6) observe that
Community Networking Experiences with Government Funding Programs

despite commitments by government for “sustainable multi-year funding, streamlined application processes, and improved consultation,” little action to date has taken place.

COMMUNITY NETWORKS AND GOVERNMENT FUNDING IN CANADA: AN OVERVIEW

In Canada, community networking initiatives date back to the early 1970s. By the mid-1990s, thirty-five community networks provided Internet access, ICT training, email hosting, and other services to as many as 600,000 members across Canada (Shade 2002). Community networks take a variety of organizational forms, but typically comprise a few paid staff members, a voluntary board of directors, and a larger group of volunteers who contribute to activities such as training, technical support, fundraising, and content development. Early on, funding and other forms of material support were typically provided through a pastiche of membership fees, cash and in-kind donations, volunteer labour, and equipment donations from corporate benefactors. Early community networks often maintained close ties with public institutions, such as universities and libraries, that shared the former’s commitment to universal access to knowledge. (On the relationship between public libraries and CNs, see chapter 17.) Community network ties to the public sector were strengthened and deepened significantly by major government investments in connectivity programs, beginning in the mid-1990s, with dramatic impacts on the nature, budgets, activities, and fortunes of community networking organizations.

For its part, the federal government first demonstrated interest in community networking initiatives in the 1970s, beginning with the Department of Communication’s support for the Telidon pilot project, which involved using Videotex technology to create a television-based community information system for home use (Clement 1981; Shade 2002). Federal involvement in community networking increased dramatically in the 1990s with the growing importance of computer and Internet use, culminating in the announcement of the Connecting Canadians initiative in the mid-1990s, including a suite of programs designed to promote public access to the Internet and close the so-called digital divide. Led by Industry Canada, the agenda included initiatives such as SchoolNet, the Community Access Program (CAP), and the Smart Communities program, which aimed primarily at providing technical connectedness to the Internet for underserved areas and populations. Other federal programs have pursued related goals, such as rural broadband connectivity, online training and education, and the development of Canadian content online. Altogether, over $900 million has been invested in these
programs since the mid-1990s, providing funding assistance to nearly 10,000 community-based initiatives. (Table 19.1 provides a snapshot of federal programs and funding for connectivity and community informatics initiatives in Canada over the past decade or so. For a complete description of the various Connecting Canadians programs, see Appendix C.)

Community networking organizations were major recipients of federal funding under the Connecting Canadians initiative and became lynchpins in the development and delivery of government-funded connectivity services, including the provision of public Internet access, computer training and technical support, and community-based online content development. The majority of CRACIN case study sites were the recipients of funding through one or more of these federal funding programs (see table 19.2). While the involvement of community networks in the Connecting Canadians initiative has not been without its tensions, particularly around issues of access philosophy, funding, and sustainability, community networks have played a pivotal role in ensuring its success (Moll and Shade 2001). Declining federal government commitment to universal access, and to CAP in particular, has severely affected community networking organizations, in which dwindling and unreliable funds had as of 2002 caused more than 50 percent of the approximately 8,800 CAP sites to close (Moll 2007). In 2010, the future sustainability of the fewer than 4,000 remaining CAP sites was unclear.

**Table 19.2 CRACIN case study sites and federal funding received**

<table>
<thead>
<tr>
<th></th>
<th>BRAND</th>
<th>CAP</th>
<th>CAP YI</th>
<th>CLN</th>
<th>FC</th>
<th>NSI</th>
<th>SchoolNet</th>
<th>Smart Communities</th>
<th>VolNet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vancouver Community Network</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>K-Net</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>St. Christopher House</td>
<td></td>
<td></td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Communautique</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>X</td>
</tr>
<tr>
<td>Western Valley Development Agency</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SmartLabrador</td>
<td></td>
<td>X</td>
<td>X</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td>X</td>
</tr>
</tbody>
</table>

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METHODS
Our study of government funding of community networking relies mainly on in-depth interviews with key informants and documentation from six CRACIN community partner organizations: St. Christopher House, K-Net, Vancouver Community Network (VCN), the Western Valley Development Agency, Smart-Labrador, and Communautique. The informants were chosen on the basis of their experience as senior managers of non-profit organizations and, in particular, their experience in dealing with a range of government funding bodies and programs. All our informants are well known as strong advocates of the non-profit sector. Janet Larkman was the executive director of the WVDA. At the time of the interview, Maureen Fair was the acting executive director but is now the executive director of St. Christopher House. Sheila Downer is currently the executive director of SmartLabrador, and Brian Beaton is K-Net services coordinator. The interviews are supplemented with findings from CRACIN’s national survey of administrators of community technology centres, which included several questions about program funding (see chapter 3 in this volume). We asked interviewees about

- their sources of funding and how well these sources matched the organization’s needs
- how well the various funding sources worked together
- the affect of losing core funding on their organization
- their strategies for sustainability
- their experiences with partnerships
- how the Connecting Canadians programs compare to other funding programs.

