

# UNDERSTANDING NUNAVUT'S NON-PROFIT SECTOR



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# Understanding Nunavut's Non-Profit Sector

## EXECUTIVE SUMMARY

The *Nunavut Economic Development Strategy*<sup>1</sup> established a substantial role for non-profit organizations in moving the Territory towards its ultimate goal of a high and sustainable quality of life. However, since the release of the *Strategy*, there has been little action in formalizing this role and few changes have occurred in addressing the sector's needs. The Nunavut Economic Forum has raised this issue and has asked whether new thinking is needed to establish a link between the responsibilities of non-profit organizations and the support they receive.<sup>2</sup>

In this report, Impact Economics (commissioned by Qaujisaqtiit Society and funded by Indian and Northern Affairs Canada) looks at the non-profit sector within Canada and investigates the specific contributions the non-profit sector is making in Nunavut, its performance in delivering programs and services and its potential. It also investigates current and future challenges.

To truly understand the importance of the non-profit sector in Nunavut, one must recognize and appreciate Inuit values. There are fundamental differences from those held by most Canadians. Shaped by history, culture and geography, Inuit value the community as a primary support mechanism much more than does the average Canadian.

These values, in combination with Nunavut's unique geographic and demographic situation, have contributed to an extensive non-profit sector in Nunavut with over 450 registered organizations.<sup>3</sup>

There are numerous advantages to using non-profit organizations to carry out a range of important activities. They achieve valued outcomes due to

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<sup>1</sup> Nunavut Economic Forum, *Nunavut Economic Development Strategy* (Nunavut: 2003) ([www.nunavuteconomicforum.ca](http://www.nunavuteconomicforum.ca)).

<sup>2</sup> Impact Economics, *A Progress Review on the Implementation of the Nunavut Economic Development Strategy*, (Iqaluit: Nunavut Economic Forum; 2005).

<sup>3</sup> Aarluk Consulting, *Not-for-Profit Groups in Nunavut—A Review* (Iqaluit: Nunavut Economic Forum; 2007).

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inherent strengths such as strong grassroots links, a process-oriented and participatory approach to development<sup>4</sup> and the energy and commitment provided by the people involved. Non-profit organizations are often less restricted by rules and procedures than government departments.

With that said, there is no structure or template that guarantees the effectiveness of a non-profit organization. Effectiveness comes from delivering on a mission statement and making a distinctive impact, relative to the resources at hand.<sup>5</sup> An all too common mistake for non-profit organizations is to stray away from their mission. Instead, they must stick with what they are best at.

When we investigated the performance of the non-profit sector in Nunavut, something that is difficult to do in the face of limited data, our general conclusion was that it is struggling. Socio-economic research in Nunavut, namely the *Nunavut Economic Outlook* series, has pointed to serious issues regarding social and environmental outcomes. Poor performance in health and education and growing strain on municipal infrastructure are jeopardizing long-term economic opportunities by limiting the extent to which the local population can participate. These findings are not the direct result of poor non-profit sector performance exclusively, but this sector along with other stakeholders has a substantive role in social outcomes in Nunavut.

In our investigation of non-profit sector performance in Nunavut, we found that most organizations are similar to those in the south in terms of function and operation. However, there were important exceptions. The *Nunavut Land Claims Agreement* established an extensive array of Institutions of Public Government that are new to the region and that have required substantial start-up capital investments. Also, the Regional Inuit Associations which now fall under the *Nunavut Land Claims Agreement* are non-profit organizations

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<sup>4</sup> World Bank website "Nongovernmental Organizations and Civil Society/Overview."  
<<http://www.worldbank.org>> Accessed June 8, 2001.

<sup>5</sup> Jim Collins, *Good to Great and the Social Sectors*. Jim Collins: Boulder, Colorado; 2005.

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with roles that span all aspects of Inuit society. They manage land, provide social services, monitor environmental policy, and operate for-profit development corporations. Thus, they are investing in all four forms of wealth-generating capital and have broad influence on Nunavut's performance.

Nunavut's non-profit organizations face all of the challenges listed by organizations in the rest of Canada including financial insecurity, human capital shortfalls, infrastructure limitations, organizational weaknesses, strained accounting practices, along with a whole host of other challenges. But the challenges of Nunavut's non-profit sector goes beyond what we find in the rest of Canada. Nunavut is in a unique position within the country demographically, geographically, politically, and developmentally. For example, governments rely on economies of scale to deliver programs efficiently, but Nunavut's sparse population and great distances between communities mean few, if any, economies of scale exist. This makes traditional program delivery expensive.

This leaves an opening for the non-profit sector that operates with a great deal of trust within a community setting, functions with less bureaucracy and can adapt quickly to changes within their immediate environment. To fill this void successfully and have a meaningful impact, the sector requires its own period of capitalization, especially in terms of human resource development and financial support. This will be a challenge in the face of relatively low levels of charitable donations coming from within Nunavut.

This report does not find solutions to the challenges Nunavut's non-profit sector faces, though it seems clear that financial and human resource issues are the most pressing. However, we have come to understand the *potential* the non-profit sector has in contributing to quality of life in Nunavut. We have also come to believe that its success is an absolute necessity for Nunavummiut to prosper as a territory.

# Understanding Nunavut's Non-Profit Sector

## **PART I: INTRODUCTION**

Unfortunately, very little is known about Nunavut non-profit sector of Nunavut's economy. Who does it serve? Is it effective? What are its challenges? This research seeks to investigate these questions through a thoughtful analysis of the roles, responsibilities and support of the non-profit sector and its contribution to society's well-being.

### ***PURPOSE OF THE PROJECT***

The *Nunavut Economic Development Strategy* established a substantial role for non-profit organizations in moving the Territory towards its ultimate goal of a high and sustainable quality of life. Most stakeholders agree that this is the right course of action for Nunavut, not only from a practical needs basis, but also from a cultural standpoint. However, since the release of the *Strategy*, there has been little action in formalizing this role and few changes have occurred in addressing the sector's capital needs. The Nunavut Economic Forum has raised this issue and has asked whether a strategy is needed to establish a link between the responsibilities of non-profit organizations and the support they receive.<sup>6</sup>

This is a reasonable question to ask. In southern Canada, the roles of non-profit organizations are being formalized, as government recognizes the opportunities these organizations represent.

The Nunavut Economic Forum recently completed a survey of non-profit organizations' needs in an effort to raise awareness of the sector's current situation.<sup>7</sup> Respondents reported the sector is struggling on a number of fronts, including financial stability, organizational effectiveness, and human capital support and development. This is useful information, but we need to take it another step forward if we are to truly understand the sector's contribution to Nunavut society. For example, how is the demand for non-

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<sup>6</sup> Impact Economics, *A Progress Review on the Implementation of the Nunavut Economic Development Strategy*.

<sup>7</sup> Aarluk Consulting, *Not-for-Profit Groups in Nunavut—A Review*.

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profit services going to change over the medium and long term? How does the existing sector contribute to the overall quality of life in Nunavut? Are there lessons from more experienced non-profit organizations in southern Canada that Nunavut can learn from?

This research will provide important information necessary to improve services to Nunavut's non-profit members. But more than that, it will bring to light the current environment under which the non-profit sector is operating, and will clarify and validate its needs in moving forward.

