



Infrastructure  
Canada

**Vancity** Community Foundation

# **BUILDING STRONGER COMMUNITIES:**

**NON-PROFIT SECTOR PARTICIPATION IN  
INFRASTRUCTURE PLANNING AND DEVELOPMENT**



## Final Report

**January 2013**



Canada

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*Cover Photo: Multicultural Helping House Society Newcomer Resource Centre,  
Vancouver, British Columbia*

*Photo courtesy of Tomas Avendano*

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# TABLE OF CONTENTS

<b>EXECUTIVE SUMMARY.....</b>	<b>iii</b>
<b>1. Introduction.....</b>	<b>1</b>
1.1 What is the “non-profit” sector .....	1
1.2 A public infrastructure role for non-profits.....	4
1.3 Objective and scope .....	5
1.4 Project approach.....	6
<b>2. Findings.....</b>	<b>8</b>
2.1 Benefits of non-profit participation in public infrastructure .....	8
2.2 Barriers.....	14
2.3 Enablers .....	22
<b>3. Conclusion and Opportunities.....</b>	<b>31</b>

## LIST OF EXHIBITS

1.1 Cumulative Growth of Gross Domestic Product, 1997 to 2007 .....	3
2.1 Canada’s Sports Hall of Fame, Calgary, Alberta.....	10
2.2 Christina Living Arts Centre, Christina Lake, British Columbia .....	12
2.3 The Blended Value Bottom Line .....	17
2.4 Floor Mural, Christina Living Arts Centre, Christina Lake, British Columbia.....	21

## LIST OF APPENDICES

Appendix A: Interview Questions	
Appendix B: Interviewees and Other Contributors	
Appendix C: References	

## EXECUTIVE SUMMARY

Non-profits have played a vital role in building communities in Canada and continue to make important contributions to developing public infrastructure.

Canada has a large non-profit and voluntary sector, and it has been growing steadily. Non-profits have strong connections to the communities they serve and are able to mobilize the efforts of committed volunteers. These organizations have a deep understanding of their communities and are often well connected to other non-profits, governments, other public sector organizations and the private sector.

Governments are increasingly recognizing non-profits as desirable investment partners for infrastructure projects. Non-profits contribute to the nation's economic and social well-being. They supplement services provided by the public sector, address community interests and meet needs to which markets do not respond or are not designed to serve. The non-profit sector is uniquely positioned to participate in the delivery of services and infrastructure planning and funding.

There are benefits to be gained from having non-profits participate in public infrastructure—for governments, the private sector and communities. For example non-profits have the ability to leverage resources to meet increasing demands to fund government infrastructure developments. The private sector can benefit from partnering with non-profits through returns on investment and by realizing social impact. Communities benefit by gaining access to new spaces and infrastructure that is tailored to user needs. Infrastructure projects that utilize socially responsible public procurement practices can help increase community capacity and boost local socio-economic development while achieving a blended value bottom line (financial and social return on investment).

Barriers to non-profits engaging in infrastructure planning and development include administrative issues, limited capacity to prepare applications and manage grants, relationship issues, challenges with accountability and performance measurement, and concerns related to financing and risk.

This report identifies a number of opportunities to increase non-profit participation in public infrastructure development including:

- mobilizing the efforts of intermediaries, development trusts and community foundations
- utilizing the capacity of Canada's mature and increasingly strategic non-profit sector to guide public infrastructure investment decisions
- making use of the sector's demonstrated ability to build and maintain physical assets and community spaces
- encouraging innovative financing—non-profits are well versed at seizing opportunities to leverage existing relationships
- partnering with the business sector which, increasingly, wishes to realize social impacts as well as adequate returns on investments
- facilitating access to sustained funding from investors to encourage participation

- nurturing a tax and regulatory environment that supports social finance innovation, stimulates community-driven infrastructure ventures and promotes creativity.

A community's dreams synchronize with its physical infrastructure through the ingenuity of the citizens who dedicate countless hours of volunteer and paid time to transform dreams into reality. There are an increasing number of success stories where non-profits who have members with novel ideas have transformed their visions into places where people gather, work, play, share, earn, serve and support others. These spaces are embraced by citizens who feel a sense of ownership, pride and promise, and this builds strong communities.

# 1.0 INTRODUCTION

*“Never doubt that a small, group of thoughtful, committed citizens can change the world. Indeed, it is the only thing that ever has” - Margaret Mead*

A nation’s strength can be defined by the strength of its communities. Canada’s non-profit organizations have a long legacy of community-building, primarily through local development initiatives. More recently, non-profits have begun to engage in public infrastructure planning and development in order to increase their capacity to build healthy communities and promote social, cultural and economic growth.

In the words of one of this project’s contributors, “the non-profit sector is where a community expresses its dreams.” In contrast, infrastructure has been described as the physical backbone of a community.<sup>2</sup> Where and how do a community’s dreams synchronize with its physical infrastructure? Who benefits from these efforts and how is it funded and financed? Why would public and private sector investors want to partner in these ventures? What obstacles have non-profits encountered in participating in the delivery of public infrastructure? And, finally, what enablers could help to overcome these barriers?

This project explores non-profit engagement in public infrastructure planning and development to gain a better understanding of the capacity of the nation’s non-profits to mobilize and leverage resources to support this aspect of community-building.

## 1.1 What is the “non-profit” sector?

The terms non-profit, not-for-profit, third sector, civil sector, voluntary organization and charity, are commonly used to describe mission-based<sup>3</sup> efforts. All these terms arose during the research for this project and are reflected in this report. For simplicity, the term “non-profit” is used to describe these types of organizations. A non-profit is a legal corporation that is not allowed to distribute any of its revenue to its owners or membership. Revenues must be used to further the goals of the organization rather than to pay dividends.

Non-profit corporations are formed pursuant to federal or provincial law. Examples of non-profits include charities,<sup>4</sup> community foundations, churches or church associations, activity clubs, schools, research institutes, volunteer services organizations, professional associations, museums, and sports associations.

According to a survey in 2000, in terms of the share of the economically active population, Canada’s non-profit and voluntary organization workforce was the second

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<sup>2</sup> Infrastructure Canada, *What is Infrastructure?*, <http://www.infrastructure.gc.ca/infra/index-eng.html>. Accessed December 19, 2012.

<sup>3</sup> Peter C. Brinkerhoff, *Mission-Based Management: Leading Your Not-for-Profit in the 21st Century* (New Jersey: John Wiley and Sons Inc. 2009), 1. Brinkerhoff states that “...a mission-based business [is] in the business of doing mission. For profits chase profits—non-profits pursue their mission.”

<sup>4</sup> Non-profit corporations must apply for charitable status to benefit from tax-exempt status and to issue tax-deductible receipts to donors.

largest in the world.<sup>5</sup> In 2003, Statistics Canada identified about 161,000 non-profit and voluntary organizations in Canada, working in areas such as: health and social services, religion, education, recreation, arts and culture, housing, and economic development.<sup>6</sup>

Non-profits contribute to Canada's economic and social well-being. The non-profit sector employs almost 1.2 million people.<sup>7</sup> The 2007 gross domestic product (GDP) of the core non-profit sector amounted to \$35.6 billion, accounting for 2.5 percent of the total Canadian economy. This share increases to 7 percent if hospitals, colleges and universities are included, reaching approximately \$100 billion in 2007.<sup>8</sup>

The same Statistics Canada study reported that the GDP of the core non-profit sector<sup>9</sup> grew by an annual average of 7.1 percent between 1997 and 2007, at a faster rate than the economy as a whole (+5.8 percent), as illustrated in Exhibit 1.1 below. Further, the level of economic activity in the core non-profit sector almost doubled for the period.<sup>10</sup>

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<sup>5</sup> Michael Hall, Cathy Barr, M. Easwaramoorthy, Wojciech Sokolowski, and Lester Salamon, *The Canadian Non-profit and Voluntary Sector in Comparative Perspective*, 2005, Imagine Canada.

<sup>6</sup> Loleen Berdhal et al, *Summary of the Findings of the National Survey of Nonprofit and Voluntary Organizations*, March 11, 2003, <http://www5.statcan.gc.ca/bsolc/olc-cel/olc-cel?catno=61-533-S&lang=eng>. Accessed December 6, 2012.

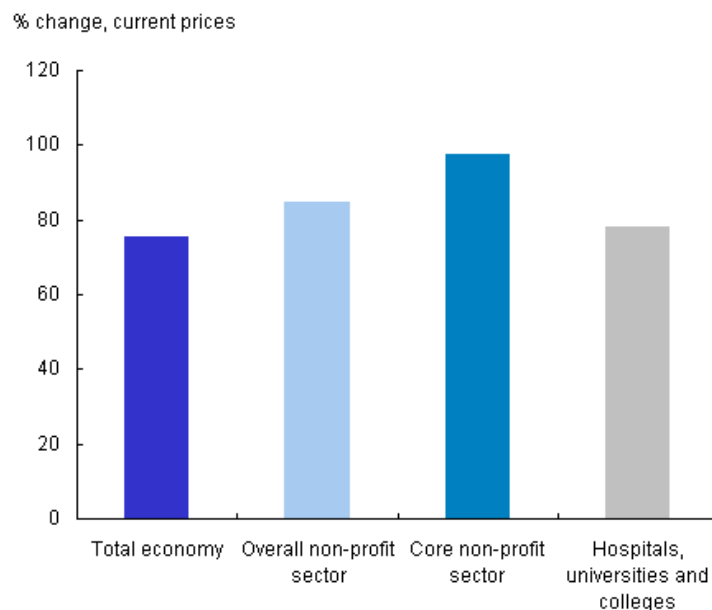
<sup>7</sup> The Muttart Foundation, *Strengthening the Charitable Sector*, scroll to subheading "Management Development & Leadership", [http://www.muttart.org/strengthening\\_charitable\\_sector](http://www.muttart.org/strengthening_charitable_sector). Accessed January 9, 2013.