Transcripts of the interviews were produced from audio recordings and analyzed for common patterns and themes.

In addition, we situate our findings in relation to Scott’s (2003) framework for understanding funding experiences and challenges in the non-profit and voluntary sector more generally. While we frame our findings in terms of the seven major impacts of the current funding paradigm identified by Scott (see above), in some cases we expand these themes in order to capture the particular experience of community networks. The CRACIN research builds on Scott’s findings by exploring the distinctive organizational impacts on recipients of funds under the federal Connecting Canadians suite of programs. Furthermore, Lankin and Clark (2006) provide guidance in offering promising ways to improve the design, management, and administration of government funding programs in all government sectors. With the Lankin and Clark report in mind, we conclude this chapter with a series of recommendations for the improvement of funding programs aimed at community networking.
organizations, drawing recommendations from our CRACIN key informants and the results of the CRACIN survey of community network administrators.

The following CRACIN community partners participated in this study:

- St. Christopher House, a social services organization serving downtown Toronto
- K-Net, an Aboriginal-owned and -controlled community network that serves sixty remote First Nations communities in Northern Ontario and Québec
- Vancouver Community Network (VCN), the owner, operator, and promoter of a free, publicly accessible, non-commercial community computer utility in the Lower Mainland of British Columbia
- Western Valley Development Agency (WVDA), based in Nova Scotia, which worked on community economic development and local ICT infrastructure projects until its demise in 2005
- SmartLabrador, a regional community-based ICT organization that represents thirty-two communities in rural and remote Labrador
- Communautique, a community-based organization in Montréal that supports community informatics initiatives across the province of Québec.

(For more detailed profiles, see chapter 1 and Appendix A.)

As can be seen in table 19.2, each of the CRACIN community partners received funding from a variety of the Connecting Canadians programs. The single common denominator was that all received CAP funding, which in many cases represented an organization’s initial foray into ICTs and/or into the world of government funding. Other factors such as location (rural versus urban), access to resources, organization size, and scope of mission make the experiences of each organization unique. But, in conducting this research, we found that common themes arose, similar to those identified by Scott (2003) to describe the experience of organizations in the non-profit sector more broadly. In the following section we provide illustrations of the particular ways these themes resonate with community networks. Furthermore, we build and expand upon them to inform future public policy as it relates to community-based ICT initiatives.

THE FUNDING EXPERIENCES OF COMMUNITY NETWORKS

Community networks, like most other non-profit organizations, rely on government funding, the goodwill of volunteers, and various partnerships to sustain their activities. Although community networks share many of the challenges identified by Scott (2006), there are some distinctive aspects, such as the scale and focus of funding programs and the nature of ICTs in general, that introduce new levels of complexity for this part of the non-profit sector.
Volatility

Scott (2003) found that non-profit and voluntary sector organizations experience volatility when they are dependent on diverse, and sometimes unreliable, sources of funding. Fluctuations in revenue affect an organization’s ability to “provide consistent, quality programs or services, to plan ahead, and to retain experienced staff” (Scott 2003, 4). Community networking organizations dependent on Connecting Canadians programs often fall victim to the kind of volatility in the funding environment that Scott describes. In fact, the very nature of CAP’s implementation and administration contributed to such volatility to a considerable degree. One interviewee from an organization with a wealth of federal funding experience stated that the CAP program in particular was “one of the worst examples of federal funding ever.” Many of our community partners talked about the stress they experienced when funding did not come exactly when it was needed and expected, with employees often suddenly finding themselves “hanging in limbo.” In recent years, CAP funding recipients have been subject to extreme uncertainty in the face of the program’s repeatedly rumoured closures and last-minute reprieves, which has become an annual ritual. When new funding is announced, moreover, potential recipients are expected to submit competitive bids for funding that are subject to tight deadlines (Moll 2007).