### ***WHICH ORGANIZATIONS ARE INCLUDED IN THIS STUDY?***

Many terms are used to describe the non-profit sector—the third sector, civil society, non-governmental organizations, not-for-profit sector, voluntary sector, the social economy, are but some of them. Regardless of what they are labelled, any organization within this group is non-profit-distributing, that is: they are not primarily commercial in purpose and do not distribute profits to a set of directors, stockholders, or managers.

The *National Survey of Nonprofits and Voluntary Organizations* separate not-for-profit organizations into several categories, including:

- Non-government
- Non-profit-distributing
- Self-governing
- Voluntary
- Incorporated/registered

However, for this study, we are taking the broadest view of the sector and investigating its contribution to society's well-being. Therefore, we consider all participants, from the largest Regional Inuit Association to small public daycares and sports associations. The term "civil society" is perhaps the most appropriate because it has been defined as the social fabric existing between family networks, government structures and business organizations; that is, informal and formal groupings, associations, federations, advocacy and

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pressure groups and citizens' initiatives.<sup>8</sup> Often described as a society's *social cohesion*, it is what holds communities together. A strong civil society reduces the cost of doing business, improves efficiencies through greater transparency and knowledge and greatly enhances outcomes from capital investment through more precise targeting.

Organizations within a region's civil society *can* generate profits, but any surplus over and above costs must be reinvested in the objectives of the organization. This criterion usefully differentiates civil society organizations from for-profit businesses.<sup>9</sup>

### ***A FRAMEWORK FOR STUDYING THE CONTRIBUTION OF CIVIL SOCIETY TO NUNAVUT'S WELL-BEING***

To depict the contributions of every organization within Nunavut's civil society would require multiple methodologies and evaluation criteria, most of which could not be reasonably analyzed given the scarcity of data. This is especially true of the many smaller non-profit associations. Thus, a broader methodology is needed.

For this report's purpose, we are interested in the contribution of Nunavut's civil society to the overall quality of life of Nunavummiut. It is therefore appropriate to investigate where and how it contributes to Nunavut's wealth-generating capital. Not only is this a practical approach for analysis, it is also the framework incorporated in the *Nunavut Economic Development Strategy*. It has been used in the *Nunavut Economic Outlook* series as well as other economic and social analysis tools. As such it is well known and understood in Nunavut. A brief explanation is provided below for newcomers to the approach.

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<sup>8</sup> International Labour Organization, International Labour Conference, 89<sup>th</sup> Session, June 2001. *Report V (1), Promotion of Cooperatives*, ISBN: 92-2-111957-2.

<sup>9</sup> Michael H. Hall et al., *The Canadian Nonprofit and Voluntary Sector in Comparative Perspective*. (Toronto: Imagine Canada, 2005).

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### *The Framework*

Society's ultimate goal is not economic production, but rather, the attainment of a high and sustainable quality of life. As such, we need to consider more things than just gross domestic product when evaluating any contribution to societal well-being—the contributions of the non-profit sector being an excellent example.

It is true that economic performance is an important factor in achieving society's goal, but so too are the performance of social and environment variables. Another way to put it is to say society strives to create a healthy environment, a healthy economy, healthy people and healthy communities. To make progress in all of these areas, society invests in capital. We call it wealth-generating capital because it offers society the opportunity to become wealthier, meaning the opportunities are not focussed exclusively on material well-being, but also include the overall state of communities, family and friends and civic engagement.

We group various types of wealth-generating capital into four basic areas:

### *Physical Capital*

Physical capital, often referred to as *economic capital*, includes the infrastructure or capital required for business and industrial purposes, such as investments, transportation infrastructure, power generation, and communication systems as well as housing, recreational facilities and hospitals.

### *Human Capital*

Human capital is often spoken in the context of the stock of human labour, more specifically, the quality of the labour force for the wage economy. But in its truest sense human capital is much broader. Human capital is the overall capacity—in terms of health, knowledge, education, and skills—of the members of a given community or society to be productive. The word “productive” is chosen instead of “employed” because it implies a broader definition of one's potential contribution to society. It might include:

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- participating in the land-based economy;
- supporting the family;
- volunteering (supporting the community);
- teaching/transferring knowledge or skills; and,
- pursuing education or training opportunities (either traditional or western).

### *Organizational Capital*

This encompasses the business and social environment within which economic activity takes place and explains how a society is organized to create wealth. For example, the degree of openness to trade, the policies and fiscal actions of government and the nature of the regulatory system all play a role in economic development. Similarly, the size and efficiency of institutions, the nature of disparities of income and the social cohesion of a society are also relevant factors.

### *Natural Capital*

This includes the raw materials required for economic activity, such as land, wildlife, minerals, energy, as well as services provided by the environment, such as waste management. Another aspect of natural capital is "natural knowledge" or the knowledge maintained within biological systems, such as ecological relationships that have evolved to support life in harsh regions.

### ***OUTLINE OF REPORT***

Following this introduction, the research is presented in three parts. The first is a discussion on the role of non-profit organizations in Canadian society. We include this section because we have found the non-profit sector is not well understood by the general public and that there are numerous similarities between the sector in Nunavut and across Canada. We are particularly interested in understanding how the non-profit sector contributes to the quality of life of Canadians.

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We then turn our attention to the performance of non-profit organizations in Nunavut. We ultimately want to understand the contribution of Nunavut's civil society to Nunavummiut well-being, but first we need to understand how these organizations fit into Inuit society and the role they are expected to play. This section of the report also includes a discussion on the inventory of services provided and investigates whether there are gaps in these services.

The final part looks at future challenges for the non-profit sector from a Canadian and Nunavut perspective. Specifically, we are interested in the demands of government or other donors, communities and individuals and how that demand is likely to change over time.

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## **PART II: THE ROLE AND CHALLENGES OF THE NON-PROFIT SECTOR**

*Because of its long tradition of relying on non-profit and voluntary organizations to address the needs and interests of its population, Canada has one of the largest and most vibrant non-profit and voluntary sectors in the world.<sup>10</sup>*

### **INTRODUCTION**

Canada has historically relied on the non-profit and voluntary sector beginning with the voluntary activity of Canada's Aboriginal peoples. This form of organization was later adapted by French and English settlers upon their arrival to Canada and has been an important part of Canadian society ever since.<sup>11</sup>

Indeed, non-profit organizations have been around for centuries. But it was not until after the Second World War that they were formally recognized by the United Nations as a credible form of organization that was neither government nor business, capable of executing social and environmental goals. Since then, the number and variety of non-governmental organizations throughout the world has risen dramatically. There are several forces responsible for this growth:

- Decreased trust in government and other large institutions by citizens to solve relevant issues<sup>12</sup>
- Greater recognition of the role that individuals can play in affecting change through small, focused organizations
- Cutbacks to government activities (such as policy development and program management)

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<sup>10</sup> Michael H. Hall et al.

<sup>11</sup> Michael H. Hall et al.

<sup>12</sup> Stephen Vail, *Canadian Values Challenge the Canadian Way*. (Ottawa: The Conference Board of Canada; 2000).