<sup>8</sup> Statistics Canada, *Canada's Non-profit Sector in Macro-economic Terms*, <http://www.statcan.gc.ca/pub/13-015-x/2009000/sect05-eng.htm>. Accessed December 5, 2012. Note: hospitals, colleges and universities are out of scope for this project.

<sup>9</sup> The "core non-profit sector" refers to non-profit institutions serving households (NPISH) and non-profit institutions classified to the corporate sector. <http://www.statcan.gc.ca/pub/13-015-x/2009000/sect05-eng.htm>. Accessed December 5, 2012.

<sup>10</sup> Statistics Canada, *Canada's Non-profit Sector in Macro-economic Terms*.

**Exhibit 1.1—Cumulative Growth of Gross Domestic Product, 1997 to 2007<sup>11</sup>**  
**(Statistics Canada)**



In 2010, the majority of Canadians provided either time or money to charitable and non-profit organizations.<sup>12</sup> In the same year, nearly 84 percent of Canadians aged 15 or over made a financial donation to a charitable or non-profit organization, totaling \$10.6 billion, and more than 13.3 million people, or 47 percent of the population, volunteered their time through a group or organization.<sup>13</sup> This amounted to approximately 2.1 billion hours, the equivalent of nearly 1.1 million full-time jobs (based on 40 hours per week for 48 weeks).<sup>14</sup>

Canada's non-profits have diversified funding sources. A reported 49 percent of all revenues to non-profit and voluntary organizations comes from governments (mostly provincial); earned income from non-governmental sources comprises 35 percent of revenues; and, gifts and donations make up 13 percent.<sup>15</sup>

<sup>11</sup> Statistics Canada, *Canada's Non-profit Sector in Macro-economic Terms*, Figure 2 Cumulative Growth of Gross Domestic Product, 1997 to 2007.

<sup>12</sup> Statistics Canada, *Canada Survey of Giving, Volunteering and Participating*, <http://www.statcan.gc.ca/daily-quotidien/120321/dq120321a-eng.htm>. Accessed December 6, 2012

<sup>13</sup> Statistics Canada, *Canada Survey of Giving, Volunteering and Participating*.

<sup>14</sup> Statistics Canada, *Canada Survey of Giving, Volunteering and Participating*.

<sup>15</sup> Statistics Canada, *Summary of the Findings of the National Survey of Nonprofit and Voluntary Organizations*, (NSNVO), <http://www.statcan.gc.ca/pub/61-533-s/61-533-s2005001-eng.htm>. Accessed January 30, 2013.



## 1.2 A public infrastructure role for non-profits

Non-profits have played a vital role in building communities in Canada. They have been involved in supplementing and complementing services provided by the public sector, addressing specific community needs and representing the interests of individual or collective groups. They deliver services to meet needs to which markets do not respond or are not designed to serve.<sup>16</sup>

While non-profits have long been implicated in infrastructure development in the context of housing, health and education, for example, involvement in the delivery of public infrastructure among non-profit organizations has been less common. Yet non-profits have been important contributors to Canada's public infrastructure as providers of paratransit,<sup>17</sup> the development of sport and recreation infrastructure, and of arts and cultural facilities. They have also been successfully involved in providing broadband connectivity and innovative energy solutions to communities.

The particular contribution brought by non-profits to the delivery of infrastructure relates to their strong connections to communities they serve. They are able to leverage the commitment of volunteers and they have a deep understanding of the challenges that face their community. Non-profits are often well connected to other non-profits and to governments, other public sector organizations and the private sector, and they are able to mobilize resources accordingly.<sup>18</sup>

Governments are increasingly recognizing non-profits as desirable investment partners for infrastructure projects. The Government of Canada's Building Canada Fund, its Community Infrastructure Improvement Fund, and the Province of Ontario's Community Capital Fund are examples of public sector funds available to partner with non-profit organizations to deliver public infrastructure. Vancouver, British Columbia's Multicultural Helping House, featured on this report's cover, is a collaboration of the non-profit community and multiple levels of government.<sup>19</sup>

Research suggests that significantly greater progress could be made in alleviating serious and complex social problems if non-profits, governments, businesses, and the public were brought together around a common agenda to create collective impact.<sup>20</sup>

The tenacity, passion and commitment of non-profit community leaders and volunteers were mentioned repeatedly by experts consulted during the course of this research. In relation to a Cape Breton Island infrastructure project, "leadership took hold...a key core group led [the initiative] and the harder it got, the tougher they became. Those are our strengths and pillars."

*Interview with Non-profit Leader*

<sup>16</sup> Mark Goldenberg, *Social Innovation in Canada*, Canadian Policy Research Networks, 2004.

<sup>17</sup> Paratransit is an alternative mode of flexible passenger transportation, typically minibuses, that does not follow fixed routes or schedules. <http://en.wikipedia.org/wiki/Paratransit>. Accessed January 30, 2013.

<sup>18</sup> Mark Goldenberg, *Social Innovation in Canada*.

<sup>19</sup> Vancouver's Multicultural Helping House Newcomers Resource Centre has received recognition for its attractive design. Multicultural Helping House Society (MHHS) is a registered non-profit and charitable organization dedicated to servicing the needs of newcomers to Canada. The 8,000 square foot building is a collaboration of the non-profit community and multiple levels of government, with the federal, provincial and municipal governments each having provided \$500,000 in funding, and MHHS having contributed \$80,000. Adapted from BC Housing, 2011, [http://www.bchousing.org/Media/In\\_News/2011/01/31/1105091228-498?pageNumber=27](http://www.bchousing.org/Media/In_News/2011/01/31/1105091228-498?pageNumber=27). Accessed October 30, 2012.

<sup>20</sup> Matt Kramer and John Kania, *Collective Impact*, FSG, 2011, <http://www.fsg.org/tabid/191/ArticleId/211/Default.aspx?srpush=true>. Accessed December 10, 2012.

Through partnerships, public and for-profit private sector investors can establish and fulfill social objectives for infrastructure funding. In the social sector there is a natural tendency to collaborate and this strategy is increasingly being used by non-profits as a means to overcome a lack of capacity. According to contributors to this project, the non-profit sector appears to be open to such partnerships, and willing to share and collaborate with other sectors to meet their social missions.

Participation in community infrastructure projects can benefit public investors and non-profits. It can strengthen relationships among partners, and help build trust to facilitate future partnership ventures. Further, by working with non-profits, government can establish and fulfill broad social objectives through infrastructure funding.

### **1.3 Objective and scope**

Given their engagement and understanding of the social and cultural needs of neighbourhoods and communities, the non-profit sector is uniquely positioned to participate in both the delivery of services and infrastructure planning and funding. The objective of this project is to identify opportunities for increasing non-profit participation in community infrastructure planning, funding and management. Non-profit organizations can play a number of distinct roles as participants in the planning of infrastructure, the funding of construction, or the management of assets.

Creative and innovative government and non-profit infrastructure partnerships are explored in this report, along with a discussion of why and how these joint undertakings came into being. An interest in better understanding these relationships, and factors that play a role in successful partnerships, was part of the rationale for undertaking this work.

The project considered a range of projects—transit, green energy, water, wastewater, cultural infrastructure, sport infrastructure, connectivity, solid waste, highways, and rail were deemed to be in scope.<sup>21</sup>

The scope of this work included:

1. A review of trends in non-profit participation in infrastructure provision in Canada, US, UK and other nations.
2. Describing benefits of the non-profit sector's participation.
3. Assessing barriers or obstacles to success for non-profits, and considering how they could be addressed to further enable participation.
4. Identifying opportunities to enhance participation of the non-profit sector in community infrastructure provision.

Infrastructure delivering specialized services to people, such as hospitals, schools, and correctional facilities, was out of scope, as was housing.

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<sup>21</sup> Although a range of projects were considered in scope at the outset of the project, in the end the projects examined fell into the following categories: cultural infrastructure, sport infrastructure, green energy, wastewater, and connectivity.

## 1.4 Project approach

Using a four-phased approach, purposive sampling<sup>22</sup> methods guided the following activities:

1. A *project orientation phase* in which scoping interviews were held with four individuals who have specialized expertise and experience in the topic of non-profit engagement and infrastructure planning. These resources helped to identify national and international thought leaders and identify research articles, websites and resources on the topic of non-profit engagement.
2. Concurrent to these scoping interviews, a *scoping review of the literature* identified key research, recent studies, policies and program documentation on the topic of non-profit sector engagement with infrastructure.
3. The above sources helped to inform a *data collection phase* comprising:

- Key interviews with nine individuals from a range of sectors and perspectives including:<sup>23</sup>
  - rural and urban communities
  - large and small communities
  - several Canadian provinces and regions
  - US, UK, and international social enterprise<sup>24</sup> and economic development
  - past-recipients of government infrastructure investments
  - small, community-based non-profits
  - larger, internationally renowned non-profits that serve as intermediaries to other, smaller non-profits

Interviews were conducted between summer 2012 and early 2013 either in person, by teleconference, or videoconference.<sup>25</sup> Interview questions are presented in Appendix A and the list of interviewees and other contributors is Appendix B.

- Additional reference materials and leading research on the topic of non-profit engagement in infrastructure were collected during this time. References are presented in Appendix C.

4. Information gathered from the literature and interviews was synthesized in an *analysis and reporting phase*.

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<sup>22</sup> Purposive sampling is a form of non-probability sampling in which individuals to be included in the sample are based upon criteria such as whether they have specialist knowledge of the research issue, or capacity to participate in the research.

<sup>23</sup> Purposive sampling was used to ensure interviews were held with individuals in the US and UK, as well as different regions of Canada. These perspectives are referred to in the report, along with experiences of other nations (shared as examples by interviewees) including the European Union.

<sup>24</sup> A social enterprise is a business that is directly involved in producing and/or selling goods and services as a way to earn income and achieve or contribute to social and/or environmental goals, as adapted from: Enterprising Non-Profits, *The Canadian Social Enterprise Guide*, 2<sup>nd</sup> edition, August 2010, 7.

<sup>25</sup> While efforts were made to verify interview-based information, it was not always possible to confirm every anecdote and example provided by interviewees.