In the CRACIN national survey of community network administrators, 79 percent (n = 11) reported that their funding was unstable (that is, it was not certain it would be renewed), and 92 percent (n = 12) did not have core funding. Maureen Fair, executive director of St. Christopher House, suggested that cash flow problems are especially difficult for smaller agencies that simply do not have the resources to sustain “activity with months and months [of expenses] uncovered.” One survey respondent recounted that “staff at [a] partner organization took out personal loans for their cash-flow projects,” echoing a report from the coordinator of the Vancouver Community Network. With more than half of the original 8,800 CAP sites closing because of inadequate funding, these hardships were widespread.

Many community networks expected that the various Connecting Canadians funding programs were designed to work together. For example, the Community Learning Network (CLN) initiative was perceived by many in the non-profit sector as a logical means by which to build upon and help sustain the ICT infrastructure established through CAP funding. However, anticipated synergies between CAP and the CLN programs were largely unrealized because the two programs did not work together. The organizational cultures of the two federal departments that housed the respective programs did not mesh, and neither did their reporting timelines or reporting requirements.
This was the experience at St. Chris, where, Fair commented, despite a good potential fit, “CAP and CLN have been administered by separate federal government departments. While each funding program has its own merits, we could have a more streamlined and efficient way to close the digital divide if funders coordinated amongst themselves more.”

CRACIN findings emphasize that a volatile funding environment produces organizations that, while priding themselves on their ability to be flexible, ultimately risk becoming quite fragile. Even K-Net, one of CRACIN’s most financially successful community partners, sees itself as vulnerable to the volatility inherent in project-based government funding and what Brian Beaton, K-Net services coordinator, called “the directions” of government, referring, of course, to the government’s tendency to change course.

Community networks have developed a number of coping strategies to offset some of the swings in revenue experienced under the existing funding regime. Staff at the Vancouver Community Network and Communautique have deliberately sought to diversify their funding sources across programs and levels of government in order to prevent overdependence on any single funding source (Bodnar 2005; Proulx, Lecomte, and Rueff 2006). K-Net’s model for sustainability, meanwhile, involves reliance on the human and financial resources of the communities it serves. In the face of unstable government funding, Beaton said, “[we] can still always go back to our base, which is the communities—the communities are carrying this network.”

Mission Drift

One-third of the organizations that Scott studied experienced mission drift, in which governments’ targeted approach to funding leads organizations to redefine their organizational goals in order to qualify for grants. CRACIN community partners also experienced this, though “drift” may be too mild a metaphor—in one instance it could even be described as “mission explosion.” Two organizations, both with broad regional development mandates, talked about the process of qualifying for large ICT infrastructure grants in the Smart Communities program and the often unanticipated consequences that can result. In one case, the competition for a Smart Communities grant was so fierce that the applicants made what seemed in retrospect to be an unrealistic proposal. Sheila Downer, the executive director of SmartLabrador, the winning proposal in Newfoundland and Labrador, warned: “Be careful what you wish for. We so wanted to be selected as a Smart Community because we saw it as the answer to meet the IT needs of Labrador. . . . But then [when] we got awarded it, we said, ‘Oh God, now we have to do what we said we would do.’ We had a huge infrastructure component in this program, a huge skills and training component, plus we had an enormous suite of services we had to build.”
Similarly, the Smart Communities grant awarded in Nova Scotia to the Western Valley Development Agency (WVDA) had both positive and negative consequences. In the opinion of Janet Larkman, the former executive director of the now defunct organization, winning the highly political Smart Communities program competition contributed to the demise of the organization:

I have no doubts whatsoever that the Smart Community Project was in part instrumental in the ultimate fate of the organization. Probably if that huge wonderful thing hadn’t happened, [the WVDA] would probably be plugging along like every other RDA (regional development agency) but, the fact was that the organization did carry on with all of those core mandate activities. . . . But it didn’t necessarily appear that way because there was this very large, very glittery component related to ICTs that got a lot of media attention, had a lot of money . . . [and] staffing.

Larkman describes the process of making applications for government funding programs as “reinvention” and attributes the ability of an organization to secure funding to the maintenance of an intentionally broad mandate. However, given the way the funding programs are designed, achieving a good fit between the parties is an elusive goal. She stated:

Reinvention was something we essentially did every time we put in a proposal. Our mandate was broad enough that we could cover a lot of ground but the reinvention process usually means that it’s not 100 percent perfect for either the funder or the fundee in that a lot of times the funding programs that are put out there don’t have a perfect match, so an organization comes forward that sort of looks like a match and so well, off it goes—but there’s a lot of contortions that have to be gone through in order to get funding, period. It’s not easy.