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- An intent by government to vacate the program delivery sector and instead regulate activities so that government is no longer a simultaneous service deliverer and regulator
- A recognition that the non-profit sector can be more effective in working on social and environmental objectives, particularly in locations that do not trust either the government or business sectors
- Improved communication systems (e.g., Internet) that can better support non-profit activities
- An attractive and meaningful governance model for many people and communities.

### ***CHARACTERISTICS OF THE NON-PROFIT SECTOR IN CANADA***

There is no single non-profit model that describes Canadian non-profit organizations. They differ in a number of ways from how they are funded to their sphere of activity. Some organizations are highly dependent on government funding while others derive most of their funding through the sale of services, while still others are supported by a balance of the two. Some are time-limited due to a short-term mandate, while others have lasted for hundreds of years (e.g., Red Cross).

Generally, the non-profit sector has been rooted in the areas of political and socio-economic development and environmental change. Some non-profit organizations focus on policy development (e.g., think tanks), while others focus on program management (e.g., delivering aid to the poor) or advocating for certain causes (e.g., Greenpeace). The largest players, though often forgotten when discussing the non-profit sector, are service providers in the area of health and education such as hospitals, universities and colleges.

According to a recent comparative analysis of the non-profit sector:

- Canada's non-profit and voluntary sector is large relative to other countries—it is the second largest in the world when expressed as a

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share of the economically active population, with 12 per cent of economically active Canadians participating in some manner.

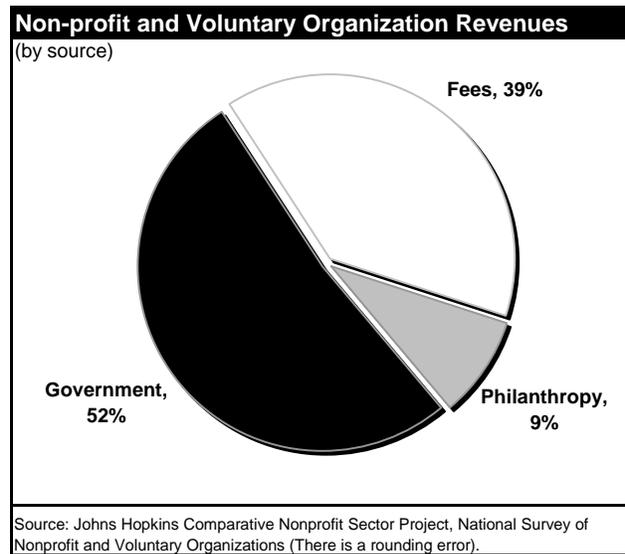
- Canada's non-profit sector relies on the efforts of paid employees more so than in other countries.
- Service activities are a more dominant feature of non-profit organizational activity in Canada than is the case elsewhere. About 74 percent of all Canadian non-profit workers (both paid and volunteer) are engaged in the delivery of direct services such as education, health, and housing (compared to 64 percent internationally). Overall, there are fewer individuals involved with organizations supporting expressive activities (e.g., arts, culture, religion, sports, recreation).
- Canadian non-profit organizations receive more revenue from government (51%) than do those in other countries, when including hospitals, universities, and colleges (see Chart on the next page). Government support also plays a prominent role in the funding of civic and advocacy organizations such as those involved with promoting the interests of specific groups (e.g., the physically handicapped, the elderly, children and women). When these organizations are excluded, fees are the primary source of revenue, followed by public funding. Organizations that tend to rely more on fee income include professional and business associations, unions, sporting organizations and religious organizations.

### Differing Views on Volunteering

In countries where there is a strong social welfare system in place such as Sweden, volunteerism is found less frequently, particularly in areas of health and social supports. One reason is that people have come to expect the state to provide these services. The use of volunteers is therefore a sign of weakness; that is, it is viewed that the state is not fulfilling its duties in return for the high rate of taxation.

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- Canada's non-profit sector features a higher reliance on volunteers than found in similar welfare states that have well-developed social safety nets (e.g., Sweden).<sup>13</sup> Volunteers play an important role for many non-profit organizations through such activities as sitting on boards and fundraising.



Approximately 25 per cent of non-profit sector staff volunteers their time and services.<sup>14</sup> This represents a significant economic contribution through unpaid work to Canada's gross domestic product. And without it, most non-profit organizations could not continue to exist.

For those being paid for their work in the non-profit sector, wages are typically less than what others doing similar work earn in the public or private sectors. People take the lower pay in return for what they perceive as more meaningful work and the intrinsic reward of working for an organization that operates according to set of values more in line with their own. And despite lower pay in non-profit organizations, non-profit sector employees often indicate they are highly committed to their organizations and have higher levels of satisfaction (although this is not always the case).<sup>15</sup>

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<sup>13</sup> Michael H. Hall et al.

<sup>14</sup> Ibid.

<sup>15</sup> Shelly Cryer, *Recruiting and Retaining the Next Generation of Nonprofit Sector Leadership*. New York: The Initiative for Nonprofit Sector Careers, 2004. ([www.pittsburghfoundation.org/images/NextGenLeadership.pdf](http://www.pittsburghfoundation.org/images/NextGenLeadership.pdf)).

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### ***ADVANTAGES AND DISADVANTAGES OF NON-PROFIT ORGANIZATIONS***

A review of recent literature written on the subject of non-profit organizations in Canada revealed numerous advantages to using non-profit related organizations to carry out important activities. These advantages include:

- Providing services that neither the public nor the private sector are suitable to provide (because of inefficient or ineffective processes (red tape) or because of an absence of profits)
- Providing an opportunity for individuals and communities to interact to address common social, environmental or developmental issues (civic engagement)
- Providing services at relatively low cost through the use of volunteers, networks of people, and low administration costs
- Serving as a vital source of innovation by finding creative ways to address social or economic challenges (e.g., Canada's health and education systems are lead by the non-profit sector).<sup>16</sup>

Non-profit organizations are able to achieve outcomes due to inherent strengths such as strong grassroots links, a process-oriented and participatory approach to development <sup>17</sup> and the energy and commitment provided by the people involved.

Non-profit organizations are often less restricted by rules and procedures than government departments and can therefore

“more easily engage in social ventures, untested enterprises, and projects involving considerable risks. [They] can be much more creative in bringing together cross-sectoral alliances and

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<sup>16</sup> Adapted from Mark Goldenberg, *Building Blocks for Strong Communities: Key Findings and Recommendations*. Ottawa: Imagine Canada and Canadian Policy Research Networks, 2006.

<sup>17</sup> World Bank website "Nongovernmental Organizations and Civil Society/Overview."

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issue-related ad hoc coalitions than can governments and their agencies. " <sup>18</sup>

Through their local connections, non-profit organizations serve as vital links between communities and governments, providing important feedback for funders in terms of what does and does not work. In most cases, non-profit organizations are seen as legitimate forces by communities and as a result have the trust of local populations that governments or the business sector do not have. In addition, these organizations are also able to mobilize faster than governments to serve their clients better (see Exhibit below).