The following sections present the findings as follows:

- the benefits of non-profit participation in public infrastructure
- the barriers encountered by non-profits seeking to increase participation
- enablers for non-profit participation

## 2.0 FINDINGS

### 2.1 Benefits of non-profit participation in public infrastructure

#### 2.1.1 Benefits for governments

Benefits for governments can range from financial to social and often involve a combination of both. While governments at all levels are facing increased pressure to fund improvements to public infrastructure, there is limited capacity to meet this demand. As noted in Section 1.2, non-profit organizations can leverage resources to help fill this gap, often through the use of innovative financing.

For example, non-profit community development financial institutions (CDFIs) have been able to attract substantial private sector participation. Since its inception in 1994, the CDFI Fund, part of the US Department of Treasury, has awarded over \$1.7 billion to CDFIs and allocated \$33 billion in New Markets Tax Credits.<sup>26</sup>

Governments can also benefit by transferring risk to the private sector through the use of social impact bonds. Non-profits use social impact bonds (“pay for success” tools) to raise private capital based on a contract with the government.<sup>27</sup> The non-profit organization commits to obtaining social results that will generate future savings to government, for example, a reduced school drop-out rate in a low income community. If the non-profit is successful, these outcomes will create improvements in the system and the financial savings, along with a rate of interest contingent on the social outcome, will comprise the return to investors. If the initiative is not successful, the government owes nothing to the investors.<sup>28</sup>

When governments are seeking to rationalize infrastructure budgets, non-profits are sometimes willing to take on management and/or ownership of land or buildings that are aligned with their mission. Typically the asset would be capable of generating a profit that can be reinvested into activities that benefit the community. Locality, a UK-based charity, facilitates such community asset transfers.<sup>29</sup> Most

#### Community Development Financial Institutions

CDFI's are specialized financial institutions whose primary aim is to enable development in communities and market niches that are underserved by traditional financial institutions. CDFIs can be chartered banks, credit unions or non-profit-seeking organizations. CDFIs provide a unique range of financial products and services in economically distressed target markets, such as mortgage financing for non-profit developers, and flexible underwriting and risk capital for needed community facilities.

Adapted from [www.clearlyso.com/glossary.jsf](http://www.clearlyso.com/glossary.jsf) as cited in [socialfinance.ca/knowledge-centre/glossary/term/community\\_development\\_finance\\_institution\\_cdfi](http://socialfinance.ca/knowledge-centre/glossary/term/community_development_finance_institution_cdfi) and Mercy Housing, Mercy Loan Fund, [www.mercyhousing.org/page.aspx?pid=1005](http://www.mercyhousing.org/page.aspx?pid=1005). Accessed December 8, 2012.

<sup>26</sup> US Department of the Treasury, *The CDFI Fund: Empowering Underserved Communities*, [http://www.cdfifund.gov/docs/factsheets/CDFI\\_Brochure.pdf](http://www.cdfifund.gov/docs/factsheets/CDFI_Brochure.pdf). Accessed January 30, 2013.

<sup>27</sup> Private investors in social impact bonds are generally motivated to invest for a specific social cause.

<sup>28</sup> The Canadian CED Network, *Social Bonds. What?* <http://ccednet-rcdec.ca/en/node/10591>. Accessed November 7, 2012. Adapted.

<sup>29</sup> Locality, *What are community assets?*, <http://locality.org.uk/assets/what-are-community-assets/>. Accessed December 12, 2012.

commonly, the transfer is made from local authorities (or other public bodies) to community and voluntary sector groups, community enterprises, and social enterprises through a long-term<sup>30</sup> lease.

### 2.1.2 Benefits to the private sector

The for-profit private sector has opportunities to benefit through returns on investment and social impact. In a survey of leading impact investors, J.P. Morgan<sup>31</sup> found that return expectations varied widely, with some investors anticipating returns higher than for traditional investments, and others expected to trade financial returns for social returns.

According to a 2010 report by the Canadian Task Force on Social Finance, impact investing “is a rapidly growing market globally...it is estimated that impact investing in Canada could potentially reach \$30B, or 1% of all Canadian managed assets.”<sup>32</sup> The report goes on to state that the opportunity to advance impact investing is significant particularly because government resources are increasingly constrained: “Policy-makers in Canada and around the world are exploring new methods of service delivery and new means of catalyzing private sector funds to support public and social sector initiatives.”<sup>33</sup>

### 2.1.3 Benefits for communities

Due to non-profits’ close connections to their communities, community members can benefit from non-profit participation in infrastructure in a number of ways. These may include access to community spaces, infrastructure tailored to the needs of users, and overall increased capacity within the community.

#### *New community assets*

The presence of non-profits in terms of public infrastructure is often most explicit through the physical assets where they go about their mission-based business. These are often sports and recreational facilities, arts and cultural spaces, and community gathering places that provide opportunities for civic engagement. These assets would not likely have been developed without the impetus of non-profit organizations.

#### Impact Assessment

The growing recognition that enterprises (both for-profit and non-profit) can generate both economic and social benefits (impacts) for communities and broader society has given rise to a need to measure or assess impact for constituents. Impact assessment is the process of identifying the future consequences of a current or proposed action—the “impact” is the difference between what would happen with the action, and what would happen without it.

Adapted from International Association for Impact Assessment. *What is Impact Assessment?*, 1, [http://www.iaia.org/publicdocuments/special-publications/What%20is%20IA\\_web.pdf](http://www.iaia.org/publicdocuments/special-publications/What%20is%20IA_web.pdf), October 2009, 1.

<sup>30</sup> Often 25 years or more.

<sup>31</sup> JP Morgan Chase & Co., The Rockefeller Foundations and Global Impact Investing Network, Inc. *Impact Investments: An emerging asset class*. J.P. Morgan Global Research, 2010.

<sup>32</sup> Canadian Task Force on Social Finance [http://socialfinance.ca/uploads/documents/SummaryReport\\_MobilizingPrivateCapitalforPublicGood\\_30Nov10.pdf](http://socialfinance.ca/uploads/documents/SummaryReport_MobilizingPrivateCapitalforPublicGood_30Nov10.pdf). Accessed November 14, 2012.

<sup>33</sup> Mars Centre for Impact Investing, *About the Centre*, <http://impactinvesting.marsdd.com/about-the-centre/>. Accessed December 9, 2012.



Canada's Sports Hall of Fame's ("the Hall") is a non-profit organization whose mission is to promote the importance of sport to Canadian culture, families and communities by sharing the compelling stories of outstanding achievements in Canadian sport.<sup>34</sup> The Hall annually plays host to a national ceremony that "honours the achievements of athletes and builders." To date, it has inducted 529 members representing 60 summer and winter sports. The facility was built with government infrastructure investments and is located in proximity to other non-profit facilities that are a legacy of past international sporting events, as well as modern facilities, at Canada Olympic Park in Calgary.<sup>35</sup>

***Exhibit 2.1—Canada's Sports Hall of Fame, Calgary, Alberta***



*Photo courtesy of Canada's Sports Hall of Fame*

**Canada's Sports Hall of Fame** in Calgary, Alberta, which received a financial contribution from the Government of Canada, honours Canadian athletes and highlights outstanding Canadian sports achievement. Opened on July 1, 2011, the 40,000 square foot building offers an amazing visitor experience for local Calgarians, visitors from around the world and Canadians from coast to coast to coast!

Adapted from <http://www.sportshall.ca/visit/our-new-home/>. Accessed October 27, 2012.

<sup>34</sup> Canada's Sports Hall of Fame, *Mission and Vision*, <http://www.sportshall.ca/about-us/our-mission/>. Accessed October 30, 2012.

<sup>35</sup> Based on key informant interview and <http://www.sportshall.ca>. Accessed October 27, 2012. Adapted.

The Campbellford/Seymour Community Foundation (C/SCF) in Ontario provides a success story involving local government and citizen contributions. In 2000, community members in the Municipality of Trent Hills committed the proceeds of the sale of their 100-year-old, public, hydro-electric utility to the C/SCF. This was done, in part, to ensure the proceeds would be available in perpetuity to benefit the entire community. To paraphrase an interviewee, citizens wanted to be able to leverage other funding sources or “invest in things that make a community a community.”<sup>36</sup> Through the Foundation, the community gained a park, a theatre and a community wellness centre.

The Christina Living Arts Centre (“the Centre”) in Christina Lake, British Columbia, houses a gallery, bistro, the Christina Lake Chamber of Commerce, the Christina Lake Arts & Artisans Society, a multi-purpose room and Tourist Welcome Centre operated by the Christina Lake Tourism Society. The gallery is a social enterprise, staffed entirely by volunteers. The Centre, which is built to LEED standards, boasts novel and state-of-the-art features such as geothermal, in-floor heating. The adjoining Solar Aquatics System<sup>37</sup> treats the Centre’s wastewater. The participation of a number of non-profit parties was key in creating a space that has engaged citizens, drawn visitors, and stimulated the economy in this remote Kootenay-Boundary region community.<sup>38</sup>

#### **Exhibit 2.2—Christina Living Arts Centre, Christina Lake, British Columbia**



*Photo courtesy of Bob Dupee, Christina Living Arts Centre*

<sup>36</sup> Based on key informant interview.

<sup>37</sup> The Solar Aquatics System is a biological water treatment system that treats the wastewater from the Centre.

<sup>38</sup> Based on key informant interviews.



### *Infrastructure tailored to users*

Non-profit organizations are made up of individuals driven by a common mission. Non-profits know their members and understand user and community needs. Infrastructure that is designed by and for users tends to get well-utilized. In the words of one interviewee, “space for non-profits should be people-focused, community-centered and culturally appropriate.” Satisfied users have a sense of ownership and this can build stronger communities.

One example of a facility built by a non-profit to meet the needs of its users is short-term accommodation for the Immigrant Services Society of BC. The society provides assistance to immigrants and government-sponsored refugees. During the planning phase it was determined that it made sense to build modular, adaptable spaces to house clients. As a result, the walls are moveable allowing flexibility to adjust the space depending on the needs of family groupings and individual occupants.<sup>39</sup>

Engagement during the planning phase, along with a commitment to solicit meaningful input and translate it into a customized, flexible space increases the likelihood that projects will be implemented successfully, fulfilling the objectives of investors and the needs of users.