As the WVDA experience illustrates, the challenge of adapting to ever-changing government policy trends and funding priorities can place considerable strain on community organizations as they reinvent themselves to fit within them. One risk of this continuous process of organizational reinvention and repositioning is that community organizations can lose credibility with key stakeholders and clients. This was clearly the case with WVDA. As Peddle also demonstrates in chapter 15 in this volume, the large injection of funding received through the Smart Communities project meant that the organization devoted greater than normal amounts of staff and energy to ICT-related development projects. The organization’s municipal partners negatively perceived the focus on ICT projects to be a distraction from their core economic development activities, such as business recruitment and retention. Unfortunately,
WVDA was unable to alter the perception that its core activities had been compromised or to convince their constituents that these activities were, in fact, compatible with ICT projects.

Not all community networks have suffered the same fate as a result of funder-induced pressure to adjust their organizational mission. Northern Ontario’s Aboriginal-owned K-Net has managed to skillfully adapt to evolving government funding and policy priorities while maintaining both funder and community support. K-Net administrators attribute the growth and development of the network to a certain “constellation of good fortune,” under which the network was able to align its activities with a succession of federal government policy priorities—connectivity, e-government, learning, and health—in order to secure a steady stream of funding and support (Fiser, Clement, and Walmark 2006; see also chapter 14 in this volume).

**Loss of Infrastructure**

From the standpoint of community organizations, government-funded projects can be both a blessing and a curse, in that the funding frequently does not cover the cost of overhead. As Scott (2003, 14) observes: “With the move to project funding and the tightening of restrictions on administrative costs that are covered by funders, some organizations are losing their infrastructure. They are becoming a series of projects connected by a hollow foundation.”

Owing to the nature of the Connecting Canadians agenda, the primary focus of most of the programs, especially those emanating from Industry Canada, is capital investment in ICT infrastructure. Consequently, CRACIN community partners typically had limited access to resources for administrative and human resource costs related to these initiatives. With regard to CAP, for example, little consideration was given to additional expenses related to troubleshooting, maintaining and repairing hardware, Internet service charges, and salaries for staff. The executive director of St. Chris stated: “We were subsidizing CAP with our fundraising dollars.” She went on to explain that even when the program was fully funded by Industry Canada, “it would just barely cover staff salaries. . . . The ongoing replacement of computers was hit and miss, so some years we got it, some years we didn’t.” In the experience of some CRACIN partners that received large grants, the problem of infrastructure is compounded. Receiving in excess of $5 million from Industry Canada programs such as Smart Communities and BRAND requires a comparable administrative infrastructure, large enough to handle the sizable funds received. Larkman, the former executive director of the WVDA and recipient of Smart Communities funds, observed that the money they received was
very paperwork heavy, so that means resource and expertise heavy, but [it] also assumed that there would be a huge infrastructure to support it. Like, for example, most programs that we tapped into had no money for the purchase of computers or desks or phones, and most didn’t even have money to support phone lines and Internet access and a lot of the overhead things, never mind an office and administration infrastructure and all of that. But because we had core funds, core staff, and we had a big building that we were renting, we had a much bigger capacity to access programs than any organization that didn’t have all that infrastructure.

The experience of SmartLabrador, which received both BRAND and Smart Communities funding, was that not enough time was factored into the timeline of the project to permit the commensurate administrative processes to be put into place. This point is linked to Scott’s next theme, regarding an overall increase in reporting requirements, which is also the experience of CRACIN’s community partners.

**Reporting Overload**

Scott (2003) notes that the non-profit and voluntary sector is increasingly forced to deal with the inconsistent and competing reporting and accountability requirements of multiple funding bodies, each with its own administrative rules and forms and its own performance measurements, evaluation processes, and reporting requirements and timelines. On the one hand, as noted above, this affects community networks and other small community-based organizations that do not have access to the requisite resources and administrative infrastructures. One CRACIN interviewee echoed Lankin and Clark’s 2006 Blue Ribbon report when she observed that “every one of [the funder requirements] was different; there was so much paperwork and there was absolutely no consistency, not within departments, not within programs” and called for “one set of criteria for all programs in terms of reporting.” On the other hand, it is the common experience of CRACIN’s community partners that large ICT-related grants shifted attention away from managing relationships with their other partners. For example, in dealing with the administration of a $5-million Smart Communities grant, the WVDA’s former executive director stated: “For our municipal partners, it was probably extremely difficult for them to understand what was going on because we were answerable to so many different groups who had so many different criteria. So while we were trying to keep our core local funders happy, we were also probably spending more time answering to all of these larger funders.” It was, she said, “a paperwork nightmare!”