### ***THE 2004 TSUNAMI: AN EXAMPLE OF NON-PROFIT SECTOR EFFICIENCY***

On December 26, 2004 a powerful Tsunami hit several countries in the Indian Ocean region leaving over 229,000 people dead or missing. The Tsunami left many people, particularly in the Aceh province in Indonesia, without shelter, food and safe drinking water. Time was of the essence to get aid to the victims and both national governments and non-governmental organizations moved in as fast as they could to help. A debate emerged as to which sector was more effective in helping out the people. While governments had the money to help, the non-governmental organizations had the people on the ground and the experience and trust of the local populations to carry out the assistance. For example, there was concern that Canada's clean water project (DART), a highly successful program at creating potable water, would take too long to get to the people.<sup>19</sup> Without question, all levels of support were needed but the tragedy highlighted the edge that the non-profit sector has in terms of reaction time and the ability to move quickly when the environment undergoes rapid change.

### **Are Non-Profit Organizations Cost-Effective?**

Surprisingly, there is very little in the way of literature on the cost-effectiveness of non-profit organizations, despite the common perception that they are in fact cost effective. Our research has found much of the evidence in this regard is assumed rather than proven. One possible reason for the lack of research is that the non-profit sector is too diverse to make

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<sup>18</sup> Miklos Marschall, Legitimacy and effectiveness: Civil society organizations' role in good governance. *Transparency International*. November 1, 2002.

<sup>19</sup> CBC News, "Canada's tsunami response 'amateur' CARE chief says". Feb. 3, 2005. ([www.cbc.ca/Canada/story/2005/02/03/tsunami-care050203.html](http://www.cbc.ca/Canada/story/2005/02/03/tsunami-care050203.html)).

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any generalizations about their cost-effectiveness as a whole and that perhaps such an analysis would not be meaningful. More surprising is the lack of evaluations focussed on costs and benefits.

What data are available suggest that the cost-effectiveness of non-profit organizations can vary from project to project and from one organization to another.<sup>20</sup> Certainly, as has been identified above, the non-profit sector has strengths and advantages over the government sector. But by no means does this guarantee that the organization will be effective. Like any private business or government program, a particular non-profit organization can be ineffective or inefficient in carrying out its mandate.

So, what does an effective non-profit organization look like? For a social sector organization, the critical question to ask when assessing performance is "how effectively does it deliver on its mission and make a distinctive impact, relative to its resources".<sup>21</sup>

Too often attention is focused on outputs and not results. A recent fact sheet on evaluation of non-profit related organizations confirms that many organizations confuse outputs with outcomes and actually end up evaluating outputs (e.g., the number of people attending a meeting) rather than outcomes (how many people have changed their behaviour).<sup>22</sup>

If we adapt Jim Collins' model presented in his book, *Good to Great and the Social Sectors*, a great non-profit organization is one that

- delivers superior performance (results and efficiency);
- makes a distinctive impact (if it were to disappear, it would leave a hole that could not easily be filled), and

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<sup>20</sup> Stein-Erik Kruse et al. *Searching for Impact and Methods: NGO Evaluation Synthesis Study*, A Report prepared for the OECD/DAC Expert Group on Evaluation, April 1997 with Roger Riddell. ([www.valt.helsinki.fi/ids/b35310.htm](http://www.valt.helsinki.fi/ids/b35310.htm)).

<sup>21</sup> Jim Collins, *Good to Great and the Social Sectors*.

<sup>22</sup> Imagine Canada, *Evaluations Practice in Canadian Voluntary Organizations*. Toronto: Imagine Canada, 2005.

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- achieves lasting endurance (delivers exceptional results over time that is not solely a function of an individual or a particular board of directors).

Likewise, an all too common mistake is for non-profit organizations to stray away from their mission. Non-profit organizations must stick with what they are best at: "Greatness is a matter of conscious choice and discipline."<sup>23</sup>

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<sup>23</sup> Jim Collins, *Good to Great and the Social Sectors*.

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### **PART III: NUNAVUT'S CIVIL SOCIETY**

We believe civil society plays an important role in the welfare of Nunavummiut and its performance is a major determinant of quality of life in Nunavut. It was noted earlier in Part II that settlers to Canada adopted the non-profit approach to community living from Aboriginal culture. In Nunavut, where the population is dominated by an Inuit majority at approximately 85 per cent, the tradition of organizing in this fashion is deeply rooted in society, far more than one finds elsewhere.

#### ***THE CULTURE OF CIVIL SOCIETY IN NUNAVUT***

To truly understand the importance on the non-profit sector in Nunavut, one must recognize and appreciate Inuit values. There are fundamental differences from those held by most Canadians. Shaped by history, culture and geography, Inuit value the community as a primary support mechanism much more than does the average Canadian.

- Nunavut's communities are largely rural. They are *small*—Iqaluit is the largest community with a population over 6,000; most others have populations that range from 500 to 2,000 people. They are *remote*—all but Sanikiluaq are north of the 60<sup>th</sup> parallel. And, they are *isolated*—there are no roads linking Nunavut communities to the south or to each other.

So, in the same way rural communities in southern Canada are thought to operate differently than metropolitan centres due to their size, location and approach to life (that is, what they feel is important when defining *quality of life*), the same is true in Nunavut's communities—only that in Nunavut the differences in size, location and approach are magnified.

- In Inuit culture, decisions are often made through consensus. The family and community units provide economic, social and spiritual support. For example, the community freezer, where harvested country food is shared among community members, is an economic

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and social support mechanism that one would not find on a similar scale elsewhere in Canada.

- In terms of economic or business models, Inuit share many values similar to Canadian First Nations in that they support entrepreneurial spirit, but also believe in a larger role for community-based ownership of business entities. Inuit collectively own major enterprises such as airlines, construction companies, hotels and real estate, but also own and operate retail outlets, travel agencies, and other smaller operations. There is nothing similar to this in the rest of Canada, where Crown corporations have lost favour with the general public.

This is relevant to our discussion on Nunavut's civil society because it is evidence of Inuit's preference for a collective, community-based approach in areas where other Canadians have chosen different (often market-based) approaches.

These cultural differences are not simply theoretical. In 2004, the government produced a framework for the Territory's economic development entitled *Pinasuaqtavut* that was grounded in Inuit values.

... Inuit societal values are relevant to the way our Government should deliver its programs and services. We need to use these important principles of Inuit *Qaujimajatuqangit*. Words of advice have often come from our elders who learned these values from their elders before them. We need to follow these principles in our efforts to make our government, and the programs and services we offer more responsive to the people we serve.<sup>24</sup>

Some of the guiding principles set out in *Pinasuaqtavut* include:

- respecting others, relationships and caring for people
- fostering good spirit by being open, welcoming and inclusive
- serving and providing for family and/or community

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<sup>24</sup> *Pinasuaqtavut* 2004-2009, Government of Nunavut ([www.gov.nu.ca](http://www.gov.nu.ca)).

## Understanding Nunavut's Non-Profit Sector

- decision making through discussion and consensus
- working together for a common cause
- respect and care for the land, animals and the environment

These principles are very different from what one finds in southern Canada. They place social, community and environmental concerns on an equal footing with economic goals and are very clear in establishing a requirement for balance. Inuit have used this approach since time immemorial and it is now the foundation for the *Nunavut Land Claims Agreement*. Interestingly, southern Canadians are becoming increasingly interested in this sustainable approach in their development and are asking leaders to consider broader environmental conditions when planning economic growth.

Pinasuaqtavut also implies a type of power sharing arrangement that gives considerable weight to the role of civil society in addressing the needs of Nunavummiut at the community level while emphasizing culture and traditions. But as we will see, thus far this arrangement has only been implied with little actual change coming in the way civil society is supported.