Kings Para-Transit (KPT) is a non-profit organization in Kentville, Nova Scotia, that provides infrastructure tailored to users. KPT’s fleet of vehicles offers point-to-point transportation for Kings County residents with disabilities, seniors and others in need.<sup>40</sup> A recipient of Infrastructure Canada’s Public Transit Fund, along with philanthropic gifts, KPT’s transit services enable residents to travel to work and fulfil personal commitments.<sup>41</sup>

### *Increased community capacity*

When non-profits are involved early in the planning of community infrastructure, there is significant potential for local socio-economic development.

Enterprising Non-Profits, a Vancouver-based non-profit, suggests that non-profit engagement be introduced early in the planning and construction phases of infrastructure projects to help maximize impacts. In this way, desired social outcomes (e.g. skills training) can be integrated into terms of engagement, such as through community benefit agreements. Community benefit agreements add a social or community scoring value to purchasing decisions, along with price, quality, and environment.

***“community benefit agreements add a social or community scoring value to purchasing decisions, along with price, quality, and environment.”***

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<sup>39</sup> Based on key informant interview.

<sup>40</sup> Kings Para-transit, *About Us*, <http://www.kingsparatransit.ca/about.html>. Accessed January 30, 2013.

<sup>41</sup> Infrastructure Canada, *Kings Para-Transit Announces New Accessible Minibus to meet Kings County Residents' Needs*, <http://www.infrastructure.gc.ca/media/news-nouvelles/2007/20071005kentville-eng.html>. Accessed January 30, 2013.

For example, non-profit staff may have interacted with prospective members of a construction work force in the past, and may be familiar with workers' individual needs. If the non-profit becomes involved in building physical infrastructure, through a community benefit agreement it could leverage construction jobs for under-employed workers. This, in turn, can increase these individuals' marketable skills. Taking it a step further, the newly constructed building's cafeteria might be staffed by local residents who have had challenges with finding work, and may have received training from local non-profit organizations, presenting as suitable candidates for ongoing employment. Thus, the building development, construction hiring, and cafeteria staffing decisions are targeted and strategic. The benefits of a particular infrastructure decision can be direct and intentional.

The 2010 Winter Olympics organizers used community benefit agreements in their procurement strategy. Prospective enterprises were required to articulate how a contract would create broader benefits for the community. These agreements have also been used in US cities such as Los Angeles, which used community benefit agreements with the Staples Center contract (in downtown Los Angeles) to assure local employment, local purchasing and on-going community services.<sup>42</sup>

In Christina Lake, volunteers at the Christina Living Arts Centre's social enterprise gallery have gained knowledge and skills, and featured artists have had access to new economic opportunities. The gallery sold over \$35,000 worth of art in its first year, with profits directed back to operating costs.

One example of increasing community capacity through infrastructure development, as cited by an interviewee, is the practice of awarding contracts to social cooperatives on the condition that the contract achieves a specified social impact. The example provided was that of *Solidarietà e Lavoro*, an Italian social co-operative that aims to promote and professionally integrate into society those people who are considered to be vulnerable members of society.<sup>43</sup> Some of these individuals are reportedly now employed in catering and other services within the city-owned Genoa Maritime museum and aquarium. The intended impact is that community members will have fewer health and social problems if they are employed.<sup>44</sup> These citizens are finding employment in a municipal infrastructure setting. In essence, it is about leveraging community assets and creating added social value.

**Social Impact Purchasing**  
**"Intentionally Leveraging the Ripples"**

"Part of the motivation for change is the realization and recognition that every purchase, whether intentionally or not, has an economic, environmental and social ripple or outcome...If we intentionally leverage those outcomes, we will change the impacts from random to managed. In this new paradigm, the challenge is how to alter existing purchasing policies and practices to create ripples that are intentional rather than unintentional."

Adapted from Enterprising Non-Profits Program / enp  
<http://www.enterprisingnonprofits.ca/blog-calendar/blog/sip>

<sup>42</sup> Enterprising Non-Profits, *Social Impact Purchasing, "Intentionally Leveraging the Ripples"*, 3, <http://www.enterprisingnonprofits.ca/blog-calendar/blog/social-impact-purchasing-managing-ripples-%E2%80%A6>. Accessed August 15, 2012.

<sup>43</sup> Based on key informant interview. See *Solidarietà e Lavoro*, [www.solidarietaelavoro.it](http://www.solidarietaelavoro.it) and [http://www.galatamuseodelmare.it/cms/chi\\_siamo-204.html](http://www.galatamuseodelmare.it/cms/chi_siamo-204.html). Accessed August 25, 2012.

<sup>44</sup> It is recognized that, in addition to employment, other factors can play a role in whether citizens experience health and social problems.

## 2.2 Barriers

Public infrastructure has been described as a key driver in Canada's success as a nation.<sup>45</sup> A number of factors can play a role in whether non-profits participate in community infrastructure planning, funding and management including: administrative issues; capacity to prepare grants; technical issues; relationship issues; challenges in accountability and performance measurement; and, challenges pertaining to financing and risk.

### 2.2.1 General administrative issues

Administration is not the focus for many small and medium-sized non-profit organizations. A few interviewees noted that most grants will not pay for a project coordinator, so non-profits often rely on a volunteer to take on the task, even if overseeing projects is not the volunteer's area of expertise. If non-profits are not able to adequately account to funders (due to a lack of capacity) it can jeopardize future relationships with those funders, which can be a barrier to participation.

An interviewee commented that non-profits, which are often under-resourced, are not rewarded for investing in strong financial management systems. A non-profit's accountability to members or supporters is traditionally focused on its social purpose. Leaders may face criticism for directing scarce resources to administrative tasks.

Another interviewee viewed redundant accounting and reporting requirements as a barrier to non-profit participation. This individual was required to produce duplicate accounting reports for multiple layers of government when submitting claims for an infrastructure project. These duplicated processes created delays in receiving payments.

### 2.2.2 Capacity to prepare applications and manage grants

Small non-profits rarely have the money available to hire professional grant writers to apply for infrastructure funding and there is often limited capacity (staff and volunteer time<sup>46</sup>) to complete the application forms, which are often lengthy and involved.

Even non-profit organizations large enough to have professional staff find grant management competes with other duties. This can lead to "an environment in which [the executive directors'] key responsibility is to manage the demands of funders and the many constraints and problems funders impose on the organization so that the staff can actually...meet community needs."<sup>47</sup>

Barriers cited by interviewees related to the grant application process and requests for proposals (RFPs), and are shared below in the words of the interviewees:

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<sup>45</sup> Infrastructure Canada, *Building for Prosperity: Infrastructure in Canada*, 1, <http://www.infrastructure.gc.ca/plan/bpp-pbp/booklet-livret/index-eng.html>. Accessed August 19, 2012.

<sup>46</sup> Several interviewees commented on the personal time commitment required of non-profit leaders who are asked to participate in collaborative planning initiatives, for example with regional leaders. This issue has been the topic of research that concluded that "non-profit organizations in Ontario, in 2004, delivered on average \$1.14 of service for every \$1.00 of government grant funding. Administrative and management costs were frequently not included in government service contracts." Source: Lynn Eakin and Associates for Wellesley Institute, *Executive Summary: We Can't Afford to Do Business This Way: A Study of the Administrative Burden Resulting From Funder Accountability and Compliance Practices*, August 27 2007, 2-3.

<sup>47</sup> Lynn Eakin and Associates for Wellesley Institute, 42.

- The *application forms are difficult and uninviting* to prospective applicants.
- The application *process is not friendly, and the amount of paperwork is “astronomical.”*
- There is *not enough flexibility* in the grant application process which often uses an “inputs and outputs model” rather than an “outcomes based” approach.
- *Timelines for applications often do not allow enough time.*<sup>48</sup>
- *RFPs tend to be very large*, and small and medium sized enterprises do not have the capacity to fulfill them, unless they can be unbundled.
- There is a *perceived lack of transparency* in the selection process, and frustration with how long it takes to get answers to queries and submissions.

Several interviewees suggested that changes to the grant funding process would encourage greater participation from non-profit organizations. Examples include streamlining the application process where possible; ensuring decision-making is as close to the infrastructure project locality as possible; and, ensuring local partners are present when decisions are made.

Another barrier mentioned by interviewees is that grant funding periods tend not to be long-term. Non-profits are reticent to embark on expensive infrastructure projects where there are no sustainable funding commitments. One interviewee stated that, instead of spending time tracking down long-term infrastructure funding, often non-profits are very program-focused, to the detriment of their own infrastructure and asset base.

### 2.2.3 Technical issues

Technical issues can also be a barrier to non-profit participation. Often, non-profit organizations cannot afford the latest technology and this reduces capacity to pursue technically-oriented projects. Also, it can have the effect of minimizing efficiency, which can make non-profits less attractive partners for joint ventures. Technological tools are viewed by some interviewees as an area where other sectors could better support non-profits.

Business terminology was viewed as a technical barrier by two interviewees. The non-profit community does not necessarily use the same language as the government or banking sectors. For example, banks will refer to a “business plan” whereas the community staffer will speak of a “case for support.” In the words of one interviewee, “aligning vocabulary is not about up-skilling—it is about levelling the playing field.” This interviewee also saw value in educational support for non-profits.

***“aligning vocabulary is not about up-skilling—it is about levelling the playing field.”***

### 2.2.4 Relationship issues

Relationship issues can also factor into whether or not a non-profit participates in infrastructure planning and development. Some interviewees view competition within the non-profit sector as an internal barrier to participation. While competition for limited resources is not unique to the non-profit sector, the sector tends to be under-funded which means non-profits are competing for very limited resources. For example, according to an interviewee, when one community group received funding to build a community facility, some community members expressed concern about the impact that

<sup>48</sup> For example, First Nations endorsement can be part of the application criteria. First Nations organizations have their own government processes to work through, which can create timing difficulties.

additional space would have on other facility-providers' abilities to rent space, and consequently their revenue streams.