Again, however, the experience of CRACIN’s community partners was
not always uniform in this regard. In order to simplify application and reporting processes for funding recipients, for example, the Federal Economic Development Initiative for Northern Ontario (FedNor) provides financial administration support and capacity building to community organizations such as K-Net. Brian Beaton, K-Net services manager, stated: “FedNor paid for an auditor to come in on a quarterly basis to take a look at our program report, our financial reports for five Smart Communities. It reassured the federal government, but what it did was for us as an organization [was that] it allowed us to learn from these accountants, it allowed us to be able to develop the financial systems that could manage these programs on an ongoing basis.”

Furthermore, Beaton notes, as a result of this experience, K-Net was able not only to produce its own reports but also to develop a new financial system that was later shared with other First Nations and Tribal Councils as a model. Beaton argued that “if it’s kept local, we benefit, everyone benefits [and] then it’s accountable.” Indeed, the practices of FedNor and other federal regional development organizations were singled out in the Lankin report as examples of “best practices” in the delivery of federal funding programs that should be generalized across government. Such practices, including tailoring reporting requirements to the size and purpose of the contribution and the capacities of the recipient, and the avoidance of excessive or duplicative audits, would provide significant relief to overstretched community networking organizations.

House of Cards
Scott describes the phenomenon of a “house of cards,” in which the loss of one contract or partnership can lead to the loss of others, since they are often interdependent. Under such funding obligations, worthwhile community initiatives and organizations can be threatened by the loss of a key partner. Federal funding of community organizations in general, and community networking initiatives in particular, have increasingly mandated the pursuit of partnerships and joint funding submissions, including with the private sector. Both the Smart Communities and BRAND programs, for example, made the development of partnerships with the private sector an explicit criterion for successful applications. While such partnerships can prove fruitful and mutually beneficial, this is not uniformly the case, especially for partnerships in which organizational priorities clash—universal access versus profit making, for example. Partnerships with other levels of government or other community organizations are not immune from such clashes either.

The experience of the Western Valley Development Agency (WVDA) offers a poignant lesson on the perils of partnership. From the time it was created in 1994, the WVDA successfully contributed to the sustainability of its local rural economy by fostering community-based innovation in the face of high
unemployment (Peddle 2007). Janet Larkman attributes much of the WVDA’s success to its ability to establish and maintain partnerships within the local community as well as with various levels of government. Despite having core funding, however, the WVDA closed in 2005 when several municipalities withdrew the funding the organization needed to receive matching funds from provincial and federal funders. Over the history of the organization, the WVDA had been very successful in attracting ICT-related funds, participating in nearly all the Connecting Canadians programs, including CAP, the Smart Communities Program, and BRAND. Reflecting on these successes with funding and on their results in the community and local economy, Larkman recalled: “We never saw ourselves as being fragile. We had this illusion that the organization was really going to be around for a very long time and was very stable in terms of long-term funding commitments, and all of the ingredients were there to view it as a really stable institution if you will, and it turns out that it wasn’t.” In hindsight, despite being a core-funded organization, it is clear that WVDA’s existence was inherently precarious because it depended for its existence on a system of matching government grants, where the loss of support from one level of government entailed the withdrawal of support by all.

Many of the Connecting Canadians programs required private sector partnerships with telecommunications companies. Some recipients of both Smart Communities and BRAND program funding reported their experiences with private sector partners to be problematic. Private sector and community networks have fundamentally different agendas, which played out in varied ways. In one instance, the recipient of a Smart Communities grant notes that these partnerships were ultimately unsuccessful “in part because their agenda was profit and our agenda was community development, and ultimately they weren’t entirely compatible agendas.” The profit-driven agenda is illustrated in the experience of SmartLabrador, an organization that desperately wanted to bring connectivity to the rural and remote regions of Labrador. The director of SmartLabrador was told in 1995 by the local telecommunications company, and in no uncertain terms, that “local dial-up access and cellphone services are never going to come to Labrador communities . . . because the business case is simply not there to sustain it.” WVDA also experienced difficulty in negotiating and concluding successful partnerships with the private sector. The WVDA eventually withdrew from the BRAND competition, for example, over divergent values and priorities between it and the local private sector telecommunications carrier with whom it would be required to work. The WVDA went on to build and operate a community-owned fibre ring through partnerships with local public-sector organizations, including a local community college.
Advocacy Chill