The *Nunavut Economic Development Strategy* is another excellent example of the influence Inuit values have on public policy. The strategy was created in partnership between the Government of Nunavut, Nunavut Tunngavik Incorporated and some 30 other organizations and representative groups. This gave civil society some authority to influence priorities and establish a role for itself in the Strategy's implementation. It also placed great importance on consensus building.

### ***THE SUPPLY AND DEMAND FOR NUNAVUT'S CIVIL SOCIETY***

The reach of Nunavut's civil society goes well beyond development planning. Nunavummiut have created an extensive non-profit sector that permeates all aspects of living in Nunavut. There are currently more than 450 registered non-profit organizations in Nunavut. This number does not include the organizations based in southern Canada that provide programs and services

## Understanding Nunavut's Non-Profit Sector

to Nunavummiut such as Pauktuutit Inuit Women's Association and Inuit Tapiriit Kanatami.

The extent of non-profit organizations is even more remarkable when considered against the Territory's population that was estimated to be 29,500 in 2006.<sup>25</sup> The number speaks to the tremendous demand for their services, but also the geographic realities that limit economies of scale. Together, Nunavut's civil society offers support in economic, social and environmental activities, and are investing in all forms of wealth-generating capital. This Table illustrates the broad range of investments in time and money that Nunavut's non-profit organizations are making.

<b>Civil Society's Investments into Nunavut's Capital</b>				
(sample list)				
	Wealth-generating Capital			
	Natural	Human	Organisational	Physical
<i>Organizations within Nunavut's Civil Society</i>				
Baffin Fisheries Coalition	X	X	X	X
Nunavut Chamber of Commerce			X	
NWT/NT Chamber of Mines			X	
Hunters and Trappers Association (various)	X			
Kakivak Association		X		X
Kitikmeot Economic Development Commission		X		X
Kitikmeot Employment and Training Partners		X		
Kivalliq Partners in Development		X		X
Kitikmeot Inuit Association	X	X	X	X
Kivalliq Inuit Association	X	X	X	X
Municipal Training Organization		X		
Nunavut Broadband Development Corporation				X
Nunavut Economic Forum			X	
Nunavut Harvestors Association			X	
Nunavut Heritage Trust	X	X		
Nunavut Impact Review Board	X			
Nunavut Implementation Training Committee		X		
Nunavut Literacy Council		X		
Nunavut Marine Council			X	
Nunavut Planning Commission			X	
Nunavut Arts and Crafts Association		X	X	
Nunavut Economic Developers Association			X	
Nunavut Tunngavik Incorporated	X		X	
Nunavut Water Board	X		X	
Nunavut Wildlife Management Board	X		X	
Qikiqtani Inuit Association	X	X	X	X
Qaujisagtiit Society			X	
Nunavut Status of Women			X	
Regional Wildlife Boards	X		X	
Surface Rights Tribunal			X	
Various Professional Associations			X	
Various Sports Clubs and Associations			X	

Source: Nunavut's Non-Profit Organization Registry, Impact Economics

The organizations on this list include institutions of public government created through the *Nunavut Land Claims Agreement*, non-government and non-profit organizations, and those operating largely through volunteers.<sup>26</sup>

<sup>25</sup> 2006 Census, Statistics Canada (www.statcan.gc.ca).

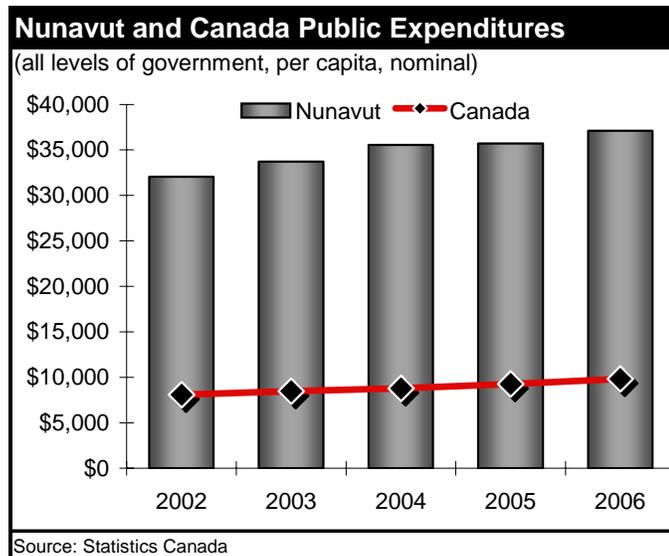
<sup>26</sup> This list is meant to provide a snapshot of the variety of non-profit organizations registered in Nunavut and their contribution to society. Particular emphasis was put on organizations that would not have a similar counterpart in southern jurisdictions.

## Understanding Nunavut's Non-Profit Sector

There are, of course, many more not included in the list such as civic and advocacy organizations involved with promoting the interests of specific groups (e.g., the physically handicapped, the elderly, children and women), professional and business associations, daycares, unions, sporting organizations and religious organizations.

Many of the non-profit organizations registered in Nunavut perform similar functions, operate in a similar fashion, and face the same challenges that one would find in similar non-profit organizations in the south. Where the greatest operational differences lie is within many of the Inuit non-profit organizations that fall within the guidelines of the *Nunavut Land Claims Agreement*.<sup>27</sup> For example, the three Regional Inuit Associations are non-profit organizations with roles that span all aspects of Inuit society. They manage land, provide social services, monitor environmental policy, and operate for-profit development corporations. Thus, they are investing, in one way or another, in all four forms of wealth-generating capital and are influencing Nunavut's performance outcomes across economic, social and environmental realms.

One could argue that giving the non-profit sector greater responsibilities is not entirely altruistic. The capital investment and public programming needs of Nunavummiut far exceed the government's financial capacity. Couple this with the high cost of operating in Nunavut, and one can begin



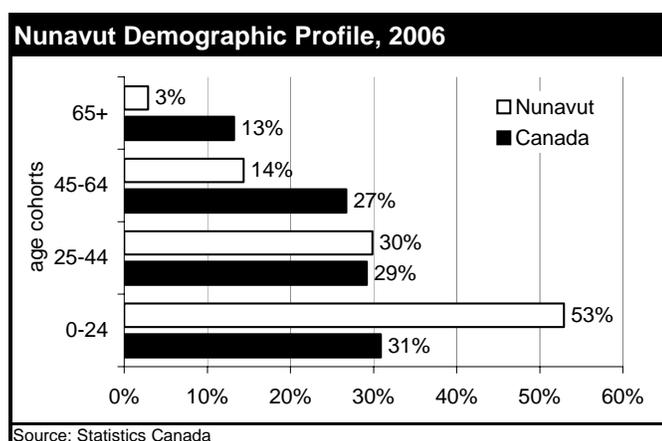
<sup>27</sup> Not all of these organizations were created as a direct result of the Agreement. For example, the Regional Inuit Associations predate the *Agreement*, but now fall under its organizational structure.

## Understanding Nunavut's Non-Profit Sector

to understand why public expenditures in Nunavut are greater than anywhere else in Canada when taken on a per capita basis.