The problem can be magnified where small communities are geographically close in proximity but distinct in their local character and priorities. Competitive government granting programs can cause tension in a sector that can thrive on and benefit from regional harmony.

Another relationship barrier identified by an interviewee is the power dynamic inherent in cross-sector (industry/government/non-profit) collaborations. To paraphrase an interviewee, "non-profits are often placed at the kids' table, and it takes valuable time and resources to prove that they belong with the grown-ups." A related comment was made about the "obsequious relationship" that sometimes results between non-profits and their funders and the care taken to not "bite the hand that feeds you."

### **2.2.5 Challenges in accountability and performance measurement**

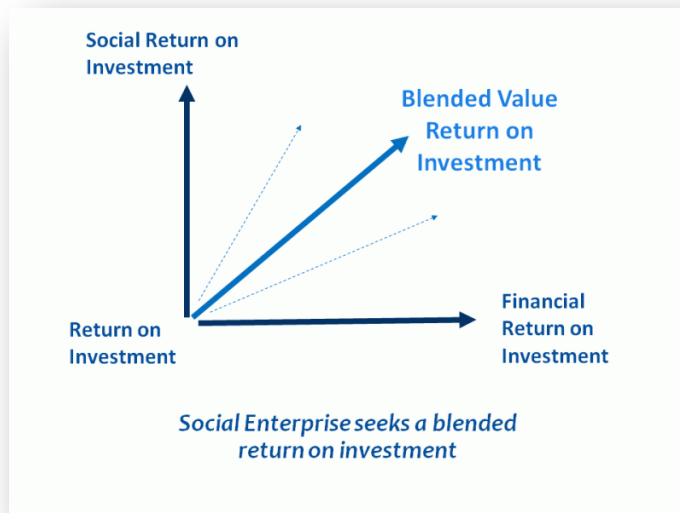
All organizations must account for the use of resources regardless of whether they are accountable<sup>49</sup> to shareholders or funding bodies. Interviewees were asked about challenges non-profits contend with related to accountability and monitoring.

Several interviewees commented on the difference between accountability for the single bottom line required by business enterprises (i.e., financial return on investment for shareholders), compared to social enterprises, where there is a blended value bottom line (financial and social return on investment). Interviewees acknowledge that it can be challenging to produce concrete, evidence-based numbers for funders when it comes to accounting for social impacts as these impacts are often difficult to measure. However, where possible, measurement and evaluation criteria for infrastructure projects need to be linked to the intended purpose of the project, including accountability for social impacts.

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<sup>49</sup> Accountability is the obligation to answer for a responsibility that has been conferred, and involves at least two parties: one who allocates responsibility and one who accepts it with the undertaking to report back on the manner in which the responsibility has been carried out [www.health.gov.on.ca/english/providers/pub/manuals/.../ltc\\_07.pdf](http://www.health.gov.on.ca/english/providers/pub/manuals/.../ltc_07.pdf). Accessed December 1, 2012. Adapted.

### Exhibit 2.3—The Blended Value Bottom Line<sup>50</sup>



One approach to accountability that is reportedly being used to a greater extent in non-profit organizations is program evaluation, which is “the systematic assessment of program results and, to the extent possible, systematic assessment of the extent to which the program caused those results.”<sup>51</sup> An interviewee commented that program evaluations are becoming increasingly sophisticated, and have begun to introduce data collection techniques aimed to measure social impacts. While this methodology appears to be welcomed within the sector, there needs to be an appropriate balance between the effort required to gather the evaluation data, and the usefulness of the information collected. This is especially important because some non-profits have limited access to administrative and technology-based resources that can assist with monitoring and tracking. Additionally, some non-profits do not have the resources to pay for a comprehensive program evaluation process, which can place them at a disadvantage when reporting to investors and partners.

#### 2.2.6 Challenges pertaining to financing and risk

Interviewees considered the challenges pertaining to financing from both the recipients’ and funders’ perspectives. Issues raised pertained to cash management, operating costs, lack of or unstable funding, and risks for funders.

Cash management was a recurring theme during the interviews. Some past recipients of federal infrastructure investments stated that one of the greatest challenges was the time lag between when expenditures were made e.g., to pay contractors, and when reimbursement

*“...one of the greatest challenges was the time lag between when expenditures were made...and when reimbursement funds were received.”*

<sup>50</sup> Enterprising Non-Profits, Jed Emerson as cited in <http://www.enterprisingnonprofits.ca/what-social-enterprise>. Accessed August 24, 2012.

<sup>51</sup> Joseph S. Wholey, Harry P. Hatry and Kathryn E. Newcomer, *Handbook of Practical Program Evaluation*, 2<sup>nd</sup> ed., (San Francisco: John Wiley and Sons Inc., 2004), xxxiii.



funds were received. Payment delays present cash management difficulties for non-profits that have reportedly been addressed in a number of ways. For example, some non-profits establish a line of credit with their bank. At times, gaining access to an adequate line of credit to support large infrastructure projects has been contingent on pre-existing (personal) relationships between non-profit volunteers and banking industry decision-makers.

Some non-profits rely on goodwill from sympathetic contractors when cash flow is limited, although not all contractors have the flexibility to operate in this way. Some non-profit leaders (including volunteers) have reportedly used personal funds to support infrastructure projects until grant funding was received.

The overarching risk is that unpaid contractors may withdraw their services, causing project delays. Interviewees' suggestions to mitigate this risk include:

- having the non-profits place the money in reserve, although many non-profits are not in a financial position to do this
- having government granting agencies provide funds up front and permit non-profits to account for expenditures after the fact
- making it a requirement that the contractor will only receive payment upon receipt of grant funding by the non-profit
- practicing scrupulous book-keeping to ensure all invoices and reports are submitted in a timely fashion (again, this role is often performed by volunteers, who may have full time jobs and other time commitments)
- establishing good relationships with funding agency representatives so it is possible to pick up the phone and discuss project needs
- having organizations like Community Futures<sup>52</sup> advance the money to community-based non-profits, although this adds a step in the process, which may introduce delays

Governments fund large capital projects, which is welcomed by the non-profit sector, however, some interviewees would like consideration to be given to providing support with operating costs. These costs are often hard to predict, particularly if the non-profit has no experience on which to base projections or if there are unanticipated operating costs.<sup>53</sup>

In the case of the Christina Living Arts Centre, a committee was established to estimate the costs of heat, lights and maintenance for the 6,000 square foot building. The registered charity also had to determine rental rates and policies e.g., whether to rent gallery space or use a commission-based approach. Small rural communities often have no experience to draw on. Even in situations where comparable infrastructure is examined as a proxy, it takes experience to determine actual operating costs.

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<sup>52</sup> Community Futures are Community Futures Development Corporations and Community Business Development Corporations (CFDCs/CBDCs) that provide their communities with a variety of services including business development loans, technical support, training and information. <http://www.communityfuturescanada.ca>. Accessed November 12, 2012.

<sup>53</sup> For example, Canada's Sports Hall of Fame staff became enlightened to the costs of lighting the 40,000 square foot facility when they spent \$60,000 in bulbs after a year. Although they planned in advance for replacement costs the actual was different than projections. Source: key informant interview.

A few interviewees suggested that public support for operating costs would help to sustain participation of the non-profit sector in infrastructure—often one-offs—as all too often non-profit applicants cannot predict how much these assets will cost to operate.

Lack of funding can also be barrier to participation in infrastructure planning. Many non-profit organizations are mission-based and therefore revenues tend to get re-invested in the organization without setting funds in reserve that could support infrastructure. As well, many non-profits have to compete for scarce resources and simply do not have excess funds at their disposal. This lack of reserve funds is a significant barrier to participation in infrastructure development.

***“It is also a significant barrier for non-profits and communities to supply matching funds...that are often required to participate”***

It is also a significant barrier for non-profits and communities to supply matching funds (or other cost-sharing arrangements) that are often required to participate in government infrastructure funding initiatives.<sup>54</sup> This has been raised by the Canadian Community Economic Development Network, and was expressed by many interviewees. One interviewee mentioned that there are disincentives for non-profit organizations, and charities in particular, to retain earnings (maintain a profit) for large infrastructure investments. For example, there are reportedly concerns that if Canada Revenue Agency views a charity as profitable, it risks being stripped of charitable status.<sup>55</sup> In the words of the interviewee, this creates a “structural conundrum” for non-profits who wish to build infrastructure but are concerned about the repercussions of growing or maintaining a bank account intended to be used for infrastructure investments.

“These [non-profit] organizations provide much needed social services, and training and employment opportunities in disinvested communities. However, they may not always be in a position to meet matching funding requirements as they tend to have a hard time accessing capital dollars to build or renovate their facilities. Where there are matching funding requirements, there is a need for flexibility for non-profit organizations.”

Canadian Community Economic Development Network. August 7, 2012. *Towards a New Long-term Infrastructure Plan*, 2.

Government infrastructure grants are often cyclical and unpredictable. Therefore, one interviewee was of the opinion that if a non-profit organization has a long-term vision for a project that is contingent on public funds, it would be wise to pursue alternate (back up) investors.

Another interviewee observed that philanthropic giving practices have shifted in recent years. For example, in the past, a donor would provide a \$1 million gift as a lump sum. Today, the donor may give \$100,000 per year for ten years, contingent on annual requests for evidence of the impact of their investment. This can place an additional burden on non-profits who have to use scarce resources re-recruiting the donor and generating accountability materials. An inability to rely on steady, stable funding can be a barrier to non-profit participation.

While the focus thus far has been risks to non-profits, funders also face risks when partnering with these organizations. There is a joint risk that neither the funder nor the non-profit knows whether the new infrastructure or venture will achieve success. For example, the programs or facilities provided by the non-profit may face unanticipated competition from other non-profits, for-profits or public sector agencies.

<sup>54</sup> Traditionally, infrastructure investments in Canada have been provided with each government partner (local, provincial and federal) providing one-third of the funds.