Scott describes advocacy chill in the new funding paradigm as a tendency for organizations to become afraid to take risks (speaking against government, for example) for fear they will not be awarded funding in the future. Several of the CRACIN community partners are active advocates on behalf of their clients, such as St. Christopher House, which provides opportunities for community members to engage with social policy experts on such issues as income security. However, organizations that depend for their survival on government contracts may understandably be reluctant to “bite the hand that feeds them.” Some of our interviewees indicated discomfort with being critical “on the record” about anything related to their funders and the various funding programs. Evidence of this sentiment among community networkers is felt in more formal settings as well. The 2005 Telecommunications Policy Review Panel was the first comprehensive review of Canadian telecommunications policy in fifteen years and provided an opportunity for public input on the future of federal connectivity policy and funding. As Longford, Moll, and Shade demonstrate in chapter 21, there was minimal direct community network involvement in this process. While it is likely that reticence to speak out in such a forum contributed to low participation, it is also clear that government did not encourage communities to participate. Most of the consultation proceedings took place over the summer of 2005, when many people have other commitments, and no funding was made available for citizens or community groups to participate in face-to-face public fora held in Whitehorse, Yukon, and in Ottawa.

Human Resource Fatigue

Project-based funding often barely covers staff salaries, putting pressure on both organizations and staff. Scott (2003, 106) reports that over 90 percent of surveyed non-profit sector organizations were “experiencing greater demands on staff and volunteers related to changes in the funding environment (n = 49).” Both employees and volunteers experience increased levels of stress, a high burnout rate, low wages, and a lack of benefits, all of which affect their quality of life. Human resource fatigue also makes it difficult for organizations to recruit and retain talented staff and ultimately undermines an organization’s ability to realize its mission. Organizations are forced to invest scarce resources (human and otherwise) into a time-consuming process of hiring (and in some cases, rehiring) staff on short-term contracts. It is increasingly difficult for non-profit sector organizations to retain skilled staff, such as managers and financial personnel, who may be attracted elsewhere by a more secure and stable work environment. The result is that core
CRACIN community partners reported similar experiences. Larkman observes that the project-based funding environment can produce competition within an organization such that some staff are left “hanging in limbo” while others have more secure positions. “It was very difficult in that there was definitely sort of a hierarchy,” she said. “We didn’t want there to be one, but inevitably there were people that realized that their position was very much less stable than [those of] their colleagues.” Even in “permanent” positions, stability and adequate financial compensation are hard to find. The CRACIN administrator survey revealed the prevalence of volunteerism, especially at the level of senior management, with 50 percent (n = 7) of all respondents indicating that their positions were either volunteer, part time, or some combination of paid and volunteer. As is frequently the case in the non-profit sector, the core staff often bridge gaps when funding shortfalls arise. One survey respondent stated: “We are the volunteers—we don’t have any volunteers outside of staff, spouses. When we are short of funds, we volunteer our time until new funding is found.”

There were also some notable differences from other non-profit sector organizations with regards to human resources. For example, 86 percent (n = 12) of CRACIN administrator survey respondents indicated that staff turnover rates were typically quite low, which is the opposite of what Scott found. Low turnover rates can be explained in the three cases where public libraries house community networks, since employees are full- or part-time librarians with relatively secure jobs. But in the majority of cases, CN administrators attributed the low turnover rate of staff, despite low wages and little job security, to the commitment of individuals to the goals of these organizations. Respondents provided explanations that included: “Staff feel a strong connection with the programs and participants,” and “Staff strongly endorse the objectives of the network and find the work very rewarding. There is a spirit of striving for continuous improvement.”

**DISCUSSION**

As we have noted throughout this chapter, community networks face many challenges similar to other organizations in the non-profit sector. But there are also some distinct differences, which we summarize below.