This leaves the government (in particular the Government of Nunavut) with little “wiggle” room when it comes to new program spending. Whether a part of Inuit culture or not, this tight fiscal position combined with the enormous demand for investments in all four forms of capital elevates the importance of a strong and efficient civil society. Simply put, the government needs help from Nunavut's non-profit sector if Nunavummiut are to achieve a high and sustainable quality of life.

To add to the current pressure, demand is growing. Over 50 per cent of Nunavut's population is below the age of 25. This has immediate implications for the public education system, public infrastructure, and economic developments. But it also has implications for such things as



early-childhood development, housing allocation and day-care facilities, parent support groups, teen pregnancy awareness, and the list goes on. Many of these additional programs and services fall to the non-profit sector, however, the government has little left in its budget to help build these groups through financial and human capital support after the cost of basic public services are met.

Yet, these additional programs are important. For example, in education, *extracurricular* programs and support services play a critical role in the development of children, especially in terms of cultural and artistic developments, physical activity and social integration.

Further to the education example, the *Progress Review on the Implementation of the Nunavut Economic Development Strategy* highlighted

## Understanding Nunavut's Non-Profit Sector

the lack of progress in a number of recommendations related to education of Nunavummiut.<sup>28</sup> More than just a financial challenge, the enormous demand requires new and innovative approaches, and very effective program delivery. Addressing these latter challenges is partially dependant on organizational effectiveness and social cohesion, and on qualified, innovative and active people.

The need for greater education outcomes is not a revelation for anyone in Nunavut. But as the Government of Nunavut looks for new approaches or strategies to affect change in this area, it must look to the non-profit sector as a long-term partner. The challenges remain ones of fiscal capacity and the initial financial and human capital investments needed by the non-profit sector to improve productivity and effectiveness.

If education were the only example that would be one thing, but examples of demand for public services exceeding the territorial government's financial capabilities can be found throughout Nunavut's society. The Government of Nunavut already spends more money per capita on healthcare than any other jurisdiction in Canada—the Canadian Institute for Health Information reports Nunavut's per capita spending on healthcare averaged in 2004 was \$8,221 (age-standardized was \$11,661) compared to the national average of \$2,630 per person.<sup>29</sup> And yet, Nunavummiut health outcomes are the lowest in the country in many categories including life expectancy.<sup>30</sup> A healthy society is required in order to control the high cost of institutional healthcare in Nunavut. Therefore, there is a tremendous need for health prevention programs.

The fact is that Nunavut presents a demographic and geographic challenge for public programming of any kind. Centralized governments rely on economies of scale to deliver programs efficiently, but the sparse population

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<sup>28</sup> Impact Economics, *A Progress Review on the Implementation of the Nunavut Economic Development Strategy*.

<sup>29</sup> Canadian Institute for Health Information (CIHI), Nunavut Statistics.

<sup>30</sup> Impact Economics, *2005 Nunavut Economic Outlook*, (Iqaluit, Nunavut Economic Forum) 2005.

## Understanding Nunavut's Non-Profit Sector

and great distances between communities mean few if any economies of scale exist. In the absence of this, some programs might be better suited to organizations that are small, can deliver multiple programs with a limited bureaucracy and that can adapt quickly to changes in the environment. These are not characteristics typically used to describe even the most efficient and well funded governments.

### ***PERFORMANCE OF NUNAVUT'S CIVIL SOCIETY***

We have established that Nunavummiut have given civil society a strong mandate to promote well-being in Nunavut. The number of organizations operating in the non-profit sector suggests attempts are being made to deliver on this mandate. But how are they performing? The evidence presented so far suggests that there are shortcomings.

It would also appear that a large non-profit sector, assuming its attributes are as that described in Part II, is a good model for Nunavut. However, in looking at the capital deficiencies, especially those related to financial and labour shortages, can this network produce better results than another alternative?<sup>31</sup>

These are challenging questions to answer given the data limitations. Measuring the performance of non-profit sector organizations would entail a complex methodology of measuring organizational efficiencies and program evaluation, and even then, the measures would be more qualitative than quantitative. Instead, we can look to the progress of Nunavummiut towards their ultimate goal of a high and sustainable quality of life to which the non-profit sector has a significant role.

This is not to argue that socio-economic outcomes should be attributed to Nunavut's civil society exclusively. But rather, it can show where progress is being made and where gaps are emerging. This can lead to a more detailed

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<sup>31</sup> What might the alternatives be? They might include an expanded public sector or a greater role for the private sector. Neither of these would likely receive much support, but one must consider what is best for Nunavummiut.

## Understanding Nunavut's Non-Profit Sector

investigation of the main players in those specific areas and ultimately result in a collective plan or strategy. This is essentially what the *Nunavut Economic Development Strategy* hoped to accomplish; that is, by discussing priorities and assigning roles collectively amongst all of its economic and social agents, a more efficient and effective plan could be established to deliver programming and improve well-being.

The *Nunavut Economic Outlook* series looks specifically at the investments in Nunavut's wealth-generating capital and evaluates progress in economic, social and environmental performance. As mentioned in Part I, we can use it to investigate some performance issues for Nunavut's civil society.

The most recent Outlook was released in 2005. In it, the authors expressed concern over the diverging paths of Nunavut's economy and social well-being, with the latter lagging badly. Particular concern was voiced in regards to health (especially that of women and children) and education, where graduation rates and program quality were questioned (see Table on the next page for selected social and health indicators).<sup>32</sup>

A primary takeaway from that analysis was that the economic opportunities in Nunavut would be jeopardized without considerable improvements in social and environmental performance. It suggested that a vibrant economy has the potential to provide jobs, raise income levels, add to the region's infrastructure and provide governments with tax revenues, all of which will help facilitate social gains, but that more is needed with respect to up front social performance to avoid losing these opportunities altogether.

Without going into further detail regarding Nunavut's socio-economic position, we are comfortable in concluding from the evidence available that better performance is required from all stakeholders, including Nunavut's civil society. The question is "how"? The Nunavut Economic Forum recently conducted an informal survey to determine what the non-profit sector needs to improve its performance.

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<sup>32</sup> Impact Economics, *2005 Nunavut Economic Outlook*.

## Understanding Nunavut's Non-Profit Sector

Selected Social and Health Statistics		
	Nunavut	Canada
Total Population (2006 Census)	29,500	31,600,000
Aboriginal population (% of total)	85	3
Graduation Rates (percentage, 2002/03)	25.6	75.6
Crimes of violence (per 100,000, 2003)	7,943	963
<i>(per cent increase from 1999)</i>	<i>50%</i>	<i>0.50%</i>
Property crimes (per 100,000 people, 2003)	7,221	4,121
<i>(per cent increase from 1999)</i>	<i>65%</i>	<i>-4%</i>
Total health spending per capita (\$) (2004)	8,221	2,630
Life expectancy at birth (males, 3-yr ave 2001)	69.2	77.0
Life expectancy at birth (females, 3-yr ave 2001)	72.3	82.1
Smoking rates (daily or occasional smokers, aged 12 to 64, 2005)	54%	24%
Lung cancer (mortality rate per 100,000 population)	248	47
Deaths due to Ischaemic heart disease (age-standardized, per 100,000 population)	79.7	111.2
Suicide rate (age-standardized, per 100,000, 3-year ave.)	80.2	11.3
Infant mortality rate (per 1,000 live births, 500 grams or more, 2003)	19.9	4.3
Potential years of life lost due to unintentional injury - deaths per 100,000	1,799	642
Injury hospitalization (age-standardized, per 100,000 population, 2005-06)	1,297	543
Source: Statistics Canada, 2001 Census or unless otherwise noted		

The results from this survey suggest non-profit institutions are not fairing well. Most are inflicted with the same issues that non-profit organizations in southern Canada suffer—financial insecurity, human capital shortfalls, infrastructure limitations, organizational weaknesses, strained accounting practices, and others. For example, the survey found 65 per cent of respondents reported serious funding inadequacies for operations or program delivery.