<sup>55</sup> This has not been verified with Canada Revenue Agency.



There is also the possibility that the funds may not, in fact, be applied towards what the funder had anticipated. For example, cost over-runs may result in sections of a building not being constructed; a particular design or vision may not actually get built; or, other expected deliverables may not get produced e.g., signage acknowledging sponsors, or aesthetic features such as murals. When deliverables are not met, a funder may have little recourse as it may be impossible to reclaim an investment from a non-profit.

***“When deliverables are not met, a funder may have little recourse as it may be impossible to reclaim an investment from a non-profit.”***

#### **Exhibit 2.4—Floor Mural, Christina Living Arts Centre Christina Lake, British Columbia**



*Photo courtesy of Bob Dupee, Christina Living Arts Centre*

Turnover among non-profit volunteers is another risk. This can result in a lack of consistency and compromises the personal, trusting relationships that can facilitate successful projects.

One interviewee commented that public and private funders may be reticent to fund investments in small communities if there is limited opportunity for “profile.” This assumes the funders’ motivation is to get the “biggest bang for your buck,” which may or may not be the case.

## 2.3 Enablers

In its 2010 report *Mobilizing Private Capital for Public Good*, the Canadian Task Force on Social Finance recommended actions to (a) provide training (capacity); (b) unlock new sources of capital; and (c) promote an enabling tax and regulatory environment to make it easier for non-profits to start enterprises. While the report specifically pertained to securing investment from the private sector, these three courses of action also more generally reflect avenues that could be pursued to enable non-profit participation in public infrastructure.

### 2.3.1 Increasing capacity

Many of the barriers identified in the previous section relate to capacity issues. In Canada and abroad, non-profits are taking concrete steps to increase their capacity, often in ways that involve collaboration and collective solutions.

#### *Intermediaries*

Several interviewees commented that non-profits are becoming increasingly strategic in the way they work and organize. Today, many non-profit organizations have been established to serve as intermediaries to support, strengthen and advocate for other non-profits, often with similar missions or interests. Scotland’s CEiS<sup>56</sup> was cited frequently by interviewees as an innovative non-profit organization that provides professional business support services and business finance solutions for social and community enterprises. CEiS serves the non-profit sector in the UK and internationally.

Within Canada, examples of intermediaries include Imagine Canada, a national charitable organization. Imagine Canada’s mission is to support and strengthen charities and non-profits so they can, in turn, support the Canadians and communities they serve.<sup>57</sup>

Community Foundations of Canada is an umbrella organization that provides foundations with tools and resources to help them flourish in their communities.<sup>58</sup> Community Foundations of Canada was established in 1992 and has 183 members across Canada. It serves as an example of how Canada’s intermediaries have risen in stature to the point where they are being asked to participate at a national level in planning major initiatives. For example, Community Foundations of Canada is partnering

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<sup>56</sup> More information on CEiS, or Community Enterprise in Scotland, can be found at [www.ceis.org.uk](http://www.ceis.org.uk).

<sup>57</sup> Imagine Canada, *About Us*, <http://www.imaginecanada.ca/node/9>. Accessed November 14, 2012.

<sup>58</sup> Endow Manitoba, *About Manitoba Foundations*, <http://www.endowmanitoba.ca/about-mb-foundations.php>. Accessed December 9, 2012.

with CBC/Radio-Canada (and others) to engage Canadians in planning Canada's 150th birthday celebrations.

In the US, large intermediary organizations, like the Nonprofit Centers Network, serve members on both sides of the Canada-US border. The Network's mission is to increase the capacity and effectiveness of the nonprofit sector by supporting the development and ongoing operations of multi-tenant nonprofit centers and other quality nonprofit workspace.<sup>59</sup> Demand for these services is reportedly growing: anecdotally, the number of inquiries from Canadian non-profits wanting to learn more about the Network and its work has approximately tripled over the past six years.

Other non-profits are stepping in to bridge the gap in the sector's technological capacity. Inspiring examples of where this is happening include:

- *Tech Soup*<sup>60</sup> – a non-profit “providing other non-profits and libraries with technology that empowers them to fulfill their missions and serve their communities.” Technology products are available significantly below cost
- *NPower*<sup>61</sup> – a non-profit that offers programs, IT services and training to non-profits, schools and young adults
- *Taproot Foundation*<sup>62</sup> – a non-profit that provides in-kind professional services to address knowledge/professional gaps

#### *Development trusts*

Development trusts were established in the UK to enable community residents to tackle local issues and to improve the quality of life in their community. As described by Development Trusts Association Scotland, development trusts “are underpinned by a strong ethos of self-help and self-reliance and a belief that community regeneration which is achieved through community owned enterprise and assets is the way to build strong and sustainable communities.”<sup>63</sup>

These trusts are community-based, owned and led, and engage in the economic, environmental and social regeneration of communities. Although they are independent, they seek partnerships with other private, voluntary, and public sector organizations. Development trusts are non-profit and many register as charities. Throughout the UK, over 500 development trusts are co-

“There's so much to be gained from development trusts coming together, sharing our knowledge and experience, and working together for the benefit of the movement. Individually we can be isolated community organisations; working together we have collective strength and can punch above our weight.”

*Henry Mains, Sleat Community Trust, as cited on the Development Trusts Association Scotland website*  
<http://www.dtascot.org.uk/content/what-we-do>

<sup>59</sup> The Nonprofit Centers Network, <http://www.nonprofitcenters.org/centers/>. Accessed November 7, 2012.

<sup>60</sup> TechSoup: TechSoup Canada is the Canadian partner of TechSoup Global. <http://home.techsoup.org/pages/about.aspx>. Accessed September 6, 2012.

<sup>61</sup> NPower: Bringing the tech community together for social good. <http://www.npower.org/about>. Accessed September 6, 2012.

<sup>62</sup> Taproot Foundation: Our mission is to lead, mobilize and engage professionals in pro bono service that drives social change. <http://www.taprootfoundation.org/about/>. Accessed September 6, 2012.

<sup>63</sup> Development Trusts Association Scotland, *What is a Development Trust*, <http://www.dtascot.org.uk/content/what-is-a-development-trust>. Accessed October 10, 2012.

ordinated by the Development Trusts Association in England (established in 1993).<sup>64</sup>

Examples of development trust infrastructure projects include play parks, recreational facilities and renewable energy projects, such as wind farms.

The flexible, community-driven approach utilized by development trusts is a potential model for government to engage with the non-profit sector regarding infrastructure investments. In April 2012, the Chicago City Council approved the creation of the Chicago Infrastructure Trust.<sup>65</sup> The trust is a partnered initiative among the City, federal agencies, private and non-profit groups. Its first planned project is a \$225 million green retrofit of city buildings.<sup>66</sup> While the trust is in early stages, success may provide the proof of concept required to precipitate greater uptake of development trusts in North America.

### *Community foundations*

Another strategic way that non-profits organize their mission-based efforts is through community foundations. As defined by Endow Manitoba, “a community foundation is a charitable organization that provides financial support to causes and agencies within a geographic region...community foundations help communities today, tomorrow and forever.”<sup>67</sup>

The Canadian community foundation movement reportedly began in Manitoba with the establishment of The Winnipeg Foundation in 1921.<sup>68</sup> Donor gifts are pooled and permanently invested. Interest earned on these funds is distributed as grants to support local charitable projects. In the opinion of interviewees, community foundations establish strong connections with the non-profits who receive grant funding.

The Campbellford/Seymour Community Foundation (see Section 2.1.3) was established from an endowment from the sale of Trent Hills’ public hydro-electric utility, and provides funding in perpetuity to benefit the community. As a charity, the Foundation is able to leverage funding through means not typically accessible for municipal infrastructure development – such as community fundraising and grant-making. One of the

#### **Vancity Community**

**Foundation** is a public charity created to help gather together community resources, thereby realizing the potential that exists when investing in the vision of communities. Through the generosity of donors, and the expert contributions of staff, board members, and partner organizations, the Foundation continuously strives to be a catalyst for transformation.

Adapted from

<https://www.vancity.com/MyCommunity/OurVision/VancityCommunityFoundation/>

“...the municipality has a “proven track record” working with the two foundations, with a list of successes that include ...projects that have been funded from the Campbellford-Seymour Community Foundation municipal fund.”

Mike Rutter, CAO, Trent Hills as cited in Community Press, January 2, 2012.  
<http://www.communitypress.ca/2012/01/02/joint-campaign-to-raise-funds-for-wellness-centre>

<sup>64</sup> Wikipedia, *Development Trust*, [http://en.wikipedia.org/wiki/Development\\_trust](http://en.wikipedia.org/wiki/Development_trust). Accessed December 9, 2012. Adapted.

<sup>65</sup> City of Chicago, *City Council Passes Chicago Infrastructure Trust*, [http://www.cityofchicago.org/city/en/depts/mayor/press\\_room/press\\_releases/2012/april\\_2012/city\\_council\\_passeschicagoinfrastructuretrust.html](http://www.cityofchicago.org/city/en/depts/mayor/press_room/press_releases/2012/april_2012/city_council_passeschicagoinfrastructuretrust.html), April 24, 2012. Accessed December 8, 2012.

<sup>66</sup> Ullico, *Mayor Rahm Emanuel Announces Chicago Infrastructure Trust to Invest in Transformative Projects*, <http://www.ullico.com/news-item/mayor-rahm-emanuel-announces-chicago>. Accessed December 8, 2012.

<sup>67</sup> Endow Manitoba, *About Manitoba Foundations*.

<sup>68</sup> Endow Manitoba, *About Manitoba Foundations*.