First, in many cases, community networks have had better, relatively more generous funding opportunities than other non-profit sector organizations. Except in the case of the notoriously underfunded CAP, most of the Connecting Canadians programs offered substantial sums of money for large
infrastructure-focused initiatives. In particular, BRAND and the Smart Communities programs offered millions of dollars in funding with which to build large technical infrastructures in what were often small, rural communities. The experiences of CRACIN community partners WVDA and SmartLabrador speak to the mixed blessings that can result from winning these highly competitive awards. In some cases, organizations made ambitious proposals that ultimately were difficult to realize. In other cases, these technology-focused initiatives appeared to distract organizations from their core goals, causing tensions within organizations and communities. The WVDA’s former executive director, Janet Larkman, remarked that in this regard that a lot of energy was spent “managing expectations” of community members, many of whom were disappointed when benefits did not flow directly to them.

Another factor that was characteristic of the Connecting Canadians programs was the expectation by many funding recipients that the various programs were designed to work together by building on one another. This was particularly the case with CAP and the Community Learning Network initiative, in which the former was seen as providing the basic technical infrastructure upon which the latter would build by developing applications to facilitate community learning. While synergies do arise between funding programs, these are often hard won. Considerable effort and skill on the part of community organization are required to knit together the disparate funding regimes into coherent and viable programs on the ground. This also calls for the organization to be locally embedded, especially in terms of partnering connections; Brian Beaton, manager of K-Net, suggested that viability often depends on finding local solutions:

In my experience, successful community networks tend to require a local champion who has the vision and willingness to include others in the development and ongoing operation of both the infrastructure and applications that address local needs and priorities. With the proper vision and support, the community network usually is able to sustain itself based on the partnerships, resources and opportunities that are shared among the local membership.

Second, community networking and ICT-related initiatives introduce new and unfamiliar levels of complexity to organizations, which can significantly affect outcomes. As we’ve noted, these funding programs typically offer substantial funds to cover capital expenses. However, with computers and other new forms of technology, rapid obsolescence is a common and ongoing problem, and this fact is not accounted for in the design of ICT-based funding programs. CNs must use their own fundraising dollars to replace outdated computers or rely on donations of used equipment from other organizations.
Furthermore, there are rarely any funds available for maintenance of technical equipment or training of staff.

Finally, in many respects these government-funded ICT initiatives differ from other funding programs because there is a strong experimental element to them, most obviously in terms of the new technologies but in connection with new service delivery models as well. Funding recipients as well as government recognize this to some extent, but there are recurring and so far unresolved tensions over the dual character of federally funded ICT projects, which are at once experiments in socio-technical innovation and a means to provide ongoing services. Fixed-term project funding is appropriate for supporting experiments, but, as noted earlier, it is problematic for dealing with continuing service needs. One CRACIN community partner stated: “There’s room for project funding and experimenting, but it’s really not fair to turn all funding into special project funding [because] some . . . communities really need . . . some programs just . . . to exist on an ongoing basis and the federal government needs to shoulder that responsibility.”

While the experimental nature of funding models for social innovation in the community networking sector is commonly understood, there are crucial aspects of an experimental approach that are missing. One is how “unsuccessful” outcomes are dealt with. The government’s emphasis on quantitative methods to measure outcomes in relation to expected performance (e.g., the number of users or uses of a community network) might be counterproductive in this context. Within a service model, failure to meet targets is typically viewed as a problem, a potentially embarrassing sign of incompetence, and it risks undermining an organization’s ability to win the next funding award. However, when viewed from an experimental perspective, falling short of targets is an opportunity for investigation of causal factors and a refinement of method for the next time. An experiment is only a “failure” when nothing of value is learned. However, it requires a willingness to openly discuss actual performance when it isn’t as expected. The reluctance of many of our community partners to air their views about possible shortcomings offered a clear sign that they regarded this as too risky. This has the unfortunate effect of sabotaging the potential to learn, which is vital to achieving sustainable innovation. Where a community organization had good relations with their federal program officer, who understood the local situation, the risk of reporting lower-than-expected results was mitigated somewhat, but it didn’t address the more fundamental questions: What can we learn from “failure”? How can this information be used to improve future CN practices and funding programs?

This brings us to another key aspect of the experimental approach that was largely missing from many of the Connecting Canadians funding programs:
the lack of systematic attention to learning from experience. For example, the funding criteria for CAP emphasized the prospect of self-sustainability at the end of the funding period but gave much less attention to how the experience of the project could be shared with others and used to improve either the future community networking initiatives or the funding programs themselves. As a result, there was an enormous amount of “reinventing the wheel,” which seriously undermined the long-term prospects for sustainability. In the later stages of the CAP program, attention was paid to linking CAP sites in regional networks, which helped with spreading the expertise developed through experience, but this appeared to be aimed more at cost saving and rationalization, rather than as way to help diffuse innovation. Another sign of the failure to treat community ICT initiatives as potentially valuable experiments was the complete absence of a research component. There was no systematic study of the CN initiatives in their early days, and it was mainly external research projects coming late in the funding programs’ history that enabled in-depth studies to be conducted. This CRACIN project, for instance, was funded in 2003 via the Social Sciences and Humanities Research Council.