The majority of NPO's identified the lack of funding, especially core operational funding, as the most significant challenge their organization faces. ... Organizations without core funding find

## Understanding Nunavut's Non-Profit Sector

their ability to deliver programs and services compromised by the amount of time and effort they must commit to finding resources to support their organization.<sup>33</sup>

Organizations in Nunavut must also contend with the difficulties associated with Nunavut's current state of wealth-generating capital—in particular, education levels that are the lowest in the country, making it especially difficult to find qualified staff.<sup>34</sup>

The shallow pool of qualified and available labour also impacts on non-profit organizations' abilities to attract volunteers and burdens them with the additional expense of education and training far more so than would be normal for similar organizations in the south.

Given the importance of volunteers, and particularly in their exercise of key corporate governance functions, it is a matter of concern that 48 per cent of survey respondents reported that they are not able to adequately train volunteers.<sup>35</sup>

Some linked their limited use of volunteers directly to the organizations' limited funding and volunteer management capacity and its current workload.

<b>Secondary school graduation rates</b>				
	<b>1997/98</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>
<b>Nunavut</b>	...	<b>25.4</b>	<b>26.5</b>	<b>25.6</b>
Newfoundland and Labrador	81.5	75.2	76.0	76.6
Prince Edward Island	86.5	83.5	82.2	82.6
Nova Scotia	81.7	77.9	79.4	81.1
New Brunswick	83.1	82.6	83.2	81.5
Quebec	82.2 <sup>r</sup>	82.9	81.6	78.6
Ontario	77.0	76.8 <sup>e</sup>	..	..
Manitoba	75.9	77.6	69.0	71.3
Saskatchewan	73.0	78.7	76.5	77.0
Alberta	63.2 <sup>r</sup>	65.7	65.9	66.5
British Columbia	71.4	76.1	74.7	77.1
Yukon	57.9	59.8	57.2	57.2
Northwest Territories	34.1	45.7	38.3	43.3
..	not available.			
...	not applicable.			
<sup>e</sup>	Use with caution.			
<sup>r</sup>	Revised figure.			
<b>Notes and Explanations:</b>				
Secondary schools include public, private and federal schools and schools for the visually and hearing impaired. Equivalencies and "General Education Diplomas" are excluded.				
From 1995/96 to 1999/2000, high school graduation was based on school results only; there were no provincial examinations.				
Secondary graduations for Quebec include graduates from adult and trade/vocational programs.				
Prior to 2001/02 includes Manitoba mature students enrolled in regular high school.				
NWT boundaries included Nunavut prior to April 1, 1999.				
Source: Statistics Canada				

<sup>33</sup> Aarluk Consulting, *Not-for-profit Groups in Nunavut—A Review*.

<sup>34</sup> Ibid.

<sup>35</sup> Ibid.

## Understanding Nunavut's Non-Profit Sector

Boards of directors play a key role within any non-profit organization—they are legally responsible for the outcomes of the organization, and fulfill a complex and demanding range of planning, policy development and governance responsibilities.

Respondents reported, however, that volunteer board members often lack the training or experience to provide adequate leadership. Most

organizations surveyed indicated that their boards would benefit from governance training; however, limited resources prevent some organizations from providing this increased capacity. Fifty-five per

cent of survey respondents reported that they have difficulties training their Board members.

Non-profit organizations in Nunavut face a unique challenge in seeking to maintain effective Boards. Unlike most small, southern-based volunteer organizations where sitting on a board of directors is strictly voluntary, the proliferation of NLCA-related boards, panels and commissions in Nunavut has created an expectation that board members will be paid honoraria. This is adding to the already overburdened fiscal position of non-profit organizations.

Furthermore, according to Statistics Canada, the propensity to donate to charities and/or volunteer is positively correlated with one's age, level of education and employment status.<sup>36</sup> This finding could be seen as the *perfect storm* in a string of challenges Nunavut's non-profit organizations face. It suggests that financial and volunteer support from within their own Territory

<b>Canadian Donation Statistics, 2004</b>	
(population aged 15 and over)	
<b>By Age</b>	<b>Average Donation (\$ per person)</b>
<i>15 to 24</i>	129
<i>25 to 34</i>	311
<i>35 to 44</i>	370
<i>45 to 54</i>	494
<i>55 to 64</i>	500
<i>65 and over</i>	572
<b>By Education</b>	
<i>Less than high school</i>	204
<i>High school</i>	308
<i>Post secondary diploma</i>	381
<i>University degree</i>	694
<b>By Labour force status</b>	
<i>Unemployed</i>	204
<i>Employed</i>	417
Source: Statistics Canada	

<sup>36</sup> *Caring Canadians, Involved Canadians: Highlights from the 2005 Survey of Giving, Volunteering and Participating*, Statistics Canada and Imagine Canada, published by the Government of Canada (2004).

## Understanding Nunavut's Non-Profit Sector

will be limited, and in fact will potentially be the lowest in Canada given the young population, low education levels and high unemployment rates.

### ***SUMMARY OF NUNAVUT'S CIVIL SOCIETY***

The discussion thus far gives a clear picture of the state of Nunavut's non-profit sector or its civil society. In many ways, the challenges seem to be similar to what we find in the rest of the country, but there are important differences. Most important among these is that Nunavut's civil society has the *potential* to play a far greater role in the progress on Nunavummiut quality of life than what one finds in the rest of Canada. The reasons for this are a combination of Inuit values that emphasize the role of the non-profit sector and the practical need for services that the territorial government cannot provide given its current financial position. What's more, we find from this research and that of the *2005 Nunavut Economic Outlook* that the future economic success of the region, which would deliver some of the financial support needed by Nunavummiut, will be jeopardized by a failure to address the social and environmental challenges shared by all stakeholders within Nunavut's society.

In the next and final section, we discuss the future of Canadian non-profit organizations, and look to see if parallels exist in Nunavut.