Foundation's initiatives was the Kennedy Park project. The Foundation and the municipality committed \$100,000 each in the form of a matching grant for all donations. They were able to further raise over \$128,000 from community members. Thus, by working with a non-profit partner, the municipality was able to diversify its funding approach and complete an infrastructure project that achieves significant community benefit.<sup>69</sup>

The Foundation also used an innovative technique to purchase a theatre and has replicated this model to fundraise for a community wellness centre in partnership with the Campbellford Memorial Hospital Foundation, and the municipality. This approach enables the municipality "to benefit from the expertise and support of the staff and board members of the two foundations."<sup>70</sup>

### *Venues for collaboration*

Toronto's Centre for Social Innovation is known for its work in creating shared spaces. It is a member of the Nonprofit Centers Network, a US and Canadian network of multi-tenant spaces "that house multiple organizations and provide healthy, efficient, quality, mission-enhancing workspace."<sup>71</sup>

Representatives of the Centre for Social Innovation have observed a general emergence of shared work spaces that they attribute to a number of factors including:<sup>72</sup>

- for-profit and non-profit strategies are blending together
- the incentives for cost sharing have been growing. Non-profits and charities are enduring ongoing cutbacks in administrative budgets, while facing increasing demands from communities and individuals
- alongside new technologies has been the rise of "independents" who work with several clients but who are not bound by the restrictions of any one physical space
- the pendulum is swinging from global, back to local. While the 90's promised 'virtual work', the new millennium is reinforcing the

#### **Shared spaces can take many forms.**

According to the Centre for Social Innovation these include:

- co-location – spaces shared among a number of separate organizations e.g., multi-tenant non-profit centres
- co-working – sharing workspace among freelancers and other independent workers
- community hubs – provide direct services to the geographic community in which they are situated
- hot desks – temporary, shared workspaces that are typically found in co-working spaces
- incubators – provide programmatic, strategic, administrative and/or financial support to small projects and organizations

Adapted from Centre for Social Innovation.  
*Proof: How Shared Spaces are Changing the World.* 12,13,15..

<sup>69</sup> Campbellford/Seymour Community Foundation, *Grants*, <http://cscf.ca/grants/>. Accessed January 31, 2013.

<sup>70</sup> The Community Press, "Joint Campaign to Raise Funds for Wellness Centre," <http://www.communitypress.ca/2012/01/02/joint-campaign-to-raise-funds-for-wellness-centre>. Accessed January 30, 2013.

<sup>71</sup> The Nonprofit Centers Network, <http://www.nonprofitcenters.org/centers/>. Accessed November 7, 2012.

<sup>72</sup> Centre for Social Innovation, *Proof: How Shared Spaces are Changing the World*, 18,19. Adapted.

importance of space

- real estate prices are soaring world-wide, making it increasingly difficult for small groups and individuals to find affordable workspace
- shared spaces connect diverse organizations and individuals, giving them the chance to collaborate, share knowledge and develop systemic solutions to the issues they are trying to address

This last point touches on internal capacity barriers mentioned previously. Through co-location, non-profits can create opportunities for other mission-based organizations to access mentors and expertise.

Online resources can also be venues for non-profits to interact and learn. The *Canadian Social Enterprise Guide*<sup>73</sup> is designed to help non-profits considering creating or expanding enterprise initiatives. Vancity's *Financial Fitness* toolkit<sup>74</sup> provides access to educational tools for non-profits, with a focus on financial sustainability.

### 2.3.2 Use of innovative financing methods

A third type of enabler for non-profits seeking to participate in the planning and delivery of infrastructure projects are innovative financing methods including social enterprise, social impact bonds, and specialized financial institutions, as well as community bonds, which are introduced below.

#### *Social enterprise*

Social enterprise can provide a more self-reliant source of financing. Many non-profits are using the revenues from their successful social enterprises to help realize their dreams related to community infrastructure. The Social Enterprise Council of Canada believes that in order to build a stronger social enterprise environment, the sector needs to share knowledge and nurture and encourage success. The Council outlines several key elements in building the capacity of the social enterprise sector:<sup>75</sup>

- enhancing enterprise skills and ensuring access to capital and investment
- expanding market opportunities through targeted purchases, unbundling grants, supportive RFP criteria, and greater use of community benefit agreements
- promoting and demonstrating the value of social enterprise

The gallery at the Christina Living Arts Centre (Section 2.1.3) is an example of a social enterprise in the arts and culture sector. Free Geek is a community non-profit which addresses waste management alongside technology access and skills development. The organization was founded in Portland, Oregon, in 2000, and now has a dozen locations including Toronto and Vancouver. In return for community service, volunteers

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<sup>73</sup> *The Canadian Social Enterprise Guide, 2<sup>nd</sup> Edition.*

<sup>74</sup> Vancity, Financial Fitness, <https://www.vancity.com/MyCommunity/NotForProfit/FinancialEducation/>. Accessed December 20, 2012.

<sup>75</sup> Social Enterprise Council of Canada, <http://www.seccouncil.ca/en>. Accessed November 16, 2012. Adapted.

refurbish unwanted computers and provide them at reasonable prices to those who otherwise would not be able to own one. The organization also provides education and training to community members through free computer classes. Sources of income include sales, donations, and proceeds from recycling.<sup>76</sup>

Some interviewees believe the non-profit sector has responded to government funding shortfalls by spawning more social enterprises and by seeking alternate funding sources, such as private and corporate donations, to help fund infrastructure activities. In one interviewee's opinion, the non-profit sector in Canada is experiencing ongoing budget cuts and this trend is expected to continue. Some non-profits have reportedly been notified by government to prepare for continued funding reductions.

### *Social impact bonds*

Social impact bonds are still a fairly new approach introduced in the UK and beginning to be used in the US. These bonds are being examined in Canada and some interviewees predict they will be introduced in this country within the next year. They are also being planned or piloted in Australia and elsewhere. Initiatives that can result in improved energy efficiency are being considered for social impact bond usage in the US.<sup>77</sup> Green energy projects may be well-suited to a social impact bond model, as energy use and savings are measurable outcomes.

### *Community financial institutions*

New York State is looking to pilot innovative financing models such as social impact bonds<sup>78</sup> as an initiative of a non-profit CDFI<sup>79</sup> (see Section 2.1.1). Elsewhere in the US, innovative partnerships between lending sources are helping to ensure that rural areas have the facilities and infrastructure needed for the future. For example, the Rural Community Assistance Corporation (RCAC) is a non-profit CDFI loan fund that operates in 13 western states. Its focus is financing community development projects in rural communities through partnerships with public and private entities. RCAC recognizes that financing for infrastructure in rural communities is often not accessible until the project is ready to start construction. Non-profit loan funds like RCAC and community banks help cover pre-development expenses to enable organizations and communities to access federal or state construction and permanent financing funds.<sup>80</sup>

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<sup>76</sup> Free Geek, <http://www.freegeek.org/>, accessed January 11, 2013. And, Free Geek Vancouver, <http://freegeekvancouver.org/index.html>, and accessed January 11, 2013.

<sup>77</sup> Social Impact Bonds, *Frequently Asked Questions: Social Impact Bonds*, <http://www.americanprogress.org/issues/economy/report/2012/12/05/46934/frequently-asked-questions-social-impact-bonds/#n26>. Accessed December 6, 2012.

<sup>78</sup> Non-Profit Finance Fund, *New York State Releases RFI to Identify Pay For Success Projects*, <http://payforsuccess.org/resources/new-york-state-releases-rfi-identify-pay-success-projects>. Accessed November 7, 2012.

<sup>79</sup> The Community Development Financial Institute referred to here is the Non-Profit Finance Fund.

<sup>80</sup> Federal Reserve Bank of San Francisco, [www.frbsf.org/publications/.../0705/lending\\_rural\\_development.pdf](http://www.frbsf.org/publications/.../0705/lending_rural_development.pdf). Accessed December 8, 2012. Adapted.

Flexible financial products are offered by some credit unions within Canada as this aligns with their values. For example, Vancity has partnered with the Vancouver Foundation to create a form of term deposit (the Resilient Capital Program) that provides investors with the opportunity to make debt and equity investments in social enterprises with high growth potential. These patient capital<sup>81</sup> solutions offer financial support to social enterprises at stages considered too early for conventional debt. This allows them to address social and environmental challenges and build resilient communities—including infrastructure.

### *Community bonds*

Another type of bond, the community bond, was identified by interviewees as a new and promising practice for non-profit engagement in infrastructure planning. A community bond is an accessible investment opportunity for unaccredited investors,<sup>82</sup> where they are able to derive both a financial and social return. Unlike social impact bonds,<sup>83</sup> private citizens can purchase community bonds directly from a social enterprise, and they may receive both a financial and a social return on that investment over time. Financial returns are typically more modest for community bonds than for social impact bonds.

The Centre for Social Innovation (Toronto) has pioneered community bond usage in Canada as a means to fund infrastructure. In a short time frame, the Centre raised \$2 million that went towards the \$6.8 million purchase and retrofit of a building to house its non-profit clients.<sup>84</sup>

Community bonds can be used to support and engage non-profits in the following ways that are relevant to the topic of non-profit engagement in infrastructure planning and development:<sup>85</sup>

- building acquisition and upgrades e.g., community infrastructure such as recreation centres
- energy efficiency upgrades e.g., an investment strategy for green retrofits that serve the community and reduce costs

#### **A Community Bond**

- . is only offered by a non-profit or charitable organization
- . is accessibly priced for your community of supporters
- . helps you grow your social impact
- . allows you to leverage your greatest asset – your community
- . is an interest-bearing loan that must be repaid to investors

Centre for Social Innovation. *The Community Bond: An Innovation in Social Finance*, 14.

<sup>81</sup> Patient capital is also referred to as long term capital.

<sup>82</sup> Unaccredited investors are those that do not meet the definition of an accredited investor. An accredited investor is a term defined by securities laws, that delineates investors permitted to invest in certain types of higher risk investments.

<sup>83</sup> CISED: The Collaborative for Innovative Social Enterprise Development, *Social Impact Bonds vs Community Bonds: what is the difference?* Jonathan Wade on November 15, 2012 in Social Business Tools, Vital SE Info <http://cised.ca/social-impact-bonds-vs-community-bonds-what-is-the-difference/>. Accessed November 17, 2012. Adapted.

<sup>84</sup> Centre for Social Innovation, *Our Story*, 2012, <http://communitybonds.ca/our-story/>. Accessed December 6, 2012.