CONCLUSION

As noted earlier in this chapter, Lankin and Clark (2006) made a series of broad recommendations intended to improve how federal government funding programs are designed, managed, and held to account. The essence of these recommendations is summarized as follows: funding recipients should be accorded respect as partners in a shared public purpose supported by programs that are accessible, understandable, and useful; reporting requirements should be simplified; and, finally, innovation should be encouraged by embracing a sensible, in some instances case-by-case, regime of risk management. In this light, we offer CRACIN community partner recommendations as they relate to the funding of ICT initiatives in community networks and more broadly in the non-profit sector.

While CRACIN community partners have praised the success of federal government programs in achieving their objective of improving and increasing high-speed connectivity across Canada, there are several messages that clearly resonate about the practical realities of implementing and sustaining community-based ICT initiatives. First, with ICTs it is important to avoid “reinventing the wheel” through careful study of both the successes and the failures to see what worked and what did not. As Brian Beaton put it: “I think what you have to do is build on the examples . . . of what has worked . . . instead of focusing on what’s not working or where the problems are. There are some good concrete examples . . . and that I think needs to be celebrated.”
Second is the need to consider local solutions and, in some instances, to consider individual organizations on a case-by-case basis. This is an issue for rural and remote communities in particular where, as Sheila Downer suggested, a cookie-cutter approach is not going to be as suitable as it is “in an urban area that has [a large] population and much broader volunteer and organization base. That’s not the same in a rural community because you’ve got a much smaller user base to work with and often much smaller leadership to draw from in terms of planning and implementation. [So] there needs to be some awareness and input from the rural perspective.” Janet Larkman concurred when she stated that “the most successful funding programs are those that have flexibility to receive innovative ideas from communities.”

Finally, in the spirit of the Lankin and Clark report and its call for horizontal integration of policies and practices across federal government departments, Maureen Fair appeals for the integration and promotion of ICT initiatives across the entire non-profit sector. Fair notes in particular that “ICTs change so rapidly that many disadvantaged communities and their community social services agencies are lagging behind. There are relatively few community networks still surviving and complementary direct service community agencies are not usually equipped to adopt and adapt new ICT for community use.” Fair further notes that it is time for governments to help other organizations in the voluntary sector to find ways to use ICTs to enhance social services delivery and to send the message that “community development work . . . could be strengthened by use of ICT.”

We conclude by reflecting on the question we posed in the title of this chapter: Were the Connecting Canadians funding programs simply alternative forms of service delivery, or did they in fact produce exemplary forms of sustainable social innovation in ICT use in the non-profit sector? Drawing from the lessons learned as outlined by our key informants above, we concur that CNSs have successfully furthered the Connecting Canadians goals of providing services to the public by offering ICT training and providing support to citizens learning to navigate online government programs and services. However, as our key informants have also illustrated, the successes have been hard won and required a great deal of experimentation (and in some cases, failure) to achieve rewarding outcomes. We have seen that in many cases CNSs were pioneers in both innovating and contributing to early digital infrastructures in Canada, but they did so with few resources. As the Connecting Canadians programs wind down and the federal government gears up for another major impetus under the “digital economy” banner, we ask: How will the efforts of such vibrant non-profit organizations be sustained and built upon? Will the presumably forthcoming funding regimes that support community-based ICT initiatives learn from a decade of experience through the
2000s and be able to craft programs that do a better job of combining social-technical innovation with sustainable service offerings in ways that reflect the complex realities of contemporary community life?

NOTES

1 A variety of terms are often used interchangeably to refer to organizations in this sector, such as the voluntary, non-profit, third, non-governmental, community-based, or charitable sector (Canada 2001). In this chapter we predominantly use non-profit to refer to the sector designated by this cluster of terms.

2 Both survey respondents who reported high rates of staff turnover reside in remote and northern locations (Nunavut and Northern Ontario), where, as one administrator observed, “once a technician receives training and is able to demonstrate sufficient skills, they are able to obtain better paying positions either in the community in a different capacity or in another community (usually an urban environment—i.e., brain drain).”

REFERENCES