### **PART IV: MAJOR ISSUES AND FUTURE CHALLENGES FACING THE NON-PROFIT SECTOR**

#### ***CANADIAN OVERVIEW***

Canada's non-profit sector is facing many issues, most of which are shared by Nunavut's non-profit sector. These include:

- *Funding uncertainty*: lack of multi-year funding; more competition for funding dollars; little funding for supporting organizational capacity.
- *Frequently changing government priorities*: This can lead to problems for non-profit organizations that try and respond to each new government priority in order to maintain financial support.
- *Administrative burden*: Despite the lack of funding to support organizational capacity, funders are demanding increasing amounts of administrative paperwork as part of their accountability requirements.
- *Accountability concerns*: Canadians are demanding greater accountability for their tax dollars. Public spending that does not show value for money is being called into question and recent overspending/unapproved spending in the public sector negatively affects all related organizations.
- *Lack of volunteers*: Many organizations find it increasingly difficult to recruit both board members and volunteers to help in its operations.
- *Saturation among Canadians for their financial support*: As mentioned, many organizations depend on fees and donations from Canadians. Canadians face many funding requests and it is very difficult to obtain additional revenues from this source to make up for shortfalls in government funding.
- *Competition within the sector*: The non-profit sector is by no means homogenous. Some organizations are quite large and more sophisticated. Larger organizations are able to generate more support

## Understanding Nunavut's Non-Profit Sector

for their issues and fundraise to a degree that smaller ones cannot meet.<sup>37</sup>

Despite the challenges, factors influencing the growth of non-profit organizations will not subside in the near future. Increasingly, governments are looking to separate the functions of policy maker, distributor of funds, provider, and regulator. In addition, government spending as a proportion of economic activity continues to decrease. These trends provide opportunities for the non-profit sector to fill gaps in the provision of service, however the issues listed earlier will hinder the ability of organizations to fill these gaps successfully. We have found no proven solution to closing this gap at the moment.

To date, most investments have been in organizational capital in efforts to improve information flow to and from the non-profit sector and governments. The investments fall short of changing the financial conditions of organizations directly, but may prove fruitful in the future if they ultimately improve financial flows. A group of national organizations created the Voluntary Sector Roundtable in 1995 whose primary goals were enhancing the relationship between the charitable sector and the federal government and encouraging a supportive legislative and regulatory framework for organizations in the community. Their work has resulted in

- a framework to guide relationships between the federal government, non-profit and voluntary organizations, and
- the Canada Volunteerism Initiative which is an ongoing program to encourage volunteerism, improve the capacity of organizations to benefit from the contributions of volunteers, and increase our understanding of volunteerism through research on the sector.

While varying widely, several provinces including Newfoundland and Labrador, Quebec, Saskatchewan, and Manitoba have launched initiatives aimed at improving relations with the non-profit and voluntary sector.<sup>38</sup>

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<sup>37</sup> Adapted from Michael H. Hall et al.

## Understanding Nunavut's Non-Profit Sector

There still exists, even at the national level, work to be done in the rationalization of service provision and the appropriate compensation for those services. Noted in the list of challenges but perhaps one that deserves more attention is the issue of accountability. Governments at every level in Canada are being asked by taxpayers to tighten (not loosen) their funding policies and programs. This does not rule out funding the non-profit sector, but certainly will slow any process of change.

### ***FINDING A WAY FORWARD FOR NUNAVUT'S CIVIL SOCIETY***

We are comfortable in concluding that Nunavut is not yet at this stage of rationalization of services and investigating new models, though it is imperative that the region moves in this direction. In many ways, Nunavut has been scrambling since its creation to manage the weak capital position it inherited after decades of under investment. This task has limited the opportunities for the stakeholders in Nunavut to consider such things as governance models.

Some of the literature to date has argued that Nunavut society is collaborative in nature, but that its institutions and critical decision-makers rely on a more market-based approach that emphasizes economic performance within the balance between economic, social and environmental needs.<sup>39</sup> To this end, the struggle to collaborate has been documented in the *Progress Review on Implementation of the Nunavut Economic Development Strategy*.

One of the objectives of the Strategy was to bring organizations together to work toward common goals, and thus achieve greater efficiency and effectiveness in their actions. ... However, the process has not been without its challenges and at times, the Forum has seen progress fall short of expectations.

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<sup>38</sup> Michael H. Hall et al.

<sup>39</sup> Brian McDougall, *Vision, Strategy and Reality in the Economic Development of Nunavut: Lessons from the European and Canadian Experience with Social Collaboration* (Ottawa: 2002).

## Understanding Nunavut's Non-Profit Sector

These challenges are not uncommon when a number of organizations attempt to coordinate with one another. An organization's mandate is typically set according to strict guidelines and is rarely offered any flexibility. For cooperation to take place on a practical level an organization must accept that its operations will be debated openly amongst all stakeholders.

It is not easy for organizations to achieve greater openness while maintaining necessary control over its operations. As a result, despite the best intentions of flexibility and cooperation, organizations struggle to deliver in this regard.<sup>40</sup>

Collaboration is hard to do in practice, and is especially difficult as organizations grow in size and complexity. But more than that, on a more practical level, the combination of a young population and high dependency ratio,<sup>41</sup> serious infrastructure gaps, and a generally low socio-economic starting point has overburdened the new government. Making the task even more daunting is the demographic reality of Nunavut's short- and medium-term future.

A recent Canadian study identified six key success factors for the non-profit sector that can be applied to those operating in Nunavut.

- **management** skills and competencies including financial management;
- **human resources**;
- access to **financing**;
- **innovation** capacity;
- use of and access to **technology**;

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<sup>40</sup> Impact Economics, *A Progress Review on the Implementation of the Nunavut Economic Development Strategy*.

<sup>41</sup> Dependency ratio is the overall population compared to the number of people aged 18 to 65. In Nunavut, the high number of children raises the overall ratio. In Canada, this ratio is rising because of the increasing percentage of people over the age of 65.

## Understanding Nunavut's Non-Profit Sector

- **networks** and **partnerships**; and
- **government policies** and **frameworks**, (notably taxation and the regulatory regime).<sup>42</sup>

Of course, it is easy to list these six requirements. From our research and that of the Nunavut Economic Forum, we find that in all six areas Nunavut's non-profit sector is struggling. Addressing these issues in a meaningful way will require the commitment of all stakeholders and success will likely coincide with broad-based socio-economic success in the Territory, which itself, remains an allusive goal but one that must be met for the sake of Nunavut's future.

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<sup>42</sup> Mark Goldenberg, Building Blocks for Strong Communities: Key Findings and Recommendations.

## Understanding Nunavut's Non-Profit Sector

### **SUMMARY**

Our analysis has given clear indication that Nunavut requires a more efficient and effective non-profit sector in order for the population to achieve its socio-economic goals. Nunavut society appears to be on the right track in promoting its civil society, but to date, this has not translated into effective support or action.

The Nunavut Economic Forum's survey shows us where some of the gaps exist; which is to say, there are many. But most critical though, are financial- and labour-related issues—a familiar story for anyone operating in Nunavut. The territorial government, as it stands today, appears not to be in a position to invest further in this sector. The local population is not a likely source of revenues either, given demographic and economic profile.

These constraints point to the importance of such things as the implementation of the *Nunavut Economic Development Strategy*. If the member organizations of the Nunavut Economic Forum are unable to succeed in this endeavour and others like it, then the region will need to start investing in a new model immediately. But more than just better coordination, the non-profit sector will need to find opportunities to increase its financial situation and the quality of its workforce. As with most of Nunavut's socio-economic challenges, the emphasis on better education outcomes is front and centre. Not only would greater human capital improve efficiencies and effectiveness of government and non-government service providers, it would also lessen the burden for the services. But, for this transformation to take place, an influx of financial support that would enable the non-profit sector to fill existing public needs and attract, train and retain productive staff and volunteers is an important first step.