<sup>85</sup> Centre for Social Innovation, *The Community Bond: An Innovation in Social Finance*, 2012, 18,19. Adapted.



- social enterprise development e.g., to help a social enterprise with financing that could be used to acquire new resources and build capacity (such as infrastructure)
- renewable energy projects e.g., to finance the purchase of renewable energy infrastructure

The community bond concept has been adapted by other Ontario non-profit organizations including one that promotes green energy infrastructure. SolarShare's Community Solar Bonds are intended to deliver "triple bottom line" (economic, social and environmental) returns by investing in solar power projects that generate clean renewable energy, reduce greenhouse gas emissions and support local employment in Ontario's clean energy industry.<sup>86</sup> Interestingly, each project is backed by a 20-year power purchase agreement with the Ontario Power Authority and features fixed prices for the power produced, thereby guaranteeing a sustainable long-term revenue stream.<sup>87</sup>

### 2.3.3 Tax and regulatory changes

It would appear that an enabling regulatory and tax climate in the UK was instrumental in facilitating some of the social finance innovations introduced earlier, such as the community asset transfer model (Section 2.1.1). These finance innovations have benefited social enterprises and community members alike. Indeed, the UK Government continues to work on creating an enabling environment for social investment.<sup>88</sup>

The Canadian Task Force on Social Finance<sup>89</sup> highlighted constraints related to Canada Revenue Agency policies on charity activities and non-profit income, which limits non-profits' ability to generate and direct revenue towards the types of activities that might encompass public infrastructure development. The Province of Ontario has adopted a "destination test" (*Bill 65, Not-for-Profit Corporations Act, 2010*) to provide non-profits with some flexibility to undertake activities that advance an organization's mission.

The potential introduction of tax incentives was also mentioned by the Task Force, and echoed by the British Columbia Social Innovation Council in its action plan<sup>90</sup> for maximizing social innovation in the province. Recommendations by the Council included

Toronto's Centre for Social Innovation, a small, community-based social enterprise, used community bonds as part of their financing of the \$6.8 million purchase and retrofit of a 36,000 square foot "shared workspace." The Centre for Social Innovation offered its network of supporters the chance to secure a four percent annual return over five years on a minimum \$10,000 community bond purchase. The bond issue, secured against the value of the building, enabled the Centre to raise \$2 million. The bond was structured so that if the non-profit could not repay its mortgage, the City of Toronto would pay the bank, confiscate the building, and use the proceeds of the sale to repay all bond holders.

Adapted from  
<http://www.corporateknights.com/article/community-bonds-and-rise-local-power?page=show>. Accessed November 20, 2012.

<sup>86</sup> SolarShare Community Solar Bonds, *Invest with Impact*, <http://www.solarbonds.ca/solar-bonds>. Accessed December 8, 2012. Adapted.

<sup>87</sup> Centre for Social Innovation, *The Community Bond: An Innovation in Social Finance*, 2012, 21. Adapted.

<sup>88</sup> Cabinet Office, *Growing the Social Investment Market: A vision and strategy*, (London: Government of the United Kingdom, 2011).

<sup>89</sup> Canadian Task Force on Social Finance, *Mobilizing Private Capital for Public Good Summary Report*.

<sup>90</sup> The BC Social Innovation Council. <http://socialinnovationbc.ca/>. Accessed November 6, 2012.

reference to a social enterprise investment tax credit, which has been tested in British Columbia, as well as social impact bonds, which have been used elsewhere.<sup>91</sup>

The Council also highlighted legislative changes in the UK and the US that have enabled the creation of hybrid corporations that have combined social and financial objectives. The Government of British Columbia recently introduced legislation (the *Business Corporations Act*) allowing the creation of Community Contribution Companies, an important step in affording mission-based organizations capacity to pursue activities providing both financial and social returns.

In Scotland, community right to buy legislation allows communities with a population of less than 10,000 to apply to register an interest in land and the opportunity to buy that land when it comes up for sale. This enables communities to buy land and buildings the community members believe will be of “community benefit.” An interviewee mentioned that these assets might vary from a shop or a building to a peninsula or island. If the asset is integral to a community and viewed as a service to that community, the community is offered the first right to purchase.

These provisions were used to buy the island of Gigha in Scotland, where community members purchased the land from a private landowner. Gigha is now a thriving holiday destination, with boosted in-migration and a stimulated local economy.

The above examples demonstrate socially responsible public procurement (SRPP), which is when public authorities give companies tangible incentives to develop socially responsible management. In 2010, Social Europe published *Buying Social: A Guide to Taking Account of Social Considerations in Public Procurement*.<sup>92</sup> SRPP is a central principle of *Buying Social* observed in planning the 2010 Winter Olympics, the 2014 Commonwealth Games in Scotland, and in the bidding process for the 2015 Pan Am Games in Toronto, Ontario.

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<sup>91</sup> BC Social Innovation Council, <http://socialinnovationbc.ca/>. Accessed November 6, 2012.

<sup>92</sup> Social Europe, *Buying Social: A Guide to Taking Account of Social Considerations in Public Procurement*, (Luxembourg: Publications Office of the European Union, 2010), 5. [http://europa.eu/rapid/press-release\\_IP-11-105\\_en.htm](http://europa.eu/rapid/press-release_IP-11-105_en.htm). Accessed November 7, 2012.

### 3.0 CONCLUSION AND OPPORTUNITIES

Non-profits have played an important role in building communities in Canada. A majority of Canadians support the sector either through financial donations or by investing personal time volunteering for a variety of causes. This helps cultivate vibrant, engaged communities. With their ability to mobilize communities, non-profits can make a unique contribution to community infrastructure development while contributing to Canada's economic and social well-being.

There are benefits to be gained from having non-profits participate in public infrastructure—for governments, the private sector and communities. All levels of government can benefit from non-profits' ability to leverage resources to meet increasing demand to fund infrastructure developments. For example, governments can transfer risk to the private sector through innovative financing tools. In turn, for-profit agencies can partner with non-profits to achieve social results that generate future savings for government. The private sector can benefit from partnering with non-profits through returns on investment and realizing social impact. Benefits to communities include access to new spaces, infrastructure that is tailored to user needs, and increased community capacity that boosts local socio-economic development.

Barriers to non-profits engaging in infrastructure planning and development include administrative issues, limited capacity to prepare applications and manage grants, relationship issues, challenges with accountability and performance measurement, and concerns related to financing and risk.

This report identifies a number of opportunities to increase non-profit participation in public infrastructure development through increased capacity, innovative financing and tax and regulatory changes.

There has been an increasing role for non-profits to participate through the efforts of intermediaries, development trusts and community foundations. Individually and together, non-profits are taking concrete steps to increase their capacity in ways that involve collaboration and collective solutions. They are becoming increasingly strategic in their operations by working to address administrative, financial and other organizational barriers. In Canada, this capacity could be used to constructively guide public infrastructure investment decisions.

Non-profits have demonstrated their ability to build and maintain physical assets and community spaces. New and innovative building concepts can motivate a community to rally around community infrastructure developments, inspire community members to support community-enterprises, and draw out prospective volunteers.

Innovative financing can provide the means for non-profits to participate in infrastructure initiatives. The non-profit sector has responded to public funding shortfalls by seeking alternate funding sources, such as donations and financing from private sources. These sources are viewed as critical enablers to non-profit participation in community infrastructure development. When it comes to financing, non-profits are well versed at seizing opportunities to leverage existing relationships.

Increasingly, the business sector wants to realize social impacts as well as adequate returns on investments. There are opportunities for non-profits to work with the banking and business sectors to package investments so they appeal to investors. A variety of social finance models are being adapted for joint public, non-profit, and private partnerships. Some models are already in use in Canada, such as social enterprise.

Creative approaches used in other jurisdictions, including social impact bonds, are worth further investigation.

Sustained funding from investors would encourage non-profit organizations to engage in infrastructure planning and development. Instruments such as CDFIs are used in the US to ensure funding is made available to non-profits as early as the project pre-development stage. In Canada, timely access to funding, including opportunities for assistance with start up and operating costs, would encourage participation.

A tax and regulatory environment that supports social finance innovation can stimulate community-driven infrastructure ventures and promote creativity. This is exemplified in the UK through various mechanisms, such as community asset transfers and community right to buy legislation. Some Canadian jurisdictions, such as the Provinces of Ontario and British Columbia, are beginning to introduce legislation and incentives that would enable mission-based organizations—either independently or with public, for-profit and non-profit partners—to pursue activities that provide both financial and social returns.

A community's dreams synchronize with its physical infrastructure through the ingenuity of the citizens who dedicate countless hours of volunteer and paid time to transform a community's dreams into reality. There are an increasing number of success stories where non-profits who have members with novel ideas have transformed their visions into places where people gather, work, play, share, earn, serve and support others. These spaces are embraced by citizens who feel a sense of ownership, pride and promise, and this builds strong and resilient communities.

## APPENDIX A

### INTERVIEW QUESTIONS

#### Interview Guide for Data Collection Phase

1. Do you have any questions about the project's proposal?
2. What are the direct benefits of the non-profit sector's participation?
3. What are the indirect benefits of the non-profit sector's participation?
4. Have you observed any national trends?
  - Explain? Give examples?
5. What are the enablers to participation?
6. Are you able to identify opportunities to enhance participation of the non-profit sector in community infrastructure provision?
7. Promising practices?
8. Potential models?
9. What are the barriers or obstacles to success for non-profits?
  - Internal/external barriers to participation?
  - Barriers to organizational technical capacities?
  - general organizational robustness?
10. What are the challenges in accountability, monitoring?
  - Auditing and evaluation?
11. What are the challenges in risk assessment and management?
  - For the funder?
  - For the recipient?
12. Suggested research, publications, blogs to visit?
13. Do you have research, publications, examples of best practices, models you can share?
14. Any other questions about the project?
15. Interviewer to ask additional questions that may arise.

## APPENDIX B

### INTERVIEWEES AND OTHER CONTRIBUTORS

The Project Team is grateful to these individuals, who gave freely of their time and greatly informed the thinking that is reflected in this paper. In alphabetical order, they are:

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